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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
May 23, 2017

FLIR Systems, Inc.

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation)

0-21918
(Commission
File Number)

93-0708501
(IRS Employer
Identification No.)

27700 SW Parkway Avenue
Wilsonville, Oregon
(Address of Principal Executive Offices)

97070
(Zip Code)

503-498-3547
(Registrant's telephone number, including area code)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

Effective June 19, 2017 (the “Effective Date”), the Board of Directors (the “Board”) of FLIR Systems, Inc. (the “Company”) appointed James J. Cannon, 46, as President, Chief Executive Officer and Director of the Company replacing Andrew C. Teich, who previously announced his plan to retire.

Prior to his appointment as President, Chief Executive Officer and Director of the Company, Mr. Cannon was an employee of Stanley Black & Decker, Inc. since 2001, most recently as President, Stanley Security, North America & Emerging Markets, since October 2014. Previously, Mr. Cannon was President of Stanley Oil & Gas from August 2012 to October 2014, President of Stanley Industrial & Automotive Repair, Europe and Latin America, from July 2011 to August 2012, and President of Stanley Industrial and Automotive Repair, North America from February 2009 to July 2011. Prior to that from 1989 to 1999 Mr. Cannon served in the United States Army in various locations around the World as an infantryman and armor officer, including Operations Desert Shield and Desert Storm in Iraq, where he was awarded a Combat Infantryman’s Badge. Mr. Cannon is a graduate of the University of Tennessee, Chattanooga (B.S. Business Administration/Marketing). Mr. Cannon is a member of the Board of Directors of Lydall, Inc.

Pursuant to an employment agreement (the “Employment Agreement”) between the Company and Mr. Cannon dated as of the Effective Date, Mr. Cannon will be paid an annualized base salary of \$725,000, prorated from June 19, 2017, and will be eligible for annual incentive compensation for 2017 as determined by the Company’s compensation committee of the Board (the “Compensation Committee”) in accordance with the Company’s 2012 Executive Bonus Plan, as in effect from time to time. Mr. Cannon will have an initial annual incentive payment target of 100% of his base salary, prorated from June 19, 2017, with a minimum incentive payment for 2017 of \$350,000. The Employment Agreement provides that for 2018 Mr. Cannon will be paid an annualized base salary of \$750,000 and will have an annual incentive target for 2018 of 100% of base salary with a minimum annual incentive payment equal to 50% of base salary. The Employment Agreement has an initial term ending December 31, 2018, which may be renewed by mutual agreement of the Company and Mr. Cannon.

Within seven (7) business days of the Effective Date, Mr. Cannon will also receive a cash payment of approximately \$3.0 million (with the actual amount calculated in accordance with the Employment Agreement). This payment is intended to compensate Mr. Cannon for the loss of unvested stock options scheduled to vest over the short term and other incentives Mr. Cannon was granted pursuant to his employment with his previous employer (“Previous Employer”) and forfeited because of his joining the Company. In addition, subject to the approval of the Board and the Compensation Committee, within seven (7) business days of the Effective Date, Mr. Cannon will also receive an equity grant with a value of approximately \$3.2 million intended to compensate him for the loss of long-term equity grants Mr. Cannon was granted by Previous Employer and forfeited because of his joining the Company. The size of this equity grant: is approximately 85,109 Company restricted share units (with the actual number determined in accordance with the Employment Agreement), and includes unequal tranches that will vest on December 6, 2018, 2019, 2020 and 2021 inclusively, subject to Mr. Cannon’s continued employment with us. Also, subject to the approval of the Board and the Committee, within seven (7) days of the Effective Date, Mr. Cannon will receive FLIR CEO equity grants having a cumulative grant date value of \$3.6 million prorated based on his start date in 2017 (approximately \$1.95 million after proration from the Effective Date to the end of 2017) - 25% in the form of stock options, 25% in the form of restricted share units, and 50% in the form of performance restricted share units subject to the performance metrics applicable to Company executive officers under the Company’s 2017 long term incentive plan. In addition, subject to the approval of the Board and the Compensation Committee to occur in or around February 2018, Mr. Cannon shall be eligible to receive an equity grant in 2018 having a grant date economic value of not less than \$3.6 million, with the grant type(s) and performance criteria as determined by the Compensation Committee in accordance with the Company’s annual executive incentive program.

Pursuant to the Employment Agreement, if the Employment Agreement is not renewed by the Company or the Company terminates the employment of Mr. Cannon without Cause or if Mr. Cannon terminates his employment for Good Reason (as such capitalized terms are defined in the Employment Agreement), he will be entitled to receive: (i) continued payments of his base salary in effect at the time of such termination for a period equal to the greater of 12 months or the remaining term of the Employment Agreement, (ii) payment or reimbursement for the premiums cost of any continued health coverage elected by Mr. Cannon under COBRA for a period of up to 12 months following the termination date, (iii) an annual bonus of not less than one year’s base salary for the year in which such termination occurs, and (iv) immediate vesting acceleration of all equity awards granted to Mr. Cannon. If Mr. Cannon’s employment terminates because of his death or disability, Mr. Cannon’s estate or designated beneficiary will be entitled to an amount equal to his annual base salary.

The Employment Agreement also provides that Mr. Cannon will be subject to customary non-compete and other restrictive covenants.

Pursuant to a change of control agreement (the “Change of Control Agreement”) between the Company and Mr. Cannon, to be dated as of June 19, 2017, Mr. Cannon is entitled to receive, in the event of a Change of Control (as such term is defined in the Change of Control Agreement) and the termination of his employment by the Company without Cause within 60 days prior to such event or 180 days after such event or by Mr. Cannon for Good Reason within 180 days following such event (as such capitalized terms are defined in the Change of Control Agreement), the following benefits: (i) immediate vesting of any unvested equity awards, (ii) a lump-sum payment equal to two hundred percent (200%) of the sum of Mr. Cannon’s annual base salary and target annual incentive compensation in effect as of the day before the Change of Control, and (iii) continuation of health benefits for a maximum period of 18 months. If the payment would result in a “parachute payment” within the meaning of Section 280G under the United States Internal Revenue Code, then benefits will be reduced so that the payment would be \$1.00 less than the amount that would cause the payments to be subject to excise tax. The change of control benefits described in clauses (ii) and (iii) above are contingent on Mr. Cannon signing and not revoking a release of claims in a form satisfactory to the Company. The Change of Control Agreement has an initial term ending December 31, 2018 and will renew for successive one-year periods unless the Company provides notice of non-renewal as provided therein. Severance benefits under the Change of Control Agreement will supersede any rights to severance under other Company plans or agreements, including the Employment Agreement, and any severance payments or benefits received under the Employment Agreement will offset payments or benefits payable under the Change of Control Agreement.

In addition, Mr. Cannon will be reimbursed for the cost of relocation to Portland, Oregon, including temporary living expenses for up to two years and any loss of sale of Mr. Cannon’s current residence and a monthly car allowance of \$1,500.

The foregoing descriptions of the Employment Agreement and Change of Control Agreement do not purport to be complete and are qualified in their entirety by their full text, which are filed as Exhibits 10.1 and 10.2, respectively, hereto and are incorporated herein by reference.

Effective upon his appointment as President, Chief Executive Officer and Director of the Company, Mr. Cannon will be designated as an “officer” as such term is used within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended.

There is no arrangement or understanding between Mr. Cannon and any other persons pursuant to which Mr. Cannon was selected as an officer. There are no family relationships between Mr. Cannon and any director, executive officer or person nominated or chosen by the Company to become a director or executive officer of the Company within the meaning of Item 401(d) of Regulation S-K under the U.S. Securities Act of 1933 (“Regulation S-K”). Since the beginning of the Company’s last fiscal year and except as described above, the Company has not engaged in any transaction in which Mr. Cannon had a direct or indirect material interest within the meaning of Item 404(a) of Regulation S-K.

Item 7.01 REGULATION FD DISCLOSURE

On May 23, 2017, the Company issued a press release announcing Mr. Cannon’s appointment as President, Chief Executive Officer and Director. A copy of the Company’s press release is attached hereto as Exhibit 99.1.

The information set forth under this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- 10.1 Executive Employment Agreement between FLIR Systems, Inc. and James J. Cannon dated as of June 19, 2017.
 - 10.2 Change of Control Agreement between FLIR Systems, Inc. and James J. Cannon dated as of June 19, 2017.
 - 99.1 Press Release of FLIR Systems, Inc. dated May 23, 2017.
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SIGNATURE

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

FLIR SYSTEMS, INC.

Date: May 23, 2017

By: /s/ Todd M. DuChene
Todd M. DuChene
Senior Vice President, General Counsel & Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Executive Employment Agreement between FLIR Systems, Inc. and James J. Cannon dated as of June 19, 2017.
10.2	Change of Control Agreement between FLIR Systems, Inc. and James J. Cannon to be dated as of June 19, 2017.
99.1	Press Release of FLIR Systems, Inc. dated May 23, 2017.

EXECUTIVE EMPLOYMENT AGREEMENT

PARTIES: FLIR Systems, Inc. (“Company”)
27700 SW Parkway Avenue
Wilsonville, OR 97070

James J. Cannon (“Executive”)

EFFECTIVE DATE: June 19, 2017

RECITALS:

The Company wishes to obtain the services of Executive for the duration of this Agreement, and the Executive wishes to provide his services for such period, all upon the terms and conditions set forth in this Agreement.

Therefore, in consideration of the mutual promises contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 “**Base Salary**” means regular cash compensation paid on a periodic basis exclusive of benefits, bonuses or incentive payments.

1.2 “**Board**” means the Board of Directors of the Company.

1.3 “**Cause**” means Executive committed any one or more of the following, whether before, on or after the effective date of this Agreement: (i) willful misconduct or gross negligence in the performance of any material duties under this Agreement that results in material damage to the Company or is reasonably expected to cause material damage to the Company, and if such misconduct is susceptible of cure, the failure to effect such cure within thirty (30) calendar days after written notice from the Board of such misconduct is given to Executive; (ii) use of alcohol or illegal drugs which interferes with the performance of Executive’s duties hereunder; (iii) theft, embezzlement, fraud, misappropriation of funds, other willful acts of dishonesty or a violation of any material law, ethical rule or fiduciary duty relating to Executive’s employment by the Company that the Board determines materially damages the Company; (iv) conviction of (or a plea of guilty or nolo contendere with respect to) a felony or a crime involving moral turpitude; (v) the willful and material violation of any confidentiality or proprietary rights agreement between Executive and the Company that materially damages the Company; or (vi) the willful and material violation of Company policy or procedure, or breach of any material provision of this Agreement, that materially damages the Company, and if such violation or breach is susceptible of cure, the failure to effect

such cure within thirty (30) calendar days after written notice from the Board of such violation or breach is given to Executive.

1.4 “**Disability**” means for purposes of Section 4.5, the inability of Executive to perform his duties under this Agreement, with or without reasonable accommodation, because of physical or mental incapacity for a continuous period of five (5) months, as determined by the Board. For purposes of Section 3.4, Disability means total and permanent disability as defined in Internal Revenue Code Section 22(e)(3).

1.5 “**FLIR**” shall mean FLIR Systems, Inc., and its wholly owned subsidiaries.

1.6 “**Good Reason**” shall exist if (i) the Company, without Executive’s written consent, (a) materially reduces Executive’s authority, duties or responsibilities, (b) materially reduces Executive’s then current Base Salary, or (c) commits a material breach of this Agreement; (ii) Executive provides written notice to the Company of any such action within ninety (90) calendar days of the date on which such action first occurs, and provides the Company within thirty (30) calendar days to remedy such action (the “Cure Period”); (iii) the Company fails to remedy such action within the Cure Period; and (iv) Executive provides notice of resignation within thirty (30) calendar days after the expiration of the Cure Period and Executive terminates employment within sixty (60) calendar days after the expiration of the Cure Period.

ARTICLE II

EMPLOYMENT, DUTIES AND TERM

2.1 **Employment.** Upon the terms and conditions set forth in this Agreement, the Company hereby employs Executive as President and Chief Executive Officer, and Executive accepts such employment.

2.2 **Duties.** Executive shall devote his full-time and best efforts to the Company and to fulfilling the duties of President and Chief Executive Officer, which shall include such duties as may from time to time be assigned him by the Board, provided that such duties are reasonably consistent with Executive’s education, experience and background. Executive shall comply with the Company’s policies and procedures to the extent they are not inconsistent with this Agreement in which case the provisions of this Agreement prevail. Executive shall also be permitted to serve on outside boards, commissions and partnerships to the extent such service does not conflict with the provisions of this Agreement.

2.3 **Term.** The term of this Agreement shall commence on the Effective Date noted above and continue through December 31, 2018, unless earlier terminated in accordance with Article IV. This Agreement may be extended by mutual agreement of the parties. In the event the Company declines to extend this Agreement, Executive shall receive the compensation and benefits outlined in Section 4.3 as though the Company had terminated Executive’s employment without Cause. For

the avoidance of doubt, in the event Executive declines to extend this Agreement, he shall not be entitled to receive the compensation and benefits outlined in Section 4.3.

ARTICLE III
COMPENSATION AND EXPENSES

3.1 **Base Salary.** For all services rendered under this Agreement during the term of Executive's employment, the Company shall pay Executive (i) a minimum annual Base Salary of \$725,000 for 2017, pro-rated from the Effective Date; and (ii) a minimum annual Base Salary of \$750,000 for 2018. Executive's Base Salary shall be reviewed annually by the Board, or a committee of the Board, and may be increased in the sole discretion of the Board, or such committee of the Board.

3.2 **Bonus.**

(a) **2017 Annual Bonus.** For 2017, Executive shall be eligible for an annual incentive bonus (the "Annual Bonus") with a target award of 100% of the Base Salary, pro-rated from the Effective Date. The 2017 Annual Bonus, which shall have a minimum award of \$350,000, shall be determined at the sole discretion of the Compensation Committee of the Board (the "Committee") in accordance with the FLIR 2017 Annual Incentive Plan Metrics.

(b) **2018 Annual Bonus.** For 2018, Executive shall be eligible for an Annual Bonus with a target award of 100% of the Base Salary, with a minimum award of 50% of the target Annual Bonus. The award and amount of the 2018 Annual Bonus shall be determined at the sole discretion of the Committee in accordance with the FLIR 2018 Annual Incentive Plan Metrics then in effect.

3.3 **Make-Whole Bonus.** Within seven (7) business days of the Effective Date, the Company shall make one (1) lump-sum payment to Executive in order to make Executive whole with respect to equity forfeited from Executive's previous employer ("Prior Company") (the "Make-Whole Bonus"). The Make-Whole Bonus shall be comprised of, and calculated as the sum of, the following (less all required withholdings):

- (a) the value of Executive's "in the money" Prior Company unvested stock options;
- (b) the value of Executive's target number of Prior Company performance-based restricted stock units;
- (c) the value of Executive's Prior Company restricted stock units that would have vested in 2017; and
- (d) the value of Executive's accrued dividends on Executive's Prior Company restricted stock units that would have vested in 2017.

3.4 **Equity Grants.**

(a) **Prior Company Equity Conversion Grant.** Subject to the approval of the Board and the Committee, within seven (7) business days of the Effective Date, the Company shall grant Executive a specified number of FLIR Restricted Stock Units (the “Converted FLIR RSUs”), to be calculated as follows: the number of Executive’s Prior Company restricted stock units that would have vested in 2018, 2019, 2020, and 2021 multiplied by the agreed-upon “Conversion Factor.” The Converted FLIR RSUs shall vest on a like schedule to Executive’s Prior Company restricted stock unit grants to be replaced pursuant to this Section 3.4(a).

(b) **2017 Equity Grant.** Subject to the approval of the Board and the Committee, within seven (7) business days of the Effective Date, the Company shall grant Executive an equity grant with a total annual economic value of \$3,600,000 (pro-rated based on the Effective Date) (the “2017 Equity Grant”). The 2017 Equity Grant shall be comprised as follows: (i) twenty-five percent (25%) will be in the form of options to purchase shares of common stock of the Company, which shall vest ratably over three (3) years, with absolute amounts calculated by the Black-Scholes value; (ii) twenty-five percent (25%) will be in the form of restricted stock units in FLIR, based on the most recent closing price of the Company’s common stock prior to the Effective Date, which shall vest ratably over three (3) years; and (iii) fifty percent (50%) will be in the form of FLIR performance-based restricted stock units, which cliff vest on April 28, 2020, as defined in the Company’s 2017 long-term incentive program and the Company’s Performance Restricted Stock Unit Agreement.

(c) **2018 Equity Grant.** Subject to the approval of the Board and the Committee, the Company shall grant Executive an equity grant with a total annual economic value of at least \$3,600,000, the composition of which shall be set by the Board in or around February 2018.

(d) **Additional Equity Grants.** Executive shall annually be eligible for equity grants of FLIR stock, based upon achievement of objectives and for such quantity as determined by the Board or the Committee.

All equity grants, including all past and future grants, shall be subject to the terms and conditions set forth in the grant agreements between Executive and the Company associated with each such grant. In the event of any inconsistency between this Agreement and the grant agreements, the terms and conditions of the grant agreements shall take precedence.

3.5 **Personal Time Off.** Executive shall earn personal time off during the term of his employment in accordance with the Company’s policies regarding paid time off that are applicable to the Company’s executive officers.

3.6 **Benefits.** Executive shall be eligible to participate in all Company-sponsored health and welfare benefit plans made available to other executives of the Company for so long as he is

employed by the Company. In addition, Executive shall receive a monthly car allowance of \$1,500 per month for each month that this Agreement is in effect.

3.7 **Relocation Expenses.** Executive understands that the Company expects Executive to relocate to the Company's headquarters at a point in time as mutually agreed to by the Executive and the Company. Prior to such relocation, Executive shall be entitled to reimbursement of reasonable and ordinary course travel expenses from his home in Indiana to the Portland, Oregon vicinity, agreed to in advance, by Executive and the Company. Such expenses shall include the cost of the rental of an apartment or use of a hotel room in the Portland, Oregon vicinity; the cost of travel to and from his home to the Portland, Oregon vicinity; expenses related to the search for a permanent residence in the Portland, Oregon vicinity; and the cost (at Portland, Oregon rates) of moving his family and tangible possessions to the Portland, Oregon vicinity. In addition, the Company shall cover any loss to Executive on the actual paid price versus the realized received price for the sale of his house in Indiana, provided that the Company shall control the timing of such sale in consultation with Executive.

3.8 **Business Expenses.** The Company shall, in accordance with, and to the extent of, its policies in effect from time to time, bear all ordinary and necessary business expenses reasonably incurred by Executive in performing his duties as an employee of the Company, provided that Executive accounts promptly for such expenses to the Company in the manner prescribed from time to time by the Company.

3.9 **Taxes and Withholding.** All amounts payable to Executive under this Agreement shall be net of amounts required to be withheld by law.

ARTICLE IV **EARLY TERMINATION**

4.1 **Early Termination.** This Article sets forth the terms for early termination of Executive's employment with the Company.

4.2 **Termination for Cause.** The Company may terminate Executive's employment for Cause immediately upon written notice from the Board to Executive. In the event of termination for Cause pursuant to this Section 4.2, Executive shall be paid Executive's Base Salary through the date of termination at the rate then in effect, and (without regard to any language that may be inconsistent in any option grant) for any option granted on or after the date of this Agreement Executive shall have the lesser of three (3) months from such termination or the remaining option term in which to exercise his vested stock options.

4.3 **Termination Without Cause.** Either Executive or the Company may terminate Executive's employment without Cause on no less than thirty (30) calendar days written notice from or to the Board. In the event Executive terminates his employment without Cause pursuant to this Section 4.3, and not for Good Reason pursuant to Section 4.4, Executive shall be paid his Base

Salary through the date of termination. In the event the Company terminates the Executive's employment without Cause pursuant to this Section 4.3, then: (i) the Company shall pay to Executive continuation of Executive's Base Salary in effect at the time of termination for a period of twelve (12) months or for the duration of the remaining term of the Agreement, whichever is greater, in accordance with the Company's regular payroll practices; (ii) all equity awards granted to Executive shall immediately vest; (iii) if Executive elects to continue his health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay or reimburse Executive for the COBRA premiums payable on behalf of Executive for a period of twelve (12) months following the effective date of the termination and (iv) Executive shall be entitled to an Annual Bonus (in lieu of any Annual Bonus for the year of termination otherwise set forth in Section 3.2) in an amount not less than one (1) year's Base Salary, which amount shall be paid promptly at termination.

4.4 **Termination for Good Reason.** Executive may terminate Executive's employment for Good Reason upon written notice to the Board. In the event of a termination by Executive for Good Reason, Executive shall receive the compensation and benefits outlined in Section 4.3 as though the Company had terminated Executive's employment without Cause.

4.5 **Termination in the Event of Death or Disability.** In the event Executive's employment terminates as a result of the death or Disability of Executive, the following provisions shall apply:

(a) In the event of Executive's death, the Company shall pay all accrued wages owing through the date of termination, plus an amount equal to one year's Base Salary. Such amount shall be paid (1) to the beneficiary or beneficiaries designated in writing to the Company by Executive, (2) in the absence of such designation, to the surviving spouse, or (3) if there is no surviving spouse, or such surviving spouse disclaims all or any part, then the full amount, or such disclaimed portion, shall be paid to the executor, administrator or other personal representative of Executive's estate. The amount shall be paid as a lump sum as soon as practicable following the Company's receipt of notice of Executive's death, but in no event later than December 31 of the year of death if Executive dies between January 1 and October 31. If Executive dies in November or December, such payment shall be made in January of the year following the year of death.

(b) In the event of Disability, Base Salary shall be paid through the final day of the twelfth (12th) month referenced in the definition of "Disability."

4.6 **Entire Termination Payment.** The compensation provided for in this Article IV shall constitute Executive's sole remedy for early termination of Executive's employment. Executive shall not be entitled to any other termination or severance payment which may be payable to Executive under any other agreement between Executive and the Company or under any policy in effect at, preceding or following the date of termination except that, in the event that Executive's employment terminates for any reason, the vested benefits accrued under taxqualified retirement plans, if any, will be paid as such plans are ordinarily payable upon a termination of employment.

ARTICLE V
CONFLICT OF INTEREST

5.1 During the term of employment with the Company, Executive will engage in no activity or employment which may conflict with the interests of the Company, and will comply with the Company's policies and guidelines pertaining to business conduct and ethics.

ARTICLE VI
EXECUTIVE COVENANTS

6.1 Restricted Activities. In connection with Executive's promotion to President and Chief Executive Officer of the Company, Executive agrees that certain restrictions on his activities during and after his employment are necessary to protect the goodwill, confidential information and other legitimate interests of the Company and its affiliates:

(a) While Executive is employed by the Company, and for a period of twelve (12) months following the date of termination of such employment, Executive shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, coventurer or otherwise, compete with the business of the Company or any of its affiliates anywhere in the world where the Company or any of its affiliates is doing business or undertake any planning for competition with the Company or any of its affiliates. Specifically, but without limiting the foregoing, Executive agrees not to engage in any manner in any activity that is directly or indirectly competitive or potentially competitive with the business of the Company or any of its affiliates as conducted or under consideration at any time during Executive's employment or to provide services in any capacity to a competitor of the Company or any of its affiliates. The business of the Company and its affiliates is the business of the Products. The foregoing condition, however, shall not fail to be met solely due to Executive's passive ownership of less than 3% of the equity securities of any publicly traded company. For purposes of this Agreement, "Products" means all products planned, researched, developed, tested, manufactured, sold, licensed, leased or otherwise distributed or put into use by the Company or any of its affiliates, together with all services provided or planned by the Company or any of its affiliates, during Executive's employment.

(b) Executive agrees that, while he is employed by the Company, and for a period of twelve (12) months following the date of termination of such employment, and excluding any activities undertaken on behalf of the Company or any of its affiliates in the course of his duties, he will not directly or indirectly solicit or encourage any customer of the Company or any of its affiliates to terminate or diminish its relationship with the Company or any of its affiliates; or directly or indirectly solicit or encourage any customer or potential customer of the Company or any of its affiliates to conduct with any person any business or activity which such customer or potential customer conducts or could conduct with the Company or any of its affiliates.

(c) Executive agrees that, while he is employed by the Company, and for a period of twelve (12) months following the date of termination of such employment, and excluding any

activities undertaken on behalf of the Company or any of its affiliates in the course of his duties, he will not directly or indirectly hire or otherwise engage the services of any employee, independent contractor or other agent providing services to the Company or any of its affiliates or solicit any such employee, independent contractor or agent to terminate or diminish his/her/its relationship with the Company or any of its affiliates; provided that this Section shall not restrict Executive's right to solicit prospective employees, independent contractors or agents pursuant to a general advertisement not specifically directed at such persons and to hire any persons (other than any person who was a direct report of Executive during his employment) who respond thereto and (2) that the solicitation or hiring of any independent contractor that is not an individual and provides services to multiple clients shall not be a violation of this Section so long as such solicitation or hiring does not cause the independent contractor to terminate or diminish its relationship with the Company or any of its affiliates.

(d) Executive agrees that during his employment by the Company and thereafter he shall not disparage the Company or any of its affiliates, their management or their business or the Products.

6.2 **Enforcement of Covenants.** Executive acknowledges that he has carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed upon him pursuant to this Section 6. Executive agrees that those restraints are necessary for the reasonable and proper protection of the Company and its affiliates and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. Executive further acknowledges that, were he to breach any of the covenants contained in this Section 6, the damage to the Company and its affiliates would be irreparable. Executive therefore agrees that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by Executive of any of said covenants, without having to post bond. The parties further agree that, in the event that any provision of this Section 6 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, such provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

6.3 **Confidentiality and Proprietary Information Agreements.** The restrictions and covenants set forth in this Section 6 shall be in addition to, and not in lieu of, any confidentiality, proprietary information, inventions or other agreements which Executive has entered into, or hereafter enters into, in connection with his employment or service as a director of the Company.

ARTICLE VII

GENERAL PROVISIONS

7.1 **Successors and Assigns.** Except as otherwise provided in Article VI, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and

assigns, administrators, executors, legatees, and heirs. In that this Agreement is a personal services contract, it shall not be assigned by Executive.

7.2 **Notices.** All notices, requests and demands given to or made pursuant hereto shall, except as otherwise specified herein, be in writing and be delivered or mailed to the Company at its address as set forth at the beginning of this Agreement (to the attention of the General Counsel), or to the Executive at his address on record at the time of the notice. Either party may change its address, by notice to the other party given in the manner set forth in this Section. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the third (3rd) business day thereafter or when it is actually received, whichever is sooner.

7.3 **Caption.** The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

7.4 **Governing Law and Jurisdiction.** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Indiana, without regard to its choice of laws provisions.

7.5 **Mediation.** In the case of any dispute arising under this Agreement which cannot be settled by reasonable discussion, the parties agree that, prior to commencing any proceeding, they will first engage the services of a professional mediator agreed upon by the parties and attempt in good faith to resolve the dispute through confidential nonbinding mediation. Each party shall bear one-half (1/2) of the mediator's fees and expenses and shall pay all of its own attorneys' fees and expenses related to the mediation. This Section 7.5 shall not apply to any action to enforce Executive's obligations under a confidentiality or proprietary rights agreement.

7.6 **Indemnification.** If Executive is made a party or identified as a witness to any threatened or pending action, suit, or proceeding (whether civil, criminal, administrative or investigative) in any matter concerning or relating to Executive's service to or actions or omissions on behalf of the Company as an employee or agent thereof, then the Company shall, to the maximum extent permitted by law, and in addition to any such right granted to or available to Executive under the Company's Charter, ByLaws or standing or other resolutions or agreements, defend, indemnify and hold Executive harmless against all expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement. The Company shall, upon Executive's request, promptly advance or pay any amounts for reasonable costs, charges, or expenses (including any legal fees and expenses incurred by Executive) subject to indemnification hereunder or in furtherance of such right, subject to a later determination as to Executive's ultimate right to receive indemnification.

Executive's right to indemnification will survive until the expiration of all applicable statutes of limitations, without regard to the earlier cessation of Executive's employment or any termination or expiration of this Agreement.

7.7 **Attorney Fees.** In the event of any suit, action or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to recover its attorney fees, costs and out-of-pocket expenses at trial and on appeal.

7.8 **Construction.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

7.9 **Waivers.** No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

7.10 **Modification.** This Agreement may not be and shall not be modified or amended except by written instrument signed by the parties hereto.

7.11 **Section 409A.** Any reimbursement of expenses under this Agreement (including, for example, under Section 3.7) shall occur not later than March 15 of the year following the year in which the expense was incurred. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit. In the event Executive is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code ("Code Section 409A") at the time of the termination of Executive's employment, any payments on termination due hereunder (other than accrued salary and vacation pay) which are considered nonqualified deferred compensation and are payable during the six (6) month period beginning on Executive's termination will be deferred and paid, together with interest at eight percent (8%), in a lump sum six (6) months and one (1) day after the date of termination (or, if earlier, upon Executive's death).

A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered "nonqualified deferred compensation" under Code Section 409A unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

It is the intention of the parties that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences to Executive under Code Section 409A and any guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted, applied and (to the minimum extent necessary) amended so that it does not fail to meet, and is operated in accordance with, the requirements of that Section. Any reference in this

Agreement to Code Section 409A shall also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to that Section by the U.S. Department of the Treasury or the Internal Revenue Service.

7.12 **Entire Agreement.** Except as set forth in Sections 3.4 and 6.3, this Agreement constitutes the entire agreement between the parties and supersedes all prior or contemporaneous oral or written understandings, statements, representations or promises with respect to its subject matter. This Agreement was the subject of negotiation between the parties and, therefore, the parties agree that the rule of construction requiring that the agreement be construed against the drafter shall not apply to the interpretation of this Agreement.

7.13 **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

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Signed this ___ day of May, 2017.

JAMES J. CANNON

FLIR SYSTEMS, INC.

/s/ James J. Cannon By: /s/ Angus L. Macdonald

Title: Chairman of the Compensation Committee



James J. Cannon

Re: Change of Control Agreement

Dear James:

FLIR Systems, Inc., an Oregon corporation with its Corporate offices located at 27700 SW Parkway Avenue, Wilsonville, Oregon 97070 (the "Company"), considers the establishment and maintenance of a sound and vital management team to be essential to protecting and enhancing the best interests of the Company and its shareholders. To this end, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a Change of Control 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. Accordingly, the Board of Directors of the Company, acting through its Compensation Committee (the "Committee") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management to their assigned duties without distraction in circumstances arising from the possibility of a Change of Control of the Company.

To induce you to remain in the employ of the Company, this letter agreement ("Agreement") sets forth the severance benefits which the Company will provide to you in the event your employment with the Company is terminated in connection with a Change of Control, as defined herein, under the circumstances described below.

1. Term of Agreement. The term of this Agreement commences on the date last written below, and extends through and including December 31, 2018; provided, however, that (i) the term of the Agreement shall be extended automatically by additional, consecutive 12-month periods unless the Company notifies you in writing of its decision to terminate the Agreement at least one hundred eighty (180) days prior to the date on which the Agreement is scheduled to expire and (ii) if a Change of Control, as defined in Section 2 below, occurs during the term of this Agreement, then notwithstanding any notice of termination pursuant to clause (i), the Agreement shall continue in effect for a period of one hundred eighty (180) days after the date of such Change of Control. Notwithstanding anything to the contrary set forth herein, this Agreement shall immediately terminate upon the termination of your employment with the Company under circumstances other than as described in Section 3 hereof.

2. Change of Control. For the purpose of this Agreement, "Change of Control" shall mean the occurrence of a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Company, as determined in



accordance with this Section 2. In determining whether an event shall be considered a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of the Company, the following provisions shall apply:

(a) A “change in the ownership” of the Company shall occur on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(v).

(b) A “change in the effective control” of the Company shall occur on the date on which a majority of the members of the Company’s Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company’s Board of Directors before the date of the appointment or election, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vi).

(c) A “change in the ownership of a substantial portion of the assets” of the Company shall occur on the date on which any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vii). A transfer of assets shall not be treated as a “change in the ownership of a substantial portion of the assets” when such transfer is made to an entity that is controlled by the shareholders of the Company, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vii)(B).

3. Termination Following Change of Control. If a Change of Control occurs during the term of this Agreement and either (i) your employment is terminated by the Company for a reason other than Cause within sixty (60) days before the Change of Control or one hundred eighty (180) days after the Change of Control or (ii) you terminate your employment due to Good Reason by delivery of a notice to the Company within one hundred eighty (180) days after the Change of Control setting forth the conditions that constitute Good Reason, then you will be entitled to the benefits provided in Section 4 below; provided that you shall not be entitled to such benefits if such termination is due to your death or Disability. For the purpose of this Section 3:

(a) “Cause” means you committed any one or more of the following: (i) theft, embezzlement, fraud, misappropriation of funds, other acts of dishonesty or the violation of any law or ethical rule relating to your employment by the Company; (ii) a felony or any act involving moral turpitude for which you were convicted or entered a plea of nolo contendere; (iii) a breach of any material provision of this Agreement or any confidentiality agreement between you and the Company, and if such violation or breach is susceptible of cure, the failure



to effect such cure within 30 calendar days after written notice of such breach is given to you; or (iv) a breach of your fiduciary duty to the Company.

(b) "Disability" means your inability to perform the duties of your position under this Agreement for a continuous period of five (5) months, with or without reasonable accommodation, because of a physical or mental impairment, as determined by the Committee.

(c) "Good Reason" shall mean, without your express written consent, the occurrence of any of the following conditions:

- (i) a material reduction in your base compensation;
- (ii) a material diminution in your authority, duties, or responsibilities; or
- (iii) a relocation of your primary employment duties by more than 50 miles;

provided, however, that the occurrence of any such condition shall not constitute Good Reason unless you provide notice to the Company of the existence of such condition not later than the earlier to occur of (A) 90 days after the initial existence of such condition and (B) 180 days after the date of the Change of Control, and the Company shall have failed to remedy such condition within 30 days after receipt of such notice.

4. Change of Control Benefits.

(a) In the event you become eligible for benefits under Section 3, you will receive (i) any benefits to which you are entitled pursuant to and in accordance with the terms of any plan of the Company then in effect and any existing contract between you and the Company, and (ii) the following benefits, conditioned upon your signing a release of claims in a form reasonably satisfactory to the Company not later than twenty-one (21) calendar days after the date of your termination:

- (1) your unvested equity awards will immediately vest and become exercisable;
- (2) a lump sum payment in an amount equal to 200% of the sum of your base salary and target annual incentive in effect as of the day before the date upon which the Change of Control occurred, payable upon the latest of (i) thirty (30) calendar days from the date your employment terminates, (ii) thirty (30) calendar days from the date of the Change of Control or (iii) the expiration of any applicable revocation period under the release, but in no event later than March 15th of the year following the year in which the termination occurs; and



(3) until the earlier of (a) eighteen (18) months, (b) such time as you obtain comparable benefits through employment or otherwise, or (c) age sixty-five (65), the Company will pay the COBRA premiums for continuation of group health insurance coverage for you and any of your eligible dependents that were covered under the Company's health plans on your date of termination.

Notwithstanding anything to the contrary in this Agreement or in any other plan, policy or agreement, if you become eligible for severance benefits under Section 3 of this Agreement, you shall not be eligible to receive any severance benefits from the Company under any other plan, policy or agreement, including your Executive Employment Agreement dated as of June 19, 2017; provided that if your employment is terminated by the Company for a reason other than Cause within sixty (60) days before the date of a Change of Control and severance benefits had already commenced pursuant to the terms of another plan, policy or agreement, then (i) the severance benefits payable under such other plan, policy or agreement shall cease as of the date of the Change of Control and (ii) (A) the cash severance benefits payable pursuant to Section 4(a)(ii)(2) shall be reduced by the aggregate amount of cash severance benefits that you actually received prior to the date of the Change of Control under such other plan, policy or agreement and (B) the number of months of COBRA continuation benefits provided under Section 4(a)(ii)(3) shall be reduced by the number of months of such COBRA continuation that you actually received prior to the date of the Change of Control under such other plan, policy or agreement.

(b) Notwithstanding any other provision of this Agreement, if any payment or benefit you would receive pursuant to a Change of Control of the Company or otherwise (each a "Payment" and collectively the "Payments") could constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the Company shall reduce the Payments so that the maximum amount of the Payments shall be One Dollar (\$1.00) less than the amount that would cause the Payments to be subject to the excise tax imposed by Section 4999 of the Code.

(c) If a reduction in Payments is necessary under Section 4(b), the Payments shall be reduced by the Company in its reasonable discretion in the following order and in a manner that complies with Section 409A of the Code (as determined by the Company): (i) reduction of cash Payments otherwise payable to you that are exempt from Section 409A of the Code; (ii) reduction of cash Payments otherwise payable to you that are subject to Section 409A of the Code, on a pro-rata basis or such other manner that complies with Section 409A of the Code; (iii) cancellation of accelerated vesting of equity-based awards; and (iv) reduction of any other payments and benefits otherwise payable to you on a pro-rata basis or such other manner that complies with Section 409A of the Code. If acceleration of vesting of your equity awards is to be reduced pursuant to clause (iii) of the immediately preceding sentence, such acceleration of vesting shall be accomplished by first canceling such acceleration for the vesting installment that will vest last and continuing to the extent necessary by canceling such acceleration for the next vesting installment with the latest vesting. A nationally recognized, independent accounting firm selected by the Company shall perform the calculations required by this Agreement. The



Company shall bear all reasonable expenses with respect to the determinations by such accounting firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with supporting documentation, to the Company and you promptly after the date on which your right to a Payment is triggered (if requested at that time by you or the Company) or such other time as requested by you or the Company, including a reasonable time prior to the Payment trigger date. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon you and the Company.

5. Right to Terminate. Nothing in this Agreement modifies the “at will” nature of your employment with Company. Both you and the Company retain the right to terminate the employment relationship at any time.

6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Company, each subsidiary and their respective successors and assigns, and shall be binding upon you, your administrators, executors, legatees, and heirs. In that this Agreement is a personal service contract, you may not assign it.

7. Notices. All notices, requests and demands given to or made pursuant to this Agreement shall, except as otherwise specified herein, be in writing and be delivered or mailed to any such party at its address as set forth in this Agreement (if to Company, to the attention of the General Counsel). Either party may change its address, by notice to the other party given in the manner set forth in this Section. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the third (3rd) business day thereafter or when it is actually received, whichever is sooner.

1. Captions. The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

2. Mediation & Arbitration.

(a) In the case of any dispute arising under this Agreement which cannot be settled by reasonable discussion (a “Dispute”), the parties agree that, prior to commencing any proceeding to enforce any rights under this Agreement, they will first engage the services of a professional mediator agreed upon by the parties and attempt in good faith to resolve the dispute through confidential nonbinding mediation. Each party shall bear one-half (1/2) of the mediator's fees and expenses and shall pay all of its own attorneys' fees and expenses related to the mediation.

(b) If any Dispute cannot be resolved pursuant to Section 9(a), such Dispute shall be settled by arbitration in Portland, Oregon or such other location to which the parties may agree administered by the American Arbitration Association, with any such dispute or



controversy arising under this Agreement being so administered in accordance with its Commercial Rules then in effect, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction. Except as necessary in court proceedings to enforce this arbitration provision or an award rendered hereunder, or to obtain interim relief, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of the Company and you. You and the Company acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding any choice of law provision included in this Agreement, the United States Federal Arbitration Act shall govern the interpretation and enforcement of this arbitration provision.

3. Governing Law and Jurisdiction. The validity, construction and performance of this Agreement shall be governed by the laws of the State of Oregon, without regard to its choice of laws provisions.

4. Attorney Fees. In the event of any suit, action or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to recover its attorney fees, costs and out-of-pocket expenses at trial and on appeal.

12. Construction. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

5. Waivers. No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

6. Modification. This Agreement may not be modified or amended except by written instrument signed by the parties hereto.

7. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior or contemporaneous oral or written understandings, agreements, statements, representations or promises with respect to its subject matter. This Agreement was the subject of negotiation between the parties and, therefore, the parties agree that the rule of construction requiring that the agreement be construed against the drafter shall not apply to the interpretation of this Agreement.



8. Section 409A. It is the intention of the parties that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences to you under Section 409A of the Code and any guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted, applied and (to the minimum extent necessary) amended so that it does not fail to meet, and is operated in accordance with, the requirements of that Section. Without limiting the generality of the foregoing, (a) in the event you are a “specified employee” within the meaning of Section 409A of the Code at the time of your separation from service (within the meaning of Section 409A of the Code), any payments on termination due hereunder which are considered “nonqualified deferred compensation” under Section 409A of the Code and are payable during the six (6) month period beginning on your termination will be deferred and paid, together with interest at eight percent (8%), in a lump sum six (6) months and one (1) day after the date of termination (or, if earlier, upon your death) and (b) a termination of employment will not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered “nonqualified deferred compensation” under Section 409A of the Code unless such termination is also a “separation from service” within the meaning of Section 409A of the Code and, for purposes of any such provision of his Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.” Any reference in this Agreement to Section 409A of the Code shall also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to that Section by the U.S. Department of the Treasury or the Internal Revenue Service.

If you accept the terms and conditions set forth herein, please so indicate by signing below and returning this Agreement to the Company’s Chief Human Resources Officer.

Signed this 23rd day of May, 2017.

FLIR Systems, Inc.

By: /s/ Todd M. DuChene
Todd M. DuChene
Senior Vice President, General Counsel, Secretary and Chief Ethics and Compliance
Officer

ACCEPTED AND AGREED:

/s/ James J. Cannon
James J. Cannon



FLIR Systems Announces Appointment of James J. Cannon as President and CEO

WILSONVILLE, Ore., – May 23, 2017 – FLIR Systems, Inc. (NASDAQ: FLIR) today announced that James J. (“Jim”) Cannon has been appointed President and Chief Executive Officer, effective June 19, 2017. Mr. Cannon will succeed Andy Teich, whose retirement after 33 years of service was previously announced on February 14, 2017.

Mr. Cannon’s extensive and varied leadership experience, together with his proven operational expertise and ability to adapt business strategies to meet evolving market needs, makes him ideally suited to lead FLIR and its portfolio of innovative technology-based products and applications. He previously served for more than 16 years in a variety of senior leadership positions at Stanley Black & Decker, Inc., most recently as President of Stanley Security North America & Emerging Markets. Prior to that, Mr. Cannon was President of the company’s Industrial & Automotive Repair (IAR) business unit, first in North America and subsequently in Europe and Latin America, before then serving as President of Stanley Oil & Gas.

In addition to his global, cross-functional leadership experience at Stanley Black & Decker, Mr. Cannon served in the U.S. Army for 10 years as an infantryman and armor officer in a wide variety of assignments around the world, including Operations Desert Shield and Desert Storm in Iraq, where he learned to truly appreciate FLIR’s technology and was awarded a Combat Infantryman’s Badge. He later oversaw key security missions as part of the Army’s peace enforcement operations in Bosnia.

“We are delighted to appoint a chief executive of Jim’s caliber,” said Earl R. Lewis, Chairman of the FLIR Board of Directors. “Jim’s proven track record of achieving strong results in both business and the military make him uniquely well qualified to serve as FLIR’s next CEO. Our Board of Directors conducted a thorough search process, in which Jim distinguished himself as a true leader of leaders and demonstrated his experience and adaptability running business units worldwide. We’re confident he is the right person to lead FLIR’s dedicated employees. On behalf of the entire Board, I’m pleased to welcome Jim and am excited to work closely with him as we continue to leverage the unique attributes of the FLIR brand and product portfolio to deliver increased value to our shareholders.”

“The opportunity to join this outstanding leadership team and serve alongside over 3,000 talented FLIR employees worldwide as the Company’s next CEO is a great honor,” said Mr. Cannon. “The FLIR brand is synonymous with continuous innovation and delivering value to customers around the world. From my own personal experience having relied on FLIR technology as a combat veteran, I’ve seen firsthand the powerful, life-saving impact the Company’s portfolio of solutions can have for our customers. Andy and the FLIR team have done a great job building out FLIR’s technology and business, and I’m excited to build on that success and drive further growth for the benefit of FLIR’s employees, customers, and shareholders.”

As President of Stanley Security North America & Emerging Markets, Mr. Cannon held direct P&L responsibilities across five business units, managed over 5,000 employees, and oversaw the operations of numerous manufacturing plants and distribution centers. In this role, he successfully developed and executed a strategic plan that reduced complexity and cost while driving continued and sustained improvement. In his previous roles as President of Stanley Oil & Gas, President of IAR Europe & Latin America, and President of IAR North America, he demonstrated his operational skills by driving significant organic growth, increased efficiency, and improved profitability at each business unit.

Mr. Cannon serves on the board of directors of Lydall, Inc. and holds a Bachelor of Science degree in Business Administration/Marketing from the University of Tennessee in Chattanooga.

Mr. Cannon will be based out of the Company's Wilsonville, Oregon headquarters.

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About FLIR Systems, Inc.

Founded in 1978 and headquartered in Wilsonville, Oregon, FLIR Systems is a world-leading maker of sensor systems that enhance perception and heighten awareness, helping to save lives, improve productivity, and protect the environment. Through its nearly 3,500 employees, FLIR's vision is to be "The World's Sixth Sense" by leveraging thermal imaging and adjacent technologies to provide innovative, intelligent solutions for security and surveillance, environmental and condition monitoring, outdoor recreation, machine vision, navigation, and advanced threat detection. For more information, please visit www.flir.com and follow @flir.

Forward-Looking Statements

The statements of opinion in this release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based on current expectations, estimates, and projections about FLIR's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including risks and uncertainties discussed from time to time in FLIR's Securities and Exchange Commission filings and reports. Such forward-looking statements speak only as of the date on which they are made and FLIR does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release, or for changes made to this document by wire services or Internet service providers.

Note to Editors: download additional information, images, and b-roll [here](#).

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