

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2016, or

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

For the transition period from to

Commission file number 1-37393

SPX FLOW, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or
Organization)

**13320 Ballantyne Corporate Place
Charlotte, NC**

(Address of Principal Executive Offices)

47-3110748

(I.R.S. Employer Identification No.)

28277

(Zip Code)

Registrant's Telephone Number, Including Area Code **(704) 752-4400**

(Former Name, Former Address, and Former Fiscal Year, if Changed Since Last Report)

	<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Securities registered pursuant to Section 12(b) of the Act:	Common Stock, Par Value \$0.01	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act:	None	N/A

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 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 requirement 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. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a 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 the voting stock held by non-affiliates of the registrant as of July 2, 2016 was approximately \$1,040 million. The determination of affiliate status for purposes of the foregoing calculation is not necessarily a conclusive determination for other purposes.

Common shares outstanding as of February 3, 2017 were 42,297,268.

Documents incorporated by reference: Portions of the registrant's definitive proxy statement to be filed within 120 days of the close of the registrant's fiscal year in connection with the registrant's Annual Meeting to be held on May 10, 2017 (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. Business

(All currency and share amounts are in millions)

FORWARD-LOOKING STATEMENTS

Some of the statements in this document and any documents incorporated by reference, including any statements as to operational and financial projections, constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our businesses’ or our industries’ actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. Such statements may address our plans, our strategies, our prospects, or changes and trends in our business and the markets in which we operate under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (“MD&A”) or in other sections of this document. In some cases, you can identify forward-looking statements by terminology such as “may,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “project,” “potential” or “continue” or the negative of those terms or similar expressions. Particular risks facing us include business, internal operations, legal and regulatory risks, costs of raw materials, pricing pressures, pension funding requirements and changes in the economy. These statements are only predictions. Actual events or results may differ materially because of market conditions in our industries or other factors, and forward-looking statements should not be relied upon as a prediction of actual results. In addition, management’s estimates of future operating results are based on our current complement of businesses, which is subject to change as management selects strategic markets.

All the forward-looking statements in this document are qualified in their entirety by reference to the factors discussed under the heading “Risk Factors” and in any documents incorporated by reference herein that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements. We caution you that these risk factors may not be exhaustive. We operate in a continually changing business environment and frequently enter into new businesses and product lines. We cannot predict these new risk factors, and we cannot assess the impact, if any, of these new risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, you should not rely on forward-looking statements as a prediction of actual results. We undertake no obligation to update or publicly revise any forward-looking statements to reflect events or circumstances that arise after the date of this document.

BUSINESS

Our Business

SPX FLOW, Inc. and its consolidated subsidiaries (“SPX FLOW,” “the Company,” “we,” “us,” or “our”) operate in three business segments and were wholly-owned by SPX Corporation (the “former Parent”) until September 26, 2015, at which time the former Parent distributed 100% of our outstanding common stock to its shareholders through a tax-free spin-off transaction (the “Spin-Off”). Since that time we have been an independent, publicly-traded company on the NYSE under the ticker symbol FLOW.

We are a global supplier of highly specialized, engineered solutions with operations in over 30 countries and sales in over 150 countries around the world. Our solutions play a role in helping to meet the global demand in the end markets we serve. Our total revenue in 2016 was \$2.0 billion, with approximately 39%, 35%, and 26% from sales into the Americas, EMEA, and Asia Pacific regions, respectively.

We serve the food and beverage, power and energy and industrial markets. Our product portfolio of pumps, valves, mixers, filters, air dryers, hydraulic tools, homogenizers, separators and heat exchangers, along with the related aftermarket parts and services, supports global industries, including food and beverage, oil and gas, power generation (including nuclear and conventional), chemical processing, compressed air and mining. From an end market perspective, in 2016, approximately 37% of our revenues were from sales into the food and beverage end markets, approximately 28% were from sales into the power and energy end markets, and approximately 35% were from sales into the industrial end markets. Our core strengths include product breadth, global capabilities and the ability to create custom-engineered solutions for diverse flow processes.

Over the past several years, we have strategically expanded our scale, relevance to customers, and global capabilities. We believe there are attractive opportunities to continue to expand our business.

Following our Spin-Off from the former Parent, we are aggressively executing a multi-year plan to transition our enterprise to an operating company. As part of this plan, we announced our intent to further optimize our global footprint, streamline business processes and reduce selling, general and administrative expense through a global realignment program. The realignment program is intended to reduce costs across operating sites and corporate and global functions, in part by making structural changes and process enhancements which allow us to operate more efficiently. We have made significant progress reducing our cost structure through 2016, realigning our footprint and streamlining our functional support globally.

We have aligned our segment teams to focus primarily on developing intimate customer relationships and expanding our relevance to customers within each end market. The key areas our end market teams are emphasizing include (i) product management, (ii) channel development, (iii) engineering customer solutions and (iv) project execution and delivery. We made substantial progress in certain of these areas during 2016 and have plans to further streamline support functions to simplify and reduce our cost structure. Our ultimate goal is to create a more customer-centric, service-oriented organization and deliver greater value to our customers, investors and employees.

REPORTABLE SEGMENTS

Our business is organized into three reportable segments — Food and Beverage, Power and Energy and Industrial. The following summary describes the products and services offered by each of our reportable segments:

Food and Beverage: Our Food and Beverage reportable segment had revenues of \$728.3, \$869.8, and \$965.3 in 2016, 2015 and 2014, respectively, and backlog of \$295.7 and \$321.3 as of December 31, 2016 and 2015, respectively. Approximately 91% of the segment's backlog as of December 31, 2016 is expected to be recognized as revenue during 2017. The Food and Beverage reportable segment operates in a regulated, global industry with customers who demand highly engineered, turn-key solutions. Key demand drivers include dairy consumption, emerging market capacity expansion, sustainability and productivity initiatives, customer product innovation and food safety. Key products for the segment include mixing, drying, evaporation and separation systems and components, heat exchangers, and reciprocating and centrifugal pump technologies. We also design and construct turn-key systems that integrate many of these products for our customers. Our core brands include Anhydro, APV, Bran+Luebbe, Gerstenberg Schroeder, LIGHTNIN, Seital and Waukesha Cherry-Burrell. The segment's primary competitors are Alfa Laval AB, Fristam Pumps, GEA Group AG, Krones AG, Südmo, Tetra Pak International S.A., and various regional companies.

Power and Energy: Our Power and Energy reportable segment had revenues of \$562.7, \$750.2 and \$968.8 in 2016, 2015 and 2014, respectively, and backlog of \$323.9 and \$407.0 as of December 31, 2016 and 2015, respectively. Approximately 79% of the segment's backlog as of December 31, 2016 is expected to be recognized as revenue during 2017. The Power and Energy reportable segment primarily serves customers in the oil and gas industry and, to a lesser extent, the nuclear and other conventional power industries. A large portion of the segment's revenues are concentrated in oil extraction, production and transportation at existing wells, and in pipeline applications. The underlying driver of this segment includes demand for power and energy. Key products for the segment include pumps, valves and the related accessories, while the core brands include APV, Bran+Luebbe, ClydeUnion Pumps, Copes-Vulcan, Dollinger Filtration, LIGHTNIN, M&J Valve, Plenty, and Vokes. The segment's primary competitors are Cameron, Ebara Fluid Handling, Flowserve Corporation, ITT Goulds Pumps, KSB AG, and Sulzer Ltd.

Industrial: Our Industrial reportable segment had revenues of \$705.0, \$768.5 and \$835.5 in 2016, 2015 and 2014, respectively, and backlog of \$164.5 and \$176.7 as of December 31, 2016 and 2015, respectively. Approximately 90% of the segment's backlog as of December 31, 2016 is expected to be recognized as revenue during 2017. The Industrial reportable segment primarily serves customers in the chemical, air treatment, mining, pharmaceutical, marine, shipbuilding, infrastructure construction, general industrial and water treatment industries. Key demand drivers of this segment are tied to macroeconomic conditions and growth in the respective end markets we serve. Key products for the segment are air dryers, filtration equipment, mixers, pumps, hydraulic technologies and heat exchangers. Core brands include Airpel, APV, Bolting Systems, Delair, Deltech, Hankison, Jemaco, Johnson Pump, LIGHTNIN, Power Team, and Stone. The segment's primary competitors are Alfa Laval AB, Chemineer Inc., EKATO, Actuant, Enerpac, IDEX Viking Pump, KSB AG, Parker Domnick Hunter and various regional companies.

See Note 4 to our consolidated and combined financial statements for more information on the results of our reportable segments, including revenues by geographic area.

Acquisitions

We did not acquire any businesses in 2016. As part of our long-term strategy, we plan to evaluate potential acquisitions that (a) are complementary to our existing products and services, (b) increase our relevance to customers and our capabilities to serve them, (c) expand our global capabilities and accelerate our localization strategy and (d) expand our end market reach.

International Operations

We are a multinational corporation with operations in over 30 countries. Sales outside the United States were \$1,298.8, \$1,552.0 and \$1,835.7 in 2016, 2015 and 2014, respectively.

See Note 4 to our consolidated and combined financial statements for more information on our international operations.

Research and Development

We are actively engaged in research and development programs designed to improve existing products and manufacturing methods and to develop new products to better serve our current and future customers. We place particular emphasis on the development of new products that are compatible with, and build upon, our manufacturing and marketing capabilities. We expensed \$19.4, \$19.1 and \$19.8 in 2016, 2015 and 2014, respectively, of research activities relating to the development and improvement of our products.

Intellectual Property

We own approximately 160 domestic and 260 foreign patents, including 35 patents that were issued in 2016, covering a variety of our products and manufacturing methods. We also own a number of registered trademarks. Although in the aggregate our patents and trademarks are of considerable importance in the operation of our business, we do not consider any single patent or trademark to be of such importance that its absence would adversely affect our ability to conduct business as presently constituted. We are both a licensor and licensee of patents. For more information, please refer to "Risk Factors."

Raw Materials

We purchase a wide variety of raw materials, including steel, titanium, copper, nickel and petroleum-based products. Where appropriate, we may enter into long-term supply arrangements or fixed-cost contracts to lower the overall cost of raw materials. In addition, due to our diverse product and service offering, as well as the wide geographic dispersion of our production facilities, we use numerous sources for the raw materials needed in our operations. However, we are not dependent on any one supplier or a limited number of suppliers. Lastly, we continue to centralize certain aspects of supply chain management in an effort to ensure adequate materials are available for production at low cost.

Competition

The markets we serve are highly competitive and fragmented. Our competitors are diverse, ranging from large multi-nationals to regional and local companies. Our principal global competitors include Alfa Laval AB, Flowserve Corporation, GEA Group AG, IDEX Corporation, ITT Goulds Pumps, Sulzer Ltd., and Tetra Pak International S.A. We do not have any one competitor with all the same product offerings, nor do we have any one competitor which serves all the same end markets.

Our ability to compete effectively depends on a variety of factors including breadth of product offering, product quality, engineering strength, brand reputation, lead times, global capabilities, service capabilities, and cost. As many of our products are sold through distributors and independent representatives, our success also depends on building and partnering with a strong channel network.

Environmental Matters

See "MD&A — Critical Accounting Policies and Use of Estimates — Contingent Liabilities," "Risk Factors" and Note 13 to our consolidated and combined financial statements for information regarding environmental matters.

Employment

As of December 31, 2016, we had over 7,000 employees. Less than 1% of our U.S. employees are covered under collective bargaining agreements, while certain of our non-U.S. employee groups are covered by various collective labor

arrangements. While we generally have experienced satisfactory labor relations, we are subject to potential union campaigns, work stoppages, union negotiations and other potential labor disputes.

Executive Officers

See Part III, Item 10 of this report for information about our executive officers.

Other Matters

No customer or group of customers that, to our knowledge, are under common control, accounted for more than 10% of our consolidated and combined revenues for any period presented.

Our businesses maintain sufficient levels of working capital to support customer requirements, particularly inventory. We believe our businesses' sales and payment terms are generally similar to those of our competitors.

The results of many of our businesses closely follow changes in the industries and end markets they serve. In addition, certain of our businesses have seasonal fluctuations. In aggregate, our businesses tend to be stronger in the second half of the calendar year. Additionally, timing of revenue recognition on large Food and Beverage systems projects, Power and Energy projects and large Industrial orders may cause significant fluctuations in financial performance from period to period.

Our website address is www.spxflow.com. Information on our website is not incorporated by reference herein. We file reports with the U.S. Securities and Exchange Commission (the "SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and certain amendments to these reports. Copies of these reports are available free of charge on our website as soon as reasonably practicable after we file the reports with the SEC. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Additionally, you may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 1A. Risk Factors

You should consider the risks described below and elsewhere in our documents filed with the SEC before investing in any of our securities. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

Difficulties presented by international economic, political, legal, accounting and business factors could negatively affect our business.

In 2016, approximately 65% of our revenues were generated outside the United States, and approximately 27% of our revenues were generated from sales into emerging markets. We manage businesses with manufacturing facilities worldwide. Our reliance on non-U.S. revenues and non-U.S. manufacturing bases exposes us to a number of risks, including:

- Significant competition could come from local or long-term participants in non-U.S. markets who may have significantly greater market knowledge and substantially greater resources than we do;
- Local customers may have a preference for locally-produced products;
- Credit risk or financial condition of local customers and distributors could affect our ability to market our products or collect receivables;
- Regulatory or political systems or barriers may make it difficult or impossible to enter or remain in new markets. In addition, these barriers may impact our existing businesses, including making it more difficult for them to grow;
- Local political, economic and social conditions, including the possibility of hyperinflationary conditions, political instability, nationalization of private enterprises, or unexpected changes relating to currency could adversely impact our operations;
- Customs and tariffs may make it difficult or impossible for us to move our products or assets across borders in a cost-effective manner;

- Complications related to shipping, including delays due to weather, labor action, or customs, may impact our profit margins or lead to lost business;
- Government embargoes or foreign trade restrictions such as anti-dumping duties, as well as the imposition of trade sanctions by the United States or the European Union against a class of products imported from or sold and exported to, or the loss of "normal trade relations" status with, countries in which we conduct business, could significantly increase our cost of products imported into the United States or Europe or reduce our sales and harm our business;
- Environmental and other laws and regulations could increase our costs or limit our ability to run our business;
- Our ability to obtain supplies from foreign vendors and ship products internationally may be impaired during times of crisis or otherwise;
- Local, regional or worldwide hostilities could impact our operations; and
- Distance, language and cultural differences may make it more difficult to manage our business and employees and to effectively market our products and services.

Any of the above factors or other factors affecting social and economic activity in emerging markets or affecting the movement of people and products into and from these countries to our major markets, including North America and Europe, could have a significant negative effect on our operations.

Our global operations could be negatively impacted by the economic and political instability caused by the United Kingdom ("UK") vote to leave the European Union ("EU").

The UK held a referendum on June 23, 2016 on its membership in the EU. A majority of UK voters voted to exit the EU ("Brexit"), and negotiations will commence to determine the future terms of the UK's relationship with the EU, subject to a negotiation period that could last up to two years after the UK government formally initiates the withdrawal process, including the terms of trade between the UK and the EU. Brexit has created instability and volatility in the global markets and could adversely affect European or worldwide economic or market conditions. Although it is unknown what those terms will be, they may impair the ability of our operations in the EU to transact business in the future in the UK, and similarly the ability of our UK operations to transact business in the future in the EU. Specifically, it is possible that there will be greater restrictions on imports and exports between the UK and EU countries and increased regulatory complexities. These changes may adversely affect our operations and financial results. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. Further, among other things, Brexit could reduce capital spending in the UK and the EU, which could result in decreased demand for our products. Any of these effects of Brexit, and others we cannot anticipate, could adversely affect our business, business opportunities, financial condition, results of operations and cash flows.

Many of the markets in which we operate are cyclical or are subject to industry events, and our results have been and could be affected as a result.

Many of the markets in which we operate are subject to general economic cycles or industry events. We have significant exposure to companies operating in or selling to oil and gas markets. Declines in the price of oil have depressed demand in these markets, and continued low oil prices may continue or exacerbate the decline in this market. Other of our markets, including food and beverage, chemical, mining, and petrochemical, particularly chemical companies and general industrial companies, are to varying degrees cyclical and have experienced, and may continue to experience, periodic downturns. Cyclical changes and specific industry events could also affect sales of products in our other businesses. Downturns in the business cycles of our different operations may occur at the same time, which could exacerbate any adverse effects on our business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Reportable Segments."

Contract timing on large construction projects, including food and beverage systems and projects in the oil and gas industries, may cause significant fluctuations in revenues and profits from period to period.

In addition, certain of our businesses have seasonal fluctuations. Historically, some of our key businesses tend to be stronger in the second half of the year.

Our business depends on capital investment and maintenance expenditures by our customers.

Demand for most of our products and services depends on the level of new capital investment and planned maintenance expenditures by our customers. The level of capital expenditures by our customers fluctuates based on planned expansions, new builds, and repairs, general economic conditions, availability of credit, and expectations of future market behavior. Any of these

factors, individually or in the aggregate, could have a material adverse effect on our customers and, in turn, our business, financial condition, results of operations and cash flows.

Our customers could be impacted by commodity availability and price fluctuations.

A number of factors outside our control, including fluctuating commodity prices, impact the demand for our products. Increased commodity prices may increase our customers' cost of doing business, thus causing them to delay or cancel large capital projects.

On the other hand, declining commodity prices may cause mines, oil refineries, oil and gas extraction fields and other customers to delay or cancel projects relating to the production of such commodities. Also, oversupply could cause manufacturers to cut back on expenditures. Reduced 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 may also erode average selling prices in the relevant market.

Our ordinary course and future restructuring activities, including our global realignment program, could result in additional costs and operational difficulties which may affect our business.

We face risks relating to our efforts to reduce global costs, including those designed to reduce headcount and consolidate our manufacturing footprint. In addition to the typical risks we face, our global realignment program is designed to further optimize our global footprint, streamline business processes and reduce selling, general and administrative expense across operating sites and corporate and global functions over the next year. The financial costs and savings associated with the realignment program are expected to continue to be well in excess of our historical, ordinary course restructuring activities. Consequently, charges to earnings as a result of these activities can vary significantly from period to period and, as a result, we may experience fluctuations in our reported cash flows, results of operations or earnings per share due to the timing of restructuring actions.

We risk the loss of valuable employees, operational difficulties, product quality, higher than expected restructuring costs, and difficulties arising from negotiations with work councils and other labor groups. We also risk disruption to our customer relationships if we are unable to meet our commitments to them. Further, these actions may take longer than anticipated, prove more costly than expected and distract management from other activities. Finally, we may not fully realize the expected benefits of these activities.

The price and availability of raw materials may adversely affect our business.

We are exposed to a variety of risks relating to the price and availability of raw materials. In recent years, we have faced volatility in the prices of many of our key raw materials, including petroleum-based products, steel and copper. Increases in the prices of raw materials or shortages or allocations of materials may have a material adverse effect on our financial position, results of operations or cash flows, as we may not be able to pass cost increases on to our customers, or our sales may be reduced. We are subject to long-term supplier contracts that may increase our exposure to pricing fluctuations.

Credit and counterparty risks could harm our business.

The financial condition of our customers could affect our ability to market our products or collect receivables. In addition, financial difficulties faced by our customers may lead to cancellation or delay of orders.

Our customers may suffer financial difficulties that make them unable to pay for a project when completed or as payment milestones become due, or they may decide not to pay us, either as a matter of corporate decision-making or in response to changes in local laws and regulations. We cannot assure you that expenses or losses for uncollectible amounts will not have a material adverse effect on our revenues, earnings and cash flows.

Failure to protect or unauthorized use of our intellectual property may harm our business.

Despite our efforts to protect our proprietary rights, unauthorized parties or competitors may copy or otherwise obtain and use our products or technology. The steps we have taken may not prevent unauthorized use of our technology or knowledge, particularly in foreign countries where the laws may not protect our proprietary rights to the same extent as in the United States. Costs incurred to defend our rights may be material.

If we are unable to protect our information systems against data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.

We are increasingly dependent on information technology ("IT") networks and systems, including the Internet, to process, transmit and store electronic information. In particular, we depend on such IT infrastructure for electronic communications among

our locations around the world and between our personnel and suppliers and customers, and we rely on the systems and services of a variety of vendors to meet our data processing and communication needs. Despite our implementation of security measures, cybersecurity threats, such as malicious software, phishing attacks, computer viruses and attempts to gain unauthorized access, cannot be completely mitigated. Security breaches of our, our customers' and our vendors' IT infrastructure can create system disruptions, shutdowns or unauthorized disclosure of confidential information, including our intellectual property, trade secrets, customer information or other confidential business information. If we are unable to prevent, detect or adequately respond to such breaches, our operations could be disrupted, our competitiveness could be adversely affected or we may suffer financial damage or loss because of lost or misappropriated information. Such incidents also could require significant management attention and resources and result in increased costs.

Currency conversion risk could have a material impact on our reported results of business operations.

Our operating results are translated into U.S. dollars for reporting purposes. The strengthening or weakening of the U.S. dollar against other currencies in which we conduct business could result in unfavorable translation effects as the results of transactions in foreign countries are translated into U.S. dollars. Increased strength of the U.S. dollar will increase the effective price of our products sold in U.S. dollars into other countries, which may have a material adverse effect on sales or require us to lower our prices, and also decrease our reported revenues or margins related to sales conducted in foreign currencies to the extent we are unable or determine not to increase local currency prices. Likewise, decreased strength of the U.S. dollar could have a material adverse effect stemming from the cost of materials and products purchased overseas.

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 SEC, 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 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.

We could experience operational difficulties and additional expense related to further implementations of Enterprise Resource Planning ("ERP") software.

We are engaged in a significant, multi-year process of upgrading, and where necessary, implementing, a standard ERP software program across certain of our business locations. Our expanded ERP software platform has involved, and will continue to involve, substantial expenditures on system hardware and software, as well as design, development and implementation activities. Operational disruptions during the course of these activities could materially impact our operations. For example, our ability to forecast sales demand, ship products, manage our product inventory, and record and report financial and management information on a timely and accurate basis could be impaired if there are significant problems implementing the expansion.

Additionally, our cost estimates related to our new ERP system are based on assumptions which are subject to wide variability, requiring a great deal of judgment.

Changes in tax laws and regulations or other factors could cause our income tax rate to increase, potentially reducing our earnings and adversely affecting our cash flows.

As a global manufacturing company, we are subject to taxation in various jurisdictions around the world. In preparing our financial statements, we calculate our effective income tax rate based on current tax laws and regulations and the estimated taxable income within each of these jurisdictions. Our future effective income tax rate, however, may be higher due to numerous factors, including changes in tax laws or regulations. An effective income tax rate significantly higher than our expectations could have an adverse effect on our business, results of operations and liquidity.

We seek to optimize our tax footprint across all operations in U.S. and non-U.S. jurisdictions alike. These benefits are contingent upon existing tax laws and regulations in the U.S. and in the countries in which our international operations are located. Future changes in domestic or international tax laws and regulations could adversely affect our ability to continue to realize these tax benefits. Political leaders in the U.S. have called for comprehensive tax reform which, among other things, might change certain U.S. tax rules impacting the way U.S. based multinationals are taxed on foreign income or may require previously earned but untaxed foreign earnings and profits to be taxed immediately but at a rate lower than the current 35% U.S. Federal tax rate.

Additionally, in 2015, the Organisation for Economic Co-operation and Development ("OECD"), an international association of 34 countries, including the U.S., released the final reports from its Base Erosion and Profit Shifting ("BEPS") Action Plans. The BEPS recommendations covered a number of issues, including country-by-country reporting, permanent establishment rules, hybrid mismatch rules, anti-tax avoidance rules, transfer pricing rules and tax treaties. Recently, the European Commission ("EC") concluded its investigations into tax ruling practices of certain EU member countries. The EC concluded that certain member countries had granted unlawful rulings that artificially reduced tax burdens and has ordered the recovery of the unpaid taxes. Future tax reform resulting from these developments may result in changes to long-standing tax principles, which could adversely affect our effective tax rate or result in higher cash tax liabilities.

Our effective tax rate could also be adversely affected by different and evolving interpretations of existing law or regulations, which in turn would negatively impact our operating and financial results as a whole. Additionally, our effective tax rate could also be adversely affected if there is a change in international operations, our tax structure and how our operations are managed and structured, which could have a material adverse effect on our business, financial condition and results of operations.

Cost overruns, delays, penalties or liquidated damages could negatively impact our results, particularly with respect to long-term fixed-price contracts.

Substantially all our revenues are recorded and earned under fixed-price arrangements. A portion of our revenues and earnings is generated through long-term contracts. We recognize revenues for the majority of these long-term contracts using the percentage-of-completion method of accounting whereby revenues and expenses, and thereby profit, in a given period are determined based on our estimates as to the project status and the costs remaining to complete a particular project. During 2016, 2015 and 2014, approximately 17.0%, 20.5% and 20.7%, respectively, of our total revenues were recorded under the percentage-of-completion method.

Estimates of total revenues and cost at completion are subject to many variables, including the length of time to complete a contract. In addition, contract delays may negatively impact these estimates and our revenues and earnings results for affected periods.

To the extent that we underestimate the remaining cost or time to complete a project, we may overstate the revenues and profit in a particular period. Further, certain of these contracts provide for penalties or liquidated damages for failure to timely perform our obligations under the contract, or require that we, at our expense, correct and remedy to the satisfaction of the other party certain defects. Because substantially all of our long-term contracts are at a fixed price, we face the risk that cost overruns, delays, penalties or liquidated damages may exceed, erode or eliminate our expected profit margin, or cause us to record a loss on our projects.

The loss of key personnel and an inability to attract and retain qualified employees could have a material adverse effect on our operations.

We are dependent on the continued services of our leadership team. The loss of these personnel without adequate replacement could have a material adverse effect on our operations. Additionally, we need qualified managers and skilled employees with technical and manufacturing industry experience in many locations in order to operate our business successfully. From time to time, there may be a shortage of skilled labor, which may make it more difficult and expensive for us to attract and retain qualified employees. If we were unable to attract and retain sufficient numbers of qualified individuals or our costs to do so were to increase significantly, our operations could be materially adversely affected.

We operate in highly competitive markets. Our failure to compete effectively could harm our business.

We sell our products in highly competitive markets, which could result in pressure on our profit margins and limit our ability to maintain or increase the market share of our products. We compete on a number of fronts, including on the basis of product offerings, technical capabilities, quality, service and pricing. We have a number of competitors with substantial technological and financial resources, brand recognition and established relationships with global service providers. Some of our competitors have low cost structures, support from local governments, or both. In addition, new competitors may enter the markets in which we participate. Competitors may be able to offer lower prices, additional products or services or a more attractive mix of products or services, or services or incentives that we cannot or will not match. These competitors may be in a stronger position to respond quickly to new or emerging technologies and may be able to undertake more extensive marketing campaigns, and make more attractive offers to potential customers, employees and strategic partners. In addition, competitive environments in slow-growth markets, to which some of our businesses have exposure, have been inherently more influenced by pricing and domestic and global economic conditions. To remain competitive, we must invest in manufacturing, marketing, customer service and support and our distribution networks. We cannot assure you that we will have sufficient resources to continue to make the investment required to maintain or increase our market share or that our investments will be successful. If we do not compete successfully, our business, financial condition, results of operations and cash flows could be materially adversely affected.

Our strategy to outsource various elements of the products and services we sell subjects us to the business risks of our suppliers and subcontractors, which could have a material adverse impact on our operations.

In areas where we depend on third-party suppliers and subcontractors for outsourced products, components or services, we are subject to the risk of customer dissatisfaction with the quality or performance of the products or services we sell due to supplier or subcontractor failure. In addition, business difficulties experienced by a third-party supplier or subcontractor can lead to the interruption of our ability to obtain outsourced products or services and ultimately our inability to supply products or services to our customers. Third-party supplier and subcontractor business interruptions can include, but are not limited to, work stoppages, union negotiations and other labor disputes. Current or future economic conditions could also impact the ability of suppliers and subcontractors to access credit and, thus, impair their ability to provide us quality products or services in a timely manner, or at all.

We are subject to laws, regulations and potential liability relating to claims, complaints and proceedings, including those relating to environmental and other matters.

We are subject to various laws, ordinances, regulations and other requirements of government authorities in the United States and other nations. With respect to acquisitions, divestitures and continuing operations, we may acquire or retain liabilities of which we are not aware, or which are of a different character or magnitude than expected. Additionally, changes in laws, ordinances, regulations or other governmental policies may significantly increase our expenses and liabilities.

In addition, costs associated with regulatory compliance can be difficult to predict. If we underestimate the time or costs required to comply with our legal and regulatory obligations, our actual costs may significantly exceed our projections, which could impact our results of operations.

We are subject to domestic and international environmental protection laws and regulations with respect to our business operations and are operating in compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. We cannot assure you that our compliance obligations with environmental protection laws and regulations, individually or in the aggregate, will not have a material adverse effect on our financial position, results of operations or cash flows.

Numerous claims, complaints and proceedings arising in the ordinary course of business, including those relating to litigation matters (e.g., class actions, derivative lawsuits and contracts, intellectual property and competitive claims), environmental matters, and risk management matters (e.g., product and general liability, personal injury claims, automobile, and workers' compensation claims), have been filed or are pending against us and certain of our subsidiaries. From time to time, we face actions by governmental authorities, both in and outside the United States. Additionally, we may become subject to significant claims of which we are currently unaware or the claims of which we are aware may result in our incurring a significantly greater liability than we anticipate. Our insurance may be insufficient or unavailable (e.g., because of insurer insolvency, a significant adverse change in claim experience, or insurance coverage is not available in applicable insured periods) to protect us against potential loss exposures.

We devote significant time and expense to defend against the various claims, complaints and proceedings brought against us, and we cannot assure you that the expenses or distractions from operating our businesses arising from these defenses will not increase materially.

We cannot assure you that our accruals and rights to indemnity and insurance will be sufficient, that recoveries from insurance or indemnification claims will be available or that any of our current or future claims or other matters will not have a material adverse effect on our financial position, results of operations or cash flows.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates—Contingent Liabilities" and Note 13 to our consolidated and combined financial statements for further discussion.

If the fair value of any of our reporting units is insufficient to recover the carrying value of the goodwill and other intangibles of the respective reporting unit, a material non-cash charge to earnings could result.

At December 31, 2016, we had goodwill and other intangible assets, net, of \$1,066.8. We conduct annual impairment testing to determine if we will be able to recover all or a portion of the carrying value of goodwill and indefinite-lived intangibles. In addition, we review goodwill and indefinite-lived intangible assets for impairment more frequently if impairment indicators arise. If the fair value is insufficient to recover the carrying value of our reporting units and indefinite-lived intangibles, we may be required to record a material non-cash charge to earnings.

The fair values of our reporting units generally are based on discounted cash flow projections that are believed to be reasonable under current and forecasted circumstances, the results of which form the basis for making judgments about the

recoverability of carrying values of the reported net assets of our reporting units. Other considerations are also incorporated, including comparable price multiples. Many of our businesses closely follow changes in the industries and end markets that they serve. For example, following declines in the price of oil and the resultant impact on oil markets, the results of our goodwill impairment test conducted during the second quarter of 2016 indicated the estimated fair value of our Power and Energy reporting unit was less than its carrying value, and we recorded a goodwill impairment charge of \$252.8. We also recorded intangible asset impairment charges of \$115.9, \$30.9 and \$26.8 related to customer relationships, technology assets and trademarks, respectively, during the same quarter. Accordingly, we consider estimates and judgments that affect future cash flow projections, including principal methods of competition such as volume, price, service, product performance and technical innovations and estimates associated with cost reduction initiatives, capacity utilization, and assumptions for inflation and foreign currency changes. We monitor impairment indicators across all of our businesses. Significant changes in market conditions and estimates or judgments used to determine expected future cash flows that indicate a reduction in carrying value may give rise to impairments in the period that the change becomes known.

We are subject to potential work stoppages, labor disputes and other matters associated with our labor force, which may adversely impact our operations and cause us to incur incremental costs.

We have various collective labor arrangements covering certain U.S. and non-U.S. employee groups. We are subject to potential work stoppages and other potential labor disputes. Further, we may be subject to work stoppages, which are beyond our control, at our suppliers or customers.

Our technology is important to our success, and failure to develop new products may result in a significant competitive disadvantage.

We believe the development of our intellectual property rights is critical to the success of our business. In order to maintain our market positions and margins, we need to continually develop and introduce high quality, technologically advanced and cost-effective products on a timely basis, in many cases in multiple jurisdictions around the world. The failure to do so could result in a significant competitive disadvantage.

Our current and planned products may contain defects or errors that are detected only after delivery to customers. If that occurs, our reputation may be harmed and we may face additional costs.

We cannot assure you that our product development, manufacturing and integration testing will be adequate to detect all defects, errors, failures and quality issues that could impact customer satisfaction or result in claims against us with regard to our products. As a result, we may have, and from time to time have had, to replace certain components and/or provide remediation in response to the discovery of defects in products that are shipped. The occurrence of any defects, errors, failures or quality issues could result in cancellation of orders, product returns, diversion of our resources, legal actions by our customers or our customers' end users and other losses to us or to any of our customers or end users, and could also result in the loss of or delay in market acceptance of our products and loss of sales, which would harm our business and adversely affect our revenues and profitability.

Increases in the number of shares of our outstanding common stock could adversely affect our common stock price or dilute our earnings per share.

Sales of a substantial number of shares of common stock into the public market, or the perception that these sales could occur, could have a material adverse effect on our stock price. As of December 31, 2016, we had the ability to issue up to an additional 1.9 shares as restricted stock shares, restricted stock units, or stock options under our SPX FLOW Stock Compensation Plan. Additionally, 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 through other mechanisms. Additional shares granted and/or issued would have a dilutive effect on our earnings per share.

Provisions in our corporate documents and Delaware law may delay or prevent a change in control of our company, and accordingly, we may not consummate a transaction that our shareholders consider favorable.

Provisions of our Certificate of Incorporation and By-laws may inhibit changes in control of our company not approved by our Board. These provisions include, for example: a staggered board of directors; a prohibition on shareholder action by written consent; a requirement that special shareholder meetings be called only by our Chairman, President or Board; advance notice requirements for shareholder proposals and nominations; limitations on shareholders' ability to amend, alter or repeal the By-laws; enhanced voting requirements for certain business combinations involving substantial shareholders; the authority of our Board to issue, without shareholder approval, preferred stock with terms determined in its discretion; and limitations on shareholders' ability to remove directors. In addition, we are afforded the protections of Section 203 of the Delaware General Corporation Law, which could have similar effects. In general, Section 203 prohibits us from engaging in a "business combination"

with an "interested shareholder" (each as defined in Section 203) for at least three years after the time the person became an interested shareholder unless certain conditions are met. These protective provisions could result in our not consummating a transaction that our shareholders consider favorable or discourage entities from attempting to acquire us, potentially at a significant premium to our then-existing stock price.

Our indebtedness may affect our business and may restrict our operating flexibility.

At December 31, 2016, we had \$1,108.8 in total indebtedness. On that same date, we had \$372.9 of borrowing capacity under our revolving credit facilities, after giving effect to borrowings of \$68.0 under the domestic revolving loan facility and \$9.1 reserved for outstanding letters of credit, and \$3.0 of available borrowing capacity under our trade receivables financing arrangement after giving effect to borrowings of \$21.2. Our trade receivables financing arrangement provides for a total commitment of \$50.0 from associated lenders, depending upon our trade receivables balance and other factors. In addition, at December 31, 2016, we had \$275.6 of available issuance capacity under our foreign credit instrument facilities after giving effect to \$224.4 reserved for outstanding letters of credit. At December 31, 2016, our cash and equivalents balance was \$215.1. See MD&A and Note 10 to our consolidated and combined financial statements for further discussion. We may incur additional indebtedness in the future, including indebtedness incurred to finance, or assumed in connection with, acquisitions. We may renegotiate or refinance our senior credit facilities, senior notes or other debt facilities, or enter into additional agreements that have different or more stringent terms. The level of our indebtedness could:

- Impact our ability to obtain new, or refinance existing, indebtedness on favorable terms or at all;
- Limit our ability to obtain, or obtain on favorable terms, additional debt financing for working capital, capital expenditures or acquisitions;
- Limit our flexibility in reacting to competitive and other changes in the industry and economic conditions;
- Limit our ability to pay dividends on our common stock;
- Coupled with a substantial decrease in net operating cash flows due to economic developments or adverse developments in our business, make it difficult to meet debt service requirements; and
- Expose us to interest rate fluctuations to the extent existing borrowings are, and any new borrowings may be, at variable rates of interest, which could result in higher interest expense and interest payments in the event of increases in interest rates.

Our ability to make scheduled payments of principal or pay interest on, or to refinance, our indebtedness and to satisfy our other debt obligations will depend upon our future operating performance, which may be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control. In addition, we cannot assure you that future borrowings or equity financing will be available for the payment or refinancing of our indebtedness. If we are unable to service our indebtedness, whether in the ordinary course of business or upon an acceleration of such indebtedness, we may pursue one or more alternative strategies, such as restructuring or refinancing our indebtedness, selling assets, reducing or delaying capital expenditures, revising implementation of or delaying strategic plans or seeking additional equity capital. Any of these actions could have a material adverse effect on our business, financial condition, results of operations and stock price. In addition, we cannot assure that we would be able to take any of these actions, that these actions would enable us to continue to satisfy our capital requirements, or that these actions would be permitted under the terms of our various debt agreements.

Numerous banks in many countries are syndicate members in our credit facility. Failure of one or more of our larger lenders, or several of our smaller lenders, could significantly reduce availability of our credit, which could harm our liquidity.

We may not be able to finance future needs or adapt our business plan to react to changes in economic or business conditions because of restrictions placed on us by our senior credit facilities and any existing or future instruments governing our other indebtedness.

Our senior credit facilities, the indentures governing our senior notes and agreements governing our other indebtedness contain, or future or revised instruments may contain, various restrictions and covenants that limit our ability to make distributions or other payments to our investors and creditors unless certain financial tests or other criteria are satisfied. We also must comply with certain specified financial ratios and tests. Our subsidiaries may also be subject to restrictions on their ability to make distributions to us. In addition, our senior credit facilities, indentures governing our senior notes and agreements governing our other indebtedness contain or may contain additional affirmative and negative covenants. Material existing restrictions are described more fully in the MD&A and Note 10 to our consolidated and combined financial statements. Each of these restrictions could affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities, such as acquisitions.

If we do not comply with the covenants and restrictions contained in our senior credit facilities, indentures governing our senior notes and agreements governing our other indebtedness, we could default under those agreements, and the debt, together with accrued interest, could be declared due and payable. If we default under our senior credit facilities, the lenders could cause all our outstanding debt obligations under our senior credit facilities to become due and payable or require us to repay the indebtedness under these facilities. If our debt is accelerated, we may not be able to repay or refinance our debt. In addition, any default under our senior credit facilities, indentures governing our senior notes or agreements governing our other indebtedness could lead to an acceleration of debt under other debt instruments that contain cross-acceleration or cross-default provisions. If the indebtedness under our senior credit facilities is accelerated, we may not have sufficient assets to repay amounts due under our senior credit facilities, senior notes or other debt securities then outstanding. Our ability to comply with these provisions of our senior credit facilities, indentures governing our senior notes and agreements governing our other indebtedness will be affected by changes in the economic or business conditions or other events beyond our control. Complying with our covenants may also cause us to take actions that are not favorable to us and may make it more difficult for us to successfully execute our business strategy and compete, including against companies that are not subject to such restrictions.

Risks Related to our Spin-Off in 2015

We may not be able to engage in certain corporate transactions.

To preserve the intended tax-free treatment of the Spin-Off, under our Tax Matters Agreement with our former Parent, for a period of two years following the Spin-Off, we generally will be prohibited from taking certain actions that would prevent the Spin-Off from qualifying as a transaction that generally is tax-free to our former Parent and its shareholders, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code.

These restrictions, which generally relate to acquisitions of our stock and similar transactions, may limit our ability to pursue certain strategic transactions or other transactions that we may otherwise believe to be in the best interests of our shareholders or that might increase the value of our business.

In connection with our Spin-Off, our former Parent will indemnify us for certain liabilities and we will indemnify our former Parent for certain liabilities. If we are required to act on these indemnities to our former Parent, we may need to divert cash to meet those obligations and our financial results could be negatively impacted. The indemnity from our former Parent may not be sufficient to insure us against the full amount of liabilities for which we will be allocated responsibility, and our former Parent may not be able to satisfy its indemnification obligations in the future.

Pursuant to the Separation and Distribution Agreement, the Employee Matters Agreement and the Tax Matters Agreement between us and our former Parent, it has agreed to indemnify us for certain liabilities, and we have agreed to indemnify our former Parent for certain liabilities, in each case for uncapped amounts. Such indemnities may be significant and could negatively impact our business, particularly our indemnity to our former Parent regarding the intended tax-free treatment of the Spin-Off. Third parties could also seek to hold us responsible for any of the liabilities that our former Parent has agreed to retain. Further, the indemnity from our former Parent may not be sufficient to protect us against the full amount of such liabilities, and our former Parent may not be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from our former Parent any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, financial condition, results of operations and cash flows.

The Spin-Off may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws and legal dividend requirements.

The Spin-Off is subject to review under various state and federal fraudulent conveyance laws. Fraudulent conveyance laws generally provide that an entity engages in a constructive fraudulent conveyance when (1) the entity transfers assets and does not receive fair consideration or reasonably equivalent value in return, and (2) the entity (a) is insolvent at the time of the transfer or is rendered insolvent by the transfer, (b) has unreasonably small capital with which to carry on its business, or (c) intends to incur or believes it will incur debts beyond its ability to repay its debts as they mature. An unpaid creditor or an entity acting on behalf of a creditor (including, without limitation, a trustee or debtor-in-possession in a bankruptcy by us or our former Parent or any of our respective subsidiaries) may bring a lawsuit alleging that the Spin-Off or any of the related transactions constituted a constructive fraudulent conveyance. If a court accepts these allegations, it could impose a number of remedies, including, without limitation, voiding our claims against our former Parent, requiring our shareholders to return to our former Parent some or all of the shares of our common stock issued in the Spin-Off, or providing our former Parent with a claim for monetary damages against us in an amount equal to the difference between the consideration received by our former Parent and the fair market value of our company at the time of the Spin-Off.

The measure of insolvency for purposes of the fraudulent conveyance laws will vary depending on which jurisdiction's law is applied. Generally, an entity would be considered insolvent if (1) the present fair saleable value of its assets is less than

the amount of its liabilities (including contingent liabilities); (2) the present fair saleable value of its assets is less than its probable liabilities on its debts as such debts become absolute and matured; (3) it cannot pay its debts and other liabilities (including contingent liabilities and other commitments) as they mature; or (4) it has unreasonably small capital for the business in which it is engaged. We cannot assure you what standard a court would apply to determine insolvency or that a court would determine that we, our former Parent or any of our respective subsidiaries were solvent at the time of or after giving effect to the Spin-Off.

The distribution of our common stock is also subject to review under state corporate distribution statutes. Under the General Corporation Law of the State of Delaware (the "DGCL"), a corporation may only pay dividends to its shareholders either (1) out of its surplus (net assets minus capital) or (2) if there is no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

Although we believe that we and our former Parent were each solvent at the time of the Spin-Off (including immediately after the distribution of shares of SPX FLOW common stock), that we are able to repay our debts as they mature and have sufficient capital to carry on our businesses, and that the distribution was made entirely out of surplus in accordance with Section 170 of the DGCL, we cannot assure you that a court would reach the same conclusions in determining whether our former Parent or we were insolvent at the time of, or after giving effect to, the Spin-Off, or whether lawful funds were available for the separation and the distribution to our former Parent's shareholders.

A court could require that we assume responsibility for obligations allocated to our former Parent under the Separation and Distribution Agreement.

Under the Separation and Distribution Agreement, both we and our former Parent are responsible for the debts, liabilities and other obligations related to the business or businesses which it owns and operates. Although we do not expect to be liable for any obligations that are not allocated to us under the Separation and Distribution Agreement, a court could disregard the allocation agreed to between the parties, and require that we assume responsibility for obligations allocated to our former Parent (including, for example, environmental liabilities), particularly if our former Parent were to refuse or were unable to pay or perform the allocated obligations.

We are subject to continuing contingent tax liabilities of our former Parent.

Under the Code and U.S. Treasury Regulations, each corporation that was a member of our former Parent's consolidated group for U.S. federal income tax purposes during any taxable period (or portion thereof) ending on or before the effective time of the Spin-Off is jointly and severally liable for the entire U.S. federal income tax liability of our former Parent's consolidated group for that taxable period subsequent to the year ended December 31, 2011. Our Tax Matters Agreement with our former Parent generally allocates economic responsibility for taxes of our former Parent's consolidated group to our former Parent. However, if our former Parent is unable to pay any such taxes, we could be liable for the entire amount of such taxes, which would include taxes arising out of the Spin-Off if our former Parent were to take an action (over which we may have no control) that causes the Spin-Off to be taxable to our former Parent.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

The following is a summary of our principal properties, including manufacturing, engineering, and sales offices as of December 31, 2016:

	Location	No. of Facilities	Approximate Square Footage	
			Owned	Leased
(in millions)				
Food and Beverage	3 U.S. states and 10 foreign countries	19	0.7	1.1
Power and Energy	5 U.S. states and 9 foreign countries	26	1.9	0.6
Industrial	6 U.S. states and 13 foreign countries	30	1.0	0.6
Total		75	3.6	2.3

In addition to manufacturing plants, we own our corporate office in Charlotte, NC, and lease our Asia Pacific center in Shanghai, China, our European shared service center in Manchester, United Kingdom and various sales, service and other

locations throughout the world. We consider these properties, as well as the related machinery and equipment, to be well maintained and suitable and adequate for their intended purposes.

The following table lists the locations of our primary manufacturing facilities as of December 31, 2016:

Americas	EMEA	Asia Pacific
Burlington, Canada	Annecy, France	Ahmedabad, India
Delavan, WI	Assen, Netherlands	Busan, South Korea
Goldsboro, NC	Brixworth, U.K.	Jaipur, India
Houston, TX	Budapest, Hungary	New Delhi, India
McKean, PA	Bydgoszcz, Poland	Xidu, China
Newport, NC	Ekerö, Sweden	
Ocala, FL	Erpe-Mere, Belgium	
Rochester, NY	Etten-Leur, Netherlands	
Rockford, IL	Eygelshoven, Netherlands	
Sao Paulo, Brazil	Glasgow, U.K.	
	Killarney, Ireland	
	Kolding, Denmark*	
	Moers, Germany	
	Newbury, U.K.	
	Norderstedt, Germany	
	Orebro, Sweden	
	Penistone, U.K.	
	Santorso, Italy	
	Silkeborg, Denmark	
	Unna, Germany*	

*Facility expected to be exited in 2017 as part of the Company's global realignment program.

ITEM 3. Legal Proceedings

We are subject to legal proceedings and claims that arise in the normal course of business. We believe these matters are either without merit or of a kind that should not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows; however, we cannot assure you that these proceedings or claims will not have a material effect on our financial position, results of operations or cash flows.

See "Risk Factors," "MD&A — Critical Accounting Policies and Estimates — Contingent Liabilities," and Note 13 to our consolidated and combined financial statements for further discussion of legal proceedings.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "FLOW."

The number of shareholders of record of our common stock as of February 3, 2017 was 3,373.

The following table sets forth the reported high and low trading prices for our common stock for each quarterly period during the year 2016 and the fourth quarter of fiscal 2015, beginning September 28, 2015, the date that our common stock began open trading, as reported on the NYSE.

	High	Low
2016:		
4 th Quarter	\$ 33.86	\$ 22.34
3 rd Quarter	31.06	23.50
2 nd Quarter	31.58	23.71
1 st Quarter	28.56	14.85
	High	Low
2015:		
4 th Quarter	\$ 42.06	\$ 25.49

Any dividends in future periods, including declaration, record and payment dates, will be at the discretion of our Board of Directors and will depend on, among other things, our results of operations, ongoing capital needs, financial condition and other factors that the Board of Directors may deem relevant, as well as our ability to declare and pay dividends.

Issuer Purchases of Equity Securities

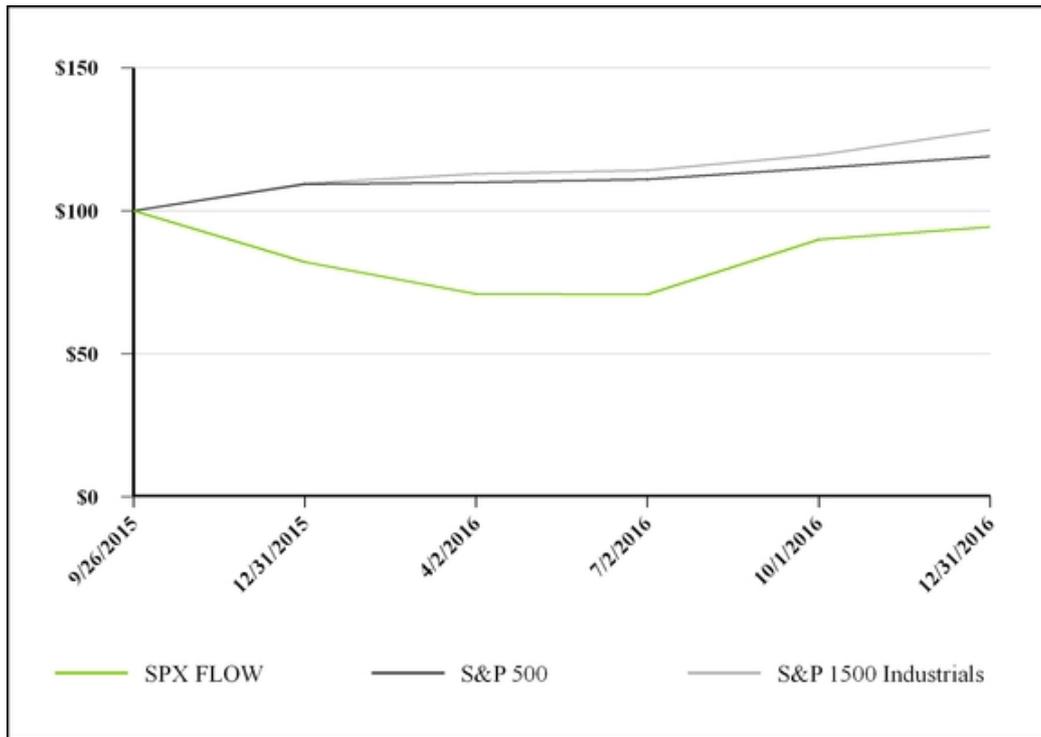
The following table summarizes the repurchases of common stock during the three months ended December 31, 2016:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Maximum Approximate Dollar Value of Shares That May Yet be Purchased Under the Plan or Program
10/2/16 - 10/31/16	5,402	\$ 27.95	—	
11/1/16 - 11/30/16	2,617	26.34	—	
12/1/16 - 12/31/16	11,235	31.77	—	
Total	19,254		—	

(1) Reflects the surrender to us of shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock units.

Company Performance

This graph shows a comparison of cumulative total returns for SPX FLOW, the S&P 500 Index and the S&P Composite 1500 Industrials Index beginning on September 28, 2015, the date that our common stock began open trading, assuming an initial investment of \$100.



	SPX FLOW		S&P 500		S&P 1500 Industrials	
9/26/2015	\$	100.00	\$	100.00	\$	100.00
12/31/2015	\$	82.10	\$	109.20	\$	109.60
4/2/2016	\$	70.88	\$	109.80	\$	112.92
7/2/2016	\$	70.79	\$	110.99	\$	114.10
10/1/2016	\$	90.03	\$	114.85	\$	119.48
12/31/2016	\$	94.29	\$	118.97	\$	128.34

ITEM 6. Selected Financial Data

The following table presents our selected historical consolidated and combined financial data as of and for each of the years in the five-year period ended December 31, 2016. Our historical consolidated and combined financial statements, prior to the Spin-Off, included certain expenses of our former Parent that were charged to us for certain corporate centralized functions and programs, including information technology, payroll services, shared services for accounting, supply chain and manufacturing operations, and business and health insurance coverage. In addition, for purposes of preparing the consolidated and combined financial statements prior to the Spin-Off, a portion of our former Parent's total corporate costs were allocated to such financial statements, with the allocations related primarily to (i) the support provided by our former Parent's executive management, finance and accounting, legal, risk management, and human resource functions and (ii) costs associated with our former Parent's Charlotte, NC corporate headquarters and its Asia Pacific corporate center in Shanghai, China. Our historical consolidated and combined financial statements, prior to the Spin-Off, also do not reflect the allocation of certain assets and liabilities between our former Parent and us. Consequently, the financial information included here may not necessarily reflect our financial position, results of operations and cash flows in the future or what our financial condition, results of operations and cash flows would have been had we been an independent, publicly-traded company during the historical periods presented.

The selected historical consolidated and combined financial data presented below should be read in conjunction with our audited combined financial statements included in our registration statement on Form 10 (as filed by SPX FLOW with the SEC and declared effective on September 11, 2015), as well as our audited consolidated and combined financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K.

(in millions, except per share amounts)

Summary of operations:	As of and for the year ended December 31,				
	2016	2015	2014	2013	2012
Revenues	\$ 1,996.0	\$ 2,388.5	\$ 2,769.6	\$ 2,804.8	\$ 2,846.3
Operating income (loss) ⁽¹⁾⁽²⁾	(385.1)	145.5	254.6	231.2	188.9
Other income (expense), net	(0.9)	9.8	2.2	(5.2)	(3.4)
Interest expense, net ⁽³⁾	(57.1)	(18.1)	(23.4)	(34.7)	(56.0)
Loss on early extinguishment of debt ⁽⁴⁾	(38.9)	—	—	—	—
Income (loss) before income taxes	(482.0)	137.2	233.4	191.3	129.5
Income tax benefit (provision) ⁽⁵⁾	101.0	(49.8)	(97.5)	(58.8)	(0.6)
Net income (loss)	(381.0)	87.4	135.9	132.5	128.9
Less: Net income (loss) attributable to noncontrolling interests	0.8	(0.1)	1.4	1.5	2.0
Net income (loss) attributable to SPX FLOW, Inc.	\$ (381.8)	\$ 87.5	\$ 134.5	\$ 131.0	\$ 126.9
Basic income (loss) per share of common stock	\$ (9.23)	\$ 2.14	\$ 3.30	\$ 3.21	\$ 3.11
Diluted income (loss) per share of common stock	\$ (9.23)	\$ 2.14	\$ 3.29	\$ 3.20	\$ 3.10
Other financial data:					
Total assets ⁽⁶⁾	\$ 2,603.2	\$ 3,304.2	\$ 4,028.1	\$ 4,490.7	\$ 3,918.4
Total debt ⁽⁷⁾	1,108.8	1,032.1	1,021.1	1,006.4	805.8
Other long-term obligations	187.7	275.4	342.8	382.7	402.3
Mezzanine equity ⁽⁸⁾	20.1	—	—	—	—
SPX FLOW, Inc. shareholders' equity	740.6	1,259.1	1,925.4	2,238.9	1,832.9
Noncontrolling interests ⁽⁸⁾	1.5	11.5	13.4	11.6	9.0
Capital expenditures	44.0	57.0	40.7	23.4	26.3
Depreciation and amortization	64.7	61.9	65.8	69.9	67.3

(1) During 2016, we recognized Special Charges totaling \$77.8 related to our global realignment program, which included (i) charges of \$16.5 associated with the continued consolidation and relocation of manufacturing facilities in Germany and Denmark to an existing facility in Poland, (ii) various other global restructuring initiatives across our business and corporate support functions, (iii) corporate asset impairment charges of \$17.8 incurred primarily in connection with the decision to market certain corporate assets for sale, and, to a lesser extent, (iv) a reorganization of the Company's segment management structures.

During 2015, we recognized Special Charges totaling \$23.0 related to the ongoing consolidation and relocation of two manufacturing facilities, located in Germany and Denmark, to an existing facility in Poland.

During 2016, 2015, 2014, 2013 and 2012, we recognized expense related to changes in the fair value of plan assets, actuarial gains/losses, and settlement/curtailment gains/losses of \$0.5, \$6.3, \$25.8, \$2.0 and \$25.4, respectively, associated with our and our former Parent's pension and postretirement benefit plans. See Note 8 to our consolidated and combined financial statements for further discussion of employee benefit plans sponsored by us and sponsored by our former Parent.

- (2) During 2016, we recorded impairment charges of \$252.8, \$115.9, \$37.1 and \$30.9 related to goodwill, customer relationships, trademarks and certain technology assets of certain businesses within our Power and Energy reportable segment, respectively, and of \$5.5 related to a certain technology asset of a business within our Food and Beverage reportable segment.

During 2015, we recorded impairment charges of \$15.0 and \$0.6 related to the trademarks of certain businesses within our Power and Energy and Food and Beverage reportable segments, respectively, and \$7.1 related to certain technology assets of a business within our Food and Beverage reportable segment.

During 2014, we recorded impairment charges of \$7.3 and \$4.4 related to the trademarks of certain businesses within our Power and Energy and Industrial reportable segments, respectively.

During 2013, we recorded impairment charges of \$3.4 and \$1.3 related to the trademarks of certain businesses within our Power and Energy and Food and Beverage reportable segments, respectively.

During 2012, we recorded an impairment charge of \$2.0 related to the trademarks of a business within our Power and Energy reportable segment.

See Note 7 to our consolidated and combined financial statements for further discussion of impairment charges associated with goodwill and intangible assets.

- (3) During 2015, 2014, 2013 and 2012, we recognized interest expense, net, of \$2.2, \$25.8, \$36.3 and \$55.6 on related party notes receivable and payable in which our former Parent, or its affiliates that were not part of the Spin-Off, were the counterparties.

- (4) During 2016, we completed the redemption of all of our 6.875% senior notes due in August 2017 for a total redemption price of \$636.4. As a result of the redemption, we recorded a charge of \$38.9, which related to premiums paid to redeem the senior notes of \$36.4, the write-off of unamortized deferred financing fees of \$1.9, and other costs associated with the extinguishment of the senior notes of \$0.6.

- (5) During 2016, the income tax benefit was impacted by tax benefits of (i) \$59.3 resulting from the \$426.4 goodwill and intangible assets impairment charge recorded by our Power and Energy reporting unit during the second quarter (an effective tax rate of 13.9%), as (a) the majority of the goodwill of the Power and Energy reporting unit had no basis for income tax purposes and (b) the impairment charge resulted in the addition of a valuation allowance for deferred income tax assets in certain jurisdictions, and (ii) \$23.8 resulting from a tax incentive realized in Poland related to the expansion of our manufacturing facility in that country.

During 2015, the income tax provision was impacted by tax charges of \$11.7 related to dividends from foreign subsidiaries, partially offset by tax benefits of (i) \$5.1 related to net changes in uncertain tax positions, (ii) \$2.8 related to tax rate decreases in Italy and the U.K. and (iii) \$2.0 related to foreign exchange losses recognized for income tax purposes with respect to a foreign branch.

During 2014, the income tax provision was impacted by tax charges of (i) \$18.7 related to increases in valuation allowances recorded against certain foreign deferred income tax assets, and (ii) \$18.6 related to the repatriation of certain earnings of our non-U.S. subsidiaries. The impact of these items was partially offset by \$3.8 of tax benefits related to various audit settlements and statute expirations.

During 2012, the income tax provision was impacted by tax benefits of \$18.3 associated with various audit closures and settlements, statute expirations, and other changes in the accrual for uncertain tax positions, with the most notable being the closure of the German tax examination for the years 2005 through 2009.

- (6) Included in total assets as of December 31, 2014, 2013, and 2012 are related party notes receivable of \$707.1, \$763.4 and \$5.6, respectively.
- (7) Included in total debt as of December 31, 2016 and 2015 are deferred financing fees of \$12.8 and \$5.2, respectively, incurred in connection with our senior notes and term loan. Included in total debt as of December 31, 2014, 2013 and 2012 are related party notes payable of \$1,003.1, \$988.4 and \$775.8, respectively.
- (8) Mezzanine equity as of December 31, 2016 represents the current exercise value of certain put options that independent noncontrolling shareholders in certain foreign subsidiaries of the Company have under their respective joint venture operating agreements that allow them to sell their common stock to the controlling shareholders (wholly-owned subsidiaries of SPX Flow, Inc.) upon the satisfaction of certain conditions, including the passage of time. None of the noncontrolling interest put options are exercisable at this time. The mezzanine equity balance at December 31, 2016 reflects a reclassification from the noncontrolling interests and accumulated other comprehensive loss balances of \$6.9 and \$13.2, respectively, during 2016.

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

(All currency and share amounts are in millions)

The following should be read in conjunction with the other sections of this Annual Report on Form 10-K, including our audited consolidated and combined financial statements and the related notes and "Our Business." The following discussion contains certain forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors including, but not limited to, those discussed under the heading "Risk Factors."

Our audited consolidated and combined financial statements, which we discuss below, reflect our historical financial condition, results of operations and cash flows. The financial information discussed below and included in this Annual Report on Form 10-K, however, may not necessarily reflect what our financial condition, results of operations or cash flows would have been had we been operated as a separate, independent entity during the historical periods presented, or what our financial condition, results of operations and cash flows may be in the future.

EXECUTIVE OVERVIEW

Spin-Off Transaction

SPX FLOW, Inc. and its consolidated subsidiaries ("SPX FLOW," "the Company," "we," "us," or "our") operate in three business segments and were wholly-owned by SPX Corporation (the "former Parent") until September 26, 2015, at which time the former Parent distributed 100% of our outstanding common stock to its shareholders through a tax-free spin-off transaction (the "Spin-Off").

Summary of Operating Results

The following summary is intended to provide a few highlights of the discussion and analysis that follows (all comparisons are to the related period in the prior year):

Revenues

- In 2016, decreased 16.4% to \$1,996.0, primarily as a result of the impacts of lower oil and dairy prices on orders and, to a lesser extent, a strengthening of the U.S. dollar against various foreign currencies.
- In 2015, decreased 13.8% to \$2,388.5, primarily as a result of the strengthening of the U.S. dollar during the period and lower sales of power and energy pumps, largely reflecting the impact of lower oil prices.
- In 2014, decreased 1.3% to \$2,769.6, primarily as a result of lower sales of power and energy pumps, partially offset by increased sales of food and beverage systems.

Income (Loss) before Income Taxes

- In 2016, decreased from \$137.2 to \$(482.0), primarily as a result of goodwill and intangible assets impairment charges of \$442.2 in 2016, compared to \$22.7 in 2015. The reduction in pre-tax income, compared to 2015, resulted primarily from these impairment charges and, to a lesser extent, a decline in segment profitability, an increase in net interest expense, a loss on early extinguishment of debt in 2016 related to the refinancing of our senior notes, and an increase in special charges related to our global realignment program during the period. These items were partially offset by reductions in corporate expense resulting from reduced incentive compensation expense and savings realized from the global realignment program, as well as a decline in pension and postretirement expense.
- In 2015, decreased \$96.2, or 41.2%, to \$137.2, primarily as a result of a decline in segment profitability, increases in impairments of intangible assets, special charges and third party interest expense, partially offset by declines in pension and postretirement expense and related party interest expense.
- In 2014, increased \$42.1, or 22.0%, to \$233.4, primarily as a result of the improvement in income for our reportable segments, partially offset by an increase in pension and postretirement expense.

Cash Flows from (used in) Operations

- In 2016, decreased to \$(27.9) (from \$213.6 in 2015), primarily as a result of a decline in segment profitability, domestic pension payments, an increase in cash spending on restructuring actions, and interest payments related to our senior notes.
- In 2015, decreased to \$213.6 (from \$302.6 in 2014), primarily as a result of a decline in segment profitability.
- In 2014, increased to \$302.6 (from \$263.3 in 2013), primarily as a result of the improved profitability noted above.

RESULTS OF OPERATIONS

Cyclicality of End Markets, Seasonality and Competition - The financial results of many of our businesses closely follow changes in the industries and end markets they serve. Also, capital spending on original equipment by our customers in the oil and gas industries is heavily influenced by current and expected oil and gas prices. The significant decline in oil prices from the latter half of 2014 and continuing throughout 2015, as well as the recent volatility in oil prices in 2016 and the uncertainty in future oil prices, continue to impact both operational and capital spending by end customers in our Power and Energy reportable segment. Revenues from food and beverage systems and related services are highly correlated to timing on large construction projects, which may cause significant fluctuations in our financial performance from period to period. Fluctuations in dairy commodity prices and production of dairy related products, particularly those aimed at serving the China market, can influence the timing of capital spending by many end customers in our Food and Beverage reportable segment.

Although our businesses operate in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment since our competitors do not offer all the same product lines or serve all the same markets. In addition, specific reliable comparative figures are not available for many of our competitors. In most product groups, competition comes from numerous concerns, both large and small. The principal methods of competition are service, product performance, technical innovation and price. These methods vary with the type of product sold. We believe we compete effectively on the basis of each of these factors. See "Our Business" for a discussion of our competitors.

Non-GAAP Measures - Organic revenue growth (decline) presented herein is defined as revenue growth (decline) excluding the effects of foreign currency fluctuations and acquisitions. We believe this metric is a useful financial measure for investors in evaluating our operating performance for the periods presented, as, when read in conjunction with our revenues, it presents a tool to evaluate our ongoing operations and provides investors with a metric they can use to evaluate our management of assets held from period to period. In addition, organic revenue growth (decline) is one of the factors we use in internal evaluations of the overall performance of our business. This metric, however, is not a measure of financial performance under accounting principles generally accepted in the United States ("GAAP"), should not be considered a substitute for net revenue growth (decline) as determined in accordance with GAAP and may not be comparable to similarly titled measures reported by other companies.

Years Ended December 31, 2016, 2015 and 2014

The following table provides selected financial information for the years ended December 31, 2016, 2015 and 2014, including the reconciliation of organic revenue decline to net revenue decline:

	Year ended December 31,			2016 vs. 2015%	2015 vs. 2014%
	2016	2015	2014		
Revenues	\$ 1,996.0	\$ 2,388.5	\$ 2,769.6	(16.4)	(13.8)
Gross profit	624.6	792.2	936.5	(21.2)	(15.4)
% of revenues	31.3%	33.2%	33.8%		
Selling, general and administrative	467.7	558.0	629.9	(16.2)	(11.4)
% of revenues	23.4%	23.4%	22.7%		
Intangible amortization	20.0	23.4	26.1	(14.5)	(10.3)
Impairment of goodwill and intangible assets	442.2	22.7	11.7	*	94.0
Special charges	79.8	42.6	14.2	87.3	200.0
Other income (expense), net	(0.9)	9.8	2.2	(109.2)	*
Related party interest expense, net	—	(2.2)	(25.8)	(100.0)	(91.5)
Other interest income (expense), net	(57.1)	(15.9)	2.4	*	*
Loss on early extinguishment of debt	(38.9)	—	—	*	*
Income (loss) before income taxes	(482.0)	137.2	233.4	*	(41.2)
Income tax benefit (provision)	101.0	(49.8)	(97.5)	*	(48.9)
Net income (loss)	(381.0)	87.4	135.9	*	(35.7)
Less: Net income (loss) attributable to noncontrolling interests	0.8	(0.1)	1.4	*	(107.1)
Net income (loss) attributable to SPX FLOW, Inc.	\$ (381.8)	\$ 87.5	\$ 134.5	*	(34.9)
Components of consolidated and combined revenue decline:					
Organic decline				(14.2)	(6.1)
Foreign currency				(2.2)	(7.7)
Net revenue decline				(16.4)	(13.8)

* Not meaningful for comparison purposes.

Revenues - For 2016, the decrease in revenues, compared to 2015, was due primarily to a decrease in organic revenue and, to a lesser extent, a strengthening of the U.S. dollar against various foreign currencies. The decrease in organic revenue was due primarily to the impacts of lower oil and dairy prices on customer order patterns. See "Results of Reportable Segments" for additional details.

For 2015, the decrease in revenues, compared to 2014, was due to the strengthening of the U.S. dollar against various foreign currencies during the period and, to a lesser extent, a decrease in organic revenue. The decrease in organic revenue was due primarily to lower sales of power and energy pumps, largely reflecting the impact of lower oil prices. See "Results of Reportable Segments" for additional details.

Gross Profit - The decrease in gross profit and margin during 2016, compared to 2015, was attributable primarily to the revenue decline noted above. Gross margin decreased, compared to 2015, due also to competitive pricing pressures, lower utilization rates at certain of our manufacturing locations, transition costs related to the expansion of our Poland facility, and increased cost estimates related to certain large systems projects, partially offset by savings from restructuring actions and other cost reduction initiatives. See "Results of Reportable Segments" for additional details.

The decrease in gross profit and margin during 2015, compared to 2014, was primarily attributable to our Power and Energy reportable segment and due to the revenue decline noted above, partially offset by the effects of (i) improved operational performance within the Food and Beverage reportable segment and (ii) cost reductions associated with restructuring initiatives implemented during 2014 primarily within the Power and Energy reportable segment. See "Results of Reportable Segments" for additional details.

Selling, General and Administrative ("SG&A") Expense - Prior to the Spin-Off in September 2015, SG&A expense included allocations of general corporate expenses from our former Parent, including pension and postretirement expense and stock-based compensation expense. See Note 1 to our consolidated and combined financial statements for further details on our methodology for allocating corporate-related costs prior to the Spin-Off.

For 2016, the decrease in SG&A expense, compared to 2015, was due primarily to (i) reduced incentive compensation expense due to lower profitability in 2016 compared to 2015, (ii) savings from restructuring actions resulting from our global realignment program, announced during the first quarter of 2016, (iii) a reduction in pension and postretirement expense of \$6.4 and stock-based compensation expense of \$6.9 (see “Corporate and Pension and Postretirement Expenses” for additional details), and (iv) the effect of a stronger U.S. dollar against various foreign currencies during the period.

For 2015, the decrease in SG&A expense, compared to 2014, was due primarily to the impact of a stronger U.S. dollar during the period, a decrease in pension and postretirement expense of \$21.4 and a decrease in incentive compensation expense, partially offset by an increase in stock-based compensation expense of \$5.8 during the period (see “Corporate and Pension and Postretirement Expenses” for additional details). The decrease in incentive compensation expense was due to lower profitability in 2015, compared to 2014.

Intangible Amortization - For 2016, the decrease in intangible amortization, compared to 2015, was due primarily to the impact of foreign currency translation, as well as a reduction in intangible assets subject to amortization that resulted primarily from the impairment of certain such assets of our Power and Energy reportable segment during the second quarter of 2016.

For 2015, the decrease in intangible amortization, compared to 2014, was due primarily to the impact of foreign currency translation.

Impairment of Goodwill and Intangible Assets - During 2016, we recorded an impairment charge of \$252.8 to reduce the goodwill of our Power and Energy reporting unit to its implied fair value. We also recorded an additional impairment charge of \$183.9 related to certain intangible assets of certain businesses within our Power and Energy reportable segment, and of \$5.5 related to a certain technology asset of a business within our Food and Beverage reportable segment. These impairment charges resulted primarily from the ongoing impact of lower oil prices on the purchase patterns of our customers in the oil and gas markets, which continued from 2015.

During 2015, we recorded impairment charges of (i) \$15.0 related to the trademarks of a business within our Power and Energy reportable segment primarily resulting from the impact of lower oil prices on the purchasing patterns of our customers in the oil and gas markets, and (ii) \$7.7 related to certain technology assets and trademarks associated with a business in our Food and Beverage reportable segment due primarily to a decline in order rates and projected future revenues for products derived from such technology assets and trademarks.

During 2014, we recorded impairment charges of \$7.3 and \$4.4 related to the trademarks of certain businesses within our Power and Energy and Industrial reportable segments, respectively.

See Note 7 to our consolidated and combined financial statements for further discussion of impairment charges.

Special Charges - Special charges for 2016 related primarily to our global realignment program including restructuring initiatives to consolidate manufacturing, distribution, sales and administrative facilities, reduce workforce, and rationalize certain product lines, as well as asset impairment charges. See Note 5 to our consolidated and combined financial statements for the details of restructuring actions taken in 2016, 2015 and 2014. The components of special charges were as follows:

	Year ended December 31,		
	2016	2015	2014
Employee termination costs	\$ 50.5	\$ 38.5	\$ 11.6
Facility consolidation costs	9.3	2.5	0.6
Other cash costs, net	0.3	—	0.5
Non-cash asset write-downs	19.7	1.6	1.5
Total⁽¹⁾	\$ 79.8	\$ 42.6	\$ 14.2

(1) Includes \$16.5 and \$23.0 in 2016 and 2015, respectively, related to the ongoing consolidation and relocation of two manufacturing facilities, located in Germany and Denmark, to an existing facility in Poland.

Other Income (Expense), net - Other expense, net, for 2016 was composed of foreign currency (“FX”) losses of \$2.2, net settlement costs related to certain legal and tax-related claims of \$0.7 and investment-related losses of \$0.5, partially offset by net gains on asset sales and other of \$2.5.

Other income, net, for 2015 was composed of net gains on asset sales and other of \$8.0, FX gains of \$1.1 and investment-related earnings of \$0.7.

Other income, net, for 2014 was composed primarily of investment-related earnings of \$6.0 and gains on FX embedded derivatives of \$2.6, partially offset by (i) FX transaction losses of \$2.8 and (ii) losses on FX forward contracts of \$2.4. The \$6.0 of investment-related earnings represented unrealized gains on our investment in equity securities. See Note 14 to our consolidated and combined financial statements for additional details.

Related Party Interest Expense, net - Related party interest expense, net, in 2015 and 2014 was comprised of interest on notes receivable and notes payable with our former Parent (and certain other of its affiliates that were not part of the Spin-Off) serving as the counterparties. See Note 15 to our consolidated and combined financial statements for additional details on our related party notes.

Related party interest expense, net, for 2015 and 2014 was comprised of \$28.4 and \$72.9 of interest expense, respectively, partially offset by \$26.2 and \$47.1 of interest income, respectively. The decrease in related party interest expense in 2015, compared to 2014, reflects primarily the extinguishments of notes payable by way of capital contributions during both the second and third quarters of 2015. The decrease in related party interest income in 2015, compared to 2014, reflects the transfer or cancellation of notes receivable with our former Parent during September 2015, as well as lower average interest rates as compared to the prior year. All related party notes payable were extinguished by way of capital contribution to the Company by our former Parent, and all related party notes receivable were transferred to our former Parent or canceled by the Company, prior to the Spin-Off.

Other Interest Income (Expense), net - Other interest income (expense), net, is comprised primarily of interest expense related to (i) our senior notes and senior credit facilities and, to a lesser extent, interest expense related to our trade receivables financing arrangement, after the Spin-Off, and (ii) capital lease obligations and miscellaneous lines of credit during all periods presented, partially offset by interest income on cash and equivalents. See Note 10 to our consolidated and combined financial statements for additional details on our third-party debt.

Interest expense, net, during 2015 included \$14.4 related to our senior credit facilities and senior notes, which were entered into or became obligations of the Company in connection with the Spin-Off. Excluding the interest on the senior credit facilities and senior notes, the reduction in interest income, net, during 2015, compared to 2014, was due primarily to a decrease of \$3.1 in interest income associated with cash and equivalents.

Loss on Early Extinguishment of Debt - On August 10, 2016, we completed the redemption of all of our 6.875% senior notes due in August 2017 for a total redemption price of \$636.4. As a result of the redemption, we recorded a charge of \$38.9 during 2016, which related to premiums paid to redeem the senior notes of \$36.4, the write-off of unamortized deferred financing fees of \$1.9, and other costs associated with the extinguishment of the senior notes of \$0.6.

Income Tax Benefit (Provision) - During 2016, we recorded an income tax benefit of \$101.0 on \$482.0 of pre-tax loss, resulting in an effective tax rate of 21.0%. The effective tax rate for 2016 was impacted by tax benefits of (i) \$59.3 resulting from the \$426.4 goodwill and intangible assets impairment charge recorded by our Power and Energy reporting unit during the second quarter (an effective tax rate of 13.9%), as (a) the majority of the goodwill of the Power and Energy reporting unit had no basis for income tax purposes and (b) the impairment charge resulted in the addition of a valuation allowance for deferred income tax assets in certain jurisdictions, and (ii) \$23.8 resulting from a tax incentive realized in Poland related to the expansion of our manufacturing facility in that country.

During 2015, we recorded an income tax provision of \$49.8 on \$137.2 of income before income taxes, resulting in an effective tax rate of 36.3%. The effective tax rate for 2015 was impacted by tax charges of \$11.7 related to dividends from foreign subsidiaries, partially offset by tax benefits of (i) \$5.1 related to net changes in uncertain tax positions, (ii) \$2.8 related to tax rate decreases in Italy and the U.K. and (iii) \$2.0 related to FX losses recognized for income tax purposes with respect to a foreign branch.

During 2014, we recorded an income tax provision of \$97.5 on \$233.4 of income before income taxes, resulting in an effective tax rate of 41.8%. The effective tax rate for 2014 was impacted by tax charges of (i) \$18.7 related to increases in valuation allowances recorded against certain foreign deferred income tax assets and (ii) \$18.6 related to the repatriation of certain earnings of our non-U.S. subsidiaries, partially offset by \$3.8 of income tax benefits related to various audit settlements and statute expirations.

RESULTS OF REPORTABLE SEGMENTS

In January 2016, we changed our internal reporting structure to more precisely present reportable segment revenue and income in certain countries where we conduct business across multiple end markets. As a result of these structural enhancements, certain product line results have been reclassified between reportable segments. Additionally, we changed our measurement of segment income to include stock-based compensation costs associated with segment employees, while stock-based compensation for corporate employees is now reported as a component of corporate expense. These changes in reportable segment revenue and income, as well as in our measurement of segment profitability, are consistent with how our chief operating decision maker, beginning in 2016, assesses operating performance and allocates resources.

Segment results and corporate expense have been recast for all historical periods presented to reflect these changes.

The following information should be read in conjunction with our consolidated and combined financial statements and related notes.

Non-GAAP Measures - Throughout the following discussion of reportable segments, we use "organic revenue" growth (decline) to facilitate explanation of the operating performance of our reportable segments. Organic revenue growth (decline) is a non-GAAP financial measure, and is not a substitute for net revenue growth (decline). Refer to the explanation of this measure and purpose of use by management under "Results of Operations-Non-GAAP Measures."

Food and Beverage

	Year ended December 31,				
	2016	2015	2014	2016 vs. 2015 %	2015 vs. 2014 %
Revenues	\$ 728.3	\$ 869.8	\$ 965.3	(16.3)	(9.9)
Income	75.1	104.4	95.2	(28.1)	9.7
% of revenues	10.3%	12.0%	9.9%		
Components of revenue growth (decline):					
Organic growth (decline)				(15.2)	0.5
Foreign currency				(1.1)	(10.4)
Net revenue decline				(16.3)	(9.9)

Revenues - For 2016, the decrease in revenues, compared to 2015, was due to a decrease in organic revenue and, to a lesser extent, the strengthening of the U.S. dollar during the period against various foreign currencies. The decrease in organic revenue was due primarily to the impact on revenues of a lower backlog as of the beginning of 2016, compared to 2015, due to a decline in dairy pricing which began in 2015, as well as the impact of such lower prices on the placement of large systems orders, particularly for milk powder projects, during 2016.

For 2015, the decrease in revenues, compared to 2014, was due primarily to the strengthening of the U.S. dollar against various foreign currencies, partially offset by an increase in organic revenue. The increase in organic revenue was driven primarily by higher sales of systems in Europe and Asia Pacific, partially offset by reduced sales of component parts in North America.

Income - For 2016, income and margin decreased, compared to 2015, primarily due to the revenue decline noted above, as well as transition costs related to the expansion of our Poland facility and increased cost estimates related to certain large systems projects in 2016. These declines in income and margin were partially offset by savings from restructuring actions and other cost reduction initiatives during the period.

For 2015, income and margin increased, compared to 2014, primarily as a result of improved operational execution on large systems projects and the organic revenue growth noted above.

Backlog - The segment had backlog of \$295.7 and \$321.3 as of December 31, 2016 and 2015, respectively. Of the \$25.6 year-over-year decline in backlog, \$14.1 was attributable to an organic decline and \$11.5 was attributable primarily to the impact of a stronger U.S. dollar against various foreign currencies. The organic decline was due primarily to the impact of the decline in dairy pricing mentioned above and its impact on large systems orders. Approximately 91% of the segment's backlog as of December 31, 2016 is expected to be recognized as revenue during 2017.

Power and Energy

	Year ended December 31,			2016 vs. 2015 %	2015 vs. 2014 %
	2016	2015	2014		
Revenues	\$ 562.7	\$ 750.2	\$ 968.8	(25.0)	(22.6)
Income	25.4	83.8	159.3	(69.7)	(47.4)
% of revenues	4.5%	11.2%	16.4%		
Components of revenue decline:					
Organic decline				(21.0)	(16.5)
Foreign currency				(4.0)	(6.1)
Net revenue decline				(25.0)	(22.6)

Revenues - For 2016, the decrease in revenues, compared to 2015, was due primarily to a decrease in organic revenue and, to a lesser extent, a strengthening of the U.S. dollar during the period against various foreign currencies, including primarily the British Pound. The decrease in organic revenue was due primarily to the impact on revenues of a lower backlog as of the beginning of 2016, compared to 2015, due to lower oil prices, as well as the impact of such lower prices on customer order patterns during 2016. In addition, organic revenue declined as a result of revenues realized from a large nuclear project during 2015 which did not recur in 2016.

For 2015, the decrease in revenues, compared to 2014, was due primarily to the decrease in organic revenue and, to a lesser extent, the strengthening of the U.S. dollar during the period against various foreign currencies. The decline in organic revenue was due largely to the impact of low, volatile and uncertain oil prices which significantly reduced both operational and capital spending by end customers, particularly for projects related to upstream oil applications.

Income - For 2016, income and margin decreased, compared to 2015, primarily due to the revenue decline mentioned above, including primarily lower revenue from high margin aftermarket and valve sales as well as low utilization rates at certain manufacturing locations. These declines were partially offset by savings from restructuring actions and other cost reduction initiatives during the period.

For 2015, income and margin decreased, compared to 2014, primarily due to the decline in revenue mentioned above, as well as competitive price pressures and lower utilization rates at certain of our manufacturing locations. These declines in income and margin were offset partially by the effects of cost reductions associated with restructuring initiatives implemented during 2014 within the segment's Clyde Union business.

Backlog - The segment had backlog of \$323.9 and \$407.0 as of December 31, 2016 and 2015, respectively. Of the \$83.1 year-over-year decline in backlog, \$57.0 was attributable to an organic decline, primarily due to the impact of lower oil prices mentioned above and \$26.1 was attributable primarily to the impact of a stronger U.S. dollar relative to the British Pound. Approximately 79% of the segment's backlog as of December 31, 2016 is expected to be recognized as revenue during 2017.

Industrial

	Year ended December 31,			2016 vs. 2015 %	2015 vs. 2014 %
	2016	2015	2014		
Revenues	\$ 705.0	\$ 768.5	\$ 835.5	(8.3)	(8.0)
Income	98.8	105.0	131.3	(5.9)	(20.0)
% of revenues	14.0%	13.7%	15.7%		
Components of revenue decline:					
Organic decline				(6.6)	(1.8)
Foreign currency				(1.7)	(6.2)
Net revenue decline				(8.3)	(8.0)

Revenues - For 2016, the decrease in revenues, compared to 2015, was due to a decrease in organic revenue and, to a lesser extent, a strengthening of the U.S. dollar during the period against various foreign currencies. The decrease in organic revenue was due primarily to lower sales of hydraulic tools into the oil and gas market, lower large capital project revenues, and lower sales of heat exchangers, dehydration equipment and mixers.

For 2015, the decrease in revenues, compared to 2014, was primarily due to the strengthening of the U.S. dollar against various foreign currencies and, to a lesser extent, a decline in organic revenue. The decline in organic revenue was due to lower sales of hydraulic tools and equipment, which were impacted by a decline of activity in oil and gas markets.

Income - For 2016, income decreased, compared to 2015, primarily due to the revenue decline noted above. For 2016, margin increased, compared to 2015, as the effect of savings from restructuring actions and other cost reduction initiatives, particularly in the second half of 2016, more than offset the effects of lower utilization rates at certain of our manufacturing locations as well as a lower mix of higher margin projects during the period.

For 2015, income and margin decreased, compared to 2014, primarily due to the revenue decline noted above and lower sales of generally higher margin hydraulic tools and equipment as noted above.

Backlog - The segment had backlog of \$164.5 and \$176.7 as of December 31, 2016 and 2015, respectively. Of the \$12.2 year-over-year decline in backlog, \$6.4 was attributable to an organic decline and \$5.8 was attributable primarily to the impact of changes in various foreign currencies relative to the U.S. dollar. Approximately 90% of the segment's backlog as of December 31, 2016 is expected to be recognized as revenue during 2017.

CORPORATE AND PENSION AND POSTRETIREMENT EXPENSES

	Year ended December 31,			2016 vs. 2015 %	2015 vs. 2014 %
	2016	2015	2014		
Total consolidated and combined revenues	\$ 1,996.0	\$ 2,388.5	\$ 2,769.6	(16.4)	(13.8)
Corporate expense	58.0	71.6	73.1	(19.0)	(2.1)
% of revenues	2.9%	3.0%	2.6%		
Pension and postretirement expense	4.4	10.8	32.2	(59.3)	(66.5)

Corporate Expense - Corporate expense generally relates to the cost of our Charlotte, NC corporate headquarters and our Asia Pacific center in Shanghai, China for the period subsequent to the Spin-Off in September 2015. Corporate expense included allocations of general corporate expenses from our former Parent that largely related to the cost of corporate functions and/or resources provided by our former Parent for periods prior to the Spin-Off. See Note 1 to our consolidated and combined financial statements for further details on our methodology for allocating corporate-related costs prior to the Spin-Off. Beginning in 2016, corporate expense also reflects stock-based compensation costs associated with corporate employees (prior periods have been recast to reflect this change in reporting, as further discussed in Note 4 to our consolidated and combined financial statements).

The decrease in corporate expense during 2016, compared to 2015, was due primarily to a reduction in (i) corporate stock-based compensation and (ii) incentive compensation expense associated with lower profitability in 2016, compared to 2015.

The reduction in corporate stock-based compensation expense during 2016, compared to 2015, reflects primarily (i) changes in the composition of our management team on a year-over-year basis, as well as (ii) the benefit of forfeitures of certain awards during 2016. In 2015, our corporate stock-based compensation expense included an allocation of expense related to certain former officers whose awards became fully vested during the first quarter of 2015, based on early retirement provisions contained within the applicable award agreements. In 2016, a greater portion of corporate stock-based compensation expense related to our current management team is being recognized ratably over the relevant performance or service period of the applicable awards (generally three years).

The decrease in corporate expense during 2015, compared to 2014, was due primarily to a decline in incentive compensation expense associated with lower profitability in 2015, compared to 2014.

See Note 12 to our consolidated and combined financial statements for further details regarding our stock-based compensation awards.

Pension and Postretirement Expense - SPX FLOW sponsors a number of defined benefit pension plans and a postretirement plan. Prior to the Spin-Off, certain eligible employees associated with SPX FLOW were participants in defined benefit pension and postretirement plans sponsored by our former Parent. For all of these plans, changes in the fair value of plan assets and actuarial gains and losses are recognized to earnings in the fourth quarter of each year as a component of net periodic benefit expense, unless earlier remeasurement is required. The remaining components of pension and postretirement expense, primarily service and interest costs and expected return on plan assets, are recorded on a quarterly basis.

Pension and postretirement expense for the period subsequent to the Spin-Off in September 2015 represents net periodic benefit expense associated with plans that SPX FLOW sponsors. For periods prior to the Spin-Off, pension and postretirement expense represents net periodic benefit expense associated with the plans we sponsor as well as an allocation of a portion of the net periodic benefit expense associated with the plans sponsored by our former Parent. See Note 1 to our consolidated and

combined financial statements for further details on our methodology for allocating corporate-related costs prior to the Spin-Off.

During 2016, we made pension benefit payments of \$65.9 related to our domestic nonqualified pension plan to certain former officers of the Company, which resulted in recognition of a \$0.8 actuarial gain due to the partial settlement and remeasurement of the plan's remaining obligations during 2016. In connection with the Spin-Off, we assumed these domestic nonqualified pension plan obligations from the former Parent and formed a new nonqualified plan, resulting in the remeasurement of such obligations and recognition of a \$7.4 actuarial loss during 2015.

During 2015, pension and postretirement expense decreased, compared to 2014, primarily as a result of a decrease in actuarial losses associated with the plans we sponsor (in 2015) compared to the plans sponsored by our former Parent and those that we sponsor (in 2014).

See Note 8 to our consolidated and combined financial statements for further details on our pension and postretirement plans, as well as our allocated portion of costs related to plans sponsored by our former Parent prior to the Spin-Off.

LIQUIDITY AND FINANCIAL CONDITION

Listed below are the cash flows from (used in) operating, investing, and financing activities, as well as the net change in cash and equivalents, for the years ended December 31, 2016, 2015 and 2014.

Cash Flow

	Year ended December 31,		
	2016	2015	2014
Cash flows from (used in) operating activities	\$ (27.9)	\$ 213.6	\$ 302.6
Cash flows used in investing activities	(40.0)	(44.8)	(34.0)
Cash flows from (used in) financing activities	21.1	(68.1)	(297.8)
Change in cash and equivalents due to changes in foreign currency exchange rates	(34.0)	(21.4)	(12.0)
Net change in cash and equivalents	\$ (80.8)	\$ 79.3	\$ (41.2)

Years Ended December 31, 2016 and 2015

Operating Activities—During 2016, the decrease in cash flows from operating activities, compared to 2015, was primarily attributable to (i) a decline in segment profitability, (ii) pension benefit payments of \$65.9 to certain former officers of the Company in 2016, (iii) an increase in cash spending on restructuring actions, and (iv) interest payments of \$38.8 related to our senior notes in 2016.

Investing Activities—During 2016, cash flows used in investing activities were comprised of capital expenditures of \$44.0 associated generally with upgrades of manufacturing facilities and information technology, partially offset by proceeds from asset sales and other of \$4.0. Cash flows used in investing activities during 2015 were comprised primarily of capital expenditures of \$57.0 associated generally with upgrades of manufacturing facilities and information technology, partially offset by proceeds from asset sales and other of \$12.5.

Financing Activities—During 2016, cash flows from financing activities related primarily to proceeds received from issuance of our 5.625% and 5.875% senior notes of \$600.0, net borrowings under our senior credit facilities of \$58.0, and net borrowings under our trade receivables financing arrangement of \$21.2, partially offset by repurchases of our 6.875% senior notes of \$636.4 (including premiums paid of \$36.4), and payments of deferred financing fees of \$15.5. Cash flows used in financing activities during 2015 related primarily to net transfers to our former Parent of \$453.9, repayments of related party notes payable of \$5.4, and payments of deferred financing fees of \$6.2, partially offset by net borrowings under our senior credit facilities of \$400.0.

Change in Cash and Equivalents due to Changes in Foreign Currency Exchange Rates - The decrease in cash and equivalents due to foreign currency exchange rates of \$34.0 and \$21.4 in 2016 and 2015, respectively, reflected primarily a reduction in U.S. dollar equivalent balances of foreign-denominated cash and equivalents as a result of the strengthening of the U.S. dollar against the British Pound during 2016 and against various other foreign currencies during both periods.

Years Ended December 31, 2015 and 2014

Operating Activities—During 2015, the decrease in cash flows from operating activities, compared to 2014, was primarily attributable to a decline in segment profitability.

Investing Activities—During 2015, cash flows used in investing activities were comprised primarily of capital expenditures of \$57.0 associated generally with upgrades of manufacturing facilities and information technology, partially offset by proceeds from asset sales and other of \$12.5. Cash flows used in investing activities during 2014 were comprised primarily of capital expenditures of \$40.7 associated generally with upgrades of manufacturing facilities and replacement of equipment, partially offset by proceeds from asset sales and other of \$7.3.

Financing Activities—During 2015, cash flows used in financing activities related primarily to net transfers to our former Parent of \$453.9, repayments of related party notes payable of \$5.4, and payments of deferred financing fees of \$6.2, partially offset by net borrowings under our senior credit facilities of \$400.0. Cash flows used in financing activities during 2014 related primarily to net transfers to our former Parent of \$291.6 and repayments of related party notes payable of \$6.7.

Change in Cash and Equivalents due to Changes in Foreign Currency Exchange Rates—The decrease in cash and equivalents due to foreign currency exchange rates of \$21.4 and \$12.0 in 2015 and 2014, respectively, reflected primarily a reduction in U.S. dollar equivalent balances of foreign-denominated cash and equivalents as a result of the strengthening of the U.S. dollar against various foreign currencies in 2015 and against primarily the Euro in 2014.

Borrowings and Availability

Borrowings—Debt at December 31, 2016 and 2015 was comprised of the following:

	December 31,	
	2016	2015
Domestic revolving loan facility	\$ 68.0	\$ —
Term loan ⁽¹⁾	390.0	400.0
5.625% senior notes, due in August 2024	300.0	—
5.875% senior notes, due in August 2026	300.0	—
6.875% senior notes ⁽²⁾	—	600.0
Trade receivables financing arrangement	21.2	—
Other indebtedness ⁽³⁾	42.4	37.3
Less: deferred financing fees ⁽⁴⁾	(12.8)	(5.2)
Total debt	1,108.8	1,032.1
Less: short-term debt	27.7	28.0
Less: current maturities of long-term debt	20.2	10.3
Total long-term debt	\$ 1,060.9	\$ 993.8

(1) The term loan, which had an initial principal balance of \$400.0, is repayable in quarterly installments of 5.0% annually which began with our third quarter of 2016, with the remaining balance repayable in full on September 24, 2020.

(2) On August 10, 2016, we completed the redemption of all of our 6.875% senior notes due in August 2017 for a total redemption price of \$636.4. As a result of the redemption, we recorded a charge of \$38.9 to "Loss on early extinguishment of debt" during the third quarter of 2016, which related to premiums paid to redeem the senior notes of \$36.4, the write-off of unamortized deferred financing fees of \$1.9, and other costs associated with the extinguishment of the senior notes of \$0.6.

(3) Primarily includes capital lease obligations of \$14.7 and \$9.3 and balances under a purchase card program of \$17.9 and \$23.6 as of December 31, 2016 and 2015, respectively. The purchase card program allows for payment beyond the normal payment terms for goods and services acquired under the program. As this arrangement extends the payment of these purchases beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

(4) Deferred financing fees were comprised of fees related to the term loan and senior notes.

Senior Credit Facilities

On September 1, 2015, we entered into senior credit facilities with a syndicate of lenders that provide for committed senior secured financing in the aggregate initial principal amount of \$1.35 billion, consisting of the following, each with a final maturity of September 24, 2020:

- A term loan facility in an aggregate initial principal amount of \$400.0;
- A domestic revolving credit facility, available for loans and letters of credit, in an aggregate principal amount up to \$250.0;
- A global revolving credit facility, available for loans (and performance letters of credit and guarantees up to the equivalent of \$100.0) in Euro, British Pound and other currencies, in an aggregate principal amount up to the equivalent of \$200.0;
- A participation multi-currency foreign credit instrument facility, available for performance letters of credit and guarantees, in an aggregate principal amount up to the equivalent of \$250.0; and
- A bilateral multi-currency foreign credit instrument facility, available for performance letters of credit and guarantees, in an aggregate principal amount up to the equivalent of \$250.0.

New Senior Notes

On August 10, 2016, the Company completed its issuance of \$600.0 in aggregate principal amount of senior unsecured notes comprised of one tranche of \$300.0 aggregate principal amount of 5.625% senior notes due in August 2024 (the “2024 Notes”) and one tranche of \$300.0 aggregate principal amount of 5.875% senior notes due in August 2026 (the “2026 Notes” and, together with the 2024 Notes, the “Notes”). The interest payment dates for the Notes are February 15 and August 15 of each year, with interest payable in arrears. The proceeds of the Notes, together with borrowings under our domestic revolving loan facility, were used to complete the tender offer and repurchase/redemption of the \$600.0 outstanding aggregate principal amount of our 6.875% senior notes due in August 2017, including \$36.4 of premiums paid.

Availability

At December 31, 2016, we had \$372.9 of borrowing capacity under our revolving credit facilities after giving effect to borrowings of \$68.0 under the domestic revolving loan facility and \$9.1 reserved for outstanding letters of credit. At December 31, 2016, we had \$3.0 of available borrowing capacity under our trade receivables financing arrangement after giving effect to borrowings of \$21.2. Our trade receivables financing arrangement provides for a total commitment of \$50.0 from associated lenders, depending upon our trade receivables balance and other factors. In addition, at December 31, 2016, we had \$275.6 of available issuance capacity under our foreign credit instrument facilities after giving effect to \$224.4 reserved for outstanding letters of credit.

Refer to Note 10 to our consolidated and combined financial statements for further information on our borrowings as of December 31, 2016.

Financial Instruments

We measure our financial assets and liabilities on a recurring basis, and nonfinancial assets and liabilities on a non-recurring basis, at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We utilize market data or assumptions that we believe market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2) or significant unobservable inputs (Level 3).

Our derivative financial assets and liabilities include FX forward contracts and FX embedded derivatives measured at fair value using observable market inputs such as forward rates, interest rates, our own credit risk and our counterparties' credit risks. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. Based on our continued ability to enter into forward contracts, we consider the markets for our fair value instruments active.

As of December 31, 2016, there had been no significant impact to the fair value of our derivative liabilities due to our own credit risk as the related instruments were collateralized under our senior credit facilities. Similarly, there had been no significant impact to the fair value of our derivative assets based on our evaluation of our counterparties' credit risks.

We primarily use the income approach, market approach, or both approaches, as appropriate. The income approach uses valuation techniques to convert future amounts to a single present amount. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including the sale of a business). Assets and liabilities measured at fair value on a recurring basis are further discussed below.

Currency Forward Contracts and Currency Forward Embedded Derivatives

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency exchange rates. Our objective is to preserve the economic value of non-functional currency-denominated cash flows and to minimize the impact of changes as a result of currency fluctuations (see Note 11 to our consolidated and combined financial statements). Our principal currency exposures relate to the Euro, Chinese Yuan and British Pound.

We had FX forward contracts with an aggregate notional amount of \$28.0 and \$44.7 outstanding as of December 31, 2016 and 2015, respectively, with all such contracts scheduled to mature within one year. We also had FX embedded derivatives with an aggregate notional amount of \$21.4 and \$31.6 at December 31, 2016 and 2015, respectively, with scheduled maturities of \$12.0, \$9.2 and \$0.2 within one, two and three years, respectively. The unrealized losses, net of tax, recorded in accumulated other comprehensive loss related to FX forward contracts were \$0.0 and less than \$0.1 as of December 31, 2016 and 2015, respectively. The net gains (losses) recorded in "Other income (expense), net" related to foreign currency gains (losses) totaled \$(2.2), \$1.1, and \$(2.6) for the years ended December 31, 2016, 2015 and 2014, respectively.

The net fair values of our FX forward contracts and FX embedded derivatives were \$2.8 (asset) and \$0.5 (asset) at December 31, 2016 and 2015, respectively.

Other Fair Value Financial Assets and Liabilities

The carrying amounts of cash and equivalents and receivables reported in our consolidated balance sheets approximate fair value due to the short-term nature of those instruments.

The fair value of our debt instruments (excluding capital leases and deferred financing fees), based on borrowing rates available to us at December 31, 2016 for similar debt, was \$1,103.2, compared to our carrying value of \$1,106.9.

As of December 31, 2015, the fair value of our debt instruments (excluding capital leases and deferred financing fees), based on borrowing rates available to us at December 31, 2015 for similar debt, was \$1,065.5, compared to our carrying value of \$1,028.0.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and equivalents, trade accounts receivable, and FX forward contracts. These financial instruments, other than trade accounts receivable, are placed with high-quality financial institutions throughout the world. We periodically evaluate the credit standing of these financial institutions.

We maintain cash levels in bank accounts that, at times, may exceed federally-insured limits. We have not experienced, and believe we are not exposed to significant risk of, loss in these accounts.

We have credit loss exposure in the event of nonperformance by counterparties to the above financial instruments, but have no other off-balance-sheet credit risk of accounting loss. We anticipate that counterparties will be able to fully satisfy their obligations under the contracts. We do not obtain collateral or other security to support financial instruments subject to credit risk, but we do monitor the credit standing of counterparties.

Concentrations of credit risk arising from trade accounts receivable are due to selling to customers in a particular industry. Credit risks are mitigated by performing ongoing credit evaluations of our customers' financial conditions and obtaining collateral, advance payments, or other security when appropriate. No one customer, or group of customers that, to our knowledge, are under common control, accounted for more than 10% of our revenues for any period presented.

Cash and Other Commitments

We use operating leases to finance certain equipment, vehicles and properties. At December 31, 2016, we had \$83.8 of future minimum rental payments under operating leases with remaining non-cancelable terms in excess of one year.

Capital expenditures for 2016 totaled \$44.0, compared to \$57.0 and \$40.7 in 2015 and 2014, respectively. Capital expenditures in 2016 related primarily to upgrades of manufacturing facilities and information technology. We expect 2017 capital expenditures to approximate \$30, with a significant portion related to additional upgrades of manufacturing facilities and information technology. While the impact of continued market volatility cannot be predicted, we believe we have sufficient operating flexibility, cash reserves and funding sources to maintain adequate amounts of liquidity and to meet our future operating cash needs and internal growth opportunities.

In 2016, we made contributions and direct benefit payments of \$68.2 to our defined benefit pension and postretirement plans. We expect to make \$2.8 of minimum required funding contributions and direct benefit payments in 2017. Our pension plans have not experienced any liquidity difficulties or counterparty defaults due to the volatility in the credit markets. See Note 8 to our consolidated and combined financial statements for further disclosure of expected future contributions and benefit payments.

On a net basis, we paid \$43.4, \$35.9 and \$11.4 in income taxes in 2016, 2015 and 2014, respectively. The amount of income taxes we pay annually is dependent on various factors, including the timing of certain deductions. Deductions and the amount of income taxes can and do vary from year to year. See Note 9 to our consolidated and combined financial statements for further disclosure of earnings held by foreign subsidiaries, amounts considered permanently reinvested, and our intentions with respect to repatriation of earnings.

As of December 31, 2016, except as discussed in Note 13 to our consolidated and combined financial statements and in the contractual obligations table below, we did not have any material guarantees, off-balance sheet arrangements or purchase commitments.

We continually review each of our businesses in order to determine their long-term strategic fit. These reviews could result in selected acquisitions to expand an existing business or result in the disposition of an existing business. See "Risk Factors," "Results of Reportable Segments" included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business" for an understanding of the risks, uncertainties and trends facing our businesses.

Global Realignment Program

We plan to have approximately \$50 in cash outflows in support of our global realignment program in 2017. Additionally, we expect to recognize pre-tax charges to earnings of approximately \$40 in 2017 (we recognized approximately \$78 of pre-tax charges related to the realignment program during 2016, as discussed in Note 5 to our consolidated and combined financial statements). These realignment actions are expected to be substantially complete by the end of 2017.

Contractual Obligations

The following is a summary of our primary contractual obligations as of December 31, 2016:

	Total	Due Within 1 Year	Due in 1-3 Years	Due in 3-5 Years	Due After 5 Years
Short-term debt obligations	\$ 27.7	\$ 27.7	\$ —	\$ —	\$ —
Long-term debt obligations (excluding deferred financing fees)	1,093.9	20.2	66.2	399.5	608.0
Pension and postretirement benefit plan contributions and payments ⁽¹⁾	84.5	2.8	5.3	12.1	64.3
Purchase and other contractual obligations ⁽²⁾	158.5	154.2	4.1	0.2	—
Future minimum operating lease payments ⁽³⁾	83.8	21.2	30.9	15.6	16.1
Interest payments	344.1	48.3	91.6	76.3	127.9
Total contractual cash obligations⁽⁴⁾	\$ 1,792.5	\$ 274.4	\$ 198.1	\$ 503.7	\$ 816.3

(1) Estimated minimum required pension contributions and pension and postretirement benefit payments are based on actuarial estimates using current assumptions for, among other things, discount rates, expected long-term rates of return on plan assets (where applicable), rates of compensation increases, and health care cost trend rates. See Note 8 to our consolidated and combined financial statements for additional information on expected future contributions and benefit payments.

(2) Represents contractual commitments to purchase goods and services at specified dates.

(3) Represents rental payments under operating leases with remaining non-cancelable terms in excess of one year.

(4) Contingent obligations, such as environmental accruals and those relating to uncertain tax positions, generally do not have specific payment dates and accordingly have been excluded from the above table. Based on the outcome of certain examinations or as a result of the expiration of statutes of limitations for certain jurisdictions, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits could decrease by \$3.0 to \$5.0. In addition, the above table does not include potential payments under our derivative financial instruments.

We believe that our cash flows, together with cash and equivalents on hand, and availability under revolving credit facilities and our trade receivables financing arrangement, provide us with the ability to fund our operations and make planned capital expenditure payments for at least the next twelve months. However, such cash flows are dependent upon our future operating performance which, in turn, is subject to prevailing economic conditions and to financial, business and other factors, including the conditions of our markets, some of which are beyond our control. If, in the future, we cannot generate sufficient cash from operations to meet any future debt service obligations, we would need to refinance such debt obligations, obtain

additional financing or sell assets. We cannot assure you that our business will generate cash from operations, or that we will be able to obtain financing from other sources, sufficient to satisfy any such debt service or other requirements.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The accounting policies that we believe are most critical to the portrayal of our financial condition and results of operations and that require our most difficult, subjective or complex judgments in estimating the effect of inherent uncertainties are listed below. This section should be read in conjunction with Notes 1 and 2 to our consolidated and combined financial statements, which include a detailed discussion of these and other accounting policies.

Long-Term Contract Accounting

Certain of our businesses recognize revenues and profits from long-term construction/installation contracts under the percentage-of-completion method of accounting. The percentage-of-completion method requires estimates of future revenues and costs over the full term of product delivery. We measure the percentage-of-completion principally by the contract costs incurred to date as a percentage of the estimated total costs for that contract at completion. Under the percentage-of-completion method, we recognized revenues of \$339.7, \$490.7 and \$573.1 during the years ended December 31, 2016, 2015 and 2014, respectively.

We record any provision for estimated losses on uncompleted long-term contracts in the period in which the losses are determined. In the case of customer change orders for uncompleted long-term contracts, we include estimated recoveries for work performed in forecasting ultimate profitability on these contracts. Due to uncertainties inherent in the estimation process, it is reasonably possible that completion costs, including those arising from contract penalty provisions and final contract settlements, will be revised during the duration of a contract. These revisions to costs and income are recognized in the period in which the revisions are determined.

Our estimation process for determining revenues and costs for contracts accounted for under the percentage-of-completion method is based upon (i) our historical experience, (ii) the professional judgment and knowledge of our engineers, project managers, and operations and financial professionals, and (iii) an assessment of the key underlying factors (see below) that impact the revenues and costs of our long-term contracts. Each long-term contract is unique, but typically similar enough to other contracts that we can effectively leverage our experience. As our long-term contracts generally range from six to eighteen months in duration, we typically reassess the estimated revenues and costs of these contracts on a quarterly basis, but may reassess more often as situations warrant. We record changes in estimates of revenues and costs when identified using the cumulative catch-up method prescribed under the Revenue Recognition Topic of the Codification.

We believe the underlying factors used to estimate our costs to complete and percentage-of-completion are sufficiently reliable to provide a reasonable estimate of revenue and profit; however, due to the length of time over which revenue streams are generated and costs are incurred, along with the judgment required in developing the underlying factors, the variability of revenue and cost can be significant. Factors that may affect revenue and costs relating to long-term contracts include, but are not limited to, the following:

- *Sales Price Incentives and Sales Price Escalation Clauses*—Sales price incentives and sales price escalations that are reasonably assured and reasonably estimable are recorded over the performance period of the contract. Otherwise, these amounts are recorded when awarded.
- *Cost Recovery for Product Design Changes and Claims*—On occasion, design specifications may change during the course of the contract. Any additional costs arising from these changes may be supported by change orders, or we may submit a claim to the customer. Change orders are accounted for as described above. See below for our accounting policies related to claims.
- *Material Availability and Costs*—Our estimates of material costs generally are based on existing supplier relationships, adequate availability of materials, prevailing market prices for materials and, in some cases, long-term supplier contracts. Changes in our supplier relationships, delays in obtaining materials, or changes in material prices can have an impact on our cost and profitability estimates.
- *Use of Sub-Contractors*—Our arrangements with sub-contractors are generally based on fixed prices; however, our estimates of the cost and profitability can be impacted by sub-contractor delays, customer claims arising from sub-contractor performance issues, or a sub-contractor's inability to fulfill its obligations.

- *Labor Costs and Anticipated Productivity Levels*—Where applicable, we include the impact of labor improvements in our estimation of costs, such as in cases where we expect a favorable learning curve over the duration of the contract. In these cases, if the improvements do not materialize, costs and profitability could be adversely impacted. Additionally, to the extent we are more or less productive than originally anticipated, estimated costs and profitability may also be impacted.
- *Effect of Foreign Currency Fluctuations*—Fluctuations between currencies in which our long-term contracts are denominated and the currencies under which contract costs are incurred can have an impact on profitability. When the impact on profitability is potentially significant, we may (but generally do not) enter into FX forward contracts or prepay certain vendors for raw materials to manage the potential exposure. See Note 11 to our consolidated and combined financial statements for additional details on our FX forward contracts.

Costs and estimated earnings in excess of billings on uncompleted contracts arise when revenues have been recorded but the amounts have not been billed under the terms of the contracts. These amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract.

We periodically make claims against customers, suppliers and sub-contractors associated with alleged non-performance and other disputes over contractual terms. Claims related to long-term contracts are recognized as additional revenues or as a reduction of costs only after we have determined that collection is probable and the amount is reasonably estimable. Claims made by us may involve negotiation and, in certain cases, litigation or other dispute-resolution processes. In the event we incur litigation or other dispute-resolution costs in connection with claims, these costs are expensed as incurred, although we may seek to recover these costs. Claims against us are recognized when a loss is considered probable and amounts are reasonably estimable.

Impairment of Goodwill and Indefinite-Lived Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but instead are subject to annual impairment testing. We monitor the results of each of our reporting units as a means of identifying trends and/or matters that may impact their financial results and, thus, be an indicator of a potential impairment. The trends and/or matters that we specifically monitor for each of our reporting units are as follows:

- Significant variances in financial performance (e.g., revenues, earnings and cash flows) in relation to expectations and historical performance;
- Significant changes in end markets or other economic factors;
- Significant changes or planned changes in our use of a reporting unit's assets; and
- Significant changes in customer relationships and competitive conditions.

The identification and measurement of goodwill impairment involves the estimation of the fair value of reporting units. We consider a number of factors in conducting the impairment testing of our reporting units. We perform our impairment testing by comparing the estimated fair value of the reporting unit to the carrying value of the reported net assets, with such testing occurring during the fourth quarter of each year in conjunction with our annual financial planning process (or more frequently if impairment indicators arise), based primarily on events and circumstances existing as of the end of the third quarter. Fair value is generally based on the income approach using a calculation of discounted cash flows, based on the most recent financial projections for the reporting units, market participant discount rates, and EBITDA multiples observed of peer companies and in recent transactions in the industries we serve. The revenue growth rates included in the financial projections are our best estimates based on current and forecasted market conditions, and the profit margin assumptions are projected by each reporting unit based on current cost structure and, when applicable, anticipated net cost reductions.

The calculation of fair value for our reporting units incorporates many assumptions including future growth rates, profit margin and discount factors. Changes in economic and operating conditions impacting these assumptions could result in impairment charges in future periods.

During the second quarter of 2016, our Power and Energy reporting unit experienced sustained quarterly order rates below order intake levels in the fourth quarter of 2015 and operating results which were below our internal estimates. As a result of the lower order patterns and lower year-to-date earnings of the reporting unit, we revised our 2016 projections below the bottom end of the range utilized in our fourth quarter of 2015 interim impairment test, leading us to conclude that an interim impairment test as of the end of our second quarter of 2016 (July 2, 2016) was necessary.

Using revised cash flow projections as of July 2, 2016, market participant discount rates, and EBITDA multiples observed of peer companies and in recent transactions in the oil and gas industry, we determined the “step one” fair value of our Power

and Energy reporting unit was below the carrying value of its net assets. In “step two” of the goodwill impairment test, we estimated the implied fair value of Power and Energy’s goodwill as of July 2, 2016, which resulted in an impairment charge related to such goodwill of \$252.8.

Consistent with our accounting policy as stated above, we performed our annual goodwill impairment test as of the first day of our fiscal fourth quarter of 2016, which indicated the estimated fair value of our Power and Energy reporting unit exceeded its carrying value by approximately 4%. The estimated fair value of each of our other reporting units significantly exceeded its respective book value.

Additionally, we perform our annual trademarks impairment testing during the fourth quarter, or on a more frequent basis if there are indications of potential impairment. The fair values of our trademarks are determined by applying estimated royalty rates to projected revenues, with the resulting cash flows discounted at a rate of return that reflects current market conditions. During 2016, 2015 and 2014, we recorded impairment charges of \$37.1, \$15.6 and \$11.7, respectively, related to trademarks of certain of our businesses. In addition, during 2016, we recorded impairment charges of \$115.9 and \$36.4 related to certain customer relationship and technology assets of our businesses, respectively. We determined the impairment for customer relationships and technology assets by comparing the future expected cash flows associated with the customer relationships and technology assets, discounted at a rate of return that reflects current market conditions, to their respective carrying values. Other changes in the gross values of trademarks and other identifiable intangible assets related primarily to foreign currency translation.

Refer to Note 7 to our consolidated and combined financial statements for further information regarding our goodwill and indefinite-lived intangible assets as of and during the year ended December 31, 2016.

Income Taxes

For purposes of our consolidated and combined financial statements, our income tax provision has been determined as if we filed income tax returns on a stand-alone basis for periods prior to the Spin-Off. Our tax results from periods prior to the Spin-Off as presented in the consolidated and combined financial statements may not be reflective of the results that we will generate in the future. In jurisdictions where we were included in the tax returns filed by our former Parent or its subsidiaries that were not part of the Spin-Off, any income taxes payable resulting from the related income tax provision were reflected in our combined balance sheet through the Spin-Off date within "Former parent company investment."

Deferred tax assets and liabilities 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. We periodically assess whether deferred tax assets will be realized and the adequacy of deferred tax liabilities, including the results of tax audits or estimates and judgments used.

Realization of deferred tax assets involves estimates regarding (1) the timing and amount of the reversal of taxable temporary differences, (2) expected future taxable income, and (3) the impact of tax planning strategies. We believe that it is more likely than not that we may not realize the benefit of certain deferred tax assets and, accordingly, have established a valuation allowance against them. In assessing the need for a valuation allowance, we consider all available positive and negative evidence, including past operating results, projections of future taxable income and the feasibility of and potential changes to ongoing tax planning strategies. The projections of future taxable income include a number of estimates and assumptions regarding our volume, pricing and costs. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not that the remaining deferred tax assets will be realized through future taxable earnings or alternative tax strategies. However, deferred tax assets could be reduced in the near term if our estimates of taxable income are significantly reduced or tax strategies are no longer viable.

We review our income tax positions on a continuous basis and record a provision for potential uncertain tax positions when we determine that an uncertain position meets the criteria of the Income Taxes Topic of the Codification. As events change or resolutions occur, adjustments are made to amounts previously provided, such as in the case of audit settlements with taxing authorities. We believe we have adequately provided for any reasonably foreseeable outcome related to these matters.

Our future results may include favorable or unfavorable adjustments to our estimated tax liabilities due to closure of income tax examinations, statute expirations, new regulatory or judicial pronouncements, changes in tax laws, changes in projected levels of taxable income, future tax planning strategies, or other relevant events. See Note 9 to our consolidated and combined financial statements for additional details regarding our uncertain tax positions.

Contingent Liabilities and Other Matters

We are subject to litigation matters that arise in the normal course of business. We believe these matters are either without merit or of a kind that should not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

Refer to Note 13 for discussion regarding amounts reported in “Mezzanine equity” on the consolidated balance sheet as of December 31, 2016. Subsequent changes, if any, in amounts reported are not expected to have a material adverse effect on our financial position, results of operations or cash flows.

We are subject to domestic and international environmental protection laws and regulations with respect to our business operations and are operating in compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. None of our compliance obligations with environmental protection laws and regulations, individually or in the aggregate, is expected to have a material adverse effect on our financial position, results of operations or cash flows.

New Accounting Pronouncements

See Note 3 to our consolidated and combined financial statements for a discussion of recent accounting pronouncements.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk related to changes in interest rates, foreign currency exchange rates and commodity raw material prices, and we selectively use financial instruments to manage certain of these risks. We do not enter into financial instruments for speculative or trading purposes; however, these instruments may be deemed speculative if the future cash flows originally hedged are no longer probable of occurring as anticipated. Our currency exposures vary, but are primarily concentrated in the Euro, Chinese Yuan and British Pound. We generally do not hedge currency translation exposures. Our exposures for commodity raw materials vary, with the highest concentration relating to steel, copper, and oil. See Note 11 to our consolidated and combined financial statements for further details.

The following table provides information, as of December 31, 2016, about our primary outstanding debt obligations and presents principal cash flows by expected maturity dates, weighted-average interest rates and fair values.

	Expected Maturity Date Through December 31,						Total	Fair Value
	2017	2018	2019	2020	2021	Thereafter		
Domestic revolving loan facility	\$ —	\$ —	\$ —	\$ 68.0	\$ —	\$ —	\$ 68.0	\$ 68.0
Average interest rate							2.994%	
Term loan	20.0	20.0	20.0	330.0	—	—	390.0	390.0
Average interest rate							2.784%	
5.625% senior notes	—	—	—	—	—	300.0	300.0	300.0
Average interest rate							5.625%	
5.875% senior notes	—	—	—	—	—	300.0	300.0	296.3
Average interest rate							5.875%	

We believe that cash and equivalents, cash flows from operations, and availability under revolving credit facilities and our trade receivables financing arrangement will be sufficient to fund working capital needs, planned capital expenditures, dividend payments (if declared), other operational cash requirements and required debt service obligations for at least the next 12 months.

We had FX forward contracts with an aggregate notional amount of \$28.0 outstanding as of December 31, 2016, with all such contracts scheduled to mature within one year. We had FX embedded derivatives with an aggregate notional amount of \$21.4 outstanding as of December 31, 2016, with scheduled maturities of \$12.0, \$9.2 and \$0.2 within one, two and three years, respectively. The gross fair values of our FX forward contracts and FX embedded derivatives, in aggregate, were \$2.9 (gross assets) and \$0.1 (gross liabilities) as of December 31, 2016.

ITEM 8. Consolidated and Combined Financial Statements And Supplementary Data

**SPX FLOW, INC. AND SUBSIDIARIES
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All schedules are omitted because they are not applicable, not required or because the required information is included in our consolidated and combined financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of SPX FLOW, Inc.:

We have audited the accompanying consolidated balance sheets of SPX FLOW, Inc. and subsidiaries (the “Company”) as of December 31, 2016 and 2015, and the related consolidated and combined statements of operations, comprehensive loss, equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements 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, such consolidated and combined financial statements present fairly, in all material respects, the financial position of SPX FLOW, Inc. and subsidiaries as of December 31, 2016 and 2015 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 8, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
February 8, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of SPX FLOW, Inc.:

We have audited the internal control over financial reporting of SPX FLOW, Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company'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 the accompanying Management's 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 by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the 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, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated February 8, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
February 8, 2017

SPX FLOW, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Year ended December 31,		
	2016	2015	2014
Revenues	\$ 1,996.0	\$ 2,388.5	\$ 2,769.6
Costs and expenses:			
Cost of products sold	1,371.4	1,596.3	1,833.1
Selling, general and administrative	467.7	558.0	629.9
Intangible amortization	20.0	23.4	26.1
Impairment of goodwill and intangible assets	442.2	22.7	11.7
Special charges	79.8	42.6	14.2
Operating income (loss)	(385.1)	145.5	254.6
Other income (expense), net	(0.9)	9.8	2.2
Related party interest expense, net	—	(2.2)	(25.8)
Other interest income (expense), net	(57.1)	(15.9)	2.4
Loss on early extinguishment of debt	(38.9)	—	—
Income (loss) before income taxes	(482.0)	137.2	233.4
Income tax benefit (provision)	101.0	(49.8)	(97.5)
Net income (loss)	(381.0)	87.4	135.9
Less: Net income (loss) attributable to noncontrolling interests	0.8	(0.1)	1.4
Net income (loss) attributable to SPX FLOW, Inc.	\$ (381.8)	\$ 87.5	\$ 134.5
Basic income (loss) per share of common stock	\$ (9.23)	\$ 2.14	\$ 3.30
Diluted income (loss) per share of common stock	\$ (9.23)	\$ 2.14	\$ 3.29
Weighted-average number of common shares outstanding — basic	41.345	40.863	40.809
Weighted-average number of common shares outstanding — diluted	41.345	40.960	40.932

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)

	Year ended December 31,		
	2016	2015	2014
Net income (loss)	\$ (381.0)	\$ 87.4	\$ 135.9
Other comprehensive loss, net:			
Pension liability adjustment, net of tax provision of \$0.0 and \$0.1 in 2015 and 2014, respectively	—	(0.1)	0.2
Net unrealized gains on available-for-sale securities	—	—	3.7
Foreign currency translation adjustments	(139.8)	(165.0)	(202.5)
Other comprehensive loss, net	(139.8)	(165.1)	(198.6)
Total comprehensive loss	(520.8)	(77.7)	(62.7)
Less: Total comprehensive income (loss) attributable to noncontrolling interests	(0.3)	(1.7)	3.1
Total comprehensive loss attributable to SPX FLOW, Inc.	\$ (520.5)	\$ (76.0)	\$ (65.8)

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and equivalents	\$ 215.1	\$ 295.9
Accounts receivable, net	446.9	483.9
Inventories, net	272.4	305.2
Other current assets	72.8	72.4
Total current assets	1,007.2	1,157.4
Property, plant and equipment:		
Land	36.1	37.7
Buildings and leasehold improvements	242.4	224.9
Machinery and equipment	420.8	483.9
	699.3	746.5
Accumulated depreciation	(322.0)	(314.1)
Property, plant and equipment, net	377.3	432.4
Goodwill	722.5	1,023.4
Intangibles, net	344.3	579.4
Other assets	151.9	111.6
TOTAL ASSETS	\$ 2,603.2	\$ 3,304.2
LIABILITIES, MEZZANINE EQUITY AND EQUITY		
Current liabilities:		
Accounts payable	\$ 203.8	\$ 227.1
Accrued expenses	329.9	467.3
Income taxes payable	10.8	31.7
Short-term debt	27.7	28.0
Current maturities of long-term debt	20.2	10.3
Total current liabilities	592.4	764.4
Long-term debt	1,060.9	993.8
Deferred and other income taxes	62.2	142.0
Other long-term liabilities	125.5	133.4
Total long-term liabilities	1,248.6	1,269.2
Commitments and contingent liabilities (Note 13)		
Mezzanine equity	20.1	—
Equity:		
SPX FLOW, Inc. shareholders' equity:		
Preferred stock, no par value, 3,000,000 shares authorized, and no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 300,000,000 shares authorized, 42,092,393 issued and 41,920,477 outstanding at December 31, 2016, and 41,429,014 issued and 41,386,740 outstanding at December 31, 2015	0.4	0.4
Paid-in capital	1,640.4	1,621.7
Retained earnings (accumulated deficit)	(373.9)	21.1
Accumulated other comprehensive loss	(521.4)	(382.7)
Common stock in treasury (171,916 shares at December 31, 2016, and 42,274 shares at December 31, 2015)	(4.9)	(1.4)
Total SPX FLOW, Inc. shareholders' equity	740.6	1,259.1
Noncontrolling interests	1.5	11.5
Total equity	742.1	1,270.6
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	\$ 2,603.2	\$ 3,304.2

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY
(in millions)

	Common Stock		Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Common Stock in Treasury	Former Parent Company Investment	Total SPX FLOW, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares Outstanding	Par								
Balance at December 31, 2013	—	\$ —	\$ —	\$ —	\$ (18.9)	\$ —	\$ 2,257.8	\$ 2,238.9	\$ 11.6	\$ 2,250.5
Net income	—	—	—	—	—	—	134.5	134.5	1.4	135.9
Other comprehensive income (loss), net	—	—	—	—	(200.3)	—	—	(200.3)	1.7	(198.6)
Net transfers to parent	—	—	—	—	—	—	(247.7)	(247.7)	—	(247.7)
Dividends attributable to noncontrolling interests	—	—	—	—	—	—	—	—	(0.5)	(0.5)
Other changes in noncontrolling interests	—	—	—	—	—	—	—	—	(0.8)	(0.8)
Balance at December 31, 2014	—	—	—	—	(219.2)	—	2,144.6	1,925.4	13.4	1,938.8
Net income (loss)	—	—	—	21.1	—	—	66.4	87.5	(0.1)	87.4
Other comprehensive loss, net	—	—	—	—	(163.5)	—	—	(163.5)	(1.6)	(165.1)
Net transfers to parent	—	—	—	—	—	—	(592.3)	(592.3)	—	(592.3)
Reclassification of former parent company investment to common stock and paid-in capital	41.3	0.4	1,618.3	—	—	—	(1,618.7)	—	—	—
Incentive plan activity	0.1	—	1.7	—	—	—	—	1.7	—	1.7
Stock-based compensation expense	—	—	5.4	—	—	—	—	5.4	—	5.4
Restricted stock and restricted stock unit vesting, including related tax benefit of \$3.6 and net of tax withholdings	—	—	(3.7)	—	—	(1.4)	—	(5.1)	—	(5.1)
Dividends attributable to noncontrolling interests	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Balance at December 31, 2015	41.4	0.4	1,621.7	21.1	(382.7)	(1.4)	—	1,259.1	11.5	1,270.6

SPX FLOW, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY
(in millions)

	Common Stock		Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Common Stock in Treasury	Former Parent Company Investment	Total SPX FLOW, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares Outstanding	Par								
Net income (loss)	—	—	—	(381.8)	—	—	—	(381.8)	0.8	(381.0)
Other comprehensive loss, net	—	—	—	—	(138.7)	—	—	(138.7)	(1.1)	(139.8)
Incentive plan activity	0.3	—	6.5	—	—	—	—	6.5	—	6.5
Stock-based compensation expense	—	—	18.7	—	—	—	—	18.7	—	18.7
Restricted stock and restricted stock unit vesting, including related tax provision of \$5.6 and net of tax withholdings	0.2	—	(6.5)	—	—	(3.5)	—	(10.0)	—	(10.0)
Adjustment to mezzanine equity and reclassification from noncontrolling interests	—	—	—	(13.2)	—	—	—	(13.2)	(6.9)	(20.1)
Dividends attributable to noncontrolling interests	—	—	—	—	—	—	—	—	(2.8)	(2.8)
Balance at December 31, 2016	<u>41.9</u>	<u>\$ 0.4</u>	<u>\$ 1,640.4</u>	<u>\$ (373.9)</u>	<u>\$ (521.4)</u>	<u>\$ (4.9)</u>	<u>\$ —</u>	<u>\$ 740.6</u>	<u>\$ 1.5</u>	<u>\$ 742.1</u>

The accompanying notes are an integral part of these statements.

SPX FLOW, INC. AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(in millions)

	Year ended December 31,		
	2016	2015	2014
Cash flows from (used in) operating activities:			
Net income (loss)	\$ (381.0)	\$ 87.4	\$ 135.9
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:			
Special charges	79.8	42.6	14.2
Impairment of goodwill and intangible assets	442.2	22.7	11.7
Deferred income taxes	(102.0)	(25.4)	22.4
Depreciation and amortization	64.7	61.9	65.8
Pension and other employee benefits	10.9	11.3	9.4
Stock-based compensation	18.9	5.4	—
Gain on asset sales and other, net	(2.5)	(8.0)	—
Loss on early extinguishment of debt	38.9	—	—
Changes in operating assets and liabilities:			
Accounts receivable and other assets	22.9	47.4	64.4
Inventories	18.4	(2.5)	(9.6)
Accounts payable, accrued expenses and other	(114.3)	(14.9)	2.0
Domestic pension payments	(65.9)	—	—
Cash spending on restructuring actions	(58.9)	(14.3)	(13.6)
Net cash from (used in) operating activities	(27.9)	213.6	302.6
Cash flows used in investing activities:			
Proceeds from asset sales and other, net	4.0	12.5	7.3
Increase in restricted cash	—	(0.3)	(0.6)
Capital expenditures	(44.0)	(57.0)	(40.7)
Net cash used in investing activities	(40.0)	(44.8)	(34.0)
Cash flows from (used in) financing activities:			
Proceeds from issuance of senior notes	600.0	—	—
Repurchases of senior notes (includes premiums paid of \$36.4)	(636.4)	—	—
Borrowings under senior credit facilities	423.0	534.0	—
Repayments of senior credit facilities	(365.0)	(134.0)	—
Borrowings under trade receivables financing arrangement	93.4	34.0	—
Repayments of trade receivables financing arrangement	(72.2)	(34.0)	—
Repayments of related party notes payable	—	(5.4)	(6.7)
Borrowings under other financing arrangements	13.5	6.1	5.7
Repayments of other financing arrangements	(14.6)	(7.0)	(3.9)
Minimum withholdings paid on behalf of employees for net share settlements, net	(3.9)	(1.5)	—
Payments for deferred financing fees	(15.5)	(6.2)	—
Change in noncontrolling interests in subsidiary	—	—	(0.8)
Dividends paid to noncontrolling interests in subsidiary	(1.2)	(0.2)	(0.5)
Change in former parent company investment	—	(453.9)	(291.6)
Net cash from (used in) financing activities	21.1	(68.1)	(297.8)
Change in cash and equivalents due to changes in foreign currency exchange rates	(34.0)	(21.4)	(12.0)
Net change in cash and equivalents	(80.8)	79.3	(41.2)
Consolidated and combined cash and equivalents, beginning of period	295.9	216.6	257.8
Consolidated and combined cash and equivalents, end of period	\$ 215.1	\$ 295.9	\$ 216.6
Supplemental disclosure of cash flow information:			
Interest paid	\$ 57.4	\$ 5.8	\$ 3.7
Income taxes paid, net of refunds of \$7.8, \$3.2 and \$6.2 in 2016, 2015 and 2014, respectively	\$ 43.4	\$ 35.9	\$ 11.4
Non-cash investing and financing activity:			
Debt assumed	\$ 7.7	\$ 622.4	\$ —

The accompanying notes are an integral part of these statements.

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(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SPX FLOW, Inc. and its consolidated subsidiaries (“SPX FLOW,” “the Company,” “we,” “us,” or “our”) operate in three business segments and were wholly-owned by SPX Corporation (the “former Parent”) until September 26, 2015, at which time the former Parent distributed 100% of our outstanding common stock to its shareholders through a tax-free spin-off transaction (the “Spin-Off”).

The Company engineers, designs, manufactures and markets products and solutions used to process, blend, filter, dry, meter and transport fluids with a focus on original equipment installation, including turn-key systems, modular systems and components, as well as comprehensive aftermarket components and support services. Primary component offerings include engineered pumps, valves, mixers, plate heat exchangers, dehydration and filtration technologies, and industrial tools and hydraulic units. The Company primarily serves customers in the food and beverage, power and energy and industrial end markets.

Basis of Presentation

Our consolidated balance sheets as of December 31, 2016 and 2015, and financial activity presented in the consolidated statements of operations, comprehensive loss, equity, and cash flows for the year ended December 31, 2016, consist of the consolidated balances of SPX FLOW as an independent, publicly traded company as of and during the period then ended. Our consolidated and combined statements of operations, comprehensive loss, equity, and cash flows for the years ended December 31, 2015 and 2014, were prepared on a “carve out” basis for the periods prior to the Spin-Off and included adjustments for certain transactions that occurred concurrently upon completion of the Spin-Off (see Notes 8 and 12) as well as stand-alone results for the period subsequent to the date of the Spin-Off. These consolidated and combined financial statements were derived from the consolidated financial statements and accounting records of the former Parent and SPX FLOW and prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). Consequently, the financial information included herein may not necessarily reflect our financial position, results of operations and cash flows in the future or what our financial condition, results of operations and cash flows would have been had we been an independent, publicly-traded company during the historical periods presented.

The combined statements of operations prior to the Spin-Off included costs for certain centralized functions and programs provided and/or administered by the former Parent that were charged directly to the former Parent’s business units, including business units of SPX FLOW. These centralized functions and programs included, but were not limited to, information technology, payroll services, shared services for accounting, supply chain and manufacturing operations, and business and health insurance coverage. Prior to the Spin-Off and during the years ended December 31, 2015 and 2014, \$81.0 and \$109.0 of such costs, respectively, were directly charged to the Company’s business units and were included in selling, general and administrative expenses in the accompanying consolidated and combined statements of operations.

For purposes of preparing these combined financial statements prior to the Spin-Off on a “carve out” basis, a portion of the former Parent’s total corporate expenses were allocated to SPX FLOW. These expense allocations included the cost of corporate functions and/or resources provided by the former Parent which included, but were not limited to, executive management, finance and accounting, legal, and human resources support, and the cost of our Charlotte, NC corporate headquarters and our Asia Pacific center in Shanghai, China, as well as related benefit costs associated with such functions, such as pension and postretirement benefits and stock-based compensation. Prior to the Spin-Off and in the years ended December 31, 2015 and 2014, the Company was allocated \$50.7 and \$95.9 of such general corporate and related benefit costs, respectively, which were primarily included within selling, general and administrative expenses in the accompanying consolidated and combined statements of operations. In addition to pre-Spin-Off allocation of costs associated with the former Parent’s corporate functions, including the related benefit costs, the consolidated and combined financial statements include an allocation of corporate-related special charges. Costs were allocated to the Company based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional revenues of the Company to the former Parent’s consolidated revenues from continuing operations. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expenses the Company would have incurred if the Company had been a stand-alone company for the periods presented.

Pre-Spin-Off cash and equivalents held by the former Parent at the corporate level that were not specifically identifiable to the Company were not reflected in the Company’s combined financial statements prior to the date of the Spin-Off. Cash

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transfers between the Company and the former Parent (other than related to notes receivable and payable, as discussed further below) were accounted for through former parent company investment. Cash and equivalents in the combined financial statements prior to the date of the Spin-Off represented cash and equivalents held locally by the Company's entities. The former Parent's third-party debt and the related interest expense were not allocated to us for any of the periods presented as we were not the legal obligor of such debt.

All intercompany transactions have been eliminated. All transactions between the Company and the former Parent (including its affiliates that were not part of the Spin-Off) were included in these combined financial statements prior to the date of the Spin-Off. The aggregate net effect of transactions not historically settled in cash between the Company and the former Parent was reflected in the combined statements of cash flows prior to the date of the Spin-Off as "Change in former parent company investment." In addition, prior to the Spin-Off, the Company had amounts due from and due to the former Parent (and its affiliates that were not part of the Spin-Off) supported by promissory notes. The respective interest income and interest expense amounts recognized prior to the Spin-Off were reflected in "Related party interest expense, net" within the Company's consolidated and combined statements of operations.

As discussed further in Note 4, segment results and corporate expense for the years ended December 31, 2015 and 2014 have been recast to (i) reflect the reclassification of certain product line results in order to more precisely present our results by reportable segment, (ii) include stock-based compensation costs associated with segment employees in segment income, and (iii) include stock-based compensation costs associated with corporate employees in corporate expense.

The Company operates on a calendar year-end.

Agreements with the former Parent - Post-Spin-Off

In connection with the Spin-Off, we entered into a transition services agreement and other definitive agreements with the former Parent that, among other matters, set forth the terms and conditions of the Spin-Off and provided a framework for our relationship with the former Parent after the Spin-Off. A summary of the material terms of these agreements can be found in the "Certain Relationships and Related Party Transactions" section of the Information Statement of the Company, attached as Exhibit 99.1 to our registration statement on Form 10 (as filed by SPX FLOW with the U.S. Securities and Exchange Commission (the "SEC") and declared effective on September 11, 2015). Amounts recorded under the transition services agreement were not significant in 2016.

Summary of Significant Accounting Policies

Our significant accounting policies are described below, as well as in other Notes that follow.

Foreign Currency Translation and Transactions—The financial statements of our foreign subsidiaries are translated into U.S. dollars in accordance with the Foreign Currency Matters Topic of the Financial Accounting Standards Board Codification ("Codification" or "ASC"). Balance sheet accounts are translated at the current rate at the end of each period and income statement accounts are translated at the average rate for each period. Gains and losses on foreign currency translations are reflected as a separate component of equity and other comprehensive loss. Foreign currency transaction gains and losses, as well as gains and losses related to foreign currency forward contracts and currency forward embedded derivatives, are included in "Other income (expense), net," with the related net gains (losses) totaling \$(2.2), \$1.1 and \$(2.6) in 2016, 2015 and 2014, respectively.

Cash Equivalents—We consider highly liquid money market investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Revenue Recognition—We recognize revenues from product sales upon shipment to the customer (e.g., FOB shipping point) or, to a lesser extent, upon receipt by the customer (e.g., FOB destination), in accordance with agreed-upon customer terms. Revenues from service contracts and long-term maintenance arrangements are recognized on a straight-line basis over the agreement period.

Amounts billed for shipping and handling are included in revenues. Costs incurred for shipping and handling are recorded in "Cost of products sold." Taxes assessed by governmental authorities that are directly imposed on a revenue-producing transaction between a seller and a customer are presented on a net basis (excluded from revenues) in our consolidated and combined statements of operations.

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We recognize revenue from long-term construction/installation contracts under the percentage-of-completion method of accounting. The percentage-of-completion is measured principally by the percentage of costs incurred to date for each contract to the estimated total costs for such contract at completion. We recognize revenues for similar short-term contracts using the completed-contract method of accounting.

Provisions for any estimated losses on uncompleted long-term contracts are made in the period in which such losses are determined. In the case of customer change orders for uncompleted long-term contracts, estimated recoveries are included for work performed in forecasting ultimate profitability on certain contracts. Due to uncertainties inherent in the estimation process, it is reasonably possible that completion costs, including those arising from contract penalty provisions and final contract settlements, will be revised in the near-term. Such revisions to costs and income are recognized in the period in which the revisions are determined.

Costs and estimated earnings in excess of billings arise when revenues have been recorded but the amounts have not been billed under the terms of the contracts. These amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Claims related to long-term contracts are recognized as revenue only after we have determined that collection is probable and the amount can be reliably estimated. Claims made by us involve negotiation and, in certain cases, litigation or other dispute-resolution processes. In the event we incur litigation or other dispute-resolution costs in connection with claims, such costs are expensed as incurred, although we may seek to recover these costs. Claims against us are recognized when a loss is considered probable and amounts are reasonably estimable.

We recognized \$339.7, \$490.7 and \$573.1 in revenues under the percentage-of-completion method for the years ended December 31, 2016, 2015 and 2014, respectively. Costs and estimated earnings on uncompleted contracts, from their inception, and related amounts billed as of December 31, 2016 and 2015 were as follows:

	December 31,	
	2016	2015
Costs incurred on uncompleted contracts	\$ 1,170.5	\$ 1,392.8
Estimated earnings to date	272.1	324.2
	1,442.6	1,717.0
Less: Billings to date	(1,433.7)	(1,682.5)
Net costs and estimated earnings in excess of billings	\$ 8.9	\$ 34.5

These amounts are included in the accompanying consolidated balance sheets at December 31, 2016 and 2015 as shown below. Amounts for billed retainages and receivables to be collected in excess of one year are not significant for the periods presented.

	December 31,	
	2016	2015
Costs and estimated earnings in excess of billings ⁽¹⁾	\$ 66.1	\$ 87.4
Billings in excess of costs and estimated earnings on uncompleted contracts ⁽²⁾	(57.2)	(52.9)
Net costs and estimated earnings in excess of billings	\$ 8.9	\$ 34.5

(1) Reported as a component of "Accounts receivable, net."

(2) Reported as a component of "Accrued expenses."

Research and Development Costs—The Company conducts research and development activities for the purpose of developing and improving new products. The related expenditures are expensed as incurred and totaled \$19.4, \$19.1 and \$19.8 in 2016, 2015 and 2014, respectively, and are classified within selling, general and administrative expense within the consolidated and combined statements of operations.

Property, Plant and Equipment—Property, plant and equipment ("PP&E") is stated at cost, less accumulated depreciation. We use the straight-line method for computing depreciation expense over the useful lives of PP&E, which do not exceed 40 years for buildings and range from 3 to 15 years for machinery and equipment. Depreciation expense, including

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amortization of capital leases, was \$44.7, \$38.5 and \$39.7 for the years ended December 31, 2016, 2015 and 2014, respectively. Leasehold improvements are amortized over the life of the related asset or the life of the lease, whichever is shorter.

Impairments of PP&E, which represent non-cash asset write-downs, typically arise from business restructuring decisions that lead to the disposition of assets no longer required in the restructured business. For these situations, we recognize a loss when the carrying amount of an asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Fair values for assets subject to impairment testing are determined primarily by management, taking into consideration various factors including third-party appraisals, quoted market prices and previous experience. If an asset remains in service at the decision date, the asset is written down to its fair value, if impaired, and the net book value is depreciated over its remaining economic useful life. When we commit to a plan to sell an asset, including the initiation of a plan to locate a buyer, and it is probable that the asset will be sold within one year based on its current condition and sales price, depreciation of the asset is discontinued and the asset is classified as an asset held for sale. In addition, the asset is written down to its fair value less any selling costs, if impaired.

Income Taxes—For purposes of our combined financial statements prior to the date of the Spin-Off, our income tax provision was determined as if we filed income tax returns on a stand-alone basis. The Company's tax results as presented in the consolidated and combined financial statements for periods prior to the Spin-Off may not be reflective of the results that the Company will generate in the future. In jurisdictions where the Company was included in the tax returns filed by the former Parent or its subsidiaries that were not part of the Spin-Off, any income taxes payable resulting from the related income tax provision were reflected through the date of the Spin-Off within "Former parent company investment." Deferred income tax assets and liabilities, as presented in the consolidated balance sheets, 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. We periodically assess whether deferred tax assets will be realized and the adequacy of deferred tax liabilities, including the results of local, state, federal or foreign statutory tax audits or estimates and judgments used.

Derivative Financial Instruments—We use foreign currency forward contracts to manage our exposures to fluctuating currency exchange rates. Derivatives are recorded on the balance sheet and measured at fair value. For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair values of both the derivatives and the hedged items are recorded in current earnings. For derivatives designated as cash flow hedges, the effective portion of the changes in fair value of the derivatives is recorded in accumulated other comprehensive loss ("AOCL") and subsequently recognized in earnings when the hedged items impact earnings. Changes in the fair value of derivatives not designated as hedges, and the ineffective portion of cash flow hedges, are recorded in current earnings. We do not enter into financial instruments for speculative or trading purposes.

For those transactions that are designated as cash flow hedges, on the date the derivative contract is entered into, we document our hedge relationship, including identification of the hedging instruments and the hedged items, as well as our risk management objectives and strategies for undertaking the hedge transaction. We also assess, both at inception and quarterly thereafter, whether such derivatives are highly effective in offsetting changes in the fair value of the hedged item. See Notes 11 and 14 for further information.

Cash flows from hedging activities are included in the same category as the items being hedged, which are primarily operating activities.

Goodwill and Other Intangible Assets—Consistent with the requirements of the Intangible—Goodwill and Other Topic of the Codification, the fair values of our reporting units generally are estimated using discounted cash flow projections that we believe to be reasonable under current and forecasted circumstances, the results of which form the basis for making judgments about the recoverability of carrying values of the net assets of our reporting units. Other considerations are also incorporated, including comparable industry price multiples. The financial results of many of our businesses closely follow changes in the industries and end markets that they serve. Accordingly, we consider estimates and judgments that affect the future cash flow projections, including principal methods of competition such as volume, price, service, product performance and technical innovations and estimates associated with cost improvement initiatives, capacity utilization and assumptions for inflation and foreign currency changes. Any significant change in market conditions and estimates or judgments used to determine expected future cash flows that indicate a reduction in carrying value may give rise to impairment in the period that the change becomes known.

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We perform our annual goodwill impairment testing during the fourth quarter in conjunction with our annual financial planning process, with such testing based primarily on events and circumstances existing as of the end of the third quarter. In addition, we test goodwill for impairment on a more frequent basis if there are indications of potential impairment.

We perform our annual trademarks impairment testing during the fourth quarter in conjunction with our annual financial planning process, or on a more frequent basis if there are indications of potential impairment. The fair values of our trademarks are determined by applying estimated royalty rates to projected revenues, with the resulting cash flows discounted at a rate of return that reflects current market conditions. The basis for these projected revenues is the annual operating plan for each of the related businesses.

Investments in Unconsolidated Companies—Investments in unconsolidated companies where we exercise significant influence but do not have control are accounted for using the equity method. In determining whether we are the primary beneficiary of a variable interest entity ("VIE"), we perform a qualitative analysis that considers the design of the VIE, the nature of our involvement and the variable interests held by other parties to determine which party has the power to direct the activities of the VIE that most significantly impact the entity's economic performance, and which party has the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. We have interests in VIEs, primarily joint ventures, in which we are the primary beneficiary. The financial position, results of operations and cash flows of our VIEs are not material, individually or in the aggregate, in relation to our consolidated and combined financial statements.

(2) USE OF ESTIMATES

The preparation of our consolidated and combined financial statements in conformity with GAAP requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues (e.g., our percentage-of-completion estimates described above) and expenses during the reporting period. We evaluate these estimates and judgments on an ongoing basis and base our estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from the estimates and assumptions used in the consolidated and combined financial statements and related notes.

Listed below are certain significant estimates and assumptions used in the preparation of our consolidated and combined financial statements. Certain other estimates and assumptions are further explained in the related notes.

Accounts Receivable Allowances—We provide allowances for estimated losses on uncollectible accounts based on our historical experience and the evaluation of the likelihood of success in collecting specific customer receivables. In addition, we maintain allowances for customer returns, discounts and invoice pricing discrepancies, with such allowances primarily based on historical experience. Summarized below is the activity for these allowance accounts.

	Year ended December 31,		
	2016	2015	2014
Balance at beginning of year	\$ 23.6	\$ 22.0	\$ 21.7
Allowances provided	17.4	15.6	14.7
Write-offs, net of recoveries, credits issued and other	(19.0)	(14.0)	(14.4)
Balance at end of year	<u>\$ 22.0</u>	<u>\$ 23.6</u>	<u>\$ 22.0</u>

Inventory—We estimate losses for excess and/or obsolete inventory and the net realizable value of inventory based on the aging and historical utilization of the inventory and the evaluation of the likelihood of recovering the inventory costs based on anticipated demand and selling price.

Long-Lived Assets and Intangible Assets Subject to Amortization—We continually review whether events and circumstances subsequent to the acquisition of any long-lived assets, or intangible assets subject to amortization, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be fully recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, we use projections to assess whether future cash flows on an undiscounted basis related to the assets are likely to exceed the related carrying amount. We will record an impairment charge to the extent that the carrying value of the assets

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exceed their fair values as determined by valuation techniques appropriate in the circumstances, which could include the use of similar projections on a discounted basis.

In determining the estimated useful lives of definite-lived intangibles, we consider the nature, competitive position, life cycle position, and historical and expected future operating cash flows of each acquired asset, as well as our commitment to support these assets through continued investment and legal infringement protection.

Goodwill and Indefinite-Lived Intangible Assets—We test goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter and continually assess whether a triggering event has occurred to determine whether the carrying value exceeds the implied fair value. The fair value of reporting units is based generally on discounted projected cash flows, but we also consider factors such as comparable industry price multiples. We employ cash flow projections that we believe to be reasonable under current and forecasted circumstances, the results of which form the basis for making judgments about the carrying values of the reported net assets of our reporting units. The financial results of many of our businesses closely follow changes in the industries and end markets that they serve. Accordingly, we consider estimates and judgments that affect the future cash flow projections, including principal methods of competition, such as volume, price, service, product performance and technical innovations, as well as estimates associated with cost reduction initiatives, capacity utilization and assumptions for inflation and foreign currency changes. Actual results may differ from these estimates under different assumptions or conditions. See Note 7 for further information, including discussion of impairment charges recorded in 2016, 2015 and 2014, and our annual impairment test performed in the fourth quarter of 2016.

Accrued Expenses—We make estimates and judgments in establishing accruals as required under GAAP. Summarized in the table below are the components of accrued expenses at December 31, 2016 and 2015.

	December 31,	
	2016	2015
Unearned revenue ⁽¹⁾	\$ 140.6	\$ 155.8
Employee benefits	62.1	172.6
Warranty	10.2	14.0
Other ⁽²⁾	117.0	124.9
Total	\$ 329.9	\$ 467.3

(1) Unearned revenue includes billings in excess of costs and estimated earnings on uncompleted contracts accounted for under the percentage-of-completion method of revenue recognition, customer deposits and unearned amounts on service contracts.

(2) Other consists of various items including, among other items, accrued commissions, accrued sales and value-added taxes, and accruals for restructuring, interest and freight costs.

Legal—It is our policy to accrue for estimated losses from legal actions or claims when events exist that make the realization of the losses probable and they can be reasonably estimated. We do not discount legal obligations or reduce them by anticipated insurance recoveries.

Environmental Remediation Costs—We expense costs incurred to investigate and remediate environmental issues unless they extend the economic useful lives of related assets. We record liabilities when it is probable that an obligation has been incurred and the amounts can be reasonably estimated. Our environmental accruals cover anticipated costs, including investigation, remediation and operation and maintenance of clean-up sites. Our estimates are based primarily on investigations and remediation plans established by independent consultants, regulatory agencies and potentially responsible third parties. We generally do not discount environmental obligations or reduce them by anticipated insurance recoveries.

Self-Insurance—We are self-insured for certain of our workers' compensation, automobile, product, general liability and health costs and, thus, record an accrual for our retained liability. Our businesses were charged directly for their estimated share of the cost of the former Parent's equivalent self-insured programs prior to the Spin-Off, with the Company's share of the cost included in our consolidated and combined statements of operations for such periods. The liability for these programs is reflected in our consolidated balance sheets as of December 31, 2016 and 2015 within "Accrued expenses."

Warranty—In the normal course of business, we issue product warranties for specific products and provide for the estimated future warranty cost in the period in which the sale is recorded. We provide for the estimate of warranty cost based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Because warranty estimates are forecasts that are based on the best available information, actual claims costs may differ from amounts

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provided. In addition, due to the seasonal fluctuations at certain of our businesses, the timing of warranty provisions and the usage of warranty accruals can vary period to period. We make adjustments to initial obligations for warranties as changes in the obligations become reasonably estimable. The following is an analysis of our product warranty accrual for the periods presented:

	Year ended December 31,		
	2016	2015	2014
Balance at beginning of year	\$ 14.8	\$ 18.4	\$ 20.4
Provisions	8.9	10.3	13.5
Usage	(12.2)	(12.6)	(14.2)
Currency translation adjustment	(0.7)	(1.3)	(1.3)
Balance at end of year	10.8	14.8	18.4
Less: Current portion of warranty	10.2	14.0	17.4
Non-current portion of warranty	\$ 0.6	\$ 0.8	\$ 1.0

Income Taxes—We review our income tax positions on a continuous basis and accrue for potential uncertain tax positions in accordance with the Income Taxes Topic of the Codification. Accruals for these uncertain tax positions are classified as "Deferred and other income taxes" in the accompanying consolidated balance sheets based on an expectation as to the timing of when the matter will be resolved. As events change or resolutions occur, these accruals are adjusted, such as in the case of audit settlements with taxing authorities. For tax positions where it is more likely than not that a tax benefit will be sustained, we record the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority, assuming such authority has full knowledge of all relevant information. These reviews also entail analyzing the realization of deferred tax assets. We establish a valuation allowance against deferred tax assets when, based on all available evidence, we believe that it is more likely than not that we will not realize a benefit associated with such assets. See Note 9 for further discussion of our accounting for income taxes and potential uncertain tax positions.

Employee Benefit Plans—Certain of our employees participate in defined benefit pension and other postretirement plans we sponsor and, prior to the date of the Spin-Off, participated in plans sponsored by the former Parent. The expense for these plans is derived from an actuarial calculation based on the plans' provisions and assumptions regarding discount rates and rates of increase in compensation levels. Discount rates for most of the plans are based on representative bond indices. Rates of increase in compensation levels are established based on expectations of current and foreseeable future increases in compensation. Independent actuaries are consulted in determining these assumptions. See Note 8 for further discussion of our accounting for pension and postretirement benefits.

(3) NEW ACCOUNTING PRONOUNCEMENTS

The following is a summary of new accounting pronouncements that apply or may apply to our business.

In May 2014, and as amended during 2016, the Financial Accounting Standards Board (the "FASB") issued a new standard on revenue recognition that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new standard requires a number of disclosures intended to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue, and the related cash flows. The standard is effective for interim and annual reporting periods beginning after December 15, 2017. We plan to adopt the new revenue standard in the first quarter of 2018 using the modified retrospective adoption method and continue to evaluate the potential impacts to our revenues related to our pending adoption of the new revenue standard.

Amongst other impacts, the guidance has the potential to affect our current practice of accounting for certain contracts as revenue using the completed contract method under existing guidance in instances where such contracts are determined to have (1) multiple performance obligations that are distinct within the context of the contract and/or (2) a transfer of control to our customer over time, as defined under the new guidance. In addition, we are reviewing our accounting policies to determine whether any changes may be necessary in order to ensure proper recognition of such obligations that we consider perfunctory in nature and/or qualitatively and quantitatively immaterial under existing revenue guidance, but which may be considered significant within the context of the contract under the new revenue standard. We are also evaluating clauses contained within certain contracts which have the potential to result in variable consideration; we currently recognize the impacts of changes in

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estimates related to such clauses in the period in which such changes occur and the impact can be determined, but the estimated effects of such clauses may be recognized over time under the new guidance, including from contract inception. Our preliminary assessments of the potential impacts of the new revenue recognition standard are subject to change.

In April 2015, the FASB issued a new standard that requires debt issuance costs related to a recognized debt liability to be reported in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This standard was adopted in the first quarter of 2016 and was applied retrospectively. The adoption of this standard did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued an amendment to existing guidance which revises entities' accounting related to: (i) the classification and measurement of investments in equity securities, and (ii) the presentation of certain fair value changes for financial liabilities measured at fair value. The amendment also changes certain disclosure requirements associated with the fair value of financial instruments. The amended guidance is effective for interim and annual reporting periods beginning after December 15, 2017 and requires a modified retrospective approach to adoption. Early adoption is only permitted for a provision related to instrument-specific credit risk. We are currently evaluating the effect that this amendment will have on our consolidated financial statements.

In February 2016, the FASB issued a new standard which requires a lessee to recognize on its balance sheet the assets and liabilities associated with the rights and obligations created by leases with terms that exceed twelve months. Leases will continue to be classified as either financing or operating, with classification affecting the recognition, measurement and presentation of costs and cash flows arising from a lease. The new guidance is effective for interim and annual reporting periods beginning after December 15, 2018 and requires a modified retrospective approach to adoption for lessees related to capital and operating leases existing at, or entered into after, the earliest comparative period presented in the financial statements, with certain practical expedients available. Early adoption is permitted. We are currently evaluating the effect that this new standard will have on our consolidated financial statements.

In March 2016, the FASB issued an amendment to clarify that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument does not, in and of itself, require de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The amendment is effective for interim and annual reporting periods beginning after December 15, 2016 and may be applied on either a prospective or modified retrospective basis. The impact of the adoption of this amendment on our consolidated financial statements will be based on any future events that impact our hedging relationships.

In March 2016, the FASB issued an amendment which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, classification of awards as either equity or liabilities, as well as classification in the statement of cash flows. This amendment is effective for prospective interim and annual reporting periods beginning after December 15, 2016. We plan on adopting this amendment prospectively in the first quarter of 2017 and believe the new standard will cause volatility in our effective tax rates and net income (loss) due to the tax effects related to share-based payments being recorded to the statement of operations. The volatility in future periods will depend on our stock price at the award vesting dates and the number of awards that vest in each period.

In August 2016, the FASB issued an amendment that updates the guidance as to how certain cash receipts and payments should be presented and classified pertaining to, among other items, debt, contingent consideration in business combinations, proceeds from certain insurance settlements, distributions received from equity method investees, securitization transactions, and separately identifiable cash flows. The amendment is intended to reduce the existing diversity in practice and is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted, including retrospective application. We adopted this amendment during the third quarter of 2016 and have accordingly reflected our debt prepayment premiums and extinguishment costs as financing cash outflows during the year ended December 31, 2016.

In October 2016, the FASB issued an amendment that requires recognition of the income tax consequences of an intra-entity transfer of assets other than inventory. Under current authoritative guidance, the tax effects of intra-entity asset transfers (intercompany sales) are deferred until the transferred asset is sold to a third party or otherwise recovered through use. This amendment requires tax expense and deferred tax asset recognition from the intra-entity sale of the asset in the seller's tax jurisdiction when the asset transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. This update is effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted.

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but the guidance can only be adopted in the first interim period of the early-adopt fiscal year. We are currently evaluating the impact that this amended guidance will have on our consolidated financial statements.

In November 2016, the FASB issued an additional amendment to guidance for statement of cash flow presentation, which requires that entities explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents in the statement of cash flows. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. This amendment is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted, including retrospective application. We expect to adopt this amendment in the first quarter of 2017 and do not expect a material impact to our consolidated financial statements.

In January 2017, the FASB issued an amendment that narrows the definition of a business by requiring both (i) an input and (ii) a substantive process that together significantly contribute to the ability to create outputs. In circumstances where outputs are not presently identifiable, such as early stage companies, the amendment provides a more stringent framework for companies to determine whether or not all the elements of a business are present. Finally, the new guidance narrows the definition of the term “outputs” as the result of inputs and substantive processes that provide goods or services to customers, other revenue, or investment income, such as dividends and interest. This amendment is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The impact of the adoption of this amendment on our consolidated financial statements will be based on any future potential acquisitions.

(4) INFORMATION ON REPORTABLE SEGMENTS, CORPORATE EXPENSE AND OTHER

We are a global supplier of highly specialized, engineered solutions with operations in over 30 countries and sales in over 150 countries around the world. Many of our solutions play a role in helping to meet global demand for processed foods and beverages and power and energy, particularly in emerging markets. In 2016, an estimated 27% of our revenues were from sales into emerging markets.

Beginning January 2016, we changed our internal reporting structure to more precisely present reportable segment revenue and income in certain countries where we conduct business across multiple end markets. As a result of these structural enhancements, certain product line results have been reclassified between reportable segments. Additionally, we changed our measurement of segment income to include stock-based compensation costs associated with segment employees, while stock-based compensation for corporate employees is now reported as a component of corporate expense. These changes in reportable segment revenue and income, as well as in our measurement of segment profitability, are consistent with how our chief operating decision maker, beginning in 2016, assesses operating performance and allocates resources.

Segment results and corporate expense have been recast for all historical periods presented to reflect these changes.

We have three reportable segments: Food and Beverage, Power and Energy, and Industrial. In determining our segments, we apply the threshold criteria of the Segment Reporting Topic of the Codification to operating income or loss of each segment before considering impairment and special charges, pension and postretirement expense and other indirect corporate expenses (including corporate stock-based compensation). This is consistent with the way our chief operating decision maker evaluates the results of each segment.

Revenues by reportable segment and geographic area represent sales to unaffiliated customers, and no one customer or group of customers that, to our knowledge, are under common control accounted for more than 10% of our consolidated and combined revenues for any period presented. Intercompany revenues among our reportable segments are not significant. Identifiable assets by reportable segment are those used in the respective operations of each.

Food and Beverage

The Food and Beverage reportable segment operates in a regulated, global industry with customers who demand highly engineered, turn-key solutions. Key demand drivers include dairy consumption, emerging market capacity expansion, sustainability and productivity initiatives, customer product innovation and food safety. Key products for the segment include mixing, drying, evaporation and separation systems and components, heat exchangers, and reciprocating and centrifugal pump technologies. Our core brands include Anhydro, APV, Bran+Luebbe, Gerstenberg Schroeder, LIGHTNIN, Seital, and Waukesha Cherry-Burrell.

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Power and Energy

The Power and Energy reportable segment primarily serves customers in the oil and gas industry and, to a lesser extent, the nuclear and other conventional power industries. A large portion of the segment's revenues are concentrated in oil extraction, production and transportation at existing wells, and in pipeline applications. The underlying driver of this segment includes demand for power and energy. Key products for the segment include pumps, valves and related accessories, while the core brands include APV, Bran+Luebbe, ClydeUnion Pumps, Copes-Vulcan, Dollinger Filtration, LIGHTNIN, M&J Valve, Plenty, and Vokes.

Industrial

The Industrial reportable segment primarily serves customers in the chemical, air treatment, mining, pharmaceutical, marine, shipbuilding, infrastructure construction, general industrial and water treatment industries. Key demand drivers of this segment are tied to macroeconomic conditions and growth in the respective end markets we serve. Key products for the segment are air dryers, filtration equipment, mixers, pumps, hydraulic technologies and heat exchangers. Core brands include Airpel, APV, Bolting Systems, Delair, Deltech, Hankison, Jemaco, Johnson Pump, LIGHTNIN, Power Team, and Stone.

Corporate Expense

Corporate expense generally relates to the cost of our Charlotte, NC corporate headquarters and our Asia Pacific center in Shanghai, China for the period subsequent to the Spin-Off, and includes allocations of the cost of corporate functions and/or resources provided by the former Parent prior to the Spin-Off. See Note 1 for a discussion of the methodology used to allocate corporate-related costs prior to the Spin-Off.

Financial data for our reportable segments as of or for the years ended December 31, 2016, 2015 and 2014 were as follows:

	As of or for the Year Ended December 31,		
	2016	2015	2014
Revenues:			
Food and Beverage	\$ 728.3	\$ 869.8	\$ 965.3
Power and Energy	562.7	750.2	968.8
Industrial	705.0	768.5	835.5
Total revenues	\$ 1,996.0	\$ 2,388.5	\$ 2,769.6
Income:			
Food and Beverage	\$ 75.1	\$ 104.4	\$ 95.2
Power and Energy	25.4	83.8	159.3
Industrial	98.8	105.0	131.3
Total income for reportable segments	\$ 199.3	\$ 293.2	\$ 385.8
Corporate expense	58.0	71.6	73.1
Pension and postretirement expense	4.4	10.8	32.2
Impairment of goodwill and intangible assets	442.2	22.7	11.7
Special charges	79.8	42.6	14.2
Consolidated and combined operating income (loss)	\$ (385.1)	\$ 145.5	\$ 254.6
Capital expenditures:			
Food and Beverage	\$ 25.0	\$ 24.5	\$ 12.8
Power and Energy	6.3	19.1	16.3
Industrial	5.4	5.1	6.9
Other ⁽¹⁾	7.3	8.3	4.7
Total capital expenditures	\$ 44.0	\$ 57.0	\$ 40.7

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	As of or for the Year Ended December 31,		
	2016	2015	2014
Depreciation and amortization:			
Food and Beverage	\$ 14.1	\$ 16.8	\$ 22.7
Power and Energy	21.4	28.2	29.4
Industrial	16.7	14.2	13.4
Other ⁽¹⁾	12.5	2.7	0.3
Total depreciation and amortization	\$ 64.7	\$ 61.9	\$ 65.8
Identifiable assets:			
Food and Beverage	\$ 896.4	\$ 925.0	\$ 969.6
Power and Energy	873.8	1,455.0	1,567.8
Industrial	603.8	638.7	662.5
Other ⁽²⁾	229.2	285.5	828.2
Total identifiable assets	\$ 2,603.2	\$ 3,304.2	\$ 4,028.1
Geographic areas:			
Revenues ⁽³⁾ :			
United States	\$ 697.2	\$ 836.5	\$ 933.9
United Kingdom	203.6	316.5	417.5
China	137.3	140.1	137.5
France	125.2	136.3	176.8
Germany	98.6	119.0	140.7
Denmark	96.7	116.0	185.4
Other	637.4	724.1	777.8
Total revenues	\$ 1,996.0	\$ 2,388.5	\$ 2,769.6
Long-lived assets:			
United States	\$ 285.3	\$ 312.7	\$ 119.0
Other	243.9	236.5	217.6
Total long-lived assets	\$ 529.2	\$ 549.2	\$ 336.6

(1) Relates to corporate PP&E or PP&E that is utilized by all of our reportable segments along with related depreciation expense. Depreciation reflects the cost of our Charlotte, NC corporate headquarters, amongst other corporate PP&E, which became assets of the Company in connection with the Spin-Off.

(2) Relates primarily to assets (e.g., cash and PP&E at December 31, 2016 and 2015, and cash and related party notes receivable at December 31, 2014) of the corporate subsidiaries that are included in these consolidated and combined financial statements.

(3) Revenues are included in the above geographic areas based on the country that recorded the customer revenue.

(5) SPECIAL CHARGES

As part of our business strategy, we periodically right-size and consolidate operations to improve long-term results. Additionally, from time to time, we alter our business model to better serve customer demand, discontinue lower-margin product lines and rationalize and consolidate manufacturing capacity. Our restructuring and integration decisions are based, in part, on discounted cash flows and are designed to achieve our goals of reducing structural footprint and maximizing profitability.

We are currently executing a multi-year plan to transition our enterprise to an operating company. As part of this plan, we announced our intent to further optimize our global footprint, streamline business processes and reduce selling, general and administrative expense through a global realignment program. The realignment program is intended to reduce costs across operating sites and corporate and global functions, in part by making structural changes and process enhancements which allow us to operate more efficiently. Special charges of \$79.8 for 2016 were substantially associated with this program and included costs associated primarily with employee termination and facility consolidation, as well as certain non-cash charges associated with fixed asset impairments. In connection with the global realignment program, we recorded special charges of \$42.6 in 2015. Special charges of \$14.2 in 2014 were prior to commencement of the realignment program. These special charges were

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primarily related to restructuring initiatives to consolidate manufacturing and sales facilities, reduce workforce, and rationalize certain product lines, as well as tangible asset impairment charges.

The components of the charges have been computed based on expected cash payouts, including severance and other employee benefits based on existing severance policies, local laws, and other estimated exit costs, and our estimate of the realizable value of the affected tangible and intangible assets.

Liabilities for exit costs including, among other things, severance, other employee benefit costs, and operating lease obligations on idle facilities, are measured initially at their fair value and recorded when incurred.

With the exception of certain multi-year operating lease obligations and other contractual obligations, which are not material to our consolidated and combined financial statements, we anticipate that liabilities related to restructuring actions as of December 31, 2016 will be paid within one year from the period in which the action was initiated.

Special charges for the years ended December 31, 2016, 2015 and 2014 are described in more detail below and in the applicable sections that follow:

	Year ended December 31,		
	2016	2015	2014
Employee termination costs	\$ 50.5	\$ 38.5	\$ 11.6
Facility consolidation costs	9.3	2.5	0.6
Other cash costs, net	0.3	—	0.5
Non-cash asset write-downs	19.7	1.6	1.5
Total	\$ 79.8	\$ 42.6	\$ 14.2

2016 Charges:

	Employee Termination Costs	Facility Consolidation Costs	Other Cash Costs (Recoveries), Net	Non-Cash Asset Write- downs	Total Special Charges
Food and Beverage	\$ 16.8	\$ 5.2	\$ —	\$ 0.7	\$ 22.7
Power and Energy	18.3	0.2	0.3	1.5	20.3
Industrial	5.2	3.9	—	0.1	9.2
Other	10.2	—	—	17.4	27.6
Total	\$ 50.5	\$ 9.3	\$ 0.3	\$ 19.7	\$ 79.8

Food and Beverage—Charges for 2016 related primarily to severance and other costs associated with the global realignment program, including (i) the consolidation and relocation of a manufacturing facility in Germany to an existing facility in Poland and of other facilities in Europe, (ii) various other restructuring initiatives in Europe, the U.S., China and Brazil and, to a lesser extent, (iii) a reorganization of the segment's management structure. Once completed, these restructuring activities are expected to result in the termination of approximately 70 employees. Charges for 2016 also included asset impairment charges of \$0.7 related to certain tangible long-lived assets.

Power and Energy—Charges for 2016 related primarily to severance and other costs associated with the global realignment program in Germany, the U.K., France and, to a lesser extent, North America, including actions taken to (i) reduce the cost base of the segment in response to oil price declines that began in the latter half of 2014 and continued into 2016, which has resulted in a reduction in capital spending by our customers in the oil and gas industries, (ii) realign certain sites around core service markets and, to a lesser extent, (iii) a reorganization of the segment's management structure. Once completed, these restructuring activities are expected to result in the termination of approximately 350 employees. Charges for 2016 also included asset impairment charges of \$1.5 related to certain tangible long-lived assets.

Industrial—Charges for 2016 related primarily to severance and other costs associated with the global realignment program, including (i) the consolidation and relocation of a manufacturing facility in Denmark to an existing facility in Poland and of certain other facilities in North America and Asia Pacific, (ii) various other global restructuring initiatives and, to a lesser extent, (iii) a reorganization of the segment's management structure. Once completed, these restructuring activities are expected to result in the termination of approximately 130 employees. Charges for 2016 also included asset impairment charges of \$0.1 related to certain tangible long-lived assets.

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Other—Charges for 2016 related primarily to corporate asset impairment charges of \$17.4, as well as severance and other related costs across various corporate support functions and associated with the global realignment program. Once completed, these restructuring activities are expected to result in the termination of approximately 140 employees. Asset impairment charges resulted primarily from management’s decision during the first quarter of 2016 to market certain corporate assets for sale. Those assets, which have an estimated fair value of approximately \$22.0, were marketed for sale beginning in the second quarter and, accordingly, are considered held for sale and reported as a component of "Other current assets" in the consolidated balance sheet as of December 31, 2016.

Expected charges still to be incurred under actions approved as of December 31, 2016 are approximately \$0.6.

2015 Charges:

	Employee Termination Costs	Facility Consolidation Costs	Other Cash Costs (Recoveries), Net	Non-Cash Asset Write- downs	Total Special Charges
Food and Beverage	\$ 25.1	\$ 0.3	\$ 0.1	\$ 0.3	\$ 25.8
Power and Energy	7.8	0.3	(0.1)	0.1	8.1
Industrial	3.4	1.9	—	0.7	6.0
Other	2.2	—	—	0.5	2.7
Total	\$ 38.5	\$ 2.5	\$ —	\$ 1.6	\$ 42.6

Food and Beverage—Charges for 2015 related primarily to severance and other costs associated with (i) the ongoing consolidation and relocation of a manufacturing facility in Germany to an existing facility in Poland and, to a much lesser extent, (ii) restructuring initiatives in South America and the U.S. These restructuring activities resulted in the termination of 245 employees. Charges for 2015 also included asset impairment charges of \$0.3 related to certain tangible long-lived assets.

Power and Energy—Charges for 2015 related primarily to severance and other costs associated with actions taken to (i) reduce the cost base of the segment in response to oil price declines that began in the latter half of 2014 and continued throughout 2015, which resulted in a reduction in capital spending by our customers in the oil and gas industries, and (ii) realign certain sites around core service markets. These restructuring activities resulted in the termination of 155 employees. Charges for 2015 also included asset impairment charges of \$0.1 related to certain tangible long-lived assets.

Industrial—Charges for 2015 related primarily to severance and other costs associated with (i) the ongoing consolidation and relocation of a manufacturing facility in Denmark to an existing facility in Poland and (ii) a reorganization of the commercial and operational structure of certain of the segment's businesses in Europe and the U.S. These restructuring activities resulted in the termination of 176 employees. Charges for 2015 also included asset impairment charges of \$0.7 related to certain tangible long-lived assets.

Other—Charges for 2015 related primarily to (i) a restructuring of the Company's corporate development function subsequent to the Spin-Off and (ii) an allocation of special charges associated with the former Parent's corporate functions and activities prior to the Spin-Off. Charges for 2015 also included asset impairment charges of \$0.5 related to certain information technology assets. See Note 1 for a discussion of the methodology used to allocate corporate-related costs prior to the Spin-Off.

2014 Charges:

	Employee Termination Costs	Facility Consolidation Costs	Other Cash Costs (Recoveries), Net	Non-Cash Asset Write- downs	Total Special Charges
Food and Beverage	\$ 3.4	\$ 0.5	\$ —	\$ 0.7	\$ 4.6
Power and Energy	5.7	—	0.8	0.8	7.3
Industrial	1.6	0.1	(0.3)	—	1.4
Other	0.9	—	—	—	0.9
Total	\$ 11.6	\$ 0.6	\$ 0.5	\$ 1.5	\$ 14.2

Food and Beverage—Charges for 2014 related primarily to severance and other costs associated with the reorganization of the segment's commercial organization in Europe, which resulted in the termination of 25 employees. Charges for 2014 also included asset impairment charges of \$0.7 related to certain tangible long-lived assets.

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Power and Energy—Charges for 2014 related primarily to severance and other costs associated with restructuring initiatives at various locations in Europe and the U.S. These actions were taken primarily to reduce the cost base of Clyde Union, as we continued to integrate this business into the segment, and resulted in the termination of 49 employees. Charges for 2014 also included asset impairment charges of \$0.8 related to certain Clyde Union tangible long-lived assets in the U.S.

Industrial—Charges for 2014 related primarily to severance and other costs associated with the reorganization of the Johnson Pump management structure in Europe, as well as facility consolidation in the U.S., and resulted in the termination of 26 employees.

Other—Charges for 2014 related primarily to an allocation of special charges associated with the former Parent's corporate functions and activities. See Note 1 for a discussion of the methodology used to allocate corporate-related costs prior to the Spin-Off.

The following is an analysis of our restructuring liabilities for the years ended December 31, 2016, 2015 and 2014:

	December 31,		
	2016	2015	2014
Balance at beginning of year	\$ 32.9	\$ 9.2	\$ 10.1
Special charges ⁽¹⁾	60.1	41.0	12.7
Utilization — cash	(58.9)	(14.3)	(13.6)
Currency translation adjustment and other	(0.5)	(3.0)	—
Balance at end of year	<u>\$ 33.6</u>	<u>\$ 32.9</u>	<u>\$ 9.2</u>

(1) The years ended December 31, 2016, 2015 and 2014 excluded \$19.7, \$1.6 and \$1.5, respectively, of asset impairment and non-cash charges allocated from the former Parent that impacted special charges but not the restructuring liabilities.

(6) INVENTORIES, NET

Inventories at December 31, 2016 and 2015 comprised the following:

	December 31,	
	2016	2015
Finished goods	\$ 86.2	\$ 87.5
Work in process	74.6	88.8
Raw materials and purchased parts	117.8	135.2
Total FIFO cost	278.6	311.5
Excess of FIFO cost over LIFO inventory value	(6.2)	(6.3)
Total inventories	<u>\$ 272.4</u>	<u>\$ 305.2</u>

Inventories include material, labor and factory overhead costs and are reduced, when necessary, to estimated net realizable values. Certain domestic inventories are valued using the last-in, first-out (“LIFO”) method. These inventories were approximately 6% and 5% of total inventory at December 31, 2016 and 2015, respectively. Other inventories are valued using the first-in, first-out (“FIFO”) method.

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(7) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill, by reportable segment for the year ended December 31, 2016, were as follows:

	December 31, 2015	Impairments	Foreign Currency Translation and Other ⁽¹⁾	December 31, 2016
Food and Beverage	\$ 269.9	\$ —	\$ (19.6)	\$ 250.3
Power and Energy ⁽²⁾	538.9	(252.8)	(30.1)	556.0
Industrial ⁽³⁾	214.6	—	1.6	216.2
Total	\$ 1,023.4	\$ (252.8)	\$ (48.1)	\$ 722.5

(1) In connection with our recasting of historical reportable segment results in January 2016, as discussed further in Note 4, we performed a re-allocation of reportable segment goodwill during the first quarter of 2016. This re-allocation resulted in the following changes in goodwill compared to amounts previously reported at December 31, 2015 by reportable segment: Food and Beverage goodwill reduction of \$5.6, Power and Energy goodwill reduction of \$4.0, and Industrial goodwill increase of \$9.6.

(2) The carrying amount of goodwill included \$241.1 and \$0.0 of accumulated impairments as of December 31, 2016 and 2015, respectively.

(3) The carrying amount of goodwill included \$67.7 of accumulated impairments as of December 31, 2016 and 2015.

The changes in the carrying amount of goodwill, by reportable segment for the year ended December 31, 2015, were as follows:

	December 31, 2014	Impairments	Foreign Currency Translation and Other	December 31, 2015
Food and Beverage	\$ 293.7	\$ —	\$ (23.8)	\$ 269.9
Power and Energy	562.9	—	(24.0)	538.9
Industrial ⁽¹⁾	224.4	—	(9.8)	214.6
Total	\$ 1,081.0	\$ —	\$ (57.6)	\$ 1,023.4

(1) The carrying amount of goodwill included \$67.7 of accumulated impairments as of December 31, 2015 and 2014.

Goodwill Impairment Tests - 2015

As of the first day of our fiscal fourth quarter of 2015, we performed our annual goodwill impairment test, which indicated the estimated fair value of our Power and Energy reporting unit exceeded its carrying value by approximately 10%. The estimated fair value of each of our other reporting units significantly exceeded its respective book value.

Over the course of the fourth quarter of 2015, global oil prices continued to decline, resulting in delayed customer order patterns. Based on these slower order rates at the end of the fourth quarter, we lowered the 2016 forecasted revenue and profitability of our Power and Energy segment. The combination of adverse market conditions, lower order trends, and resultant impact to our 2016 forecast subsequent to our annual goodwill impairment test led management to conclude an interim impairment test of our Power and Energy reporting unit was necessary as of December 31, 2015.

The results of our interim goodwill impairment test, conducted as of December 31, 2015, indicated the estimated fair value of the Power and Energy reporting unit exceeded its carrying value by approximately 3%, while the carrying value of the Power and Energy segment goodwill was \$538.9 as of December 31, 2015. Our assumptions in the December 31, 2015 interim impairment test included, among others, that (i) first half 2016 order trends would remain comparable to those obtained in the fourth quarter of 2015, (ii) targeted cost savings could be executed as planned and cost savings would, in part, be realized by the end of 2016, and (iii) current and forward EBITDA multiples would remain consistent with oil and gas industry transactions observed in the preceding twelve months.

Goodwill Impairment Tests - 2016

During the second quarter of 2016, our Power and Energy reporting unit experienced sustained quarterly order rates below order intake levels in the fourth quarter of 2015 and operating results which were below our internal estimates. As a result

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of the lower order patterns and lower year-to-date earnings of the reporting unit, we revised our 2016 projections below the bottom end of the range utilized in our fourth quarter 2015 interim impairment test, leading us to conclude that an interim impairment test as of the end of our second quarter of 2016 (July 2, 2016) was necessary.

Using revised cash flow projections as of July 2, 2016, market participant discount rates, and EBITDA multiples observed of peer companies and in recent transactions in the oil and gas industry, we determined the "step one" fair value of our Power and Energy reporting unit was below the carrying value of its net assets. In "step two" of the goodwill impairment test, we estimated the implied fair value of Power and Energy's goodwill as of July 2, 2016, which resulted in an impairment charge related to such goodwill of \$252.8. The non-recurring fair value measurement is a "Level 3" measurement under the fair value hierarchy as further defined in Note 14.

Consistent with our accounting policy stated in Note 1, we performed our annual goodwill impairment testing as of the first day of our fiscal fourth quarter of 2016, which indicated the estimated fair value of our Power and Energy reporting unit exceeded its carrying value by approximately 4%. The carrying value of our Power and Energy segment goodwill was \$256.0 at December 31, 2016. The estimated fair value of each of our other reporting units significantly exceeded its respective book value.

Key assumptions included in our annual impairment testing of Power and Energy's goodwill during the fourth quarter of 2016 were the following:

- 2017 revenues will decline between 10% to 15% as a result of (i) lower backlog as of December 31, 2016, and (ii) our assumption that 2017 order rates will remain consistent with those experienced in the second half of 2016.
- Targeted cost savings are executable in 2017, resulting in incremental cash savings in 2018 and beyond.
- A discount rate of 10.5% was applied to determine our income method fair values.
- Current and forward EBITDA multiples have expanded in recent, observable oil and gas industry transactions and equity valuations at the test date also suggest higher valuation multiples than historical norms for the industry.
- Changes in working capital continue to correlate with order and revenue trends.

A change in any of the assumptions used in testing Power and Energy's goodwill for impairment (e.g., projected order, revenue and profit growth rates, discount rate, industry valuation multiples, expected control premium, etc.) could result in Power and Energy's estimated fair value being less than the carrying value of its net assets. For example, a one-hundred basis point increase in the discount rate used in determining Power and Energy's discounted cash flows would result in Power and Energy's fair value being approximately \$27 lower than the carrying value of its net assets.

Adverse changes to or a failure to achieve these business plans, further deterioration of macroeconomic conditions including significant downward price pressure on global oil prices, lower customer capital spending estimates, and/or significant declines in industry multiples could result in a future impairment, which could be material.

Other Intangibles, Net

Identifiable intangible assets were as follows:

	December 31, 2016			December 31, 2015		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets with determinable lives:						
Customer relationships	\$ 209.6	\$ (101.6)	\$ 108.0	\$ 344.0	\$ (94.1)	\$ 249.9
Technology	84.6	(40.8)	43.8	122.1	(38.0)	84.1
Patents	6.5	(5.1)	1.4	6.7	(4.6)	2.1
Other	12.3	(9.6)	2.7	13.0	(10.3)	2.7
	313.0	(157.1)	155.9	485.8	(147.0)	338.8
Trademarks with indefinite lives	188.4	—	188.4	240.6	—	240.6
Total	\$ 501.4	\$ (157.1)	\$ 344.3	\$ 726.4	\$ (147.0)	\$ 579.4

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Amortization expense was \$20.0, \$23.4 and \$26.1 for the years ended December 31, 2016, 2015 and 2014, respectively. Estimated amortization expense related to these intangible assets is \$15.8 annually in 2017 through 2020, and \$15.4 in 2021.

At December 31, 2016, the net carrying value of intangible assets with determinable lives consisted of the following by reportable segment: \$74.5 in Power and Energy, \$55.2 in Food and Beverage, and \$26.2 in Industrial. Trademarks with indefinite lives consisted of the following by reportable segment: \$96.2 in Food and Beverage, \$59.3 in Industrial, and \$32.9 in Power and Energy.

Intangible Impairment Charges - 2016

During the second quarter of 2016, as described in the “Goodwill” section above, we observed sustained quarterly order rates for Power and Energy below order intake levels in the fourth quarter of 2015 and operating results below our previous expectations, and thus determined an interim test of recoverability was required for the definite and indefinite-lived intangibles of that reporting segment. Based on market conditions as of the end of our second quarter of 2016 (July 2, 2016) and backlog positions falling below prior periods, we reduced our estimates of the expected future revenues from recorded intangible assets in the Power and Energy reporting unit.

In accordance with relevant guidance, we estimated the undiscounted cash flows of our customer relationships by projecting revenues and margin driven by customer relationships, reduced by an estimated retention rate. We estimated the undiscounted cash flows of our technology assets by applying estimated royalty rates to revenues projected to result from each of such underlying assets. The undiscounted cash flows of customer relationships and technology assets were less than their respective carrying values. In “step two” of the impairment test, we discounted expected cash flows from the customer relationships and technology assets at a rate of return that reflects current market conditions. As a result, we recorded impairment charges of \$115.9 related to customer relationships and \$30.9 related to technology assets during the second quarter of 2016.

Also during the second quarter of 2016, and as a result of the “step one” impairment test of our Power and Energy indefinite-lived trademarks, we recorded an impairment charge of \$26.8, representing the difference between fair value and carrying value. The fair value of the reporting unit’s trademarks was estimated using assumed royalty rates applied to expected future cash flows of the respective product lines of the reporting unit, discounted at a rate of return reflecting current market conditions (Level 3 inputs).

Management performed its annual indefinite-lived intangible asset impairment test, performed as of the first day of our fiscal fourth quarter of 2016, and recorded an impairment charge of \$10.3 related to the trademarks of a business within our Power and Energy reportable segment. In addition, we recorded an impairment charge of \$5.5 related to a certain technology asset of a business within our Food and Beverage reportable segment as of December 31, 2016. The fair value of the trademarks was estimated using assumed royalty rates applied to expected future cash flows of the respective product lines of the reporting unit, discounted at a rate of return reflecting current market conditions (Level 3 inputs). The fair value of the technology assets was estimated using expected future cash flows of the technology assets, discounted at a rate of return reflecting current market conditions (Level 3 inputs).

Other changes in the gross carrying values of trademarks and other identifiable intangible assets during 2016 related primarily to foreign currency translation.

Intangible Impairment Charges - 2015 and 2014

During 2015, we recorded an impairment charge of \$15.0 related to trademarks of a business within our Power and Energy reportable segment primarily resulting from the impact of lower oil prices on the purchasing patterns of our customers in the oil and gas markets. During the third quarter of 2015, sequential orders in our Power and Energy segment declined nearly 20%, which reduced our estimates of future revenues. In the fourth quarter of 2015, we recorded an impairment charge of \$7.7 related to certain technology assets and trademarks associated with a business in our Food and Beverage reportable segment. We estimated the fair value of our trademarks by applying estimated royalty rates to projected revenues, with the resulting cash flows discounted at a rate of return that reflects current market conditions. We determined the impairment for technology assets by comparing the future discounted cash flows associated with the technology assets to their carrying values. Other changes in the gross carrying values of trademarks and other identifiable intangible assets during 2015 related to foreign currency translation.

During 2014, we recorded impairment charges of \$7.3 and \$4.4 related to the trademarks of certain businesses within our Power and Energy and Industrial reportable segments, respectively.

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(8) EMPLOYEE BENEFIT PLANS

Defined Benefit Plans

Overview—SPX FLOW sponsors a number of defined benefit pension plans and a postretirement plan. In addition, the former Parent sponsors defined benefit pension and postretirement plans. For all of these plans, changes in the fair value of plan assets and actuarial gains and losses are recognized to earnings in the fourth quarter of each year, unless earlier remeasurement is required. The remaining components of pension and postretirement expense, primarily service and interest costs and expected return on plan assets, are recorded on a quarterly basis.

Pension and postretirement expense includes net periodic benefit expense associated with defined benefit pension and postretirement plans we sponsor, as well as an allocation of a portion of the net periodic benefit expense associated with the plans sponsored by the former Parent in the periods prior to the Spin-Off.

Plans Sponsored by SPX FLOW—We sponsor defined benefit pension plans that cover certain employees in foreign countries, principally in Europe, and we assumed certain domestic nonqualified pension and postretirement obligations from the former Parent and formed a new domestic nonqualified pension plan in connection with the Spin-Off. The formation of the new domestic nonqualified pension plan resulted in the remeasurement of such obligations as of September 26, 2015 which resulted in recognition of an actuarial loss of \$7.4 during 2015, recorded as a component of “Selling, general and administrative” expense in the accompanying consolidated and combined statements of operations.

Plans Sponsored by the former Parent—Certain of the Company’s U.S. and U.K. salaried and hourly paid employees participate in defined benefit pension plans and certain U.S. salaried and hourly paid employees participate in other postretirement benefit plans, such as health and life insurance plans, that are sponsored by the former Parent. Subsequent to the Spin-Off, the former Parent remained the sponsor of these plans. As such, liabilities associated with these plans have not been reflected in our consolidated balance sheets. Our consolidated and combined statements of operations include expense allocations related to these plans for participants who are, or were, employees of the Company, as well as an allocation of expenses for the former Parent's corporate personnel. The amount of net periodic benefit cost allocated to the Company related to the plans sponsored by the former Parent was \$1.2 and \$22.8 for the years ended December 31, 2015 and 2014, respectively, and is reflected within "Selling, general and administrative" expense and, to a lesser extent, "Cost of products sold," in the consolidated and combined statements of operations. See Note 1 for a discussion of the methodology used to allocate corporate-related costs prior to the Spin-Off.

Clyde Union—Upon the acquisition of Clyde Union in December 2011, we assumed participation in a multiemployer benefit plan under the terms of a collective-bargaining agreement that covers Clyde Union’s domestic union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by us may be used to provide benefits to employees of other participating employers;
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and
- If we choose to stop participating in the multiemployer plan, we may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

We participate in the following multiemployer benefit plan:

Pension Fund	EIN Pension Plan Number	Pension Protection Act Zone Status - 2016	Financial Improvement Plan/Rehabilitation Plan Status Pending	2016 Contributions	2015 Contributions	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
IAM	51-6031295-002	Green	No	\$—	\$—	No	August 10, 2017

The contributions made by Clyde Union during 2016 and 2015, which were less than \$0.1 in each year, were not more than 5% of the total contributions made to the IAM National Pension Fund, National Pension Plan (“IAM”). In 2011, the IAM

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began applying an election for funding relief which allows the IAM to amortize the investment losses incurred for the plan year ended December 31, 2008 over a period of up to 29 years (as opposed to 15 years that would otherwise have been required). Furthermore, in accordance with the election, the current asset valuation method has been updated to recognize the investment losses incurred during the 2008 plan year over a ten-year period as opposed to the previous period of five years.

The plan year-end date for all our plans is December 31. Below is further discussion regarding our plans, including information on plan assets, employer contributions and benefit payments, obligations and funded status, and periodic pension and postretirement benefit expense.

Plan assets—Our investment strategy is based on the protection and long-term growth of principal while mitigating overall investment risk. Our foreign defined benefit pension plans' assets, with fair values of \$3.9 and \$4.2 at December 31, 2016 and 2015, respectively, are invested in insurance contracts and classified as Level 3 assets in the fair value hierarchy. During 2016 and 2015, there were no transfers between levels of the fair value hierarchy for any of our plans, and no shares of SPX FLOW or former Parent common stock were held by our defined benefit pension plans as of December 31, 2016 and 2015. Our domestic nonqualified pension and postretirement benefit plans are unfunded and have no plan assets.

Employer Contributions—Many of our foreign plan obligations are unfunded in accordance with local laws. These plans have no assets and instead are funded by us on a pay as you go basis in the form of direct benefit payments. In 2016, we made contributions of \$0.3 to our foreign plans that are funded. In addition, we made direct benefit payments of \$2.0 related to our foreign plans that are unfunded. Our domestic nonqualified pension and postretirement plans are funded by us on a pay as you go basis. We made direct benefit payments of \$65.9 related to these plans in 2016.

In 2017, we expect to make minimum required funding contributions of \$0.3 and direct benefit payments of \$2.4 related to our foreign pension plans and direct benefit payments of \$0.1 related to our domestic nonqualified pension and postretirement benefit plans.

Estimated Future Benefit Payments—Following is a summary, as of December 31, 2016, of the estimated future benefit payments for our foreign and domestic pension plans and our domestic postretirement plan in each of the next five fiscal years and in the aggregate for five fiscal years thereafter. Benefit payments are paid from plan assets or directly by us for our unfunded plans.

	<u>Foreign Pension Benefits</u>	<u>Domestic Pension Benefits</u>	<u>Domestic Postretirement Benefits</u>
2017	\$ 2.4	\$ —	\$ 0.1
2018	2.4	—	0.1
2019	2.2	—	0.1
2020	2.3	6.5	0.1
2021	2.3	—	0.1
Subsequent five years	12.5	—	0.6

The expected future benefit payments for our plans are estimated based on the same assumptions used at December 31, 2016 to measure our obligations and include benefits attributable to estimated future employee service, to the extent applicable.

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Obligations and Funded Status—The funded status of our pension plans is dependent upon many factors, including returns on invested assets and the level of market interest rates. The following tables show the foreign and domestic pension plans' funded status and amounts recognized in our consolidated balance sheets:

	Foreign Pension Plans		Domestic Pension Plan	
	2016	2015	2016	2015
Change in projected benefit obligation:				
Projected benefit obligation - beginning of year	\$ 51.6	\$ 59.4	\$ 73.9	\$ —
Assumption of obligation from former Parent and formation of new plan	—	—	—	64.8
Service cost	1.1	1.2	0.7	0.8
Interest cost	1.1	1.3	0.8	0.5
Actuarial losses (gains)	1.7	(1.8)	(1.2)	8.3
Benefits paid	(2.1)	(2.4)	(65.9)	—
Curtailed gains	(1.0)	—	—	(0.5)
Foreign exchange and other	(2.3)	(6.1)	—	—
Projected benefit obligation - end of year	\$ 50.1	\$ 51.6	\$ 8.3	\$ 73.9

	Foreign Pension Plans		Domestic Pension Plan	
	2016	2015	2016	2015
Change in plan assets:				
Fair value of plan assets - beginning of year	\$ 4.2	\$ 4.1	\$ —	\$ —
Actual return on plan assets	(0.4)	0.3	—	—
Contributions (employer and employee)	0.3	0.2	—	—
Benefits paid	(0.1)	(0.1)	—	—
Foreign exchange and other	(0.1)	(0.3)	—	—
Fair value of plan assets - end of year	\$ 3.9	\$ 4.2	\$ —	\$ —
Funded status at year-end	(46.2)	(47.4)	(8.3)	(73.9)
Amounts recognized in the consolidated balance sheets consist of:				
Accrued expenses	(2.0)	(2.0)	—	(64.9)
Other long-term liabilities	(44.2)	(45.4)	(8.3)	(9.0)
Net amount recognized	\$ (46.2)	\$ (47.4)	\$ (8.3)	\$ (73.9)
Amount recognized in accumulated other comprehensive loss (pre-tax) consists of net prior service credits	\$ —	\$ —	\$ —	\$ —

The funded status and accumulated benefit obligation of our domestic postretirement benefit plan was \$(3.9) and \$(3.2) at December 31, 2016 and 2015, respectively, with \$0.1 recognized in "Accrued expenses" and \$3.8 and \$3.1, respectively, recognized in "Other long-term liabilities" in the accompanying consolidated balance sheets at those dates.

The accumulated benefit obligation for each foreign pension plan exceeded the fair value of its plan assets at December 31, 2016 and 2015. The accumulated benefit obligation for all foreign pension plans was \$47.6 and \$48.3 at December 31, 2016 and 2015, respectively. The accumulated benefit obligation for the domestic nonqualified pension plan was \$7.3 and \$72.5 at December 31, 2016 and 2015, respectively.

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Components of Net Periodic Pension and Postretirement Benefit Expense—Net periodic pension benefit expense for our foreign and domestic pension plans included the following components:

	Year ended December 31,				
	Foreign Pension Plans			Domestic Pension Plan ⁽¹⁾	
	2016	2015	2014	2016	2015
Service cost	\$ 1.1	\$ 1.2	\$ 1.2	\$ 0.7	\$ 0.8
Interest cost	1.1	1.3	1.7	0.8	0.5
Expected return on plan assets	(0.1)	(0.1)	(0.2)	—	—
Amortization of unrecognized prior service costs (credits)	—	(0.1)	0.1	—	—
Curtailement gains ⁽²⁾	(1.0)	—	—	—	(0.5)
Recognized net actuarial losses (gains) ⁽³⁾	2.2	(2.0)	6.7	(1.2)	8.3
Total net periodic pension benefit expense	<u>\$ 3.3</u>	<u>\$ 0.3</u>	<u>\$ 9.5</u>	<u>\$ 0.3</u>	<u>\$ 9.1</u>

(1) We assumed this domestic nonqualified pension plan's obligations from the former Parent and formed a new plan in connection with the Spin-Off. We were allocated a portion of the costs related to this plan prior to the Spin-Off, based on an allocation methodology discussed further in Note 1. Accordingly, pension benefit expense of this plan for 2015 reflects a remeasurement of the plan's obligations as of the Spin-Off and activity of the plan from the date of the Spin-Off through December 31, 2015.

(2) Curtailement gains in 2016 resulted from restructuring actions that impacted a facility in France and the curtailment gain in 2015 related to the termination of a former participant in our domestic nonqualified pension plan during the fourth quarter of 2015.

(3) Consists of reported actuarial losses (gains) and the difference between actual and expected returns on plan assets.

Net periodic postretirement benefit expense (income) for our domestic postretirement plans was \$0.8, \$0.2 and \$(0.1) for the years ended December 31, 2016, 2015 and 2014, respectively. The postretirement benefit expense of \$0.8 in 2016 was comprised of service cost of \$0.1, interest cost of \$0.2, and recognized net actuarial losses of \$0.5.

Assumptions—Actuarial assumptions used in accounting for our foreign pension plans and, for the domestic nonqualified pension plan we assumed from the former Parent for the period since the Spin-Off, were as follows:

	Year ended December 31,				
	Foreign Pension Plans			Domestic Pension Plan	
	2016	2015	2014	2016	2015
Weighted-average actuarial assumptions used in determining net periodic pension expense:					
Discount rate	2.09%	2.20%	3.16%	3.04%	2.86%
Rate of increase in compensation levels	2.85%	2.88%	2.87%	2.50%	3.75%
Expected long-term rate of return on assets	1.97%	2.29%	2.88%	N/A	N/A
Weighted-average actuarial assumptions used in determining year-end benefit obligations:					
Discount rate	1.54%	2.09%	2.20%	3.82%	3.01%
Rate of increase in compensation levels	2.68%	2.85%	2.88%	2.50%	2.50%

We review pension assumptions annually. Pension expense or income for the year is determined using assumptions as of the beginning of the year (except for the effects of recognizing changes in the fair value of plan assets and actuarial gains and losses in the fourth quarter of each year), while the funded status is determined using assumptions as of the end of the year. We determined assumptions and established them at the respective balance sheet date using the following principles: (i) the expected long-term rate of return on plan assets is established based on forward looking long-term expectations of asset returns over the expected period to fund participant benefits based on the target investment mix of our plans; (ii) the discount rate is determined by matching the expected projected benefit obligation cash flows for each of the plans to a yield curve that is representative of long-term, high-quality (rated AA or higher) fixed income debt instruments as of the measurement date; and (iii) the rate of increase in compensation levels is established based on our expectations of current and foreseeable future increases in compensation. In addition, we consider advice from independent actuaries.

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Actuarial assumptions used in accounting for our domestic postretirement plans were as follows:

	Year ended December 31,		
	2016	2015	2014
Assumed health care cost trend rates:			
Health care cost trend rate for next year	7.50%	6.60%	6.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2027	2024	2019
Discount rate used in determining net periodic postretirement benefit expense	4.66%	3.53%	3.78%
Discount rate used in determining year-end postretirement benefit obligation	4.32%	4.66%	3.87%

The accumulated postretirement benefit obligation was determined using the terms and conditions of our plans, together with relevant actuarial assumptions and health care cost trend rates. It is our policy to review the postretirement assumptions annually. The assumptions are determined by us and are established based on our prior experience and our expectations that future rates will decline. In addition, we consider advice from independent actuaries.

Defined Contribution Retirement Plan

In connection with the Spin-Off, we established a defined contribution retirement plan (the “DC Plan”) pursuant to Section 401(k) of the U.S. Internal Revenue Code to which eligible U.S. employees of the Company may voluntarily contribute. Under the DC Plan, such employees may contribute up to 50% of their compensation into the DC Plan and the Company matches a portion of participating employees’ contributions. The Company’s matching contributions are primarily made in newly issued shares of SPX FLOW common stock and are issued at the prevailing market price. The matching contributions vest with the employee immediately upon the date of the match and there are no restrictions on the resale of SPX FLOW common stock held by employees. Amounts contributed under the DC Plan for the year ended December 31, 2016 and the period subsequent to the Spin-Off in 2015 were \$6.5 and \$1.7, respectively.

Prior to the Spin-Off, eligible employees could participate in the former Parent’s defined contribution retirement plan pursuant to the above guidelines. The amount of cost directly charged to the Company related to matching contributions under the DC Plan was \$4.7 and \$5.9 for the years ended December 31, 2015 and 2014, respectively. In addition, the Company was allocated \$1.1 and \$1.2 of cost for matching contributions for former Parent corporate personnel for the years ended December 31, 2015 and 2014, respectively.

(9) INCOME TAXES

For purposes of our consolidated and combined financial statements, income taxes have been calculated as if we filed income tax returns on a stand-alone basis for periods prior to the Spin-Off. The Company’s U.S. operations and certain of its non-U.S. operations historically were included in the tax returns of the former Parent or its subsidiaries that were not part of the Spin-Off. Therefore, the Company’s tax results for periods prior to the Spin-Off, as presented in the consolidated and combined financial statements, may not be reflective of the results that the Company will generate in the future. In jurisdictions where the Company was included in the tax returns filed by the former Parent or its subsidiaries that were not part of the Spin-Off, any income taxes payable resulting from the related income tax provision were reflected in combined balance sheets prior to and through the date of the Spin-Off within “Former parent company investment.”

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

	Year ended December 31,		
	2016	2015	2014
Income (loss) before income taxes:			
United States	\$ (65.5)	\$ 110.0	\$ 95.1
Foreign	(416.5)	27.2	138.3
	<u>\$ (482.0)</u>	<u>\$ 137.2</u>	<u>\$ 233.4</u>
Provision for (benefit from) income taxes:			
Current:			
United States	\$ (3.9)	\$ 55.5	\$ 65.0
Foreign	4.9	19.7	10.1
Total current	<u>1.0</u>	<u>75.2</u>	<u>75.1</u>
Deferred and other:			
United States	(47.4)	(13.1)	(13.1)
Foreign	(54.6)	(12.3)	35.5
Total deferred and other	<u>(102.0)</u>	<u>(25.4)</u>	<u>22.4</u>
Total provision (benefit)	<u>\$ (101.0)</u>	<u>\$ 49.8</u>	<u>\$ 97.5</u>

The reconciliation of income tax computed at the U.S. federal statutory tax rate to our effective income tax rate was as follows:

	Year ended December 31,		
	2016	2015	2014
Tax at U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
State and local taxes, net of U.S. federal benefit	0.8	1.7	1.4
U.S. credits and exemptions	0.2	(1.6)	(1.5)
Foreign earnings taxed at lower rates	(3.8)	(5.5)	(6.5)
Adjustments to uncertain tax positions	0.2	(1.7)	(2.3)
Changes in valuation allowance	(1.4)	3.8	9.6
Tax on repatriation of foreign earnings	0.2	7.3	6.8
Non-deductible goodwill impairment	(15.7)	—	—
Poland economic development incentive	4.9	—	—
Other	0.6	(2.7)	(0.7)
	<u>21.0 %</u>	<u>36.3 %</u>	<u>41.8 %</u>

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Significant components of our deferred tax assets and liabilities were as follows:

	As of December 31,	
	2016	2015
Deferred tax assets:		
Net operating loss and credit carryforwards	\$ 230.8	\$ 199.2
Pension, other postretirement and postemployment benefits	12.4	36.8
Payroll and compensation	19.1	36.2
Working capital accruals	20.6	23.3
Other	43.0	42.2
Total deferred tax assets	325.9	337.7
Valuation allowance	(74.9)	(70.3)
Net deferred tax assets	251.0	267.4
Deferred tax liabilities:		
Accelerated depreciation	17.7	20.0
Intangible assets recorded in acquisitions	87.7	173.6
Basis difference in affiliates	138.3	176.0
Other	5.2	2.7
Total deferred tax liabilities	248.9	372.3
	\$ 2.1	\$ (104.9)

General Matters

Deferred income taxes 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. We periodically assess deferred tax assets to determine if they will likely be realized and the adequacy of deferred tax liabilities, incorporating the results of local, state, federal and foreign tax audits in our estimates and judgments.

At December 31, 2016, we had the following tax loss carryforwards available: tax loss carryforwards of various foreign jurisdictions of approximately \$733.1, U.S. federal tax loss carryforwards of approximately \$135.2 and state tax loss carryforwards of approximately \$171.1. Of these amounts, an insignificant amount expire in 2017 and \$336.5 expires at various times between 2018 and 2036. The remaining carryforwards have no expiration date.

Realization of deferred tax assets, including those associated with net operating loss and credit carryforwards, is dependent upon generating sufficient taxable income in the appropriate tax jurisdiction. We believe that it is more likely than not that we may not realize the benefit of certain of these deferred tax assets and, accordingly, have established a valuation allowance against certain of these deferred tax assets. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not that the deferred tax assets will be realized through future taxable earnings or tax planning strategies. However, deferred tax assets could be reduced in the near term if our estimates of taxable income are significantly reduced or tax planning strategies are no longer viable. The valuation allowance increased by \$4.6 in 2016 and decreased by \$40.6 in 2015. Of the net changes in 2016 and 2015, \$6.8 and \$5.2 were recognized as an increase in tax expense. The increase in the valuation allowance during 2016 was primarily due to current year losses carried forward, offset by the impact of a stronger U.S. dollar on foreign currency-denominated balances. The decrease in the valuation allowance during 2015 was primarily due to the sale of certain legal entities and the impact of a stronger U.S. dollar on foreign currency-denominated balances, which exceeded the increase in tax expense.

The amount of income tax that we pay annually is dependent on various factors, including the timing of certain deductions. These deductions can vary from year to year and, consequently, the amount of income taxes paid in future years will vary from the amounts paid in prior years.

Undistributed Foreign Earnings

In general, it is our practice and intention to reinvest the earnings of most of our non-U.S. subsidiaries in those operations. During the fourth quarter of 2015, we repatriated sufficient foreign source income for U.S. tax purposes to allow us to utilize our 2015 foreign tax credit capacity and provided U.S. taxes of \$4.2 related to the dividend. In addition, there are discrete amounts

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of foreign earnings of \$166.5 on which we have accrued taxes of \$52.2, net of foreign tax credits, that we plan to repatriate in the future.

As of December 31, 2016, we had not recorded a provision for U.S. or foreign withholding taxes on approximately \$772.0 of the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that are essentially permanent in duration. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of a deferred tax liability related to the undistributed earnings of these foreign subsidiaries, in the event that these earnings are no longer considered to be indefinitely reinvested, due to the hypothetical nature of the calculation.

Unrecognized Tax Benefits

As of December 31, 2016, we had gross unrecognized tax benefits of \$13.9 (net unrecognized tax benefits of \$5.3), of which \$5.3, if recognized, would impact our effective tax rate. Similarly, at December 31, 2015 and 2014, we had gross unrecognized tax benefits of \$25.4 (net unrecognized tax benefits of \$12.4) and \$27.3 (net unrecognized benefits of \$14.5), respectively.

We classify interest and penalties related to unrecognized tax benefits as a component of our income tax provision. As of December 31, 2016, gross accrued interest totaled \$1.8 (net accrued interest of \$1.7), while the related amounts as of December 31, 2015 and 2014 were \$1.6 (net accrued interest of \$1.5) and \$1.8 (net accrued interest of \$1.6), respectively. Our income tax provision for the years ended December 31, 2016, 2015 and 2014 included gross interest expense (income) of \$0.3, \$(0.1) and \$0.7, respectively. There were no significant penalties recorded during any year presented.

Based on the outcome of certain examinations or as a result of the expiration of statutes of limitations for certain jurisdictions, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits could decrease by \$1.0 to \$3.0. The previously unrecognized tax benefits relate to a variety of tax issues, including transfer pricing and non-U.S. income tax matters.

The aggregate changes in the balance of unrecognized tax benefits for the years ended December 31, 2016, 2015 and 2014 were as follows:

	Year ended December 31,		
	2016	2015	2014
Unrecognized tax benefit - opening balance	\$ 25.4	\$ 27.3	\$ 31.5
Gross increases - tax positions in prior period	0.1	3.6	7.3
Gross decreases - tax positions in prior period	(3.8)	(5.9)	(8.2)
Gross increases - tax positions in current period	2.5	5.3	4.6
Settlements	(8.5)	—	(0.7)
Lapse of statute of limitations	(1.9)	(4.3)	(6.8)
Change due to foreign currency exchange rates	0.1	(0.6)	(0.4)
Unrecognized tax benefit - ending balance	<u>\$ 13.9</u>	<u>\$ 25.4</u>	<u>\$ 27.3</u>

The unrecognized tax benefits described above represent amounts that were included in tax returns filed by the Company. Historically, a portion of the Company's operations were included in tax returns filed by the former Parent or its subsidiaries that were not part of the Spin-Off. As a result, some uncertain tax positions related to the Company's operations resulted in unrecognized tax benefits that are potential obligations of the former Parent or its subsidiaries that were part of the Spin-Off. Because activities that gave rise to these unrecognized tax benefits related to the Company's operations, the impact of these items was recorded to "Income tax provision" within our combined statements of operations prior to the Spin-Off date, with the offset recorded to "Former parent company investment" within our combined balance sheets prior to the Spin-Off date, were reclassified to "Paid-in capital" as of December 31, 2015.

In addition, some of the Company's tax returns have included the operations of the former Parent subsidiaries that were not part of the Spin-Off. In certain of these cases, these subsidiaries' activities gave rise to unrecognized tax benefits for which the Company could be potentially liable. When required under the Income Taxes Topic of the Codification, we have recorded a liability for these uncertain tax positions within our consolidated balance sheets. However, since the potential obligations were the result of activities associated with operations that were not part of the Spin-Off, we have not reflected any related amounts within our "Income tax provision," but have instead recorded the amounts directly to "Former parent company investment"

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within our combined balance sheets prior to the Spin-Off date, which were reclassified to "Paid-in capital" as of December 31, 2015.

Other Tax Matters

During 2016, we recorded an income tax benefit of \$101.0 on \$482.0 of pre-tax loss, resulting in an effective tax rate of 21.0%. The effective tax rate for 2016 was impacted by tax benefits of (i) \$59.3 resulting from the \$426.4 goodwill and intangible assets impairment charge recorded by our Power and Energy reporting unit during the second quarter (an effective tax rate of 13.9%), as (a) the majority of the goodwill for the Power and Energy reporting unit had no basis for income tax purposes and (b) the impairment charge resulted in the addition of a valuation allowance for deferred income tax assets in certain jurisdictions, and (ii) \$23.8 resulting from a tax incentive realized in Poland related to the expansion of our manufacturing facility in that country.

During 2015, our income tax provision was impacted by tax charges of \$11.7 related to dividends from foreign subsidiaries, partially offset by tax benefits of (i) \$5.1 related to net changes in uncertain tax positions, (ii) \$2.8 related to tax rate decreases in Italy and the U.K. and (iii) \$2.0 related to foreign exchange losses recognized for income tax purposes with respect to a foreign branch.

During 2014, our income tax provision was impacted by the following tax charges: (i) \$18.7 related to increases in valuation allowances recorded against certain foreign deferred income tax assets, and (ii) \$18.6 related to the repatriation of certain earnings of our non-U.S. subsidiaries. The impact of these items was partially offset by \$3.8 of tax benefits related to various audit settlements and statute expirations.

We review our income tax positions on a continuous basis and record a provision for potential uncertain positions when we determine that an uncertain position meets the criteria of the Income Taxes Topic of the Codification. As events change and resolutions occur, adjustments are made to amounts previously provided, such as in the case of audit settlements with taxing authorities.

In connection with the Spin-Off, we and the former Parent entered into a Tax Matters Agreement which, among other matters, addresses the allocation of certain tax adjustments that might arise upon examination of the 2013, 2014 and the pre-Spin-Off portion of the 2015 federal income tax returns of the former Parent. None of those returns are currently under examination, and we believe any contingencies have been adequately provided for.

State income tax returns generally are subject to examination for a period of three to five years after filing the respective tax returns. The impact on such tax returns of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax returns in the process of examination or administrative appeal. We believe any uncertain tax positions related to these examinations have been adequately provided for.

We have various non-U.S. income tax returns under examination. The most significant of these is the examination in Germany for the 2010 through 2014 tax years. We believe that any uncertain tax positions related to these examinations have been adequately provided for.

An unfavorable resolution of one or more of the above matters could have a material adverse effect on our results of operations or cash flows in the quarter and year in which an adjustment is recorded or the tax is due or paid. As audits and examinations are still in process or we have not yet reached the final stages of the appeals process, the timing of the ultimate resolution and any payments that may be required for the above matters cannot be determined at this time.

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(10) INDEBTEDNESS

Debt at December 31, 2016 and 2015 was comprised of the following:

	December 31,	
	2016	2015
Domestic revolving loan facility	\$ 68.0	\$ —
Term loan ⁽¹⁾	390.0	400.0
5.625% senior notes, due in August 2024	300.0	—
5.875% senior notes, due in August 2026	300.0	—
6.875% senior notes ⁽²⁾	—	600.0
Trade receivables financing arrangement	21.2	—
Other indebtedness ⁽³⁾	42.4	37.3
Less: deferred financing fees ⁽⁴⁾	(12.8)	(5.2)
Total debt	1,108.8	1,032.1
Less: short-term debt	27.7	28.0
Less: current maturities of long-term debt	20.2	10.3
Total long-term debt	\$ 1,060.9	\$ 993.8

(1) The term loan, which had an initial principal balance of \$400.0, is repayable in quarterly installments of 5.0% annually which began with our third quarter of 2016, with the remaining balance repayable in full on September 24, 2020.

(2) On August 10, 2016, we completed the redemption of all of our 6.875% senior notes due in August 2017 for a total redemption price of \$636.4. As a result of the redemption, we recorded a charge of \$38.9 to "Loss on early extinguishment of debt" during the third quarter of 2016, which related to premiums paid to redeem the senior notes of \$36.4, the write-off of unamortized deferred financing fees of \$1.9, and other costs associated with the extinguishment of the senior notes of \$0.6.

(3) Primarily includes capital lease obligations of \$14.7 and \$9.3 and balances under a purchase card program of \$17.9 and \$23.6 as of December 31, 2016 and 2015, respectively. The purchase card program allows for payment beyond the normal payment terms for goods and services acquired under the program. As this arrangement extends the payment of these purchases beyond their normal payment terms through third-party lending institutions, we have classified these amounts as short-term debt.

(4) Deferred financing fees were comprised of fees related to the term loan and senior notes.

Debt payable during each of the five years subsequent to December 31, 2016 is \$47.9, \$45.5, \$20.7, \$398.7 and \$0.8, respectively.

Senior Credit Facilities

On September 1, 2015, we entered into senior credit facilities with a syndicate of lenders that provide for committed senior secured financing in the aggregate initial principal amount of \$1.35 billion, consisting of the following, each with a final maturity of September 24, 2020:

- A term loan facility in an aggregate initial principal amount of \$400.0;
- A domestic revolving credit facility, available for loans and letters of credit, in an aggregate principal amount up to \$250.0;
- A global revolving credit facility, available for loans (and performance letters of credit and guarantees up to the equivalent of \$100.0) in Euro, British Pound and other currencies, in an aggregate principal amount up to the equivalent of \$200.0;
- A participation multi-currency foreign credit instrument facility, available for performance letters of credit and guarantees, in an aggregate principal amount up to the equivalent of \$250.0; and
- A bilateral multi-currency foreign credit instrument facility, available for performance letters of credit and guarantees, in an aggregate principal amount up to the equivalent of \$250.0.

We also may seek additional commitments, without consent from the existing lenders, to add an incremental term loan facility and/or increase the commitments in respect of the domestic revolving credit facility, the global revolving credit facility, the participation foreign credit instrument facility, and/or the bilateral foreign credit instrument facility by an aggregate principal

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amount not to exceed (x) \$500.0 plus (y) an unlimited amount so long as, immediately after giving effect thereto, our Consolidated Senior Secured Leverage Ratio (as defined in the credit agreement generally as the ratio of consolidated total debt (excluding the face amount of undrawn letters of credit, bank undertakings, or analogous instruments and net of cash and cash equivalents in excess of \$50.0) at the date of determination secured by liens to consolidated adjusted EBITDA, as defined in the credit agreement, for the four fiscal quarters ended most recently before such date) does not exceed 2.75 to 1.00 plus (z) an amount equal to all voluntary prepayments of the term loan facility and voluntary prepayments accompanied by permanent commitment reductions of the revolving credit facilities and foreign credit instrument facilities.

We are the borrower under all of the senior credit facilities, and certain of our foreign subsidiaries are (and we may designate other foreign subsidiaries to be) borrowers under the global revolving credit facility and the foreign credit instrument facilities. All borrowings and other extensions of credit under our senior credit facilities are subject to the satisfaction of customary conditions, including absence of defaults and accuracy in material respects of representations and warranties.

The interest rates applicable to loans under our senior credit facilities are, at our option, equal to either (x) an alternate base rate (the highest of (a) the federal funds effective rate plus 0.5%, (b) the prime rate of Bank of America, N.A., and (c) the one-month LIBOR rate plus 1.0%) or (y) a reserve-adjusted LIBOR rate for dollars (Eurodollar) plus, in each case, an applicable margin percentage, which varies based on our Consolidated Leverage Ratio (as defined in the credit agreement generally as the ratio of consolidated total debt (excluding the face amount of undrawn letters of credit, bank undertakings or analogous instruments and net of cash and cash equivalents in excess of \$50.0) at the date of determination to consolidated adjusted EBITDA, as defined in the credit agreement, for the four fiscal quarters ended most recently before such date). We may elect interest periods of one, two, three or six months (and, if consented to by all relevant lenders, nine or twelve months) for Eurodollar borrowings. The per annum fees charged and the interest rate margins applicable to Eurodollar and alternate base rate loans are discussed under "Amendment of Senior Credit Facilities" further below.

The fees for bilateral foreign credit commitments are as specified under "Amendment of Senior Credit Facilities" for foreign credit commitments unless otherwise agreed with the bilateral foreign issuing lender. We also pay fronting fees on the outstanding amounts of letters of credit and foreign credit instruments (in the participation facility) at rates of 0.125% per annum and 0.250% per annum, respectively.

Our senior credit facilities require mandatory prepayments in amounts equal to the net proceeds from the sale or other disposition of, including from any casualty to, or governmental taking of, property in excess of specified values (other than in the ordinary course of business and subject to other exceptions) by the Company or its subsidiary guarantors. Mandatory prepayments are applied to repay, first, amounts outstanding under any term loans and, then, amounts outstanding under the global revolving credit facility and the domestic revolving credit facility (without reducing the commitments thereunder). No prepayment is required generally to the extent the net proceeds are reinvested (or committed to be reinvested) in permitted acquisitions, permitted investments or assets to be used in our business within 360 days (and if committed to be reinvested, actually reinvested within 180 days after the end of such 360-day period) of the receipt of such proceeds. We may voluntarily prepay loans under our senior credit facilities, in whole or in part, without premium or penalty. Any voluntary prepayment of loans is subject to reimbursement of the lenders' breakage costs in the case of a prepayment of Eurodollar rate borrowings other than on the last day of the relevant interest period.

Indebtedness under our senior credit facilities is guaranteed by:

- Each existing and subsequently acquired or organized domestic material subsidiary with specified exceptions; and
- The Company with respect to the obligations of our foreign borrower subsidiaries under the global revolving credit facility, the participation foreign credit instrument facility and the bilateral foreign credit instrument facility.

Indebtedness under our senior credit facilities is secured by a first priority pledge and security interest in 100% of the capital stock of our domestic subsidiaries (with certain exceptions) held by the Company or its domestic subsidiary guarantors and 65% of the capital stock of our material first-tier foreign subsidiaries (with certain exceptions). Effective with an amendment to our senior credit facilities on July 11, 2016 ("the First Amendment"), the Company and the domestic subsidiary guarantors granted valid and perfected first priority security interests in substantially all personal property assets of the Company and the domestic subsidiary guarantors (subject to certain exceptions) and valid first priority mortgages on all domestic real property owned by the Company and the domestic subsidiary guarantors having a fair market value in excess of \$10.0. If the Company's corporate credit rating is "Baa3" or better by Moody's or "BBB-" or better by S&P and no defaults would exist, then all collateral security will be released and the indebtedness under our senior credit facilities will be unsecured.

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Our senior credit facilities require that we maintain a consolidated interest coverage ratio, a consolidated leverage ratio, and a consolidated secured leverage ratio (all as defined in the credit agreement). See further discussion under "Amendment of Senior Credit Facilities" section below.

Our senior credit facilities also contain covenants that, among other things, restrict our ability to incur additional indebtedness, grant liens, make investments, loans, guarantees, or advances, make restricted junior payments, including dividends, redemptions of capital stock, and voluntary prepayments or repurchase of certain other indebtedness, engage in mergers, acquisitions or sales of assets, enter into sale and leaseback transactions, or engage in certain transactions with affiliates, and otherwise restrict certain corporate activities. Our senior credit facilities contain customary representations, warranties, affirmative covenants and events of default.

We are permitted under the senior credit facilities to repurchase our capital stock and pay cash dividends in an unlimited amount if our Consolidated Leverage Ratio, as defined in the credit agreement, is (after giving pro forma effect to such payments) less than 2.50 to 1.00. If our Consolidated Leverage Ratio is (after giving pro forma effect to such payments) greater than or equal to 2.50 to 1.00, the aggregate amount of such repurchases and dividend declarations cannot exceed (a) \$100.0 in any fiscal year plus (b) an additional amount for all such repurchases and dividend declarations made after September 1, 2015 equal to the Available Amount (as defined in the credit agreement as the sum of (i) \$300.0 plus (ii) a positive amount equal to 50% of cumulative Consolidated Net Income (as defined in the credit agreement, generally as consolidated net income subject to certain adjustments solely for the purposes of determining this basket) during the period from September 1, 2015, to the end of the most recent fiscal quarter preceding the date of such repurchase or dividend declaration for which financial statements have been (or were required to be) delivered (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit) plus or minus (iii) certain other amounts specified in the credit agreement).

Amendment of Senior Credit Facilities

On December 16, 2016, the Company and certain of its subsidiaries entered into an amendment (the "Second Amendment") to the Company's existing senior credit facilities, dated as of September 1, 2015 and amended as of July 11, 2016 (the "Existing Senior Credit Facilities" and, as amended by the Second Amendment, the "Senior Credit Facilities"), by and among the Company, the foreign subsidiary borrowers party thereto, and the lenders party thereto. The Second Amendment amended the Existing Senior Credit Facilities to, among other things:

- provide for a period of covenant relief through December 31, 2018 (the "Covenant Relief Period") with the option for the Company to earlier terminate the Covenant Relief Period if the consolidated leverage ratio is less than or equal to 3.25:1.00 and the interest coverage ratio is greater than or equal to 3.50:1.00;
- during the Covenant Relief Period, lower the additional commitments and principal available to be sought without consent from the existing lenders, to add an incremental term loan facility and/or increase the commitments in respect of the domestic revolving credit facility, the global revolving credit facility, the participation foreign credit instrument facility, and/or the bilateral foreign credit instrument facility, from \$500.0 to \$300.0;
- during the Covenant Relief Period, increase the maximum consolidated leverage ratio that must be maintained by the Company from 4.00:1.00 to 4.75:1.00 through the quarter ending September 30, 2017 and thereafter stepping down to (i) 4.50:1.00 for the quarters ending December 31, 2017 and March 31, 2018, (ii) 4.25:1.00 for the quarters ending June 30, 2018 and September 30, 2018 and (iii) 4.00:1.00 for the quarter ending December 31, 2018;
- during the Covenant Relief Period, decrease the minimum interest coverage ratio that must be maintained by the Company from 3.50:1.00 to 3.00:1.00 through the quarter ending March 31, 2018 and thereafter stepping up to (i) 3.25:1.00 for the quarters ending June 30, 2018 and September 30, 2018 and (ii) 3.50:1.00 for the quarter ending December 31, 2018;
- during the Covenant Relief Period, require that the Company maintain a maximum consolidated secured leverage ratio of 2.50:1.00; and

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- amend the per annum fees charged and the interest rate margins applicable to Eurodollar and alternate base rate loans as follows:

At Any Time Other Than During the Covenant Relief Period

Consolidated Leverage Ratio	Domestic Revolving Commitment Fee	Global Revolving Commitment Fee	Letter of Credit Fee	Foreign Credit Commitment Fee	Foreign Credit Instrument Fee	LIBOR Rate Loans	ABR Loans
Greater than or equal to 3.50 to 1.0	0.400%	0.400%	2.250%	0.400%	1.375%	2.250%	1.250%
Between 3.00 to 1.0 and 3.50 to 1.0	0.350%	0.350%	2.000%	0.350%	1.250%	2.000%	1.000%
Between 2.00 to 1.0 and 3.00 to 1.0	0.300%	0.300%	1.750%	0.300%	1.000%	1.750%	0.750%
Between 1.50 to 1.0 and 2.00 to 1.0	0.275%	0.275%	1.500%	0.275%	0.875%	1.500%	0.500%
Between 1.00 to 1.0 and 1.50 to 1.0	0.250%	0.250%	1.375%	0.250%	0.800%	1.375%	0.375%
Less than 1.00 to 1.0	0.225%	0.225%	1.250%	0.225%	0.750%	1.250%	0.250%

During the Covenant Relief Period

Consolidated Leverage Ratio	Domestic Revolving Commitment Fee	Global Revolving Commitment Fee	Letter of Credit Fee	Foreign Credit Commitment Fee	Foreign Credit Instrument Fee	LIBOR Rate Loans	ABR Loans
Greater than or equal to 3.50 to 1.0	0.500%	0.500%	2.750%	0.500%	1.675%	2.750%	1.750%
Between 3.00 to 1.0 and 3.50 to 1.0	0.450%	0.450%	2.500%	0.450%	1.550%	2.500%	1.500%
Between 2.00 to 1.0 and 3.00 to 1.0	0.400%	0.400%	2.250%	0.400%	1.300%	2.250%	1.250%
Between 1.50 to 1.0 and 2.00 to 1.0	0.375%	0.375%	2.000%	0.375%	1.175%	2.000%	1.000%
Between 1.00 to 1.0 and 1.50 to 1.0	0.350%	0.350%	1.875%	0.350%	1.100%	1.875%	0.875%
Less than 1.00 to 1.0	0.325%	0.325%	1.750%	0.325%	1.050%	1.750%	0.750%

At December 31, 2016, we had \$372.9 of borrowing capacity under our revolving credit facilities after giving effect to borrowings of \$68.0 under the domestic revolving loan facility and \$9.1 reserved for outstanding letters of credit. In addition, at December 31, 2016, we had \$275.6 of available issuance capacity under our foreign credit instrument facilities after giving effect to \$224.4 reserved for outstanding bank guarantees and standby letters of credit.

The weighted-average interest rate of outstanding borrowings under our senior credit facilities was approximately 2.8% at December 31, 2016.

New Senior Notes

On August 10, 2016, the Company completed its issuance of \$600.0 in aggregate principal amount of senior unsecured notes comprised of one tranche of \$300.0 aggregate principal amount of 5.625% senior notes due in August 2024 (the “2024 Notes”) and one tranche of \$300.0 aggregate principal amount of 5.875% senior notes due in August 2026 (the “2026 Notes”) and, together with the 2024 Notes, the “Notes”). The proceeds of the Notes, together with borrowings under our domestic revolving loan facility, were used to complete the tender offer and repurchase/redemption of the \$600.0 outstanding principal amount of our 6.875% senior notes due in August 2017, including \$36.4 of premiums paid. The Notes were issued pursuant to indentures, each dated August 10, 2016, among the Company, the subsidiary guarantors named therein, and the trustee of the Notes (the “Indentures”). The interest payment dates for the Notes are February 15 and August 15 of each year, with interest payable in arrears. The Notes were offered in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, and to certain non-U.S. persons in transactions outside of the United States in reliance on Regulation S under the Securities Act.

The Notes are redeemable, in whole or in part, at any time prior to maturity at a price equal to 100% of the principal amount thereof plus an applicable premium, plus accrued and unpaid interest. If we experience certain types of change of control transactions, we must offer to repurchase the Notes at 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest.

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The Notes are unsecured and rank equally with all our existing and future unsubordinated unsecured senior indebtedness, and are effectively junior to our senior credit facilities and trade receivables financing arrangement. The Notes are guaranteed by all of our existing and future domestic subsidiaries that guarantee our senior credit facilities, subject to certain exceptions. The likelihood of our domestic subsidiaries having to make payments under the guarantee is considered remote.

Each of the Indentures contains covenants that limit the Company's (and its subsidiaries') ability to, among other things: (i) grant liens on its assets; (ii) enter into sale and leaseback transactions; and (iii) consummate mergers or transfer certain of its assets.

Other

On September 22, 2015, we entered into a trade receivables financing arrangement under which we can borrow, on a continuous basis, up to \$50.0, depending on our trade receivables balance and other factors. 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. This arrangement has a final maturity of September 21, 2018. At December 31, 2016, we had \$3.0 of available borrowing capacity under our trade receivables financing arrangement after giving effect to borrowings of \$21.2.

At December 31, 2016, in addition to the revolving lines of credit described above, we had approximately \$5.8 of letters of credit outstanding under separate arrangements in China and India.

At December 31, 2016, we were in compliance with all covenants of our senior credit facilities and our senior notes.

(11) DERIVATIVE FINANCIAL INSTRUMENTS

We manufacture and sell our products in a number of countries and, as a result, are exposed to movements in foreign currency ("FX") exchange rates. Our objective is to preserve the economic value of non-functional currency-denominated cash flows and to minimize the impact of changes as a result of currency fluctuations. Our principal currency exposures relate to the Euro, Chinese Yuan and British Pound.

From time to time, we enter into forward contracts to manage the exposure on contracts with forecasted transactions denominated in non-functional currencies and to manage the risk of transaction gains and losses associated with assets/liabilities denominated in currencies other than the functional currency of certain subsidiaries ("FX forward contracts"). In addition, some of our contracts contain currency forward embedded derivatives ("FX embedded derivatives"), because the currency of exchange is not "clearly and closely" related to the functional currency of either party to the transaction. Certain of our FX forward contracts are designated as cash flow hedges. To the extent these derivatives are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings, but are included in AOCL. These changes in fair value are reclassified into earnings as a component of revenues or cost of products sold, as applicable, when the forecasted transaction impacts earnings. In addition, if the forecasted transaction is no longer probable, the cumulative change in the derivatives' fair value is recorded as a component of "Other income (expense), net" in the period in which the transaction is no longer considered probable of occurring. To the extent a previously designated hedging transaction is no longer an effective hedge, any ineffectiveness measured in the hedging relationship is recorded in earnings in the period in which it occurs.

We had FX forward contracts with an aggregate notional amount of \$28.0 and \$44.7 outstanding as of December 31, 2016 and 2015, respectively, with all such contracts scheduled to mature within one year. We also had FX embedded derivatives with an aggregate notional amount of \$21.4 and \$31.6 at December 31, 2016 and 2015, respectively, with scheduled maturities of \$12.0, \$9.2 and \$0.2 within one, two and three years, respectively. The unrealized losses, net of tax, recorded in AOCL related to FX forward contracts were \$0.0 and less than \$0.1 as of December 31, 2016 and 2015, respectively. The net gains (losses) recorded in "Other income (expense), net" related to foreign currency gains (losses) totaled \$(2.2), \$1.1 and \$(2.6) for the years ended December 31, 2016, 2015 and 2014, respectively.

We enter into arrangements designed to provide the right of setoff in the event of counterparty default or insolvency, and have elected to offset the fair values of our FX forward contracts in our consolidated balance sheets. The gross fair values of our FX forward contracts and FX embedded derivatives, in aggregate, were \$2.9 and \$2.0 (gross assets) and \$0.1 and \$1.5 (gross liabilities) at December 31, 2016 and 2015, respectively.

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Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and equivalents, trade accounts receivable, and FX forward contracts. These financial instruments, other than trade accounts receivable, are placed with high-quality financial institutions throughout the world. We periodically evaluate the credit standing of these financial institutions.

We maintain cash levels in bank accounts that, at times, may exceed federally-insured limits. We have not experienced, and believe we are not exposed to significant risk of, loss in these accounts.

We have credit loss exposure in the event of nonperformance by counterparties to the above financial instruments, but have no other off-balance-sheet credit risk of accounting loss. We anticipate that counterparties will be able to fully satisfy their obligations under the contracts. We do not obtain collateral or other security to support financial instruments subject to credit risk, but we do monitor the credit standing of counterparties.

Concentrations of credit risk arising from trade accounts receivable are due to selling to customers in a particular industry. Credit risks are mitigated by performing ongoing credit evaluations of our customers' financial conditions and obtaining collateral, advance payments, or other security when appropriate. No one customer, or group of customers that, to our knowledge, are under common control, accounted for more than 10% of our revenues for any period presented.

(12) EQUITY AND STOCK-BASED COMPENSATION

Income (Loss) Per Share

Prior to the Spin-Off, SPX FLOW had no common shares outstanding. On September 26, 2015, 41.322 SPX FLOW common shares were distributed to our former Parent's shareholders in conjunction with the Spin-Off. For comparative purposes, basic shares outstanding reflect this amount in all periods presented prior to the Spin-Off. For purposes of computing dilutive shares, unvested SPX FLOW awards at the Spin-Off date were assumed to have been issued and outstanding from January 1, 2015. The resulting number of weighted-average dilutive shares has been used in all periods presented prior to the Spin-Off. The following table sets forth the number of weighted average shares outstanding used in the computation of basic and diluted income (loss) per share:

	Year ended December 31,		
	2016	2015	2014
Weighted-average shares outstanding, basic	41.345	40.863	40.809
Dilutive effect of share-based awards	—	0.097	0.123
Weighted-average shares outstanding, dilutive ⁽¹⁾	41.345	40.960	40.932

(1) For the year ended December 31, 2016, an aggregate of 0.802 of unvested restricted stock shares, restricted stock units, and stock options outstanding were excluded from the computation of diluted loss per share as we incurred a net loss during the period. For the year ended December 31, 2016, the number of anti-dilutive unvested restricted stock shares and restricted stock units outstanding excluded from the computation of diluted loss per share was 0.236. For the years ended December 31, 2015 and 2014, 0.474 and 0.479, respectively, of unvested restricted stock shares/units were not included in the computation of diluted income per share because required market thresholds for vesting (as discussed below) were not met. For the year ended December 31, 2015, 0.389 of stock options were not included in the computation of diluted income per share because their exercise price was greater than the average market price of common shares. There were no stock options outstanding during 2014.

Stock-Based Compensation - Awards Granted Prior to the Spin-Off

Prior to the Spin-Off, eligible employees of the Company participated in our former Parent's share-based compensation plan pursuant to which they were granted share-based awards of its stock. Our former Parent's share-based compensation plan included awards for restricted stock shares, restricted stock units and stock options. Compensation expense for share-based awards recorded by the Company prior to the Spin-Off includes the expense associated with the employees historically attributable to the Company's operations, as well as an allocation of stock-based compensation expense for our former Parent's corporate employees who provided certain centralized support functions.

Our former Parent's restricted stock shares, restricted stock units, and stock options were granted to eligible employees in accordance with applicable equity compensation plan documents and agreements. Subject to participants' continued

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employment and other plan terms and conditions, the restrictions lapse and awards generally vest over a period of time, generally one or three years. In some instances, such as death, disability, or retirement, stock may vest concurrently with or following an employee's termination. A substantial portion of such former Parent's restricted stock shares and restricted stock unit awards granted in 2014 generally vest based on performance thresholds.

Eligible employees received target performance awards in 2014 in which the employee can earn between 25% and 125% of the target performance award in the event the award meets the required vesting criteria. Vesting for the 2014 target performance awards was based on our former Parent's shareholder return versus the S&P Composite 1500 Industrials Index over the three-year period ended December 31, 2016. Awards granted in 2015 did not contain such target performance conditions.

Each eligible non-officer employee also received awards in 2015 and 2014 that generally vest ratably over three years, subject only to the passage of time and a participant's continued employment during the vesting period. Officers of our former Parent received awards in 2015 and 2014 that generally vest ratably over three years, subject to an internal performance metric and a participant's continued employment during the vesting period.

Our former Parent's restricted stock shares and restricted stock units that do not vest within the applicable vesting period are forfeited.

In connection with the Spin-Off, outstanding equity-based awards granted to SPX FLOW employees under our former Parent's plan were converted into awards of the Company using a formula designed to preserve the intrinsic value of the awards immediately prior to the Spin-Off. This conversion did not result in additional compensation expense. Additionally, certain restricted stock units granted to employees in 2013 and 2014, none of whom were named executive officers at the time, were modified at the Spin-Off date to provide a minimum vesting equivalent to 50% of the underlying units at the end of the applicable remaining service periods. Compensation expense related to the modification is \$4.0, of which \$1.2 and \$2.8 was recognized in the years ended December 31, 2016 and 2015, respectively.

Stock-Based Compensation - Awards Granted Subsequent to the Spin-Off

Since the Spin-Off, SPX FLOW stock-based compensation awards may be granted to certain eligible employees or non-employee directors under the SPX FLOW Stock Compensation Plan (the "Stock Plan"). Under the Stock Plan, up to 1.869 unissued shares of our common stock were available for future grant as of December 31, 2016. The Stock Plan permits the issuance of authorized but unissued shares or shares from treasury upon the vesting of restricted stock units, granting of restricted stock shares, or exercise of stock options. Each restricted stock share, restricted stock unit and stock option granted reduces share availability under the Stock Plan by one share.

Restricted stock shares or restricted stock units may be granted to certain eligible employees or non-employee directors in accordance with the Stock Plan and applicable award agreements. Subject to participants' continued service and other award terms and conditions, the restrictions lapse and awards generally vest over a period of time, generally three years (or one year for awards to non-employee directors). In some instances, such as death, disability, or retirement, awards may vest concurrently with or following an employee's termination. Approximately half of such restricted stock shares and restricted stock unit awards vest based on performance thresholds, while the remaining portion vest based on the passage of time since grant date.

Eligible employees, including officers, were granted target performance awards during 2016 in which the employee can earn between 50% and 150% of the target performance award in the event, and to the extent, the award meets the required performance vesting criteria. Such awards are generally subject to the employees' continued employment during the three-year vesting period, and may be completely forfeited if the threshold performance criteria are not met. Vesting for the 2016 target performance awards is based on SPX FLOW shareholder return versus the performance of a composite group of companies, as established under the awards (the "Composite Group"), over the three-year period from January 1, 2016 through December 31, 2018. These performance awards were issued as restricted stock units to eligible non-officer employees and restricted stock shares to eligible officers.

Eligible non-officer employees also received restricted stock unit awards during 2016 that vest ratably over three years, subject to the passage of time and the employees' continued employment during such period. In some instances, such as death, disability, or retirement, awards may vest concurrently with or following an employee's termination. Eligible officers received restricted stock share awards during 2016 that vest subject to an internal performance metric during the first year of the award and that also contain a three-year holding period from the grant of the award whereby the holding period is generally released ratably over the three years (subject to a participant's continued employment during that period). In addition, certain eligible employees, including officers, received restricted stock unit awards during 2016 that vest subject to attainment of an annual

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internal performance metric measured at the conclusion of the measurement period ending December 31, 2018 (including eligible employees' continued employment during the measurement period).

Non-employee directors received restricted stock share awards during 2016 that vest at the close of business on the day before the date of the Company's next regular annual meeting of shareholders held after the date of the grant, subject to the passage of time and the directors' continued service during such period.

Restricted stock share and unit awards granted to eligible employees during 2016 include early retirement provisions which permit recipients to be eligible for vesting generally upon reaching the age of 55 and completing five years of service (and, if applicable, subject to the attainment of performance measures).

Restricted stock shares and restricted stock units that do not vest within the applicable vesting period are forfeited.

Stock options may be granted to eligible employees in the form of incentive stock options or nonqualified stock options. The option price per share may be no less than the fair market value of our common stock at the close of business on the date of grant. Upon exercise, the employee has the option to surrender previously owned shares at current value in payment of the exercise price and/or for withholding tax obligations.

Stock-Based Compensation Expense - All Awards

The recognition of compensation expense for share-based awards is based on their grant-date fair values. The fair value of each award is amortized over the lesser of the award's requisite or derived service period, which is generally up to three years as noted above. For the years ended December 31, 2016, 2015 and 2014, we recognized compensation expense related to share-based programs in "Selling, general and administrative" expense in the accompanying consolidated and combined statements of operations as follows:

	Year ended December 31,		
	2016	2015	2014
Expense associated with individuals attributable to SPX FLOW's operations	\$ 17.7	\$ 9.6	\$ 5.2
Allocation of expense historically associated with the former Parent's corporate employees ⁽¹⁾	—	13.4	14.8
Expense related to modification as of Spin-Off date	1.2	2.8	—
Stock-based compensation expense	18.9	25.8	20.0
Income tax benefit	(6.9)	(9.5)	(7.3)
Stock-based compensation expense, net of income tax benefit	\$ 12.0	\$ 16.3	\$ 12.7

(1) See Note 1 for a discussion of the methodology used to allocate corporate-related costs prior to the Spin-Off.

Restricted Stock Share and Restricted Stock Unit Awards

The Monte Carlo simulation model valuation technique was used to determine the fair value of restricted stock shares and restricted stock units that contain a "market condition." The Monte Carlo simulation model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the award and calculates the fair value of each restricted stock share and restricted stock unit award. The following assumptions were used in determining the fair value of the awards granted on the dates indicated below (awards granted during 2015 did not contain a market condition):

	Annual Expected Stock Price Volatility	Annual Expected Dividend Yield	Risk-free Interest Rate	Correlations Between Total Shareholder Return for SPX FLOW and Individual Companies in the Composite Group		
				Minimum	Average	Maximum
January 4, 2016:						
SPX FLOW	27.5%	—%	1.31%	0.2986	0.4563	0.5776
Composite Group	25.5%	n/a	1.31%			

As SPX FLOW shares have been traded only since the Spin-Off in September 2015 (i.e., with less historical performance than the generally three-year vesting period of the related awards), annual expected stock price volatility was based on the weighted average of SPX FLOW's historical volatility (since the Spin-Off) and the average historical volatility of the Composite Group, as of the grant date. An expected annual dividend yield was not assumed as dividends are not currently granted on

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common shares by SPX FLOW. The average risk-free interest rate was based on an interpolation of the two-year and three-year daily treasury yield curve rate as of the grant date.

	Annual Expected Stock Price Volatility	Annual Expected Dividend Yield	Risk-free Interest Rate	Correlation Between Total Shareholder Return for SPX Corporation and the S&P Index
January 2, 2014:				
SPX Corporation	33.7%	1.02%	0.76%	0.7631
S&P Composite 1500 Industrials Index	19.9%	n/a	0.76%	

Annual expected stock price volatility was based on the three-year SPX Corporation historical volatility. The annual expected dividend yield was based on annual expected SPX Corporation dividend payments and the stock price on the date of grant. The average risk-free interest rate was based on the one-year through three-year daily treasury yield curve rate as of the grant date.

In connection with the Spin-Off, certain corporate employees of our former Parent became employees of the Company. The following table summarizes the unvested restricted stock share and restricted stock unit activity (i) from December 31, 2013 through September 26, 2015, for such Company's employees with former Parent awards before the Spin-Off, and (ii) the resulting, converted SPX FLOW awards after the Spin-Off and activity from September 26, 2015 through December 31, 2016:

	Unvested Restricted Stock Shares and Restricted Stock Units	Weighted-Average Grant-Date Fair Value Per Share
Former Parent - Prior to Spin-Off:		
Outstanding at December 31, 2013	0.270	\$59.10
Granted	0.071	89.37
Vested	(0.066)	59.78
Forfeited and other	(0.126)	59.39
Outstanding at December 31, 2014	0.149	72.93
Granted	0.075	85.47
Vested	(0.035)	79.92
Forfeited and other	(0.019)	63.45
Outstanding at September 26, 2015, immediately prior to Spin-Off	0.170	\$79.65
SPX FLOW - Post Spin-Off:		
Conversion of SPX Plan awards to SPX FLOW Stock Plan awards on September 26, 2015	1.154	\$53.32
Granted	0.069	26.05
Vested	(0.091)	61.34
Forfeited and other	(0.004)	59.93
Outstanding at December 31, 2015	1.128	\$51.13
Granted	0.930	27.94
Vested	(0.361)	51.13
Forfeited and other	(0.422)	40.27
Outstanding at December 31, 2016	1.275	\$37.89

As of December 31, 2016, there was \$15.9 of unrecognized compensation cost related to SPX FLOW's restricted stock share and restricted stock unit compensation arrangements. We expect this cost to be recognized over a weighted-average period of 1.8 years.

Stock Options

On January 2, 2015, eligible employees of the Company were granted 0.034 options in SPX Corporation stock, all of which were outstanding (but not exercisable) from that date up to the Spin-Off. The weighted-average exercise price per share of these options was \$85.87 and the maximum term of these options is 10 years. There were no SPX Corporation stock options outstanding during the year ended December 31, 2014.

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The weighted-average grant-date fair value per share of the former Parent stock options granted on January 2, 2015 was \$27.06. The fair value of each former Parent option grant was estimated using the Black-Scholes option-pricing model with the following assumptions:

Annual expected SPX Corporation stock price volatility	36.53%
Annual expected SPX Corporation dividend yield	1.75%
Risk-free interest rate	1.97%
Expected life of SPX Corporation stock option (in years)	6.0

Annual expected stock price volatility was based on the six-year historical volatility of SPX Corporation stock. The annual expected dividend yield was based on annual expected SPX Corporation dividend payments and SPX Corporation's stock price on the date of grant. The average risk-free interest rate was based on the seven-year treasury constant maturity rate. The expected SPX Corporation option life was based on a three-year pro-rata vesting schedule and represents the period of time that awards are expected to be outstanding.

In connection with the Spin-Off, certain corporate employees of the former Parent became employees of the Company. The number of outstanding SPX FLOW stock options, after reflecting (i) the former Parent stock options that had been granted to such corporate employees of the former Parent on January 2, 2015, and (ii) the conversion of the former Parent stock options to SPX FLOW stock options, was 0.396. After reflecting 0.025 of forfeitures during the fourth quarter of 2015, there were 0.371 of SPX FLOW stock options outstanding as of December 31, 2016 and 2015, of which 0.285 were exercisable as of December 31, 2016. As a result of the conversion of the stock options, the weighted-average exercise price per share of the SPX FLOW stock options is \$61.29 and the weighted-average grant-date fair value per share of the SPX FLOW stock options is \$19.33. Other terms of the SPX FLOW stock options are the same as those discussed above.

As of December 31, 2016, there was \$0.4 of unrecognized compensation cost related to SPX FLOW stock options. We expect this cost to be recognized over a weighted-average period of 1.1 years.

Accumulated Other Comprehensive Loss

The primary component of accumulated other comprehensive loss as of December 31, 2016 and 2015, was foreign currency translation adjustment. The unrealized losses, net of tax, recorded in accumulated other comprehensive loss related to FX forward contracts were \$0.0 and less than \$0.1 as of December 31, 2016 and 2015, respectively. Changes in accumulated other comprehensive loss for the year ended December 31, 2016, related solely to foreign currency translation adjustment. Changes in accumulated other comprehensive loss for the year ended December 31, 2015, related primarily to foreign currency translation adjustment. See the consolidated and combined statement of comprehensive loss for other changes in accumulated other comprehensive loss for the year ended December 31, 2015.

Common Stock in Treasury

During the year ended December 31, 2016 and the period subsequent to the Spin-Off in 2015, "Common stock in treasury" was increased by \$3.5 and \$1.4, respectively, for common stock that was surrendered by recipients of restricted stock as a means of funding the related minimum income tax withholding requirements.

(13) COMMITMENTS, CONTINGENT LIABILITIES AND OTHER MATTERS

Leases

We lease certain manufacturing facilities, offices, sales and service locations, machinery and equipment, vehicles and office equipment under various leasing programs accounted for as operating and capital leases, some of which include scheduled rent increases stated in the lease agreement. We do not have any significant leases that require rental payments based on contingent events nor have we received any significant lease incentive payments.

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Operating Leases

The future minimum rental payments under operating leases with remaining non-cancelable terms in excess of one year are:

Year Ending December 31,		
2017	\$	21.2
2018		16.8
2019		14.1
2020		9.5
2021		6.1
Thereafter		16.1
Total minimum payments	\$	83.8

Total operating lease expense, inclusive of rent based on scheduled rent increases and rent holidays recognized on a straight-line basis, was \$31.6 in 2016, \$31.9 in 2015 and \$35.0 in 2014.

Capital Leases

Future minimum lease payments under capital lease obligations are:

Year Ending December 31,		
2017	\$	0.9
2018		4.6
2019		1.0
2020		1.0
2021		1.0
Thereafter		8.6
Total minimum payments		17.1
Less: interest		(2.4)
Capital lease obligations as of December 31, 2016		14.7
Less: current maturities as of December 31, 2016		0.2
Long-term portion as of December 31, 2016	\$	14.5

Our current and long-term capital lease obligations as of December 31, 2015 were \$0.3 and \$9.0, respectively.

Assets held through capital lease agreements at December 31, 2016 and 2015 comprise the following:

	December 31,	
	2016	2015
Buildings	\$ 19.7	\$ 6.0
Machinery and equipment	0.2	1.4
Total	19.9	7.4
Less: accumulated depreciation	(5.7)	(2.0)
Net book value	\$ 14.2	\$ 5.4

Litigation and Contingent Liabilities

We are subject to litigation matters that arise in the normal course of business. We believe these matters are either without merit or of a kind that should not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

We are subject to domestic and international environmental protection laws and regulations with respect to our business operations and are operating in compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. We believe our compliance obligations with environmental protection laws and regulations should not have a material effect, individually or in the aggregate, on our financial position, results of operations or cash flows.

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Mezzanine Equity

Independent noncontrolling shareholders in certain foreign subsidiaries of the Company have put options under their respective joint venture operating agreements that allow them to sell their common stock to the controlling shareholders (wholly-owned subsidiaries of SPX FLOW) upon the satisfaction of certain conditions, including the passage of time. The respective carrying values presented in "Mezzanine equity" of our consolidated balance sheet as of December 31, 2016 are stated at the current exercise value of the put options, irrespective of whether the options are currently exercisable. To the extent the noncontrolling interests' put option price is correlated with the estimated fair value of the subsidiary, we have used the market method to estimate such fair values. This represents a level 3 fair value measurement. None of the noncontrolling interest put options are exercisable at this time. If and when such options are exercised, we expect to settle the option value in cash.

(14) FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 — Significant inputs to the valuation model are unobservable.

There were no changes during the periods presented to the valuation techniques we use to measure asset and liability fair values on a recurring basis. There were no transfers between the three levels of the fair value hierarchy during the periods presented.

The following section describes the valuation methodologies we use to measure different financial instruments at fair value on a recurring basis.

Derivative Financial Instruments

Our derivative financial assets and liabilities include FX forward contracts and FX embedded derivatives, valued using valuation models based on observable market inputs such as forward rates, interest rates, our own credit risk and the credit risk of our counterparties, which comprise investment-grade financial institutions. Based on these inputs, the derivative assets and liabilities are classified within Level 2 of the valuation hierarchy. We have not made any adjustments to the inputs obtained from the independent sources. Based on our continued ability to enter into forward contracts, we consider the markets for our fair value instruments active. We primarily use the income approach, which uses valuation techniques to convert future amounts to a single present amount.

As of December 31, 2016 and 2015, the gross fair values of our derivative financial assets and liabilities, in aggregate, were \$2.9 and \$2.0 (gross assets) and \$0.1 and \$1.5 (gross liabilities), respectively. As of December 31, 2016, there had been no significant impact to the fair value of our derivative liabilities due to our own credit risk as the related instruments are collateralized under our senior credit facilities. Similarly, there had been no significant impact to the fair value of our derivative assets based on our evaluation of our counterparties' credit risks.

Equity Security Investment

We have an investment in an equity security that is accounted for under the fair value option, but not readily marketable, and therefore which is classified as a Level 3 asset in the fair value hierarchy. We base the security's fair value on a variety of inputs, including reported trades, non-binding broker/dealer quotes, and historical trade prices of the same securities. Market indicators and industry and economic events are also considered. At December 31, 2016 and 2015, these assets had a fair value of \$7.6 and \$8.1, respectively.

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The table below presents a reconciliation of our investment in equity securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2016 and 2015, including net unrealized gains (losses) recorded to "Other income (expense), net."

	Year ended December 31,	
	2016	2015
Balance at beginning of year	\$ 8.1	\$ 7.4
Unrealized gains (losses) recorded to earnings	(0.5)	0.7
Balance at end of year	\$ 7.6	\$ 8.1

Mezzanine Equity

To the extent the noncontrolling interests' put option price is correlated with the estimated fair value of the subsidiary, we use the market method to estimate the fair values of noncontrolling interest put options reported in "Mezzanine equity" using unobservable inputs (Level 3) on a recurring basis. Changes to the noncontrolling interest put option values are reflected as adjustments to "Mezzanine equity" and "Retained earnings (accumulated deficit)." Refer to Note 13 for further discussion.

Goodwill, Indefinite-Lived Intangible and Other Long-Lived Assets

Certain of our non-financial assets are subject to impairment analysis, including long-lived assets, indefinite-lived intangible assets and goodwill. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually for indefinite-lived intangible assets and goodwill. Any resulting impairment would require that the asset be recorded at its fair value. During 2016, goodwill associated with our Power and Energy reportable segment, and certain trademarks, customer relationships and technology assets associated with businesses within our Power and Energy reportable segment were impaired based on their respective fair value measurements. Refer to Note 7 for further discussion pertaining to our annual evaluation of goodwill and other intangible assets for impairment.

During 2016, 2015 and 2014, we recorded impairment charges of \$189.4, \$22.7 and \$11.7, respectively, related to trademarks, customer relationships, and technology assets in 2016, trademarks and technology assets in 2015, and trademarks in 2014 of certain businesses within our Power and Energy, Food and Beverage and Industrial reportable segments as we determined that the fair values of such intangible assets were less than the carrying values. See Note 7 for additional information regarding such impairment charges.

Indebtedness and Other

The estimated fair values of other financial liabilities (excluding capital leases and deferred financing fees) not measured at fair value on a recurring basis as of December 31, 2016 and 2015 were as follows:

	December 31, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Domestic revolving loan facility	\$ 68.0	\$ 68.0	\$ —	\$ —
Term loan ⁽¹⁾	390.0	390.0	400.0	400.0
5.625% Senior notes ⁽¹⁾	300.0	300.0	—	—
5.875% Senior notes ⁽¹⁾	300.0	296.3	—	—
6.875% Senior notes ⁽¹⁾	—	—	600.0	637.5
Trade receivables financing arrangement	21.2	21.2	—	—
Other indebtedness	27.7	27.7	28.0	28.0

(1) Carrying amount reflected herein excludes related deferred financing fees.

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The following methods and assumptions were used in estimating the fair value of these financial instruments:

- The fair values of the senior notes were determined using Level 2 inputs within the fair value hierarchy and were based on quoted market prices for the same or similar instruments or on current rates offered to us for debt with similar maturities, subordination and credit default expectations.
- The fair values of amounts outstanding under our domestic revolving loan facility, term loan, and trade receivables financing arrangement approximated carrying value due primarily to the variable-rate nature of these instruments.
- The fair values of other indebtedness approximated carrying value due primarily to the short-term nature of these instruments.

The carrying amounts of cash and equivalents and receivables reported in our consolidated balance sheets approximate fair value due to the short-term nature of those instruments.

(15) RELATED PARTY TRANSACTIONS

Allocation of General Corporate Expenses

The consolidated and combined statements of operations in 2015 and 2014 include expenses for certain centralized functions and other programs provided and/or administered by the former Parent charged directly to business units of the Company. In addition, for purposes of preparing these combined financial statements for periods prior to the Spin-Off on a "carve-out" basis, a portion of the former Parent's total corporate expenses were allocated to the Company. A detailed description of the methodology used to allocate corporate-related costs is included in Note 1.

Related Party Interest

We recorded interest income of \$26.2 and \$47.1 for the years ended December 31, 2015 and 2014, respectively, associated with related party notes receivable outstanding during the periods, with the former Parent serving as the counterparty. These related party notes were transferred to the former Parent or canceled by the Company with a corresponding decrease to "Former parent company investment" of \$669.7 during the third quarter of 2015. The related party notes receivable had a weighted-average interest rate of approximately 5.0% prior to their transfer to the former Parent or cancellation by the Company.

We recorded interest expense of \$28.4 and \$72.9 for the years ended December 31, 2015 and 2014, respectively, associated with related party notes payable outstanding during the periods, with the former Parent (and certain other of its affiliates that were not part of the Spin-Off) serving as counterparties. Related party notes payable were reduced by \$991.3 with a corresponding increase to "Former parent company investment" during the nine months ended September 26, 2015 as a result of their extinguishment by way of capital contribution to the Company by the former Parent. The related party notes payable had a weighted-average interest rate of approximately 7.0% prior to their extinguishment.

(16) QUARTERLY RESULTS (UNAUDITED)

	First ⁽²⁾		Second		Third		Fourth ⁽²⁾	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	\$ 505.0	\$ 571.2	\$ 528.8	\$ 615.1	\$ 466.8	\$ 589.5	\$ 495.4	\$ 612.7
Gross profit	159.2	188.3	166.8	211.2	146.1	197.9	152.5	194.8
Net income (loss) ⁽¹⁾	(32.1)	23.1	(352.3)	46.7	(4.2)	(4.2)	7.6	21.8
Less: Net income (loss) attributable to noncontrolling interests	(1.0)	(0.3)	0.5	(0.4)	0.5	(0.1)	0.8	0.7
Net income (loss) attributable to SPX FLOW, Inc.	\$ (31.1)	\$ 23.4	\$ (352.8)	\$ 47.1	\$ (4.7)	\$ (4.1)	\$ 6.8	\$ 21.1
Basic income (loss) per share of common stock	\$ (0.75)	\$ 0.57	\$ (8.52)	\$ 1.15	\$ (0.11)	\$ (0.10)	\$ 0.16	\$ 0.52
Diluted income (loss) per share of common stock	\$ (0.75)	\$ 0.57	\$ (8.52)	\$ 1.15	\$ (0.11)	\$ (0.10)	\$ 0.16	\$ 0.51

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(1) During the fourth quarter of 2016, we recorded impairment charges, net of taxes, of \$10.6, related to the trademarks of a business within our Power and Energy reportable segment and a technology asset of a business within our Food and Beverage reportable segment.

During the third quarter of 2016, we recognized in Special Charges an asset impairment charge, net of taxes, of \$3.3 related to certain corporate assets being marketed for sale. In addition, during the third quarter of 2016, we recorded a loss on early extinguishment of debt, net of taxes, of \$24.3, related to the redemption of all of our 6.875% senior notes due in August 2017.

During the third quarter of 2016, we recorded an income tax benefit of \$23.8 resulting from a tax incentive realized in Poland related to the expansion of our manufacturing facility in that country.

During the second quarter of 2016, we recorded impairment charges, net of taxes, of \$358.4, related to the goodwill and various intangible assets of our Power and Energy reportable segment.

During the first quarter of 2016, we recognized in Special Charges an asset impairment charge, net of taxes, of \$7.5 resulting primarily from management's decision during that quarter to market certain corporate assets for sale.

During the fourth and third quarters of 2015, we recorded impairment charges, net of taxes, of \$5.4 and \$10.9, respectively, related to the trademarks and certain technology assets of certain businesses within our Food and Beverage and Power and Energy reportable segments.

During the third quarter of 2015, we recognized a loss, net of taxes, of \$5.0, related to changes in the fair value of plan assets, actuarial gains/losses, and curtailment gains associated with our and the former Parent's pension plans. The third quarter loss resulted primarily from the formation of a new SPX FLOW domestic nonqualified pension plan in connection with the Spin-Off and its related remeasurement and, to a lesser extent, our allocated share of a curtailment gain and actuarial loss related to an amendment to certain of the former Parent's U.S. pension plans to freeze all benefits for active non-union participants.

During the third quarter of 2015, we recognized Special Charges, net of taxes, of \$16.5 related to the ongoing consolidation and relocation of two manufacturing facilities, located in Germany and Denmark, to an existing facility in Poland.

During the third quarter of 2015, we recorded income tax charges of \$7.4 related to repatriation of certain earnings of our non-U.S. subsidiaries.

(2) We establish actual interim closing dates using a fiscal calendar, which requires our businesses to close their books on the Saturday closest to the end of the first calendar quarter, with the second and third quarters being 91 days in length. Our fourth quarter ends on December 31. The interim closing dates for the first, second and third quarters of 2016 were April 2, July 2 and October 1, compared to the respective March 28, June 27 and September 26, 2015 dates. This practice only affects the quarterly reporting periods and not the annual reporting period. We had six more days in the first quarter of 2016 and five less days in the fourth quarter of 2016 than in the respective 2015 periods.

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

SPX FLOW management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of December 31, 2016. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of December 31, 2016, that the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act has been recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and that such information has been accumulated and communicated to the Company's management including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control framework and processes were designed to provide reasonable assurance to management and the Board of Directors regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded properly to allow for the preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and Directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changing conditions, effectiveness of internal control over financial reporting may vary over time. Management assessed the effectiveness of our internal control over financial reporting and concluded that, as of December 31, 2016, such internal control was effective at the reasonable assurance level described above. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework (2013). The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report included in this Form 10-K.

Changes in Internal Control Over Financial Reporting

Before the Spin-Off, the Company relied on certain financial information and resources of the former Parent to manage aspects of the Company's business and to report financial results. These resources included executive management, investor relations, finance and accounting, legal, and human resources support, benefit plan administration and reporting, general management, treasury, insurance and risk management, and oversight functions, such as the Board of Directors and internal audit, including those functions required for Sarbanes-Oxley compliance. In conjunction with the Spin-Off, the Company enhanced its own financial, administrative, and other support systems. The Company formed its accounting, reporting, legal, and internal audit departments and reformed its policies and systems, as needed, to meet all regulatory requirements on a stand-alone basis.

While these changes in staffing, policies and systems were accomplished in connection with the Spin-Off, we continue to review, document and test our internal controls over financial reporting, and may from time to time make changes aimed at

enhancing their effectiveness and to ensure that our systems evolve with our business. These efforts may lead to changes in our internal control over financial reporting.

In connection with the evaluation by SPX FLOW management, including the Chief Executive Officer and Chief Financial Officer, of our internal control over financial reporting, pursuant to Exchange Act Rule 13a-15(d), no changes during the quarter ended December 31, 2016 were identified that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

a) *Directors of the Company.*

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Election of Directors" and is incorporated herein by reference.

b) *Executive Officers of the Company.*

Marcus G. Michael, 53, is President and Chief Executive Officer, and a director of the Company, since January 2016. He was previously President of our Food and Beverage segment. Prior to the Spin-Off, he was President, Flow Technology—Food and Beverage of SPX Corporation, and was appointed an officer of SPX in December 2014. He joined SPX Corporation in 2003 and prior to his most recent position held various senior positions within the company, including President of the company's global evaporative and dry cooling businesses and President of Flow Technology's EMEA region. Prior to joining SPX Corporation, Mr. Michael held positions at General Electric and TDK Corporation.

Jeremy W. Smeltser, 42, is Vice President and Chief Financial Officer. He was previously Vice President and Chief Financial Officer of SPX Corporation, where he served in various roles, most recently as Vice President and Chief Financial Officer, Flow Technology, and became an officer of SPX Corporation in April 2009. He joined SPX Corporation in 2002 from Ernst & Young LLP, where he was an audit manager in Tampa, Florida. Prior to that, he held various positions with Arthur Andersen LLP, in Tampa, Florida, and Chicago, Illinois, focused primarily on assurance services for global manufacturing clients.

Stephen A. Tsois, 59, is Vice President, Secretary and General Counsel. He was previously Vice President, Secretary and General Counsel of SPX Corporation since April 2015. Mr. Tsois joined SPX Corporation in 2008 as the assistant general counsel, corporate development, where he played a major role in many significant acquisitions, divestitures and strategic ventures. Prior to joining SPX Corporation, he was a partner at Gardner Carton & Douglas LLP where in addition to working with a wide spectrum of clients across many industries, he supported SPX Corporation on over fifty M&A transactions.

David A. Kowalski, 58, is President, Global Manufacturing Operations. He was previously President, Global Manufacturing Operations of SPX Corporation since August 2013. Since August 2011, he also has served as President of the SPX Industrial Products group of businesses. He joined SPX Corporation in 1999 as the Vice President and General Manager of Tools and Equipment at Service Solutions and was named President of Service Solutions in 2004. He became the segment President, Test and Measurement, and an officer of the company in August 2005. Before joining SPX Corporation, he held positions with American National Can Company, J.I. Case, Picker International and Warner Swasey.

Dwight A. K. Gibson, 42, is President, Food and Beverage segment. Prior to joining the Company in June 2016, he served as President of Strategic Initiatives for Ingersoll Rand's Climate segment. He joined Ingersoll Rand in 2004 and served in a variety of general management, business development and product management roles. From October 2011 to June 2015, he served as Vice President and General Manager for the Thermo King Europe, Middle East and Africa truck and trailer business. Prior to joining Ingersoll Rand in 2004, he was a consultant with McKinsey and Company.

José Larios, 42, is President, Power and Energy segment and, effective January 2017, President of our Power and Energy and Industrial segments. Mr. Larios joined SPX Corporation in July 2015 as Vice President of Global Original Equipment Sales for Power and Energy prior to becoming President of the Power and Energy segment in August 2016. Prior to joining SPX Corporation, he served fifteen years at General Electric in progressive roles in sales, product management, marketing, operations and global commercial leadership, where he last served as Global Vice President of Sales for O&G Surface Products.

Belinda G. Hyde, 46, is Vice President and Chief Human Resources Officer. She was previously Vice President and Chief Human Resources Officer of SPX Corporation since July 2015. Ms. Hyde served as the Senior Vice President and Chief Human Resources Officer of Schnitzer Steel Industries, Inc. from October 2011 until joining SPX Corporation. Prior to joining Schnitzer, Ms. Hyde was Vice President of Human Resources with Celanese Corporation from 2008 to 2011. Previously, she led the talent management, development, and communications functions for biotech Life Technologies from 2005 to 2008. Ms. Hyde also worked at Dell Computer from 2000 to 2005 in a variety of human resources leadership positions.

Kevin J. Eamigh, 46, is the Chief Information Officer and Vice President, Global Business Services, with overall strategic and operational responsibility of the global Information Technologies and Shared Services organizations, the role he previously held at SPX Corporation. Mr. Eamigh joined SPX Corporation in 2000 and held various positions within information technology services and business management. He was named Chief Information Officer of SPX Corporation in 2009 and accepted the additional responsibility of the Shared Services organization in June 2012. He was appointed an officer of SPX Corporation in July 2015. Mr. Eamigh joined SPX Corporation in 2000 and has since served in various other positions within information technology services and business management. Mr. Eamigh began his career with IBM in Dallas, TX prior to co-founding PrimeSource Technologies, a business technology consulting firm based in Scottsdale, AZ.

c) Section 16(a) Beneficial Ownership Reporting Compliance.

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein by reference.

d) Code of Ethics.

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Corporate Governance" and is incorporated herein by reference.

e) Other Matters.

Information regarding our Audit Committee and Nominating and Governance Committee is set forth in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the headings "Corporate Governance" and "Board Committees" and is incorporated herein by reference.

ITEM 11. Executive Compensation

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the headings "Executive Compensation" and "Director Compensation" and is incorporated herein by reference.

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

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the headings "Ownership of Common Stock" and "Equity Compensation Plan Information" and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Corporate Governance" and is incorporated herein by reference.

ITEM 14. Principal Accountant Fees and Services

This information is included in our definitive proxy statement for the 2017 Annual Meeting of Stockholders under the heading "Ratification of the Appointment of Independent Public Accountants" and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Form 10-K:

1. All financial statements. See Index to Consolidated and Combined Financial Statements on page 36 of this Form 10-K.
2. Financial Statement Schedules. None required. See page 36 of this Form 10-K.
3. Exhibits. See Index to Exhibits.

ITEM 16. Form 10-K Summary

None.

INDEX TO EXHIBITS

Item No.	Description
2.1	Separation and Distribution Agreement, dated as of September 22, 2015, by and between SPX FLOW, Inc. and SPX Corporation, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
3.1	Amended and Restated Certificate of Incorporation of SPX FLOW, Inc., incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
3.2	Certificate of Change of Registered Agent and/or Registered Office, incorporated by reference from the Company's Current Report on Form 8-K filed on October 26, 2015 (file no. 1-37393).
3.3	Amended and Restated Bylaws of SPX FLOW, Inc., incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
4.1	2024 Notes Indenture, dated as of August 10, 2016, by and among SPX FLOW, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (including form of 2024 Note), incorporated by reference from the Company's Current Report on Form 8-K filed on August 11, 2016 (file no. 1-37393).
4.2	2026 Notes Indenture, dated as of August 10, 2016, by and among SPX FLOW, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (including form of 2026 Note), incorporated by reference from the Company's Current Report on Form 8-K filed on August 11, 2016 (file no. 1-37393).
10.1	Transition Services Agreement, dated as of September 26, 2015, by and between SPX FLOW, Inc. and SPX Corporation, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.2	Tax Matters Agreement, dated as of September 26, 2015, by and between SPX FLOW, Inc. and SPX Corporation, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.3	Employee Matters Agreement, dated as of September 26, 2015, by and between SPX FLOW, Inc. and SPX Corporation, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.4	Trademark License Agreement, dated as of September 26, 2015, by and between SPX FLOW, Inc. and SPX Corporation, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.5*	SPX FLOW Stock Compensation Plan, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.6*	Form of SPX FLOW Stock Option Award Agreement, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.7*	Form of SPX FLOW Restricted Stock Unit Award Agreement, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.8*	Form of SPX FLOW Restricted Stock Award Agreement, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.9*	SPX FLOW Executive Annual Bonus Plan, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.10*	SPX FLOW Supplemental Retirement Plan for Top Management, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.11*	SPX FLOW Life Insurance Plan for Key Managers, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.12*	SPX FLOW Supplemental Retirement Savings Plan, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.13*	SPX FLOW Executive Long-Term Disability Plan, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.14*	Form of Assignment and Assumption of and Amendment to Employment Agreement, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.15*	Form of Assignment and Assumption of and Amendment to Change of Control Agreement, incorporated by reference from the Company's Current Report on Form 8-K filed on September 28, 2015 (file no. 1-37393).
10.16*	Form of SPX FLOW Confidentiality and Non-Competition Agreement, incorporated by reference from the Company's Quarterly Report on Form 10-Q for the period ended September 26, 2015 (file no. 1-37393).

Item No.	Description
10.17*	Amendment to the SPX FLOW Supplemental Retirement Savings Plan, incorporated by reference from the Company's Quarterly Report on Form 10-Q for the period ended September 26, 2015 (file no. 1-37393).
10.18*	Employment Agreement between Marcus G. Michael and SPX FLOW, Inc., incorporated herein by reference from the Company's Form 8-K/A filed on January 8, 2016 (file no. 1-37393).
10.19*	Change of Control Agreement between Marcus G. Michael and SPX FLOW, Inc., incorporated herein by reference from the Company's Form 8-K/A filed on January 8, 2016 (file no. 1-37393).
10.20*	Amended and Restated Employment Agreement between SPX Corporation and David A. Kowalski, incorporated herein by reference from the SPX Corporation Annual Report on Form 10-K for the year ended December 31, 2008 (file no. 1-6948).
10.21*	Employment Agreement between SPX Corporation and Jeremy W. Smeltser, incorporated herein by reference to the SPX Corporation Quarterly Report on Form 10-Q for the quarter ended June 27, 2009 (file no. 1-6948).
10.22*	Change of Control Agreement between Jeremy W. Smeltser and SPX Corporation, as amended and restated December 2, 2013, incorporated herein by reference from SPX Corporation's Current Report on Form 8-K filed on December 5, 2013 (file no. 1-6948).
10.23*	Change of Control Agreement between David A. Kowalski and SPX Corporation, as amended and restated December 2, 2013, incorporated herein by reference from SPX Corporation's Current Report on Form 8-K filed on December 5, 2013 (file no. 1-6948).
10.24*	Form of Waiver of Certain Employment Agreement Provisions by each of Jeremy W. Smeltser and David A. Kowalski, dated December 2, 2013, incorporated herein by reference from SPX Corporation's Current Report on Form 8-K filed on December 5, 2013 (file no. 1-6948).
10.25*	Form of Change of Control Agreement between each of Marcus G. Michael, Stephen A. Tsois, Belinda G. Hyde, Kevin J. Eamigh and David J. Wilson, and SPX Corporation, incorporated herein by reference from the SPX Corporation Annual Report on Form 10-K for the year ended December 31, 2014 (file no. 1-6948).
10.26*	Form of Change of Control Agreement between each of Dwight Gibson and Jose Larios and SPX FLOW, Inc., incorporated herein by reference from the SPX FLOW, Inc. Annual Report on Form 10-K for the year ended December 31, 2016 (file no. 1-37393).
10.27	Credit Agreement, dated as of September 1, 2015, among SPX FLOW, Inc., the Foreign Subsidiary Borrowers party thereto, Bank of America, N.A., as Administrative Agent, Deutsche Bank AG Deutschlandgeschäft Branch, as Foreign Trade Facility Agent, and the other agents and lenders party thereto, incorporated by reference from SPX Corporation's Current Report on Form 8-K filed on September 1, 2015 (file no. 1-6948).
10.28	First Amendment to Credit Agreement, dated as of July 11, 2016, among SPX FLOW, Inc., the Foreign Subsidiary Borrowers party thereto, the Subsidiary Guarantors party thereto, the Lenders party thereto, Deutsche Bank AG Deutschlandgeschäft Branch, as Foreign Trade Facility Agent, and Bank of America, N.A., as Administrative Agent, incorporated by reference from SPX FLOW's Current Report on Form 8-K filed on July 12, 2016 (file no. 1-37393).
10.29	Security Agreement, dated as of July 11, 2016, among SPX FLOW, Inc., the Grantors party thereto, and Bank of America, N.A., as Administrative Agent, incorporated by reference from SPX FLOW's Current Report on Form 8-K filed on July 12, 2016 (file no. 1-37393).
10.30	Second Amendment to Credit Agreement, dated as of December 16, 2016, among SPX FLOW, Inc., the Foreign Subsidiary Borrowers party thereto, the Subsidiary Guarantors party thereto, the Lenders party thereto, Deutsche Bank AG Deutschlandgeschäft Branch, as Foreign Trade Facility Agent, and Bank of America, N.A., as Administrative Agent, incorporated by reference from SPX FLOW's Current Report on Form 8-K filed on December 16, 2016 (file no. 1-37393).
11.1	Statement regarding computation of earnings (loss) per share. See consolidated and combined statements of operations on page 39 of this Form 10-K.
21.1	Subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney on page 92 of this Annual Report on Form 10-K.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Item No.	Description
101.1	SPX FLOW, Inc. financial information from its Form 10-K for the annual period ended December 31, 2016, formatted in XBRL, including: (i) Consolidated and Combined Statements of Operations for the years ended December 31, 2016, 2015, and 2014; (ii) Consolidated and Combined Statements of Comprehensive Loss for the years ended December 31, 2016, 2015, and 2014; (iii) Consolidated Balance Sheets as of December 31, 2016 and 2015; (iv) Consolidated and Combined Statements of Equity for the years ended December 31, 2016, 2015, and 2014; (v) Consolidated and Combined Statements of Cash Flows for the years ended December 31, 2016, 2015, and 2014; and (vi) Notes to Consolidated and Combined Financial Statements.

* Denotes management contract or compensatory plan or arrangement.

Form of Change of Control Agreement between each of Dwight Gibson and Jose Larios and SPX FLOW, Inc.

[Date]

Dear []

SPX FLOW, Inc. (the “Company”) recognizes that your contribution to its growth and success will be substantial and desires to assure your continued employment. In this regard, the Board of Directors of the Company (the “Board”) recognizes that, as is the case with many publicly held corporations, the possibility of a Change of Control (as defined in Section 2, below) may exist and that such possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company’s management, including you, to their assigned duties without distraction in the face of potentially disruptive circumstances arising from the possibility of a Change of Control.

Further, it is the intent of the Board in adopting this agreement (the “Agreement”) to assure the Company and its shareholders (i) of continuity of management in the event of any actual or threatened Change of Control and (ii) that key executive employees of the Company will be able to evaluate objectively whether a potential Change of Control is in the best interests of the shareholders.

In order to induce you to remain in the employ of the Company and to advance the interests of the Company and its shareholders by providing you with appropriate financial protection, the Board agrees that you shall receive the severance benefits set forth in this Agreement in the event that you separate from service due to a Change of Control as specifically provided in the remainder of this Agreement. For purposes of this Agreement, your employment with the Company shall be deemed to be terminated when you have a “Separation from Service” within the meaning of Section 409A of the Internal Revenue Code of 1986 (the “Code”), and references to your termination of employment shall be deemed to refer to a Separation from Service.

1. **Term of Agreement.** This Agreement will become effective on [Date] (the “Effective Date”), and shall continue in effect through the second (2nd) anniversary of the Effective Date (the “Term”); provided, however, that this Agreement shall remain in effect and the Term shall be extended automatically from year to year thereafter for one (1) additional year unless, not later than six (6) months prior to the second (2nd) anniversary of the Effective Date, or any subsequent anniversary of the Effective Date, the Company gives written notice to you that it has elected not to extend this Agreement. Notwithstanding anything in this Section 1 to the contrary, if a Change of Control occurs during the Term of this Agreement, the Term of this Agreement shall be extended automatically to the second (2nd) anniversary of the Change of Control.
2. **Change of Control of the Company.** No benefits will be payable under the terms of this Agreement unless a Change of Control of the Company has occurred. A “Change of Control” shall be deemed to have occurred if:
 - (a) Any “Person” (as defined below), excluding for this purpose the Company or any subsidiary of the Company, any employee benefit plan of the Company or of any subsidiary of the Company, or any entity organized, appointed or established for or pursuant to the terms of any such plan that acquires beneficial ownership of common shares of the Company, is or becomes the “Beneficial Owner” (as defined below) of twenty-five percent (25%) or more of the common shares of the Company then outstanding; provided, however, that no Change of Control shall be deemed to have occurred as the result of an acquisition of common shares of the Company by the Company which, by reducing the number of shares outstanding, increases the proportionate beneficial ownership interest of any Person to twenty-five percent (25%) or more of the common shares of the Company then outstanding, but any subsequent increase in the beneficial ownership interest of such a Person in common shares of the Company shall be deemed a Change of Control; and provided further that if the Board determines in good faith that a Person who has become the Beneficial Owner of common shares of the Company representing twenty-five percent (25%) or more of the common shares of the Company then outstanding has inadvertently reached that level of ownership interest, and if such Person divests as promptly as practicable a sufficient number of shares of the Company so that the Person no longer has a beneficial ownership interest in twenty-five percent (25%) or more of the common shares of the Company then outstanding, then no Change of Control shall be deemed to have occurred. For purposes of this Section 2(a), the following terms shall have the meanings set forth below:

- (i) “Person” shall mean any individual, firm, limited liability company, corporation or other entity, and shall include any successor (by merger or otherwise) of any such entity.
- (ii) “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
- (iii) A Person shall be deemed the “Beneficial Owner” of and shall be deemed to “beneficially own” any securities:
 - (A) that such Person or any of such Person’s Affiliates or Associates beneficially owns, directly or indirectly (determined as provided in Rule 13d-3 under the Exchange Act);
 - (B) that such Person or any of such Person’s Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities), or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (2) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (a) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (b) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or
 - (C) that are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person’s Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to Section 2(a)(iii)(B)(2) above) or disposing of any securities of the Company.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase “then outstanding,” when used with reference to a Person’s beneficial ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding that such Person would be deemed to own beneficially hereunder.

- (b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such two (2)-year period constitute the Board and any new director or directors (except for any director designated by a person who has entered into an agreement with the Company to effect a transaction described in Section 2(a), above, or Section 2(c), below) whose election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board; or
- (c) The consummation of: (i) a plan of complete liquidation of the Company, (ii) an agreement for the sale or disposition of the Company or all or substantially all of the Company’s assets, (iii) a plan of merger or consolidation of the Company with any other corporation, or (iv) a similar transaction or series of transactions involving the Company (any transaction described in parts (i) through (iv) of this Section 2(c) being referred to as a “Business Combination”), in each case unless after such a Business Combination the shareholders of the Company immediately prior to the Business Combination continue to own at least seventy-five percent (75%) of the voting securities of the new (or continued) entity immediately after such Business Combination, in substantially the same proportion as their ownership of the Company immediately prior to such Business Combination.

Notwithstanding any provision in this Agreement to the contrary, a “Change of Control” shall not include any transaction described in Section 2(a) or (c), above, where, in connection with such transaction, you and/or any party acting in concert with you substantially increase your, his or its, as the case may be, ownership interest in the Company or a successor to the Company (other than through conversion of prior ownership interests in the Company and/or through equity awards received entirely as compensation for past or future personal services).

3. Definitions. The following definitions shall be used in determining whether, under the terms of Section 4 hereof, you are entitled to receive Accrued Benefits and/or Severance Benefits:

- (a) Disability. For purposes of this Agreement, “Disability” shall mean, in the written opinion of a qualified physician selected by the Company, you are by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, (x) unable to engage in any substantial gainful activity, or (y) receiving income replacement benefits for a period of not less than three (3) months under a Company disability plan.
- (b) Retirement. “Retirement” shall mean your voluntary separation from service (other than for Good Reason, as defined below) at a time after you have reached age sixty-five (65).
- (c) Cause. “Cause” shall mean (i) your willful and continued failure to substantially perform your duties with the Company (other than any such failure resulting from Disability or occurring after issuance by you of a Notice of Termination for Good Reason), after a demand for substantial performance is delivered to you that specifically identifies the manner in which the Company believes that you have not substantially performed your duties, and after you have failed to resume substantial performance of your duties on a continuous basis within fourteen (14) calendar days after receiving such demand, (ii) you willfully engage in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise, or (iii) your having been convicted of (or pleaded *nolo contendere* to) a felony that impairs your ability substantially to perform your duties with the Company. In addition, your employment shall be deemed to have terminated for Cause if, within 12 months after your employment has terminated, facts and circumstances are discovered that would have justified a termination for Cause.

The Company shall make any decision that Cause exists in good faith. For purposes of this Agreement, no act or failure to act on your part shall be considered “willful” unless it is done, or omitted to be done, by you in bad faith or without reasonable belief that your action or omission was in the best interests of the Company or any successor or affiliate. Any act, or failure to act, on your part, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company or any successor or affiliate shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company or any successor or affiliate thereof.

- (d) Good Reason. You shall be entitled to terminate your employment for Good Reason. For purposes of this Agreement, “Good Reason” shall mean, without your express written consent, the occurrence within two (2) years following a Change of Control of the Company of any one (1) or more of the following:
 - (i) A material reduction or alteration in your duties and responsibilities, or the status of your position from those in effect on the day prior to the Change of Control;
 - (ii) A material reduction by the Company in your base salary or in your most recent annual target incentive award opportunity as in effect on the date hereof or as the same shall be increased from time to time;
 - (iii) The Company’s requiring you to be based at a location in excess of fifty (50) miles from the location where you are currently based;
 - (iv) The failure by the Company to continue in effect the Company’s employee benefit plans, policies, practices or arrangements in which you participate prior to the Change of Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) to provide similar benefits has been made with respect to such plan(s); or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on substantially the same basis, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed as of the time of the Change of Control;

- (v) The failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform this Agreement, as contemplated in Section 5 hereof; and
- (vi) Any purported termination by the Company of your employment that is not effected pursuant to a Notice of Termination which substantially satisfies the requirements of Section 3(f), below, and for purposes of this Agreement, no such purported termination shall be effective.

Your right to separate from service pursuant to this Section 3(d) shall not be affected by your suspension due to Disability. Your continued employment shall not constitute a waiver of your rights with respect to any circumstance constituting Good Reason hereunder, except that you must provide notice to the Company of the existence of the condition described in above within a period not to exceed ninety (90) calendar days of the initial existence of the condition, and the Company will have a period of at least thirty (30) calendar days following the notice during which it may remedy the condition.

- (e) Notice of Termination. Any termination by the Company for Cause or by you for Good Reason shall be communicated by Notice of Termination to the other party hereto. For purposes of this Agreement, a “Notice of Termination” shall mean a written notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provisions so indicated.
- (f) Date of Termination. “Date of Termination” shall mean the date specified in the Notice of Termination where required (but not less than thirty (30) calendar days following delivery of the Notice of Termination, except that termination for Cause may be effective immediately) or in any other case upon ceasing to perform services to the Company; provided that if within twenty (20) calendar days after any Notice of Termination one party notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date finally determined to be the Date of Termination, either by written agreement of the parties or by a binding and final arbitration decision. In the event that a dispute exists concerning the Date of Termination, you shall continue to receive your full compensation (including participation in all benefit and insurance plans in which you were participating) in effect when the notice giving rise to the dispute was given, until the Date of Termination is finally determined. In such event, you will be required to reimburse the Company for all compensation received beyond the finally determined Date of Termination either by direct cash reimbursement within thirty (30) calendar days of resolving the conflict or by appropriately reducing your remaining benefits to be received under the terms of this Agreement.
- (g) Earned Bonus Amount. For any year prior to the year during which a Change of Control occurs, your “Earned Bonus Amount” means your actual bonus for that year. For the year during which a Change of Control occurs, your “Earned Bonus Amount” means your total potential bonus for the year as determined under the SPX FLOW Executive Annual Bonus Plan or SPX FLOW Bonus Plan, as applicable, or applicable successor bonus plan (the “Bonus Plan”), according to the business performance metric achieved, and prorated to reflect your length of service during the Bonus Plan year. For any year following the year during which a Change of Control occurs, your “Earned Bonus Amount” means the greater of (i) your actual bonus for the year prior to the year during which the Change of Control occurs and (ii) your total potential bonus for the year as determined under the Bonus Plan, according to the business performance metric achieved, and prorated to reflect your length of service during the Bonus Plan year.

4. Compensation Upon Separation from Service Following a Change of Control.

- (a) Accrued Benefits. In the event that you separate from service for any reason during the Term of this Agreement following a Change of Control of the Company, you shall receive your Accrued Benefits through the Date of Termination to the extent unpaid. For purposes of this Agreement, your “Accrued Benefits” shall include the following:
 - (i) All base salary for the time period ending with your Date of Termination, at the rate in effect at the time Notice of Termination is given or on the Date of Termination if no Notice of Termination is required;
 - (ii) A bonus payment equal to one hundred percent (100%) of the greater of (A) your target bonus for the year in which the Date of Termination occurs (the “Year of Termination”), prorated based upon the ratio of the number of months (full credit for a partial month) you were employed during that bonus year to the total months in that bonus year, and (B) your Earned Bonus Amount for the Year of

Termination, calculated as if the Date of Termination were the end of that year for purposes of the Bonus Plan;

- (iii) A cash equivalent of all unused vacation to which you were entitled through your Date of Termination;
 - (iv) Reimbursement for any and all monies advanced in connection with your employment for reasonable and necessary expenses incurred by you on behalf of the Company for the time period ending with your Date of Termination (as evidenced and determined in accordance with applicable Company policy); and
 - (v) All other amounts to which you are entitled under any compensation or benefit plan, program, practice or policy of the Company in effect as of the Date of Termination.
 - (vi) Subject to Sections 4(e) and 4(f), the payments provided for in Section 4(a)(i), (ii), (iii), and (iv) above shall be made in a lump sum cash payment as soon as administratively practicable (but in no event more than thirty (30) calendar days) following your Date of Termination. If the total amount of annual bonus is not determinable on that date, the Company shall pay the amount of bonus that is determinable and the remainder shall be paid in a lump sum cash payment at the time such bonuses are paid generally and in all events no later than the two and one-half (2½) months following the end of the calendar year in which the bonus is earned.
- (b) **Severance Benefits.** In the event that you separate from service during the Term of this Agreement following a Change of Control, unless your separation from service is (i) because of your death, Disability, or Retirement; (ii) a termination by the Company for Cause; or (iii) a termination by you other than for Good Reason, you shall receive, in addition to your Accrued Benefits, the Severance Benefits. For purposes of this Agreement, your “Severance Benefits” shall include the following:
- (i) Your annual base salary at the rate in effect immediately prior to the Change of Control of the Company or, if greater, at the rate in effect at the time Notice of Termination is given, or on the Date of Termination if no Notice of Termination is required, multiplied by two (2);
 - (ii) An amount equal to two (2) times the greatest of (A) the highest of your Earned Bonus Amounts for the three (3) years immediately preceding the Year of Termination or (B) your target bonus under the Bonus Plan for the Year of Termination or (C) your Earned Bonus Amount for the Year of Termination, calculated as if the Date of Termination were the end of that year for purposes of the Bonus Plan;
 - (iii) For a two (2) -year period after your Date of Termination, the Company will arrange to provide to you the same group health care coverage you had prior to your Date of Termination, at the Company’s expense, which includes, but is not limited to, hospital, surgical, medical, dental, and dependent coverages, provided you timely apply and you and your dependents remain eligible for the coverage, and provided further that such continued coverage does not result in adverse tax or monetary penalties to the Company (or other applicable adverse effects to the Company based on coverage discrimination rules then in effect). Nothing herein shall be construed to extend the period of time over which COBRA continuation coverage shall be provided to you or your dependents beyond that mandated by law (that is, the coverage under this Section 4(b)(iii) will be concurrent with, and not consecutive to, the coverage period mandated by law). Health care benefits otherwise receivable by you pursuant to this Section 4(b)(iii) shall be discontinued to the extent comparable benefits are actually received by you from a subsequent employer (including an employer of your spouse) during the two (2) -year period following your Date of Termination, and any such benefits actually received by you shall be reported to the Company. To the extent the provision of health care benefits receivable by you pursuant to this Section 4(b)(iii) extends beyond the COBRA continuation period, such benefits will be provided in accordance with the requirements of Code Section 409A and Treasury Regulation §1.409A-3(i)(1)(iv) (or any similar or successor provisions);
 - (iv) For a two (2) -year period after your Date of Termination, the Company will arrange to provide to you, at the Company’s expense, life insurance coverage in the amount of two (2) times your base salary in effect at your Date of Termination and, at the end of the two (2)-year period, for the remainder of your life the Company will provide to you life insurance coverage in the amount of your base salary in effect at your Date of Termination provided that such coverage will be provided in accordance with the

requirements of Code Section 409A and Treasury Regulation §1.409A-3(i)(1)(iv) (or any similar or successor provisions);

- (v) Each stock option that you have been granted by the Company and that is not yet vested shall become immediately vested and exercisable and shall continue to be exercisable for the lesser of (A) two (2) years following your Date of Termination or (B) the time remaining until the originally designated expiration date, unless a longer exercise period is provided for in the applicable plan or award agreement;
 - (vi) Any contractual restrictions placed on shares of restricted stock or other equity-based compensation awards that you have been awarded pursuant to the SPX FLOW Stock Compensation Plan, as amended, and any similar or successor equity compensation plan adopted or maintained by the Company, shall lapse as of your Date of Termination;
 - (vii) In the event that a Change of Control occurs and payments are made under this Section 4(b), and a final determination is made by legislation, regulation, ruling, or court decision directed to you or the Company that the aggregate amount of any payments made to you under this Agreement and any other agreement, plan, program, or policy of the Company in connection with, on account of, or as a result of, such Change of Control (the "Total Payments") will be subject to an excise tax under the provisions of Code Section 4999, or any successor section thereof ("Excise Tax"), the Total Payments shall be reduced (beginning with those amounts that are exempt from Code Section 409A and then from amounts that are subject to Code Section 409A, beginning with the amounts scheduled to be paid furthest from the first date of the Total Payments) so that the maximum amount of the Total Payments (after reduction) shall be one dollar (\$1.00) less than the amount that would cause the Total Payments to be subject to the Excise Tax; provided, however, that the Total Payments shall only be reduced to the extent that the after-tax value of amounts received by you after application of the above reduction would exceed the after-tax value of the Total Payments received without application of such reduction. For this purpose, the after-tax value of an amount shall be determined taking into account all federal, state, and local income, employment, and excise taxes applicable to such amount. In making any determination as to whether the Total Payments would be subject to an Excise Tax, consideration shall be given to whether any portion of the Total Payments could reasonably be considered, based on the relevant facts and circumstances, to be reasonable compensation for services rendered (whether before or after the consummation of the applicable Change of Control).
- (A) In the event that upon any audit by the Internal Revenue Service, or by a state or local taxing authority, of the Total Payments, a change is formally determined to be required in the amount of taxes paid by, or Total Payments made to, you, appropriate adjustments will be made under this Agreement such that the net amount that is payable to you after taking into account the provisions of Code Section 4999 will reflect the intent of the parties as expressed in this Section 4(b)(vii). You shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require payment of an Excise Tax or an additional Excise Tax on the Total Payments (a "Claim"). Such notification shall be given as soon as practicable but no later than ten (10) business days after you are informed in writing of such Claim and shall apprise the Company of the nature of such Claim and the date on which such Claim is requested to be paid. You shall not pay such Claim prior to the expiration of the thirty (30)-calendar day period following the date on which you give such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such Claim is due). If the Company notifies you in writing prior to the expiration of such period that it desires to contest such Claim, you shall: (1) give the Company any information reasonably requested by the Company relating to such Claim, (2) take such action in connection with contesting such Claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such Claim by an attorney reasonably selected by the Company, (3) cooperate with the Company in good faith in order to contest effectively such Claim, and (4) permit the Company to participate in any proceedings relating to such Claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax, additional Excise Tax, or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this paragraph, the Company, at its sole

option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such Claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the Claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one (1) or more appellate courts, as the Company shall determine, provided, however, that if the Company directs you to pay such Claim and sue for a refund, the Company shall advance the amount of such payment to you on an interest-free basis or, if such an advance is not permissible under applicable law, pay the amount of such payment to you as additional compensation, and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax, additional Excise Tax, or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or additional compensation; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of you with respect to which such contested amount is claimed to be due is limited solely to such contested amount. The Company shall reimburse any fees and expenses provided for under this Section 4(b)(vii) on or before the last day of your taxable year following the taxable year in which the fee or expense was incurred, and in accordance with the other requirements of Code Section 409A and Treasury Regulation § 1.409A-3(i)(1)(v) (or any similar or successor provisions).

- (B) If, after your receipt of an amount advanced or paid by the Company pursuant to the immediately preceding paragraph, you become entitled to receive any refund with respect to such Claim, you shall (subject to the Company's compliance with the requirements of the immediately preceding paragraph) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after your receipt of an amount advanced by the Company pursuant to the immediately preceding paragraph, a determination is made that you shall not be entitled to any refund with respect to such Claim and the Company does not notify you in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid.
- (viii) To the full extent permitted by law, the Company shall indemnify you (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred by you in connection with the defense of any lawsuit or other claim to which you are made a party by reason of being or having been an officer, director or employee of the Company or any of its subsidiaries. In addition, you will be covered by director and officer liability insurance to the maximum extent that such insurance maintained by the Company from time to time covers any officer or director (or former officer or director) of the Company. Any costs and expenses that are to be paid or reimbursed pursuant to the preceding provisions of this Section 4(b)(viii) shall be reimbursed in accordance with the requirements of Code Section 409A and Treasury Regulation § 1.409A-3(i)(1)(iv) (or any similar or successor provisions);
- (ix) The Company will pay the expense of outplacement services from a provider reasonably selected by you and acceptable to the Company, up to a maximum of \$35,000. Such outplacement services must be incurred by you no later than the first anniversary of your separation from service;
- (x) To the extent that you prevail in any contest or dispute with respect to any interpretation, enforcement or defense of your rights under this Agreement by litigation or otherwise, the Company shall pay to you or reimburse you for all legal fees and expenses incurred by you as a result of such contest or dispute (including all such fees and expenses, if any, incurred in contesting or disputing any separation from service or in seeking to obtain or enforce any right or benefit provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Code Section 4999 to any payment or benefit provided hereunder, as described in Section 4(b)(vii) above), provided that such fees and expenses that are to be paid or reimbursed pursuant to the preceding provisions of this Section 4(b)(x) shall be reimbursed in accordance with the requirements of Code Section 409A and Treasury Regulation § 1.409A-3(i)(1)(iv) (or any similar or successor provisions); and
- (xi) Subject to Sections 4(e) and 4(f) and except as otherwise provided in this Agreement, the payments provided in Sections 4(b)(i) and (ii) shall be made in a lump sum cash payment as soon as administratively practicable (but in no event more than thirty (30) calendar days) following your separation from service. If the total amount of annual bonus is not determinable on that date, the Company shall pay the amount of bonus that is determinable and the remainder shall be paid in a lump

sum cash payment at the time such bonuses are paid generally and in all events no later than two and one-half (2½) months following the end of the calendar year in which the bonus is earned.

- (c) Notwithstanding any provision in this Agreement to the contrary, if a Change of Control occurs and you separate from service other than for Cause within six (6) months prior to the date on which the Change of Control occurs and you assert in writing to the Board within thirty (30) calendar days following the Change of Control that such separation from service (i) was at the request of a third party who had taken steps reasonably calculated to effect the Change of Control, (ii) otherwise arose in connection with or anticipation of the Change of Control, or (iii) would not have occurred if the Change of Control were not anticipated, then for all purposes of this Agreement your separation from service shall be deemed to have occurred following the Change of Control and any payments owed to you hereunder as a result of such Change of Control shall be paid to you within sixty (60) calendar days following the Change of Control, unless the Board determines in good faith that your separation from service (i) was not at the request of a third party who had taken steps reasonably calculated to effect the Change of Control, (ii) did not otherwise arise in connection with or anticipation of the Change of Control, and (iii) would have occurred if the Change of Control were not anticipated.
- (d) You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer after your Date of Termination, or otherwise, with the exception of a reduction in your insurance benefits as provided in Section 4(b)(iii), and as provided in Section 13.
- (e) If, at the time you become entitled to your Accrued Benefits and your Severance Benefits under this Section 4, you are a “specified employee” (as defined under Code Section 409A), then, notwithstanding any provision in this Agreement to the contrary, the following provisions shall apply.
 - (i) None of your Accrued Benefits and Severance Benefits considered deferred compensation under Code Section 409A and not subject to an exception or exemption thereunder shall be paid to you until the date that is six (6) months after your separation from service or, if earlier, the date of your death (the “Six-Month Delay Rule”). Any such Accrued Benefits and Severance Benefits that would otherwise have been paid to you during this six-month period (the “Six-Month Delay”) shall instead be aggregated and paid (without interest) to you no later than ten (10) calendar days following the date that is six (6) months after your separation from service. Any Accrued Benefits and Severance Benefits to which you are entitled to be paid under this Section 4 after the date that is six (6) months after your separation from service shall be paid to you in accordance with the applicable terms of Section 4.
 - (ii) During the Six-Month Delay, the Company will pay to you the applicable payments set forth in this Section 4, to the extent any of the following exceptions to the Six-Month Delay Rule apply:
 - (A) the short-term deferral rule of Code Section 409A and Treasury Regulation §1.409A-1(b)(4) (or any similar or successor provisions) (including with the treatment of each payment as one of a series of separate payments for purposes of Code Section 409A and Treasury Regulation §1.409A-2(b)(2)(iii)) (or any similar or successor provisions),
 - (B) payments permitted under the separation pay exception of Code Section 409A and Treasury Regulation §1.409A-1(b)(9)(iii) (or any similar or successor provisions), and
 - (C) payments permitted under the limited payments exception of Code Section 409A and Treasury Regulation §1.409A-1(b)(9)(v)(D) (or any similar or successor provisions),provided that the amount paid under this Section 4(e)(ii) will count toward, and will not be in addition to, the total payment amount required to be made to you by the Company under this Section 4 on account of your separation from service and any applicable Company benefit plan.
- (f) The Company shall deliver to you a form general release and waiver of claims in favor of the Company that is acceptable to the Company (the “Release”) as soon as administratively feasible following your separation from service, but no later than thirty (30) calendar days following such date. Notwithstanding any provision in this Agreement to the contrary, no payments pursuant to Section 4(a)(ii) or Section 4(b) shall be made prior to the date that both (i) you have delivered an original, signed Release to the Company and (ii) the revocability period (if any) has elapsed; provided, however, that any payments that would otherwise have been made prior to such

date but for the fact that you had not yet delivered an original, signed Release (or the revocability period had not yet elapsed) shall be made as soon as administratively practicable but not later than the seventy-fourth (74th) calendar day following your separation from service. If you do not deliver an original, signed Release to the Company within ten (10) business days (or longer if required by applicable law) after receipt of the same from the Company, (i) your rights shall be limited to those made available to you under Section 4(a) above (excluding Section 4(a)(ii)), and (ii) the Company shall have no obligation to pay or provide to you any amount or benefits described in Section 4(a)(ii) or Section 4(b), or any other monies on account of your separation from service. Notwithstanding any language in this Agreement to the contrary, if the seventy-fourth (74th) calendar day following the date of your termination occurs in a different calendar year than the calendar year of your date of termination, then the payment of any Severance Benefits subject to Code Section 409A shall be made no earlier than January 1 of the calendar year following the year in which your date of termination occurred.

5. Successors; Binding Agreements.

- (a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof employing you to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms to which you would be entitled hereunder if you terminated your employment for Good Reason following a Change of Control, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed your Date of Termination.
- (b) This Agreement shall inure to the benefit of and be enforceable by your personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. No Funding of Benefits. Nothing herein contained shall require or be deemed to require the Company to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments to be made hereunder. Your rights under this Agreement shall be solely those of a general creditor of the Company. However, in the event of a Change of Control, the Company may deposit cash or property, or both, equal in value to all or a portion of the benefits anticipated to be payable hereunder into a trust, the assets of which are to be distributed at such times as are otherwise provided for in this Agreement and are subject to the rights of the general creditors of the Company. The Company also may deposit additional amounts to cover any administrative fees and expenses associated with the trust.

7. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as legally shall be required. The Company may, at its option (a) require you to pay to the Company in cash such amount as may be required to satisfy such withholding obligations or (b) make other satisfactory arrangements with you to satisfy such withholding obligations.

8. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement.

9. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of Delaware. The Company and you agree that the jurisdiction and venue for any disputes arising under, or any action brought to enforce, or otherwise relating to, this Agreement shall be exclusively in the courts in the State of North Carolina, Mecklenburg County, including the Federal Courts located therein or responsible therefor (should Federal jurisdiction exist), and the Company and you hereby submit and consent to said jurisdiction and venue.

10. Employment Rights. This Agreement shall not confer upon you any right to continue in the employ of the Company or its subsidiaries and, except to the extent that benefits may become payable under Section 4, above, shall not in any way affect the right of the Company or its subsidiaries to dismiss or otherwise terminate your employment at any time and for any reason with or without Cause.

11. No Vested Interest. Neither you nor your estate shall have any right, title or interest in any benefit under this Agreement prior to the occurrence of all of the events specified herein as necessary conditions to such right, title or interest.
12. Prior Agreements. This Agreement contains the understanding between the parties hereto with respect to severance benefits in connection with a Change of Control of the Company and supersedes any prior such agreement between the Company (or any predecessor of the Company) and you. If there is any discrepancy or conflict between this Agreement and any plan, policy and program of the Company regarding any term or condition of severance benefits in connection with a Change of Control of the Company, the language of this Agreement shall govern.
13. Coordination with Other Arrangements. Payments and benefits under this Agreement shall be in lieu of any severance payments or benefits provided to you under any other severance pay plan, policy or arrangement of or with the Company.
14. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
15. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.
16. Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association (“AAA”) then in effect, in Charlotte, North Carolina in accordance with the AAA’s National Rules for the Resolution of Employment Disputes. Judgment may be entered on the arbitrator’s award in any court having jurisdiction. However, you shall be entitled to seek in court specific performance of your right, pursuant to Section 3(f), above, to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. You acknowledge that by accepting this arbitration provision you are waiving any right to a jury trial in the event of a covered dispute. The arbitrator may, but is not required to, order that the prevailing party shall be entitled to recover from the losing party its attorneys’ fees and costs incurred in any arbitration arising out of this Agreement. The arbitrator will have the right only to interpret and apply the provisions of this Agreement and may not change any of its provisions. The arbitrator will permit reasonable pre-hearing discovery of facts, to the extent necessary to establish a claim or a defense to a claim, subject to supervision by the arbitrator. The determination of the arbitrator will be conclusive and binding upon the parties and judgment upon the same may be entered in any court having jurisdiction thereof. The arbitrator will give written notice to the parties stating the arbitrator’s determination, and will furnish to each party a signed copy of such determination. Any arbitration or action pursuant to this Section 16 will be governed by and construed in accordance with the substantive laws of the State of Delaware and, where applicable, federal law, without giving effect to the principles of conflict of laws of Delaware. The Company will not be required to seek or participate in arbitration regarding any actual or threatened breach of any applicable non-compete, non-solicitation, confidentiality or similar restrictive covenants applicable to you, but may pursue its remedies in a court of competent jurisdiction.
17. Code Section 409A Compliance. To the extent any provision of this Agreement or action by the Company would subject you to liability for interest or additional taxes under Code Section 409A, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Company. It is intended that this Agreement will comply with Code Section 409A, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and this Agreement shall be administered accordingly, and interpreted and construed on a basis consistent with such intent. Each payment under Section 4 of this Agreement or any Company benefit plan is intended to be treated as one of a series of separate payments for purposes of Code Section 409A and Treasury Regulation §1.409A-2(b)(2)(iii) (or any similar or successor provisions). This Agreement may be amended to the extent necessary (including retroactively) by the Company in order to preserve compliance with Code Section 409A. The preceding shall not be construed as a guarantee of any particular tax effect for your compensation and benefits.
18. Payments to Estate. The executor of your estate shall be entitled to receive all amounts owing to you at the time of death under this Agreement in full settlement and satisfaction of all claims and demands on your behalf. Such payments shall be in addition to any other death benefits of the Company and in full settlement and satisfaction of all severance benefit payments provided for in this Agreement. In the event of your death or a judicial determination of your incompetence, reference in this Agreement to “you” will be deemed to refer, where appropriate, to your estate or other legal representative.

If this letter properly sets forth our agreement on the subject matter hereof, kindly date, sign and return to the Company the enclosed copy of this letter, which will then constitute our agreement on this subject.

EXECUTIVE ACCEPTANCE **SPX FLOW, INC.**

_____ By: _____

SUBSIDIARIES

Entity Name	Domestic Jurisdiction
Anhydro (Hong Kong) Limited	Hong Kong
Anhydro China Co., Ltd.	China
APV (China) Co., Ltd.	China
APV Benelux B.V.	Netherlands
APV Benelux NV	Belgium
APV Hills and Mills (Malaysia) Sdn Bhd	Malaysia
APV Middle East Limited	Saudi Arabia
APV Overseas Holdings Limited	United Kingdom
Ballantyne Company	Cayman Islands
Ballantyne Holding Company	Cayman Islands
Ballantyne Holding Mauritius Ltd.	Mauritius
Carnoustie Finance Limited	United Kingdom
Clyde Pumps India Pvt Limited	India
Clyde Pumps Limited	United Kingdom
Clyde Union (France) S.A.S.	France
Clyde Union (Holdings) Limited	Scotland
Clyde Union (Holdings) S.á.r.l.	Luxembourg
Clyde Union (Indonesia) (Holdings) Limited	Scotland
Clyde Union (US), Inc.	Delaware
Clyde Union Canada Limited	Canada
Clyde Union China Holdings Limited	Scotland
Clyde Union DB Limited	United Kingdom
Clyde Union Inc.	Michigan
Clyde Union Limited	Scotland
Clyde Union Middle East LLC	United Arab Emirates
Clyde Union Pumps Middle East FZE	United Arab Emirates
Clyde Union S.á.r.l.	Luxembourg
Clyde Union S.A.S.	France
Clyde Union Technology (Beijing) Co., Ltd.	China
Corporate Place, LLC	Delaware
Delaney Holdings, Co.	Delaware
Fastighets AB Klädeshandlaren	Sweden
General Signal (China) Co., Ltd.	China
Girdlestone Pumps Limited	Scotland
Invensys Philippines, Inc.	Philippines
Johnson Pumps Of America, Inc.	Delaware
Johnston Ballantyne Holdings Limited	United Kingdom
Launch Tech Company Limited	China
Marley Engineered Products (Shanghai) Co. Ltd.	China
Mather & Platt Machinery Limited	Scotland
Medinah Holding Company	Cayman Islands
Medinah Holding GmbH	Germany

Entity Name	Domestic Jurisdiction
Merion Finance S.A.R.L.	Luxembourg
Muirfield Finance Company Limited	United Kingdom
Oakmont Finance S.A.R.L.	Luxembourg
PT Barata David Brown Gear Industries	Indonesia
PT. Clyde Union Pumps Indonesia	Indonesia
Rathi Lightnin Mixers Private Limited	India
S & N International, L.L.C.	Delaware
S & N Pump Company	Texas
S & N Pump Middle East, LLC	Texas
S&N Pump (Africa) Ltda.	Angola
S&N Pump and Rewind Limited	United Kingdom
Shinnecock Holding Company	Cayman Islands
SPX (China) Industrial Manufacturing Center Co., Ltd.	China
SPX (Shanghai) Flow Technology Co., Ltd.	China
SPX (Shanghai) Mechanical & Electrical Equipment Co., Ltd.	China
SPX Canada Co.	Canada
SPX Chile Limitada	Chile
SPX Clyde Luxembourg S.á.r.l.	Luxembourg
SPX Clyde UK Limited	United Kingdom
SPX Corporation (China) Co., Ltd.	China
SPX Denmark Holdings ApS	Denmark
SPX Flow Europe Ltd.	United Kingdom
SPX FLOW Germany Holding GmbH	Germany
SPX Flow Holdings, Inc.	Delaware
SPX Flow Oil & Gas Equipments Trading Services LLC	United Arab Emirates
SPX Flow Receivables LLC	Delaware
SPX Flow Saudi Arabia LLC	Saudi Arabia
SPX Flow Technology (India) Private Limited	India
SPX Flow Technology (Pty) Limited	South Africa
SPX Flow Technology (Thailand) Limited	Thailand
SPX Flow Technology Argentina S.A.	Argentina
SPX Flow Technology Assen B.V.	Netherlands
SPX Flow Technology Australia Pty Ltd.	Australia
SPX Flow Technology Belgium NV	Belgium
SPX Flow Technology Canada Inc.	Canada
SPX Flow Technology Crawley Limited	United Kingdom
SPX Flow Technology Danmark A/S	Denmark
SPX Flow Technology do Brasil Indústria e Comércio Ltda.	Brazil
SPX Flow Technology Dublin Limited	Ireland
SPX Flow Technology Etten-Leur B.V.	Netherlands
SPX Flow Technology Finland Oy	Finland
SPX Flow Technology Hong Kong Limited	Hong Kong
SPX Flow Technology Hungary Kft. (SPX Flow Technology Hungary Mernöki és Képviseleti Kft.)	Hungary
SPX Flow Technology Ibérica S.A.	Spain
SPX Flow Technology Italia S.p.A.	Italy

Entity Name	Domestic Jurisdiction
SPX Flow Technology Japan, Inc.	Japan
SPX Flow Technology Kerry Limited	Ireland
SPX Flow Technology Korea Co., Ltd.	South Korea
SPX Flow Technology Limited	United Kingdom
SPX Flow Technology London Limited	United Kingdom
SPX Flow Technology Mexico, S. A. de C.V.	Mexico
SPX Flow Technology Moers GmbH	Germany
SPX Flow Technology New Zealand Limited	New Zealand
SPX Flow Technology Norderstedt GmbH	Germany
SPX Flow Technology Poland sp. z.o.o.	Poland
SPX Flow Technology Rosista GmbH	Germany
SPX Flow Technology s.r.o.	Czech Republic
SPX Flow Technology Santorso S.r.l.	Italy
SPX Flow Technology SAS	France
SPX Flow Technology Singapore Pte. Ltd.	Singapore
SPX Flow Technology Sweden AB	Sweden
SPX Flow Technology Unna GmbH	Germany
SPX Flow Technology USA, Inc.	Delaware
SPX Flow Technology Warendorf GmbH	Germany
SPX Flow US, LLC	Delaware
SPX FLOW, Inc.	Delaware
SPX France Holdings SAS	France
SPX Industrial Equipment Manufacturing (Suzhou) Co., Ltd.	China
SPX International GmbH	Germany
SPX International Holding GmbH	Germany
SPX International Limited	United Kingdom
SPX International Management LLC	Delaware
SPX Korea Co., Ltd.	South Korea
SPX Latin America Corporation	Delaware
SPX Luxembourg Acquisition Company S.a.r.l.	Luxembourg
SPX Luxembourg Holding Company S.á.r.l.	Luxembourg
SPX Middle East FZE	United Arab Emirates
SPX Process Equipment Pty Ltd.	Australia
SPX Russia Limited	Russia
SPX Serviços Industriais Ltda.	Brazil
SPX U.L.M. GmbH	Germany
SPX UK Holding Limited	United Kingdom
Torque Tension Systems (Asia Pacific) Pty Limited	Australia
Torque Tension Systems Limited	United Kingdom
Turnberry Rubicon Limited	Scotland
Turnberry Rubicon Limited Partnership	Scotland
UD-RD Holding Company Limited	United Kingdom
Union Pump Limited	United Kingdom
United Dominion Industries Corporation	Canada
Valhalla Holding Company	Cayman Islands

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-207128 and 333-207129 both on Form S-8 of our reports dated February 8, 2017, relating to the consolidated and combined financial statements of SPX FLOW, Inc. and subsidiaries (the “Company”), and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
February 8, 2017

Certification

I, Marcus G. Michael, certify that:

1. I have reviewed this annual report on Form 10-K of SPX FLOW, Inc.;
2. Based on my knowledge, this annual 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 annual 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.

Date: February 8, 2017

/s/ MARCUS G. MICHAEL

President, Chief Executive Officer and Director

Certification

I, Jeremy W. Smeltser, certify that:

1. I have reviewed this annual report on Form 10-K of SPX FLOW, Inc.;
2. Based on my knowledge, this annual 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 annual 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.

Date: February 8, 2017

/s/ JEREMY W. SMELTSER

Vice President and Chief Financial Officer

