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As filed with the Securities and Exchange Commission on March 11, 2008

Registration No. 333-148486

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

Amendment No. 1
to
Form S-1
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Colfax Corporation
(Exact name of registrant as specified in its charter)

Delaware	**3561**	**54-1887631**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

8730 Stony Point Parkway, Suite 150
Richmond, VA 23235
(804) 560-4070
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

John A. Young
President and Chief Executive Officer
8730 Stony Point Parkway, Suite 150
Richmond, VA 23235
(804) 560-4070
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Baltimore, Maryland 21202	**Telephone: (212) 848-4000**
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date hereof.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

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 ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject To Completion
Preliminary Prospectus dated March 11, 2008

PROSPECTUS

Shares

Common Stock

This is Colfax Corporation's initial public offering. Colfax Corporation is selling all of the shares being offered.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on the New York Stock Exchange under the symbol "CFX."

Investing in the common stock involves risks that are described in the " Risk Factors" section beginning on page 9 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Colfax Corporation	$	$

The underwriters may also purchase up to an additional shares at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2008.

Merrill Lynch & Co.

Lehman Brothers

UBS Investment Bank

Robert W. Baird & Co. | **Banc of America Securities LLC** | **Deutsche Bank Securities** | **KeyBanc Capital Markets**

The date of this prospectus is , 2008

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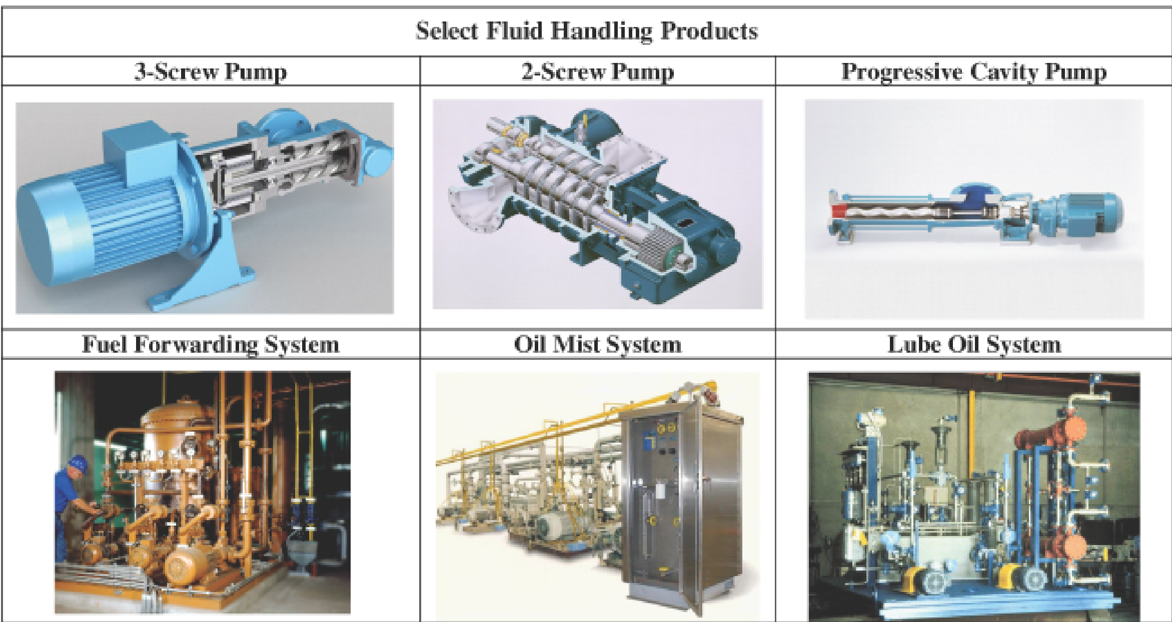

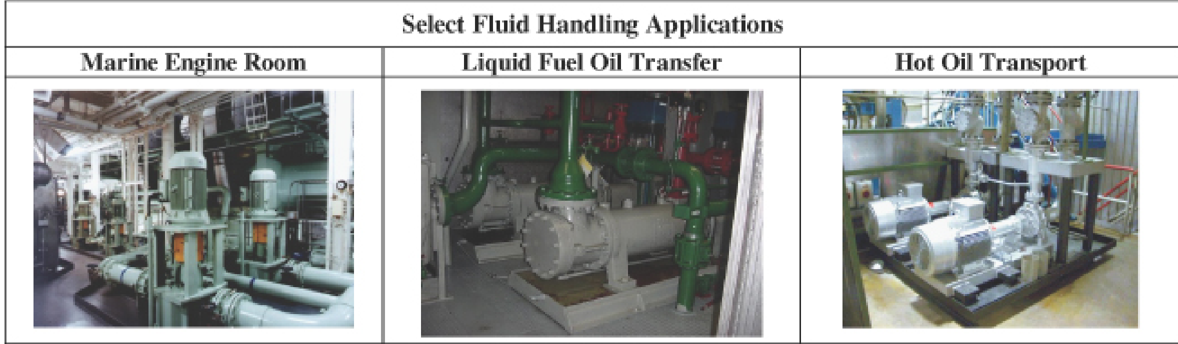

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You should rely only on the information contained in this prospectus or any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

This summary is qualified in its entirety by the more detailed information and the consolidated financial statements and related notes appearing elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the section entitled "Risk Factors," our consolidated financial statements and the related notes, before making an investment decision. Unless otherwise indicated, references in this prospectus to "Colfax," the "company," "we," "our" and "us" refer to Colfax Corporation and its subsidiaries. In this prospectus, we present Adjusted EBITDA, which we consider a key indicator of financial performance. We believe that Adjusted EBITDA facilitates operating performance comparisons between periods and companies by excluding differences related to capital structures (affecting interest expense), tax positions and other items not indicative of the principal operating activities of the company. Adjusted EBITDA is not a measurement of financial performance under generally accepted accounting principles ("GAAP") and should not be considered as an alternative to net income as an indicator of operating performance or as an alternative to cash flow from operating activities or as a measure of liquidity or any other measure of performance derived in accordance with GAAP. Please see note (3) to "—Summary Consolidated Financial and Other Information" for a description of how we use Adjusted EBITDA, its limitations and a reconciliation of this non-GAAP financial measure to GAAP net income. We define Adjusted EBITDA as net income before the effects of interest expense, taxes, depreciation, amortization, discontinued operations and legacy asbestos (income) expense.

Our Business

We are a global supplier of a broad range of fluid handling products, including pumps, fluid handling systems and specialty valves. We believe that we are a leading manufacturer of rotary positive displacement pumps, which include screw pumps, gear pumps and progressive cavity pumps. We have a global manufacturing footprint, with production facilities in Europe, North America and Asia, as well as worldwide sales and distribution channels. Our products serve a variety of applications in five strategic markets: commercial marine, oil and gas, power generation, global navy and general industrial. We design and engineer our products to high quality and reliability standards for use in critical fluid handling applications where performance is paramount. We also offer customized fluid handling solutions to meet individual customer needs based on our in-depth technical knowledge of the applications in which our products are used. Our products are marketed principally under the Allweiler, Fairmount, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith brand names. We believe that our brands are widely known and have a premium position in our industry. Allweiler, Houttuin, Imo and Warren are among the oldest and most recognized brands in the markets in which we participate, with Allweiler dating back to 1860. For the years ended December 31, 2007 and December 31, 2006, we had net sales of $506.3 million and $393.6 million, net income of $64.9 million and $0.1 million and Adjusted EBITDA of $88.2 million and $64.8 million, respectively.

We serve a global customer base across multiple markets through a combination of direct sales and marketing associates and third-party distribution channels. Our customer base is highly diversified and includes commercial, industrial, marine and governmental customers such as Alfa Laval, Cummins, General Dynamics, Hyundai Heavy Industries, Siemens, Solar Turbines, Thyssenkrupp, the U.S. Navy and various sovereign navies around the world. We have a large installed base, which, combined with the critical nature of the applications in which our products are used, leads to a tendency for our customers to replace "like for like" products. This tendency leads to significant aftermarket demand for replacement products as well as for spare parts and maintenance service.

We employ a comprehensive set of tools and processes known as the Colfax Business System, or CBS. CBS is a disciplined strategic planning and execution methodology designed to achieve excellence and world- class financial performance in all aspects of our business by focusing on the *Voice of the Customer* and continuously improving quality, delivery and cost.

We have an experienced management team that has established a focused industrial manufacturing business with strong market positions within the fluid handling industry. We believe we are well positioned to continue to grow by enhancing our product offerings and expanding our customer base in each of our strategic markets. We also have successfully completed and integrated several acquisitions and expect to continue to pursue acquisitions of complementary businesses that will broaden our product portfolio, expand our geographic footprint or enhance our position in our strategic markets.

Our Market Opportunity

The global fluid handling industry is highly fragmented, with over 10,000 companies competing across numerous markets and sectors of the economy. Because fluid handling products often are used in critical applications, we believe the most successful industry participants are those that have the technical capabilities to meet customer specifications, offer products with reputations for quality and reliability and can provide timely delivery and strong aftermarket support.

We believe there is strong growth potential for our products and services in our strategic markets, which are global in nature and have a need for highly engineered, critical fluid handling solutions. We believe that our global presence positions us to compete successfully in all of our markets throughout the world.

Our Competitive Strengths

We believe that the following competitive strengths position us as a premium provider of fluid handling products and will contribute to our future growth:

- *Strong Market Positions, Broad Product Portfolio and Leading Brands*. We believe that we are a leading manufacturer of rotary positive displacement pumps, which include screw pumps, gear pumps and progressive cavity pumps. We offer a broad portfolio of fluid handling products that fulfill critical needs of customers across numerous industries. Our brands are among the oldest and most recognized in the markets in which we participate.
- *Strong Application Expertise*. We believe that our reputation for quality and technical expertise positions us as a premium supplier of fluid handling products. With over 140 years of experience, we have significant expertise in designing and manufacturing fluid handling products that are used in critical applications, such as lubricating power generation turbines, transporting crude oil through pipelines and transferring heavy fuel oil in commercial marine vessels.
- *Extensive Global Sales, Distribution and Manufacturing Network*. We sell our products through over 300 direct sales and marketing associates and more than 450 authorized distributors in 79 countries. We believe that our global reach within the highly fragmented, worldwide fluid handling industry provides us with an ability to better serve our customers. Our European, North American and Asian manufacturing capabilities provide us with the ability to optimize material sourcing, transportation and production costs and lower foreign currency risk.
- *We Use CBS to Continuously Improve Our Business*. CBS is our business system designed to encourage a culture of continuous improvement in all aspects of our operations and strategic planning. Modeled on the Danaher Business System, CBS focuses on conducting root-cause analysis, developing process improvements and implementing sustainable systems. Our approach addresses the entire business, not just manufacturing operations.
- *Large Installed Base Generating Aftermarket Sales and Service*. With a product history dating back to 1860, we have a significant installed base across numerous industries. Because of the critical applications in which our products are used and the high quality and reliability of our products, we

believe there is a tendency for our customers to replace “like for like” products. This tendency leads to significant aftermarket demand for replacement products as well as spare parts and for repair and maintenance service. In the year ended December 31, 2007, we estimate that approximately 25% of our revenues were derived from aftermarket sales and services.

- *Broad and Diverse Customer Base*. Our customer base spans numerous industries and is geographically diverse. Approximately 66% of our sales in 2007 were derived from operations outside of the U.S. In addition, no single customer represented more than 3% of our sales during that period.
- *Management Team with Extensive Industry Experience and Focus on Strategic Development*. We are led by a senior management team with an average of over 20 years of experience in industrial manufacturing. John A. Young, our President and Chief Executive Officer, is one of our founders and played a key role in developing the acquisition strategy that formed our company. Since 1995, as part of this strategy, we have acquired 12 companies and divested businesses that do not fit within our long-term growth strategy.

Our Growth Strategy

We intend to continue to increase our sales, expand our geographic reach, broaden our product offerings and improve our profitability through the following strategies:

- *Apply CBS to Drive Profitable Sales Growth and Increase Shareholder Value*. The core element of our management philosophy is CBS, which we implement in each of our businesses. CBS is a strategic planning and execution methodology designed to achieve world-class excellence in all aspects of our business. CBS focuses our organization on continuous improvement and performance goals by empowering our associates to develop innovative strategies to meet customer needs. Rather than a static process, CBS continues to evolve as we benchmark ourselves against best-in-class industrial companies.
- *Execute Market Focused Strategies*. We believe that our five strategic markets are attractive due to their ongoing capital expenditure requirements, growth rates and global nature.
  - Commercial Marine—We intend to continue to increase our installed base of products and grow our aftermarket sales and service revenues. We also intend to expand our capabilities in the Asia Pacific region by utilizing our Chinese and Indian facilities to offer locally manufactured products, reduce production costs and provide local customer service and support.
  - Oil and Gas—We intend to continue our strategy of offering oil and gas customers increased efficiency and lower total cost of ownership by replacing legacy products currently in use with our more efficient products. We also intend to capture the growing need for complex turnkey systems through the development of solutions that can undertake the difficult task of handling varying mixtures of heavy crude oil, natural gas and water at the same time. We intend to continue to target the fast growing oil and gas markets around the world, including Asia and developing nations.
  - Power Generation—We intend to use our extensive expertise in power generation applications to continue our growth as a provider of turnkey systems in this market. We also intend to use our global presence to strengthen relationships with large original equipment manufacturers.
  - Global Navy—We intend to continue to design, develop and manufacture high value fluid handling systems to meet the needs of evolving naval requirements worldwide. For example, we are currently working with the U.S. Navy to incorporate advanced electronics and controls into our products, and we are also focused on expanding our repair and service capabilities for naval customers.

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- General Industrial—We intend to continue to apply our application expertise to supply our customers in diverse industries such as chemicals, pulp and paper processing and commercial construction with a portfolio of products that can solve their most critical fluid handling needs. We also intend to grow our presence in the general industrial market by targeting new applications for our existing products, deploying regionally focused strategies and utilizing our global presence and sales channels to sell our solutions worldwide.

- *Target Fast Growing Regions by Leveraging Our Global Manufacturing, Sales and Distribution Network*. We intend to continue to utilize our strong global presence and worldwide network of distributors to capitalize on growth opportunities by selling regionally developed and marketed products and solutions throughout the world. As our customers have become increasingly global in scope, we have increased our global reach to serve our customers by maintaining a local presence in numerous markets and investing in sales and marketing capabilities worldwide. For example, we have recently expanded our manufacturing capabilities by establishing a plant in China and acquiring an Indian manufacturer of fluid handling products.

- *Develop New Products, Applications and Technologies*. We will continue to engineer our key products to meet the needs of new and existing customers and also to improve our existing product offerings to strengthen our market position. We intend to develop technological, or "SMART," solutions, which incorporate advanced electronics, sensors and controls, through the use of our *Voice of the Customer* process to solve specific customer needs. We believe our SMART solutions will reduce our customers' total cost of ownership by providing real-time diagnostic capabilities to minimize downtime, increase operational efficiency and avoid unnecessary costs.

- *Grow Our Offerings of Systems and Solutions*. We will continue to provide high value added fluid handling solutions by utilizing our engineering and application expertise and our brand recognition and sales channels to drive incremental revenue. We intend to establish regional system manufacturing capabilities to address our customers' desire to purchase turnkey modules and their preference for outsourced assembly. Part of our strategy is to continue to seek a greater share of overall project value by providing complete systems and solutions, particularly where we control project design.

- *Continue to Pursue Strategic Acquisitions that Complement our Platform*. We believe that the fragmented nature of the fluid handling industry presents substantial consolidation and growth opportunities for companies with access to capital and the management expertise to execute a disciplined acquisition and integration program. We believe that we can identify a number of attractive acquisition candidates in the future and that strategic acquisition growth will give us a competitive advantage over small competitors through greater purchasing power, a larger global sales and distribution network and a broader portfolio of products and services.

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Other Information

Company Information

We were organized as a Delaware corporation in 1998. Our principal executive offices are located at 8730 Stony Point Parkway, Suite 150, Richmond, Virginia 23235, and our main telephone number at that address is (804) 560-4070. Our corporate website address is www.colfaxcorp.com. **The contents of our website are not a part of this prospectus.**

Trademarks

We have rights to a variety of trade names, service marks and trademarks for use in our business, including Colfax, Allweiler, Fairmount, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith in the U.S. and, where appropriate, in other countries. This prospectus also includes product names and other trade names and service marks owned by us and other companies. The trade names and service marks of other companies are the property of those other companies.

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The Offering

Common stock offered by us	shares
Common stock outstanding after the offering	shares
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $ million based on the midpoint of the price range set forth on the cover page of this prospectus. We intend to use these net proceeds to repay $205.3 million of indebtedness outstanding under our credit facility, to pay dividends to existing preferred stockholders that have been declared but unpaid in the amount of $35.1 million, to pay special bonuses of $ million to certain of our executives under previously adopted executive compensation plans and the balance, if any, for working capital and other general corporate purposes. Affiliates of Merrill Lynch and UBS Securities LLC, underwriters in this offering, are lenders under our amended credit facility and will receive a portion of the proceeds used to pay in full the indebtedness outstanding under our credit facility. See "Underwriting—Other Relationships." See "Use of Proceeds" below.
Reserved shares	At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares offered by this prospectus for sale to some of our directors, officers, employees, distributors, customers, business associates and related persons. See "Underwriting."
Proposed NYSE symbol	"CFX"
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of the common stock.

The number of shares outstanding after the offering excludes shares reserved for issuance under our 2008 omnibus incentive plan. Unless we indicate otherwise, the information in this prospectus:

- reflects a - for -1 split of our outstanding common stock that occurred on , 2008;
- assumes the conversion of all of our outstanding preferred stock into common stock upon completion of this offering;
- assumes the application of the net proceeds of this offering in the manner described in "Use of Proceeds";
- assumes the filing of our restated certificate of incorporation and the adoption of our amended and restated bylaws immediately before the completion of this offering;
- assumes that the initial public offering price of the common stock will be $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus; and
- assumes that the underwriters do not exercise their overallotment option.

Summary Consolidated Financial and Other Information

The following table sets forth our summary consolidated financial and other information as of the dates for the periods indicated. The financial data for each of the three years in the period ended December 31, 2007 are derived from our consolidated financial statements, which have been audited by Ernst & Young LLP.

You should read this information in conjunction with the consolidated financial statements and the notes to those consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

Dollars in thousands, except per share amounts	Year ended December 31,		
	2007	2006	2005
Statement of Operations Data:			
Net sales	$506,305	$393,604	$345,478
Cost of sales	330,714	256,806	222,353
Gross profit	175,591	136,798	123,125
Selling, general and administrative expenses	98,500	80,103	74,594
Research and development expenses	4,162	3,336	2,855
Legacy asbestos (income) expense	(50,346)	33,816	18,112
Operating income	123,275	19,543	27,564
Interest expense	19,246	14,186	9,026
Provision for income taxes	39,147	3,866	6,907
Income from continuing operations	64,882	1,491	11,631
Net income	64,882	94	12,247
Earnings (loss) per share from continuing operations—basic and diluted[(1)]	23,983	915	(1,209)

Dollars in thousands	As of December 31, 2007[(2)]	
	Actual	As Adjusted
Balance Sheet Data:		
Goodwill and intangibles, net	$ 185,353	
Asbestos insurance asset, including current portion	305,228	
Total assets	896,540	
Asbestos liability, including current portion	376,233	
Total debt, including current portion	206,493	

Dollars in thousands	Year ended December 31,		
	2007	2006	2005
Other Data:			
Adjusted EBITDA[(3)]	$88,168	$64,840	$57,106

(1) Computed based on income from continuing operations available to holders of common stock.

(2) As adjusted to give effect to our sale of common stock in this offering at an assumed offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and the receipt and application of the net proceeds thereof as described under "Use of Proceeds."

(3) We consider Adjusted EBITDA a key indicator of financial performance. We define Adjusted EBITDA as net income before the effects of interest expense, taxes, depreciation, amortization, discontinued operations and legacy asbestos (income) expense. We believe that Adjusted EBITDA facilitates operating performance

comparisons between periods and companies by excluding differences related to capital structures (affecting interest expense), tax positions and other items not indicative of the principal operating activities of the company. Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA in our internal budgeting process, in management's consideration of performance, and as an element in determining executive compensation. Further, Adjusted EBITDA and similar measures are widely used by investors, rating agencies and securities analysts as a key measure of financial performance and debt-service capabilities.

Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to net income as an indicator of operating performance or as an alternative to cash flow from operating activities or as a measure of liquidity or any other measure of performance derived in accordance with GAAP. Because Adjusted EBITDA is calculated before recurring cash charges including interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. We believe that consideration of Adjusted EBITDA, together with a careful review of our results reported under GAAP, including net income, is the most informed method of analyzing our company.

The following table reconciles the GAAP measure of net income to Adjusted EBITDA:

	Year ended December 31,		
Dollars in thousands	**2007**	**2006**	**2005**
Net income	$ 64,882	$ 94	$12,247
Interest expense	19,246	14,186	9,026
Provision for income taxes	39,147	3,866	6,907
Discontinued operations expense (income)	—	1,397	(616)
Depreciation and amortization	15,239	11,481	11,430
Legacy asbestos (income) expense[1]	(50,346)	33,816	18,112
Adjusted EBITDA	$ 88,168	$64,840	$57,106

(1) Legacy asbestos (income) expense includes all asbestos-related costs and is comprised of changes in the projected asbestos liability, changes in the probable insurance recovery of the projected asbestos-related liability, changes in the probable recovery of asbestos liability and defense costs paid in prior periods, actual defense costs expensed in the period, as well as legal costs related to the actions against two of our subsidiaries' respective insurers and a former parent company of one of the subsidiaries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Asbestos-Related Litigation" and "—Critical Accounting Estimates—Asbestos Liabilities and Insurance Assets" for a discussion of our expectations regarding future asbestos-related expenses.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, together with the other information in this prospectus, before making an investment decision. If any of the following risks actually occur, our business, financial condition or operating results could suffer. As a result, the trading price of our common stock could decline and you could lose all or part of your investment in our common stock.

Risks Related to Our Business

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

In the year ended December 31, 2007, we derived approximately 66% of our sales from operations outside of the U.S. with manufacturing facilities in seven countries. Sales from international operations, export sales and the use of manufacturing facilities outside of the U.S. are subject to risks inherent in doing business outside the U.S. These risks include:

- economic instability;
- partial or total expropriation of our international assets;
- trade protection measures, including tariffs or import-export restrictions;
- currency exchange rate fluctuations and restrictions on currency repatriation;
- significant adverse changes in taxation policies or other laws or regulations; and
- the disruption of operations from political disturbances, terrorist activities, insurrection or war.

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

We are exposed to fluctuations in currency exchange rates. In the year ended December 31, 2007, approximately 66% of our sales were denominated in currencies other than the U.S. dollar. We do not engage to a material extent in hedging activities intended to offset the risk of exchange rate fluctuations. Any significant change in the value of the currencies of the countries in which we do business against the U.S. dollar could affect our ability to sell products competitively and control our cost structure, which, in turn, could adversely affect our results of operations and financial condition.

A significant portion of our revenues and income are denominated in Euros and Swedish Kronor. Consequently, depreciation of the Euro or Krona against the U.S. dollar has a negative impact on the income from operations of our European operations. Large fluctuations in the rate of exchange between the Euro, the Krona and the U.S. dollar could have a material adverse effect on our results of operations and financial condition.

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

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

The markets we serve are highly competitive and some of our competitors may have resources superior to ours. Responding to this competition could reduce our operating margins.

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

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

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

Acquisitions have formed a significant part of our growth strategy in the past and are expected to continue to do so. If we are unable to identify suitable acquisition candidates or integrate the businesses we acquire or realize the intended benefits, our growth strategy may not succeed. Acquisitions involve numerous risks, including risks related to integration and undisclosed or underestimated liabilities.

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

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

If we fail to achieve any of these steps, our growth strategy may not be successful.

In addition, acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired company, the potential loss of key employees of the acquired company and the diversion of our management’s attention from other business concerns. This is the case particularly in the fiscal quarters immediately following the completion of an acquisition because the operations of the acquired business are integrated into the acquiring businesses’ operations during this period. We cannot be sure that we will accurately anticipate all of the changing demands that any future acquisition may impose on our management, our operational and management information systems and our financial systems.

Once integrated, acquired operations may not achieve levels of revenue, profitability or productivity comparable with those that our existing operations achieve, or may otherwise not perform as we expected.

We may underestimate or fail to discover liabilities relating to a future acquisition during the due diligence investigation and we, as the successor owner, might be responsible for those liabilities. For example, two of our acquired subsidiaries are each one of many defendants in a large number of lawsuits that claim personal injury as a result of exposure to asbestos from products manufactured with components that are alleged to have contained asbestos. Although our due diligence investigations in connection with these acquisitions uncovered the existence of potential asbestos-related liabilities, the scope of such liabilities were greater than we had originally estimated. Although we seek to minimize the impact of underestimated or potential undiscovered liabilities by structuring acquisitions to minimize liabilities and obtaining indemnities and warranties from the selling party, these methods may not fully protect us from the impact of undiscovered liabilities. Indemnities or warranties are often limited in scope, amount or duration, and may not fully cover the liabilities for which they were intended. The liabilities that are not covered by the limited indemnities or warranties could have a material adverse effect on our business and financial condition.

We may require additional capital to finance our growth. If the terms on which the additional capital is available are unsatisfactory or if the additional capital is not available at all, we may not be able to pursue our growth strategy.

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

We intend to pay for future acquisitions using a combination of cash, capital stock, notes and assumption of indebtedness. To the extent that we do not generate sufficient cash internally to provide the capital we require to fund our growth strategy and future operations, we will require additional debt or equity financing. We cannot be sure that this additional financing will be available or, if available, will be on terms acceptable to us. If we fail to obtain sufficient additional capital in the future, that failure will limit our ability to implement our business strategy. In addition, even if future debt financing is available, it may result in (1) increased interest expense, (2) increased term loan payments, (3) increased leverage, and (4) decreased income available to fund further acquisitions and expansion. It may also limit our ability to withstand competitive pressures and make us more vulnerable to economic downturns. If future equity financing is available, it may dilute the equity interests of our existing stockholders.

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

If operations at our manufacturing facilities were to be disrupted as a result of significant equipment failures, natural disasters, power outages, fires, explosions, terrorism, adverse weather conditions or other reasons, our financial performance could be adversely affected as a result of our inability to meet customer demand for our products. Interruptions in production could increase our costs and reduce our sales. Any interruption in production capability could require us to make substantial capital expenditures to remedy the situation, which could negatively affect our profitability and financial condition. We maintain property damage insurance which we believe to be adequate to provide for reconstruction of facilities and equipment, as well as business interruption insurance to mitigate losses resulting from any production interruption or shutdown caused by an insured loss. However, any recovery under our insurance policies may not offset the lost sales or increased costs that may be experienced during the disruption of operations, which could adversely affect our financial performance.

Changes in the general economy and the cyclical nature of our markets could harm our operations and financial performance.

Our financial performance depends, in large part, on conditions in the markets we serve and on the general condition of the global economy. Any sustained weakness in demand, downturn or uncertainty in the global economy could reduce our sales and profitability and affect our financial performance. In addition, our

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

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

Because our senior management has been key to our growth and success, we may be adversely affected if we lose any member of our senior management. We are highly dependent on our senior management team, including John Young, our President and Chief Executive Officer, as a result of their extensive experience. The loss of key management or the inability to attract, retain and motivate sufficient numbers of qualified management personnel could have a material adverse effect on us and our business.

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

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

Our decision to use a 15 year period is based on our belief that this is the extent of our ability to forecast liability costs. We also estimate the amount of insurance proceeds available for such claims based on the current financial strength of the various insurers, our estimate of the likelihood of payment and applicable current law. We reevaluate these estimates regularly. Although we believe our current estimates are reasonable, a change in the time period used for forecasting our liability costs, the actual number of future claims brought against us, the cost of resolving these claims, the likelihood of payment by, and the solvency of, insurers and the amount of remaining insurance available could be substantially different than our estimates, and future revaluation of our liabilities and insurance recoverables could result in material adjustments to these estimates, any of which could materially and adversely affect our financial condition, results of operations and cash flow. In addition, the company incurs defense costs related to those claims, a portion of which has historically been reimbursed by our insurers. Any increase in the actual number of future claims brought against us, the defense costs of resolving these claims, the likelihood of payment by, and the solvency of, insurers and the amount of remaining insurance available, could materially and adversely affect our financial condition, results of operations and cash flow.

Our international operations are subject to the laws and regulations of the United States and many foreign countries. Failure to comply with these laws may affect our ability to conduct business in certain countries and may affect our financial performance.

We are subject to a variety of laws regarding our international operations, including the Foreign Corrupt Practices Act and regulations issued by U.S. Customs and Border Protection, the Bureau of Industry and Security and the regulations of various foreign governmental agencies. We cannot predict the nature, scope or effect of future regulatory requirements to which our international sales and manufacturing operations might be subject or the manner in which existing laws might be administered or interpreted. Future regulations could limit the countries in which some of our products may be manufactured or sold, or could restrict our access to, and increase the cost of obtaining, products from foreign sources. In addition, actual or alleged violations of these laws could result in enforcement actions and financial penalties that could result in substantial costs.

Our foreign subsidiaries have done and may continue to do business in countries subject to U.S. sanctions and embargoes, including Iran and Syria, and we have limited managerial oversight over those activities.

From time to time, certain of our foreign subsidiaries sell products to companies and entities located in, or controlled by the governments of, certain countries that are or have previously been subject to sanctions and embargoes imposed by the U.S. government and/or the United Nations, such as Iran and Syria. With the exception of the U.S. sanctions against Cuba, the applicable sanctions and embargoes generally do not prohibit our foreign subsidiaries from selling non-U.S.-origin products and services in those countries. However, Colfax Corporation, its U.S. personnel and its domestic subsidiaries, as well as employees of our foreign subsidiaries who are U.S. citizens, are prohibited from participating in, approving or otherwise facilitating any aspect of the business activities in those countries. These constraints may negatively affect the financial or operating performance of such business activities. We cannot be certain that our attempts to comply with U.S. sanction laws and embargoes will be effective, and as a consequence we may face enforcement or other actions if our compliance efforts are not effective. Actual or alleged violations of these laws could result in substantial fines or other sanctions which could result in substantial costs. In addition, Iran and Syria currently are identified by the State Department as terrorist-sponsoring states, and may be subject to increasingly restrictive sanctions. Because certain of our foreign subsidiaries have contact with and transact business in such countries, including sales to enterprises controlled by agencies of the governments of such countries, our reputation may suffer due to our association with these countries, which may have a material adverse effect on the price of our common stock. Further, certain U.S. states have recently enacted legislation regarding investments by pension funds and other retirement systems in companies that have business activities or contacts with countries that have been identified as terrorist-sponsoring states and similar legislation may be pending in other states. As a result, pension funds and other retirement systems may be subject to reporting requirements with respect to investments in companies such as ours or may be subject to limits or prohibitions with respect to those investments that may have a material adverse effect on the price of our shares.

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

Some of our products manufactured or assembled in the United States are subject to the U.S. Export Administration Regulations, administered by the U.S. Department of Commerce, Bureau of Industry and Security, which require that we obtain an export license before we can export such products to specified countries. Additionally, some of our products are subject to the International Traffic in Arms Regulations, which restrict the export of certain military or intelligence-related items, technologies and services to non-U.S. persons. Failure to comply with these laws could harm our business by subjecting us to sanctions by the U.S. government, including substantial monetary penalties, denial of export privileges and debarment from U.S. government contracts.

Approximately 44% of our employees are represented by foreign trade unions. If the representation committees responsible for negotiating with these unions on our behalf are unsuccessful at negotiating new and acceptable agreements when the existing agreements with our employees covered by the unions expire, we could experience business disruptions or increased costs.

As of January 31, 2008, we had approximately 2,059 employees worldwide. In certain countries, labor and employment laws are more restrictive than in the U.S. and, in many cases, grant significant job protection to employees, including rights on termination of employment. In Germany, Sweden and the Netherlands, by law, some of our employees are represented by trade unions in these jurisdictions, which subjects us to employment arrangements very similar to collective bargaining agreements. If our employees represented by foreign trade unions were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations. Such disruption could interfere with our business operations and could lead to decreased productivity, increased labor costs and lost revenue.

Although we have not experienced any recent strikes or work stoppages, we cannot offer any assurance that the representation committees that negotiate with the foreign trade unions on our behalf will be successful in negotiating new collective bargaining agreements or other employment arrangements when the current ones expire. Furthermore, future labor negotiations could result in significant increases in our labor costs.

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

In addition to the asbestos-related liability claims described above, as the manufacturer of equipment for use in industrial markets, we face an inherent risk of exposure to other product liability claims. Although we maintain strict quality controls and procedures, we cannot be sure that our products will be free from defects. In addition, some of our products contain components manufactured by third-parties, which may also have defects. We maintain insurance coverage for product liability claims. Our insurance policies have limits, however, that may not be sufficient to cover claims made against us. In addition, this insurance may not continue to be available to us at a reasonable cost. With respect to components manufactured by third-party suppliers, the contractual indemnification that we seek from our third-party suppliers may be limited and thus insufficient to cover claims made against us. If our insurance coverage or contractual indemnification is insufficient to satisfy product liability claims made against us, the claims could have an adverse effect on our business and financial condition. Even claims without merit could harm our reputation, reduce demand for our products, cause us to incur substantial legal costs and distract the attention of our management.

As a manufacturer, we are subject to a variety of environmental and health and safety laws for which compliance could be costly. In addition, if we fail to comply with such laws, we could incur liability that could result in penalties and costs to correct any non-compliance.

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

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

Under various federal, state and local laws, regulations and ordinances, and, in some instances, international laws, relating to the protection of the environment, a current or former owner or operator of real property may be liable for the cost to remove or remediate contamination on, under, or released from such property and for any damage to natural resources resulting from such contamination. Similarly, a generator of waste can be held responsible for contamination resulting from the treatment or disposal of such waste at any off-site location (such as a landfill), regardless of whether the generator arranged for the treatment or disposal of the waste in compliance with applicable laws. Costs associated with liability for removal or remediation of contamination or damage to natural resources could be substantial and liability under these laws may attach without regard to whether the responsible party knew of, or was responsible for, the presence of the contaminants. In addition, the liability may be joint and several. Moreover, the presence of contamination or the

failure to remediate contamination at our properties, or properties for which we are deemed responsible, may expose us to liability for property damage or personal injury, or materially adversely affect our ability to sell our real property interests or to borrow using the real property as collateral. We cannot be sure that we will not be subject to environmental liabilities in the future as a result of historic or current operations that have resulted or will result in contamination.

Failure to maintain and protect our trademarks, trade names and technology may affect our operations and financial performance.

The market for many of our products is, in part, dependent upon the goodwill engendered by our trademarks and trade names. Trademark protection is therefore material to a portion of our business. The failure to protect our trademarks and trade names may have a material adverse effect on our business, financial condition and operating results. Litigation may be required to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. Any action we take to protect our intellectual property rights could be costly and could absorb significant management time and attention. As a result of any such litigation, we could lose any proprietary rights we have. In addition, it is possible that others will independently develop technology that will compete with our patented or unpatented technology. The development of new technologies by competitors that may compete with our technologies could reduce demand for our products and affect our financial performance.

If we are unable to complete our assessment as to the adequacy of our internal controls over financial reporting as of December 31, 2009 as required by Section 404 of the Sarbanes-Oxley Act of 2002, or if material weaknesses are identified and reported, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of your investment and make it more difficult for us to raise capital in the future.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring public companies to include in their annual reports on Form 10-K a report of management on the company's internal controls over financial reporting, including management's assessment of the effectiveness of the company's internal controls over financial reporting as of the company's fiscal year end. In addition, the independent registered public accounting firm auditing a public company's financial statements must also attest to, and report on, the operating effectiveness of the company's internal controls. While we will expend significant resources in developing the necessary documentation and testing procedures, 2009 will be the first year for which we must complete the assessment and undergo the attestation process required by Section 404 and there is a risk that we may not be able to comply with all of its requirements. If we do not timely complete our assessment or if our internal controls are not designed or operating effectively as required by Section 404, our independent registered public accounting firm may issue a qualified opinion on the effectiveness of our internal controls. It is also possible that material weaknesses in our internal controls could be found. If we are unable to remediate any material weaknesses by December 31, 2009, our independent registered public accounting firm would be required to issue an adverse opinion on our internal controls. If our independent registered public accounting firm renders an adverse opinion due to material weaknesses in our internal controls, then investors may lose confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline and make it more difficult for us to raise capital in the future.

Risks Related to This Offering

Some of our stockholders may exert significant influence over us.

As of December 31, 2007, two of our directors and principal stockholders, Mitchell P. Rales and Steven M. Rales, beneficially owned 170,213.81 shares and 170,213.81 shares of our preferred stock, respectively, which, on an as-converted basis, represent an aggregate of approximately % of our outstanding common stock. It is expected that the combined ownership of Mitchell Rales and Steven Rales will be reduced as a result of this

offering to approximately % of our outstanding shares. Even after this offering, however, the level of ownership of these stockholders, and their service on our board of directors, will enable them to continue to exert significant influence over all matters involving us, including matters presented to our stockholders for approval, such as election and removal of our directors and change of control transactions. This concentration of ownership and voting power may also have the effect of delaying or preventing a change in control of our company and could prevent stockholders from receiving a premium over the market price if a change in control is proposed. The interests of these persons may not coincide with the interests of the other holders of our common stock with respect to our operations or strategy.

We intend to use a large portion of the net proceeds of this offering to repay indebtedness outstanding under our existing credit facility, pay previously declared and unpaid dividends and pay bonuses to certain executives.

We have broad discretion to determine how to use the net proceeds of this offering, and have elected to apply $205.3 million of the proceeds to repay indebtedness outstanding under our credit facility, $35.1 million of the proceeds to pay previously declared and unpaid dividends to existing preferred stockholders and $ of the proceeds to pay special bonuses to certain of our executives under previously adopted executive compensation plans.

Using a large portion of the net proceeds of this offering in the manner described above means that we will only have available a small portion of the proceeds of the offering for use for other corporate purposes. As a result, we may need to seek additional debt or equity financing to fund operations and future growth. If we are not able to incur additional debt or sell additional equity on favorable terms, we may be unable to fund operations or expand our business, which could adversely affect our financial condition.

Future sales of our shares after this offering, or the perception that such sales could occur, could negatively affect the market price of our stock.

Future sales of a substantial amount of our common stock in the public market following this offering, or the perception that such sales could occur, could adversely affect the market price of our common stock. Upon completion of this offering, we will have outstanding shares of our common stock (or shares if the underwriters exercise their option to purchase additional shares in full). Beginning approximately 180 days after completion of this offering, except for any shares acquired by our "affiliates," as that term is defined in Rule 144 under the Securities Act, any of these shares may be resold immediately in the public market. We cannot predict the effect that future sales made under Rule 144, Rule 701 or otherwise will have on the market price of our common stock.

We have no intention of paying cash dividends on our common stock in the foreseeable future.

We currently expect to retain future earnings, if any, to finance operations and our acquisition strategy, and do not anticipate paying any cash dividends for the foreseeable future. Therefore, you may not receive any return on an investment in our common stock unless you sell your common stock for a price greater that the price that you paid for it.

Investors in this offering will experience immediate dilution in combined net tangible book value per share.

The initial public offering price per share will significantly exceed the combined net tangible book value per share of our common stock. As a result, investors in this offering will experience immediate dilution of $ in combined net tangible book value per share based on an initial public offering price of $, which is the midpoint of our expected price range. This dilution occurs in large part because our earlier investors paid substantially less than the initial public offering price when they purchased their shares. Investors in this offering may also experience additional dilution as a result of shares of common stock that may be issued in connection with a future acquisition.

Our common stock has no prior public market, and our stock price could be volatile and could decline after this offering.

Before this offering, our common stock had no public market. We will negotiate the initial public offering price per share with the representatives of the underwriters and, therefore, that price may not be indicative of the market price of our common stock after the offering. We cannot assure you that an active public market for our common stock will develop after this offering, or that if it does develop, it will be sustained. In the absence of a public trading market, you may not be able to liquidate your investment in our common stock. In addition, the market price of our common stock could be subject to significant fluctuations after this offering. Among the factors that could affect our stock price are:

- quarterly variations in our operating results;
- changes in sales or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actions by institutional stockholders or other large stockholders;
- product liability, including asbestos, lawsuits against us;
- changes in accounting principles;
- general market conditions; and
- domestic and international, political and economic factors unrelated to our performance that affect our production facilities or our markets.

In particular, we cannot assure you that you will be able to resell your shares at or above the initial public offering price. The stock markets have experienced extreme volatility in recent years that has been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management's attention and resources, which would harm our business, operating results and financial condition.

Provisions in our charter documents and Delaware law may delay or prevent an acquisition of our company, which could decrease the value of your shares.

Our certificate of incorporation and bylaws and Delaware law contain provisions that may make it difficult for a third-party to acquire us without the consent of our board of directors. These provisions include prohibiting stockholders from taking action by written consent, prohibiting special meetings of stockholders called by stockholders and prohibiting stockholder nominations and approvals without complying with specific advance notice requirements. In addition, our board of directors has the right to issue preferred stock without stockholder approval, which our board of directors could use to effect a rights plan or "poison pill" that could dilute the stock ownership of a potential hostile acquirer and may have the effect of delaying, discouraging or preventing an acquisition of our company. Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding voting stock. Although Mitchell Rales and Steven Rales, both individually and in the aggregate, hold more than 15% of our outstanding voting stock, this provision of Delaware law does not apply to them.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" (including, in particular, the sections therein labeled "Outlook" and "Asbestos-Related Litigation") and "Business," contains forward-looking statements. 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 actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include:

- risks associated with our international operations;
- significant movements in foreign currency exchange rates;
- the competitive environment in our industry;
- our ability to identify and successfully integrate attractive acquisition targets;
- the amount of and our ability to estimate our asbestos-related liabilities;
- the solvency of our insurers and the likelihood of payment for asbestos-related claims;
- our ability to manage and grow our business and execution of our business and growth strategies;
- the level of capital investment and expenditures by our customers in our strategic markets;
- our ability to expand our business in our targeted markets;
- our ability to cross-sell our product portfolio to existing customers;
- our financial performance; and
- others risks and factors listed under "Risk Factors" and elsewhere in this prospectus.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this prospectus.

INDUSTRY AND MARKET DATA

Industry and market data used in this prospectus are based on independent industry publications from sources such as The Freedonia Group, Elsevier, European Industrial Forecasting, the Hydraulic Institute and other publicly available information.

USE OF PROCEEDS

We estimate that we will receive $ million in net proceeds from our sale of the shares of common stock sold by us in the offering (or approximately $ million if the underwriters exercise their overallotment option in full). Our estimated net proceeds from the offering represent the amount we expect to receive after the underwriting discount and our payment of the other expenses of the offering payable by us. For purposes of estimating our net proceeds, we have assumed that the initial public offering price of the common stock will be $, which is the midpoint of the price range set forth on the cover page of this prospectus.

We intend to use $205.3 million of the proceeds we receive from this offering to pay in full the indebtedness outstanding under our credit facility. As of December 31, 2007, we had approximately $205.3 million principal amount, along with accrued interest, outstanding under our credit facility. The weighted average interest rate at December 31, 2007 of our indebtedness under the credit facility was 7.4%. Within our credit facility, the revolving line of credit expires on May 30, 2010 and the term loan matures on December 19, 2011. We also intend to use $35.1 million of the proceeds of this offering to pay to existing preferred stockholders dividends that have been declared but unpaid due to the restrictions on payment of dividends contained in our credit facility. Mitchell Rales and Steven Rales, and certain entities controlled entirely by them, currently own all of our outstanding preferrred stock. We will also use approximately $ million of the proceeds of this offering to pay amounts due, as a result of this offering, to participants in our 2001 Employee Appreciation Rights Plan (the “2001 Plan”) and our 2006 Executive Stock Rights Plan (the “2006 Plan”), which are bonus plans for certain executive officers. See “Management—Compensation Discussion and Analysis” for additional information concerning these plans, including amounts to be paid to certain executive officers under the 2001 Plan and the 2006 Plan as a result of this offering. We intend to use the balance of the net proceeds, if any, for working capital and other general corporate purposes, which may include funding for possible acquisitions. We have no agreement with respect to any future acquisition, although we assess opportunities on an ongoing basis and from time to time hold discussions with other companies regarding potential transactions.

Affiliates of Merrill Lynch and UBS Securities LLC, underwriters in this offering, are lenders under our amended credit facility and will receive a portion of the proceeds used to pay in full the indebtedness outstanding under our credit facility. See “Underwriting—Other Relationships.”

DIVIDEND POLICY

We intend to retain our earnings for use in the operation and expansion of our business and we do not anticipate paying any dividends on the common stock in the foreseeable future. Payment of future dividends, if any, will be determined in the sole discretion of our board of directors and will depend upon, among other things, the future earnings, operations, capital requirements and general financial condition and prevailing business and economic conditions, as well as statutory restrictions on our ability to pay dividends.

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CAPITALIZATION

The following table shows, as of December 31, 2007 our capitalization:

- on an actual basis;
- on a pro forma basis to reflect the automatic conversion of all of our outstanding preferred stock into shares of common stock upon completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the sale of common stock by us in this offering at an assumed public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus after the deduction of the estimated underwriting discount and offering expenses payable by us and (ii) the application of the net proceeds of this offering in the manner described under "Use of Proceeds."

The share data in the table below are based on shares outstanding as of December 31, 2007. The number of outstanding shares as of that date excludes shares of common stock reserved for future issuance under our 2008 omnibus incentive plan.

You should read this table in conjunction with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

(in thousands, except per share data)	December 31, 2007 Actual	Pro Forma	Pro Forma, As Adjusted
Total debt, including current portion	$ 206,493	$	$
Shareholders' equity (deficit):			
Preferred stock, undesignated, $0.001 par value per share; 256,785 shares authorized; 174,785 shares issued and outstanding actual, 0 shares issued and outstanding pro forma and pro forma as adjusted			
Common stock, $0.001 par value per share; 1,632 shares authorized actual, shares authorized pro forma and pro forma as adjusted; 1,629 shares issued and outstanding actual, shares issued and outstanding pro forma and shares issued and outstanding pro forma as adjusted			
Additional paid-in capital	201,681		
Retained earnings (deficit)	(109,238)		
Accumulated other comprehensive loss	(39,394)		
Total shareholders' equity (deficit)	53,051		
Total capitalization	$ 259,544	$	$

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DILUTION

Purchasers of the common stock in the offering will suffer an immediate and substantial dilution in net tangible book value per share. Dilution is the amount by which the initial public offering price paid by purchasers of shares of our common stock exceeds the net tangible book value per share of our common stock after the offering. Net tangible book value represents the amount of our total tangible assets reduced by our total liabilities. Tangible assets equal our total assets less goodwill and intangible assets. Net tangible book value per share represents our net tangible book value divided by the number of shares of common stock outstanding. As of December 31, 2007, our net tangible book value was $ million and our net tangible book value per share was $.

After giving effect to the sale of shares of common stock in the offering at an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and the application of the estimated net proceeds of this offering, our adjusted net tangible book value as of December 31, 2007 would have been $ million, or $ per share. This represents an immediate in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares in the offering. The following table illustrates this per share dilution:

		Per Share
Assumed initial public offering price per share		$
Net tangible book value per share as of December 31, 2007	$	
Increase attributable to conversion of convertible preferred stock		
Pro forma net tangible book value per share as of December 31, 2007		
Increase in combined net tangible book value per share attributable to new investors		
Adjusted net tangible book value per share after this offering		
Dilution per share to new investors		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our adjusted net tangible book value after the offering by approximately $ million and dilution per share to new investors by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions.

If the underwriters exercise in full their option to purchase additional shares, the adjusted net tangible book value per share after the offering would be $ per share, the increase in net tangible book value per share to existing stockholders would be $ per share and the dilution to new investors would be $ per share.

The following table summarizes as of December 31, 2007, after giving effect to the conversion of all outstanding shares of convertible preferred stock into an aggregate of shares of common stock upon the closing of this offering, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid, or to be paid, by existing stockholders and by new investors purchasing common stock in this offering. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, before deduction of estimated underwriting discounts and commissions and offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					$
Total		100%	$	100%	

The share data in the table above are based on shares outstanding as of December 31, 2007. The number of outstanding shares at that date excludes shares of common stock reserved for future issuance under our 2008 omnibus incentive plan.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the total consideration paid by new investors by $ million and increase (decrease) the percentage of total consideration paid by new investors by approximately %, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

If the underwriters exercise in full their option to purchase additional shares, the percentage of shares of common stock held by existing stockholders will decrease to approximately % of the total number of shares of our common stock outstanding after this offering and will increase the number of shares held by new investors to , or % of the total number of shares of our common stock outstanding after this offering.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table contains selected historical financial and other data for each of the five years in the period ended December 31, 2007. The financial data for each of the five years in the period ended December 31, 2007 are derived from our consolidated financial statements, which have been audited by Ernst & Young LLP.

In reviewing the following information, it should be noted that we acquired the net assets of Zenith Pump ("Zenith") on June 30, 2004, the net assets of Portland Valve Inc. ("Portland Valve") on August 6, 2004, Tushaco Pump Private Limited ("Tushaco") on August 9, 2005, Lubrication Systems Company of Texas ("LSC") on January 31, 2007, and Fairmount Automation Inc. on November 29, 2007, and we divested our power transmission business on November 30, 2004.

You should read this information in conjunction with the consolidated financial statements and the notes to those consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

	Year ended December 31,				
Dollars in thousands, except per share amounts	2007	2006	2005	2004	2003[1]
Statement of Operations Data:					
Net sales	$506,305	$393,604	$345,478	$309,653	$266,698
Cost of sales	330,714	256,806	222,353	197,907	167,104
Gross profit	175,591	136,798	123,125	111,746	99,594
Selling, general and administrative expenses	98,500	80,103	74,594	77,434	72,058
Research and development expenses	4,162	3,336	2,855	3,175	3,072
Legacy asbestos (income) expense	(50,346)	33,816	18,112	29,412	20,132
Operating income	123,275	19,543	27,564	1,725	4,332
Interest expense	19,246	14,186	9,026	6,918	6,941
Provision (benefit) for income taxes	39,147	3,866	6,907	(6,010)	8,687
Income (loss) from continuing operations	64,882	1,491	11,631	817	(11,296)
Net income (loss)	64,882	94	12,247	57,306	(15,678)
Earnings (loss) per share from continuing operations—basic and diluted[2]	23,983	915	(1,209)	(8,314)	(6,925)

	December 31,				
Dollars in thousands	2007	2006	2005	2004	2003
Balance Sheet Data:					
Goodwill and intangibles, net	$185,353	$154,231	$149,793	$152,681	$132,395
Asbestos insurance asset, including current portion	305,228	297,106	261,941	193,386	158,506
Total assets	896,540	797,226	700,574	707,881	700,829
Asbestos liability, including current portion	376,233	388,920	338,535	266,668	211,643
Total debt, including current portion	206,493	188,720	158,454	125,051	179,938

	Year ended December 31,				
Dollars in thousands	2007	2006	2005	2004	2003[1]
Other Data:					
Adjusted EBITDA[3]	$ 88,168	$ 64,840	$ 57,106	$ 41,009	$ 31,329

(1) Financial data for periods prior to May 30, 2003 are presented on a combined basis. On that date, through a series of capital contributions and exchanges of equity securities by the current shareholders, entities that were previously under common ownership became subsidiaries of Colfax Corporation.

(2) Computed based upon income from continuing operations available to holders of common stock.

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(3) We consider Adjusted EBITDA a key indicator of financial performance. We define Adjusted EBITDA as net income before the effects of interest expense, taxes, depreciation, amortization, discontinued operations and legacy asbestos (income) expense. We believe that Adjusted EBITDA facilitates operating performance comparisons between periods and companies by excluding differences related to capital structures (affecting interest expense), tax positions and other items not indicative of the principal operating activities of the company. Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA in our internal budgeting process, in management's consideration of performance, and as an element in determining executive compensation. Further, Adjusted EBITDA and similar measures are widely used by investors, rating agencies and securities analysts as a key measure of financial performance and debt-service capabilities.

Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered as an alternative to net income as an indicator of operating performance or as an alternative to cash flow from operating activities or as a measure of liquidity or any other measure of performance derived in accordance with GAAP. Because Adjusted EBITDA is calculated before recurring cash charges including interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. We believe that consideration of Adjusted EBITDA, together with a careful review of our results reported under GAAP, including net income, is the most informed method of analyzing our company.

The following table reconciles the GAAP measure of net income (loss) to Adjusted EBITDA:

	Year ended December 31,				
Dollars in thousands	**2007**	**2006**	**2005**	**2004**	**2003**
Net income (loss)	$ 64,882	$ 94	$12,247	$ 57,306	$(15,678)
Interest expense	19,246	14,186	9,026	6,918	6,941
Provision (benefit) for income taxes	39,147	3,866	6,907	(6,010)	8,687
Discontinued operations expense (income)	—	1,397	(616)	(56,489)	4,382
Depreciation and amortization	15,239	11,481	11,430	9,872	6,865
Legacy asbestos (income) expense[1]	(50,346)	33,816	18,112	29,412	20,132
Adjusted EBITDA	$ 88,168	$64,840	$57,106	$ 41,009	$ 31,329

(1) Legacy asbestos (income) expense includes all asbestos-related costs and is comprised of changes in the projected asbestos liability, changes in the probable insurance recovery of the projected asbestos-related liability, changes in the probable recovery of asbestos liability and defense costs paid in prior periods, actual defense costs expensed in the period, as well as legal costs related to the actions against two of our subsidiaries' respective insurers and a former parent company of one of the subsidiaries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Asbestos-Related Litigation" and "—Critical Accounting Estimates—Asbestos Liabilities and Insurance Assets" for a discussion of our expectations regarding future asbestos-related expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with "Selected Consolidated Financial and Other Data," "Risk Factors" and the financial statements and related notes included elsewhere in this prospectus. The following discussion includes forward-looking statements. For a discussion of important factors that could cause actual results to differ materially from the results referred to in the forward-looking statements, see "Special Note Regarding Forward-Looking Statements."

Overview

We are a global supplier of a broad range of fluid handling products, including pumps, fluid handling systems and specialty valves. We believe that we are a leading manufacturer of rotary positive displacement pumps, which include screw pumps, gear pumps and progressive cavity pumps. We have a global manufacturing footprint, with production facilities in Europe, North America and Asia, as well as worldwide sales and distribution channels. Our products serve a variety of applications in five strategic markets: commercial marine, oil and gas, power generation, global navy and general industrial. We design and engineer our products to high quality and reliability standards for use in critical fluid handling applications where performance is paramount. We also offer customized fluid handling solutions to meet individual customer needs based on our in-depth technical knowledge of the applications in which our products are used. Our products are marketed principally under the Allweiler, Fairmount, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith brand names. We believe that our brands are widely known and have a premium position in our industry. Allweiler, Houttuin, Imo and Warren are among the oldest and most recognized brands in the markets in which we participate, with Allweiler dating back to 1860.

We believe that one of our most significant competitive advantages comes through a comprehensive set of tools and processes we employ that we refer to as the Colfax Business System ("CBS"). CBS is a disciplined strategic planning and execution methodology designed to achieve excellence and world-class financial performance in all aspects of our business by focusing on the *Voice of the Customer* and continuously improving quality, delivery and cost.

Key Factors and Risks Affecting Our Reported Results

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

Global Operations

For the year ended December 31, 2007, approximately 66% of our sales were derived from operations outside of the U.S. As measured by sales, we manufacture most of our products outside of the United States. We sell our products through over 300 direct sales and marketing associates and more than 450 authorized distributors in 79 countries. Accordingly, we are affected by levels of industrial activity and economic and political factors in countries throughout the world. Our ability to grow and our financial performance will be affected by our ability to address a variety of challenges and opportunities that are a consequence of our global operations, including efficiently utilizing our global sales, manufacturing and distribution capabilities, the expansion of market opportunities in Asia, successfully completing global strategic acquisitions and engineering innovative new product applications for end users in a variety of geographic markets. However, we believe that our geographic, end market and product diversification limits the impact that any one country or economy could have on our consolidated results.

Foreign Currency Fluctuations

A significant portion of our sales, approximately 66% for the year ended December 31, 2007, is denominated in currencies other than the U.S. dollar, especially the Euro and the Swedish Krona. Because much of our manufacturing and employee costs are outside the U.S., a significant portion of our costs are also denominated in currencies other than the U.S. dollar. Changes in the relationship of these currencies to the U.S. dollar may impact our profitability. In some markets, sales are denominated in currencies other than the local currency for that business, which may result in both margin fluctuations and transaction gains and losses.

Asbestos Liabilities and Related Insurance Assets

Two of our subsidiaries are each one of many defendants in a large number of lawsuits that claim
personal injury as a result of exposure to asbestos from products manufactured with components that are alleged to have contained asbestos. See "—Asbestos-Related Litigation" for further information. Our financial results have been, and will likely in the future be, affected by our actual and estimated asbestos liabilities and the availability of insurance to cover these liabilities and related defense costs. Assessing asbestos liabilities and insurance assets requires judgments concerning matters such as the uncertainty of litigation, anticipated outcome of settlements, the number and cost of pending and future claims and the outcome of legal action against our insurance carriers and their continued solvency.

We have projected our subsidiaries' future asbestos-related liability costs with regard to pending and future unasserted claims, and we record this liability on our balance sheet as a long term and short term liability. We also record an asset representing projected insurance recoveries for asbestos liabilities. See "—Critical Accounting Policies—Asbestos Liabilities and Insurance Assets" for a description of the factors used to project the asbestos-related liabilities and insurance coverage recorded on our balance sheet. Our insurance asset is recorded at the amount of insurance recoveries that are deemed probable. For one of our subsidiaries the expected recovery percentage is 87.5% of the liability and defense costs. For the other subsidiary the expected recovery percentage is 67% of the liability and defense costs after exhaustion of primary and excess layers of insurance. See "—Critical Accounting Policies—Asbestos Liabilities and Insurance Assets."

We record all asbestos-related costs in Legacy asbestos (income) expense which is comprised of changes in the projected asbestos liability, changes in the probable insurance recovery of the projected asbestos-related liability, changes in the probable recovery of asbestos liability and defense costs paid in prior periods, actual defense costs expensed in the period, as well as legal costs related to the actions against two of our subsidiaries' respective insurers and a former parent company of one of the subsidiaries.

In 2004 the primary insurance carrier of one of our subsidiaries ceased payments alleging that its policies were exhausted. See "—Asbestos-Related Litigation" for further information. As a result, in 2004, the subsidiary began making substantially all of the payments required to cover liability and defense costs for the asbestos-related lawsuits while pursuing a lawsuit against the insurers. We began recording an insurance receivable for any amounts we paid above an estimated asset recovery percentage for a given period. In 2007, certain of the insurance carriers agreed to settle with the subsidiary by reimbursing the subsidiary for amounts the subsidiary paid for liability and defense costs in the past as well as entering into formal agreements detailing the payment of future liability and defense costs in an agreed to allocation for that insurer. See "—Asbestos-Related Litigation." We have begun applying such reimbursements for past costs toward paying down the receivables and have taken into income amounts reimbursed which were not part of the receivable. See "—Liquidity and Capital Resources—Comparative Cash Flows."

Economic Conditions in Strategic Markets

Our organic growth and profitability strategy focuses on five strategic markets: commercial marine, oil and gas, power generation, global navy and general industrial. Demand for our products depends on the level of

new capital investment and planned maintenance by our customers. The level of capital expenditures depends, in turn, on the general economic conditions within that market. While demand within each of these strategic markets can be cyclical, the diversity of these markets limits the impact of a downturn in any one of these markets on our consolidated results.

Pricing

We believe our customers place a premium on quality, reliability, availability, design and application engineering support. Our highly engineered fluid handling products typically produce higher margins than products with commodity-like qualities. However, we are sensitive to price movements in our raw materials supply base. Our largest material purchases are for components and raw materials consisting of steel, iron, copper and aluminum. Historically, we have been successful in passing raw material price increases on to our customers. While we seek to take actions to manage this risk, including commodity hedging where appropriate, such increased costs may adversely impact earnings. Our 2008 pricing strategy includes passing through raw material price increases to our customers as well as identifying additional price increase opportunities.

Sales and Cost Mix

Our profit margins vary in relation to the relative mix of many factors, including the type of product, the geographic location in which the product is manufactured, the end market for which the product is designed and the percentage of total revenue represented by aftermarket sales and services. Aftermarket business, including spare parts and other value added services, is generally a higher margin business and a significant component of our profitability.

Strategic Acquisitions

We complement our organic growth with strategic acquisitions. Acquisitions significantly affect our reported results and can make period to period comparisons of results difficult. As a consequence, we report our sales growth between periods both from organic sales and acquired businesses. We intend to continue to pursue acquisitions of complementary businesses that will broaden our product portfolio, expand our geographic footprint or enhance our position within our strategic markets.

In June 2004, we acquired the assets of Zenith Pump (“Zenith”), a leading manufacturer of precision metering pumps for the general industrial market. Shortly thereafter, in August 2004, we acquired the net assets of Portland Valve, Inc. (“Portland Valve”), a manufacturer of specialty valves used primarily for naval applications.

In August 2005, we acquired Tushaco Pumps Private Limited (“Tushaco”), a leading manufacturer of rotary positive displacement pumps in India. The acquisition of Tushaco provided us with an established presence to serve the South Asian market. Tushaco’s manufacturing and design experience also enables us to utilize its products as a low cost supplier to our other operations and to optimize our global engineering resources.

In January 2007, we completed the acquisition of Lubrication Systems Company of Texas (“LSC”), a manufacturer of fluid handling systems, including oil mist lubrication and oil purification systems. LSC strengthens our presence in the oil and gas end market, particularly in the downstream refinery segment, broadens our overall lubrication portfolio, and presents the opportunity to expand its product application to other markets.

Most recently, in November 2007, we acquired Fairmount Automation, Inc. (“Fairmount”), an original equipment manufacturer of mission critical programmable automation controllers in fluid handling applications primarily for the U.S. Navy. In addition to strengthening our existing position with the U.S. Navy, we intend to leverage Fairmount’s experienced engineering talent and technology expertise to develop a portfolio of fluid handling solutions with diagnostic and prognostic capabilities for industrial applications.

Outlook

We believe that we are well positioned to continue to grow organically by enhancing our product offerings and expanding our customer base in each of our strategic markets. During 2007, we experienced strong demand in the majority of our strategic markets, and we expect favorable market conditions to continue throughout 2008 as follows:

- In the commercial marine industry, we expect growth in international trade and high demand for crude oil to continue to create demand for container ships and tankers.
- We expect activity within the global oil and gas market to remain favorable as capacity constraints and increased global demand keep oil and gas prices elevated.
- In the power generation industry, we expect activity in Asia and the Middle East to be robust as economic growth continues to drive significant investment in energy infrastructure projects.
- In the global navy industry, we expect that sovereign nations outside of the U.S. will continue to expand their fleets as they address national security concerns. In the U.S., we expect Congress to continue to appropriate funds for new ship construction for the next generation of naval vessels as older classes are decommissioned. We also expect increased demand for integrated fluid handling systems and solutions for both new ship platforms and existing ship classes that reduce operating costs and improve efficiency as the U.S. Navy seeks to man vessels with fewer personnel.
- In the general industrial market, we expect that the continued economic development of regions throughout the world will continue to drive increased capital investment and will benefit local suppliers as well as international exporters of fluid handling equipment.

Our global manufacturing sales and distribution network allows us to target fast growing regions throughout the world. Our greenfield production facility in Wuxi, China that we opened during 2005 became fully operational during 2006. In addition, our Indian business demonstrated strong growth and expanded our presence in the South Asia region. We intend to leverage our investments in India and China to substantially grow our market share in these emerging markets and plan to continue to invest in sales and marketing resources to increase our overall coverage.

We will also continue to target aftermarket opportunities in our strategic markets as we generally are able to generate high margins on aftermarket parts and service. For the year ended December 31, 2007, aftermarket sales and services represented approximately 25% of our revenues.

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

Key Performance Measures

The discussion of our results of operations that follows focuses on some of the key financial measures that we use to evaluate our business. We evaluate growth using several measures. “Organic” sales and margin is defined as the sales and margin from existing businesses excluding the impact of acquisitions and foreign exchange rates. Also, orders and order backlog are highly indicative of our future revenue and thus a key measure of anticipated performance.

We measure financial performance through upper quartile ranking in our peer group of industrial fluid handling companies. Analysts for our industry track many financial and non-financial performance measures such as revenue growth, gross profit margin, Adjusted EBITDA margin and net working capital as a percentage of sales.

We consider Adjusted EBITDA and Adjusted EBITDA margin as key indicators of financial performance. We define Adjusted EBITDA as net income before the effects of interest expense, taxes, depreciation, amortization, discontinued operations and legacy asbestos (income) expense. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of sales. We believe that Adjusted EBITDA facilitates operating performance comparisons between periods and companies by excluding differences related to capital structures (affecting interest expense), tax positions and other items not indicative of the core operating activities of the company. Because Adjusted EBITDA facilitates comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA and Adjusted EBITDA margins in our internal budgeting process, in management's consideration of performance, and as an element in determining executive compensation. Further, Adjusted EBITDA and similar measures are widely used by investors, rating agencies and securities analysts as a key measure of financial performance and debt-service capabilities.

Adjusted EBITDA is not a measurement of financial performance under generally accepted accounting principles ("GAAP") and should not be considered as an alternative to net income as an indicator of operating performance or as an alternative to cash flow from operating activities as a measure of liquidity or any other measure of performance derived in accordance with GAAP. Because Adjusted EBITDA is calculated before recurring cash charges including interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. We believe that consideration of Adjusted EBITDA, together with a careful review of our results reported under GAAP, including net income, is the most informed method of analyzing our company.

Asbestos-Related Litigation

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

In 2003, one of our subsidiaries brought an action in the New Jersey Superior Court, Mercer County, against a large number of its insurers and its former parent to resolve a variety of disputes concerning insurance coverage for the asbestos personal injury claims asserted against it. In 2004, its primary insurance carrier ceased payments alleging that its policies were exhausted. The subsidiary requested proof of exhaustion which the primary carrier refused to provide. Thereafter, most of the subsidiary's excess and umbrella carriers also refused to provide payments for a variety of reasons, including reliance upon the lack of evidence of exhaustion and other timing and allocation defenses. The insurance companies have not contested coverage. As a result, in 2004, the subsidiary began making substantially all of the payments required to cover liability and defense costs for the asbestos-related lawsuits while pursuing a lawsuit against the insurers. In addition, in this lawsuit, the subsidiary alleges that its former parent is responsible for any coverage that would have been provided by any insurance company that is insolvent.

In 2007, certain of the insurance carriers agreed to settle with the subsidiary by reimbursing the subsidiary for amounts the subsidiary paid for liability and defense costs in the past as well as entering into formal agreements detailing the payment of future liability and defense costs in an agreed to allocation for that insurer. In addition, a number of non-settling insurance carriers have made payments of significant amounts for liability and defense costs paid by the subsidiary in the past and continue to pay a share of liability and defense costs as they are incurred. As a result, the subsidiary's insurance carriers are once again paying a portion of the subsidiary's current asbestos-related costs and have reimbursed a significant portion of the costs incurred while coverage was being disputed. We believe that costs will continue to be paid by these insurance carriers. Trial currently is scheduled for April 2008. Although impossible to predict with certainty, we believe that all or substantially all of the insurers that are defendants in the coverage litigation will be ordered to provide coverage in accordance with their policies.

To date, our other subsidiary involved in asbestos litigation has had all of its liability and defense costs, covered in full by its primary and umbrella insurance carrier, subject to approximately $7.5 million in deductibles under its primary policy. The subsidiary has a substantial amount of umbrella and excess insurance available to it from solvent carriers. The subsidiary is currently in litigation in the Delaware Chancery Court with its primary and umbrella insurer and with a third-party company concerning the availability of insurance under certain policies issued to the then-parent of both the subsidiary and the third-party company. While coverage for the claims is not in dispute, the third-party company is seeking a partition of the insurance policy limits for its sole benefit. We believe that this action is without merit. The subsidiary has also brought an action against all of its insurers in Massachusetts Superior Court. In that action, the subsidiary primarily seeks declaratory relief regarding the excess insurers' obligations to fund in full the defense and settlement of the asbestos lawsuits following the exhaustion of the underlying umbrella policies.

Seasonality

We experience seasonality in our fluid handling business. As our customers seek to fully-utilize capital spending budgets before the end of the year, our shipments generally peak during the fourth quarter. Also, our European operations typically experience a slowdown during the July and August holiday season.

Results of Operations

Sales and Orders

The following tables present components of our sales growth, as well as sales by fluid handling product for the periods indicated:

(Amounts in millions)	Sales		Orders		Backlog at Period End
	$	%	$	%	
Year Ending December 31, 2005	**$345.5**		**$370.4**		**$ 118.3**
Components of Growth:					
Organic	40.7	11.8%	65.6	17.7%	
Acquisitions	4.8	1.4%	4.4	1.2%	
Foreign Currency Translation	2.6	0.8%	1.9	0.5%	
Total Growth	48.1	13.9%	71.9	19.4%	
Year Ending December 31, 2006	**$393.6**		**$442.3**		**$ 179.3**
Components of Growth:					
Organic	53.3	13.5%	77.7	17.6%	
Acquisitions	31.3	8.0%	27.2	6.1%	
Foreign Currency Translation	28.1	7.1%	34.3	7.8%	
Total Growth	112.7	28.6%	139.2	31.5%	
Year Ending December 31, 2007	**$506.3**		**$581.5**		**$ 292.8**

(Amounts in millions)	2007	2006	2005
Net sales by product:			
Pumps, including aftermarket parts and service	441.7	360.0	313.2
Systems, including installation service	48.4	16.1	14.6
Valves	9.5	11.3	12.8
Other	6.7	6.2	4.9
Total net sales	$506.3	$393.6	$345.5

As detailed above, for the year ended December 31, 2007, sales increased by $112.7 million, or 28.6% over the year ended December 31, 2006. Of this growth, sales from existing businesses contributed 13.5%, the acquisition of LSC on January 31, 2007 and Fairmont on November 29, 2007 contributed 8.0% and currency translation accounted for 7.1%. The currency translation amount was due primarily to the weakening of the U.S. dollar against the Euro during the year ended December 31, 2007. Organic growth was primarily attributable to increased volume and demand in the commercial marine and oil and gas end markets. By product, pump sales increased $81.7 million, or 22.7% during the year ended December 31, 2007. System sales grew $32.3 million due primarily to the acquisition of LSC.

Orders for the year ended December 31, 2007 of $581.5 million increased $139.2 million, or 31.5%, over the year ended December 31, 2006. Backlog, which consists of unfilled orders, as of December 31, 2007 of $292.8 million increased $113.5 million, or 63.3%, as compared to $179.3 million at December 31, 2006. Organic order growth was primarily attributable to strong growth in our strategic end markets, most notably the oil and gas, commercial marine and power generation markets.

Sales for the year ended December 31, 2006 of $393.6 million were $48.1 million, or 13.9%, higher than the $345.5 million recorded in the prior year. Of the $48.1 million increase, $40.7 million was organic growth attributable to increased volume and demand in the general industrial, commercial marine, power generation and oil and gas end markets, $4.8 million was due to the acquisition of Tushaco on August 9, 2005 and $2.6 million was due to the positive impact of foreign exchange rates. By product, pump sales grew $46.8 million, or 14.9%. System sales grew $1.5 million, or 10.3%.

Orders for the year ended December 31, 2006 of $442.3 million increased $71.9 million, or 19.4%, as compared to $370.4 million for the year ended December 31, 2005. Backlog of $179.3 million at December 31, 2006 increased $61.0 million, or 51.6%, compared to $118.3 million at December 31, 2005. Both increased orders and backlog were attributable primarily to strong organic growth in our strategic end markets, especially the oil and gas, power generation and commercial marine end-markets.

Gross Profit

The following table presents our gross profit figures for the periods indicated:

	Year Ended December 31,		
(Amounts in millions)	**2007**	**2006**	**2005**
Gross profit	$175.6	$136.8	$123.1
Gross profit margin	34.7%	34.8%	35.6%

Gross profit of $175.6 million for the year ended December 31, 2007 increased $38.8 million, or 28.4%, from $136.8 million in 2006. Of the $38.8 million increase, $16.6 million was attributable to organic growth, $13.2 million was due to the acquisition of LSC on January 31, 2007 and Fairmont on November 29, 2007 and $9.0 million was due to the impact of foreign exchange rates. Gross profit margin was 34.7% for the year ended December 31, 2007 consistent with 34.8% for the year ended December 31, 2006.

For the year ended December 31, 2006, gross profit increased by $13.7 million, or 11.1%, to $136.8 million from $123.1 million in the prior year. Of the $13.7 million increase, $11.1 million was attributable to organic growth, $1.7 million was due to the acquisition of Tushaco on August 9, 2005 and $0.9 million was due to the impact of foreign exchange rates. Gross profit margin declined from 35.6% to 34.8%, largely as a result of product mix. A significant portion of our organic growth in the year ended December 31, 2006 was from fluid handling products that are used in commercial marine applications and which have a lower gross profit margin than the average for our other products.

Selling, General and Administrative Expenses ("SG&A")

The following table presents our selling, general and administrative expenses for the periods indicated:

(Amounts in millions)	Year Ended December 31, 2007	2006	2005
SG&A expenses	$98.5	$80.1	$74.6
SG&A expenses as a percent of sales	19.5%	20.4%	21.6%

Selling, general and administrative expenses increased $18.4 million to $98.5 million for the year ended December 31, 2007 compared to $80.1 million for the year ended December 31, 2006. Of the $18.4 million increase, $7.2 million was due to the acquisitions of LSC and Fairmont and $4.8 million was due to the impact of foreign exchange rates. The remaining increase was primarily due to increased variable selling expenses of approximately $8.9 million in 2007 and the recognition of a one-time $9.1 million gain on the settlement of other post-employment benefits during 2006, offset by legacy legal expenses of $8.3 million incurred during 2006.

For the year ended December 31, 2006, selling, general and administrative expenses increased $5.5 million to $80.1 million compared to $74.6 million for the year ended December 31, 2005. The increase was primarily due to $8.4 million of legacy legal expenses incurred during 2006 and a $4.0 million increase in variable selling expenses, especially commissions, driven by higher sales volume. These increases were offset in part by a one-time $9.1 million gain in 2006 on the settlement of the other post-employment benefits liability retained as part of the sale of the power transmission business in 2004. Also contributing to the increase was the recognition of a $2.1 million gain on the settlement of a cross currency swap agreement in 2005. Legacy legal expense relates to reserves established at one of our subsidiaries to settle legal matters related to businesses that were divested prior to our acquisition of the subsidiary. Selling, general and administrative expenses as a percent of sales decreased since costs that are primarily fixed in nature such as administrative salaries, rent and depreciation grew only marginally, approximately 3.0%, compared to the 13.9% growth in sales. Expansion of our Asian operations, through our Tushaco and Wuxi operations, increased total selling, general and administrative expenses by approximately $2.3 million from 2005 to 2006.

Legacy Asbestos (Income) Expense

The table below presents legacy asbestos (income) expense for the periods indicated:

(Amounts in millions)	Year Ended December 31, 2007	2006	2005
Legacy asbestos (income) expense	$(50.3)	$33.8	$18.1
Legacy asbestos (income) expense as a percent of sales	(9.9)%	8.6%	5.2%

Legacy asbestos (income) expense for the year ended December 31, 2007 decreased $84.1 million from $33.8 million for the year ended December 31, 2006 period to $(50.3) million in the current period. This decrease resulted primarily from revaluation of the insurance asset and from recording a receivable due from our insurers for past cost paid by us, offset to a small degree by the increased cost of litigation against those insurers, as well as a $8.5 million gain related to cash settlements received from certain insurers related to insurance policies which were not included in our 15 year estimate of asbestos-related liability cost. More specifically, the insurance asset for one of our subsidiaries was increased from 75% to 87.5% of the expected liability based upon a series of court rulings which determined that New Jersey state law applies, including with respect to allocation methodology and the interpretation of certain policy provisions related to deductibles and the number of occurrences. In addition, we had historically recorded an insurance receivable for any amounts we paid above an estimated asset recovery percentage for a given period. As of December 31, 2007, based upon an insurance allocation methodology ordered in the New Jersey state court action, we recorded an insurance receivable of $44.7 million for all past liability and

defense cost for which recovery is probable. See "—Asbestos-Related Litigation" above and "—Critical Accounting Estimates—Asbestos Liabilities and Insurance Assets" below for a further discussion of recent developments in asbestos litigation.

For the year ended December 31, 2006, legacy asbestos expense increased $15.7 million to $33.8 million from $18.1 million for the year ended December 31, 2005. This increase was primarily due to $9.4 million of increased liability costs and $8.2 million of increased legal costs related to pursuing actions against our asbestos insurers.

Operating Income

The table below presents operating income data for the periods indicated:

	Year Ended December 31,		
(Amounts in millions)	**2007**	**2006**	**2005**
Operating income	$123.3	$19.5	$27.6
Operating margin	24.4%	5.0%	8.0%

Operating income for the year ended December 31, 2007 increased $103.8 million to $123.3 million from $19.5 million for the year ended December 31, 2006. This increase was primarily due to a $84.1 million decrease in legacy asbestos expenses and a $38.8 million increase in gross profit offset in part by a $18.4 million increase in selling, general and administrative expenses. Operating margin increased from 5.0% for the year ended December 31, 2006 to 24.4% for the year ended December 31, 2007.

For the year ended December 31, 2006, operating income declined approximately $8.1 million to $19.5 million from $27.6 million for the year ended December 31, 2005. This decline was primarily due to a $15.7 million increase in legacy asbestos expenses and a $5.5 million increase in selling, general and administrative expenses offset in part by a $13.7 million increase in gross profit. Operating margin decreased from 8.0% in 2005 to 5.0% in 2006.

Adjusted EBITDA

The following table reconciles the GAAP measure of net income to Adjusted EBITDA for the years ended December 31, 2007, 2006 and 2005. See "Key Performance Measures" above for a discussion of how we use Adjusted EBITDA, and its limitations.

	Year Ended December 31,		
(Amounts in millions)	**2007**	**2006**	**2005**
Net income	$ 64.9	$ 0.1	$12.2
Interest expense	19.2	14.2	9.0
Provision for income taxes	39.1	3.9	6.9
Discontinued operations expense (income)	—	1.4	(0.6)
Depreciation and amortization	15.2	11.5	11.4
Legacy asbestos (income) expense[1]	(50.3)	33.8	18.1
Rounding	0.1	(0.1)	0.1
Adjusted EBITDA	$ 88.2	$64.8	$57.1
Adjusted EBITDA margin	17.4%	16.5%	16.5%

(1) Legacy asbestos (income) expense includes all asbestos-related costs and is comprised of changes in the projected asbestos liability, changes in the probable insurance recovery of the projected asbestos-related liability, changes in the probable recovery of asbestos liability and defense costs paid in prior periods, actual defense costs expensed in the period, as well as legal costs related to the actions against two of our subsidiaries' respective insurers and a former parent company of one of the subsidiaries. See "—Asbestos-Related Litigation" above and "—Critical Accounting Estimates—Asbestos Liabilities and Insurance Assets" below for a further discussion of legacy asbestos expenses.

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For the year ended December 31, 2007, Adjusted EBITDA increased by $23.4 million to $88.2 million, or 17.4% of sales, from $64.8 million, or 16.5% of sales for the year ended December 31, 2006. This increase was primarily due to organic growth in our key end markets, especially commercial marine and oil and gas, the acquisition of LSC and the positive effect of foreign exchange rates. Of the $23.4 million increase, organic growth contributed $11.2 million, or 2.2% of sales.

For the year ended December 31, 2006 Adjusted EBITDA increased $7.7 million to $64.8 million, or 16.5% of sales, from $57.1 million, or 16.5% of sales in the comparable 2005 period. This increase was primarily due to increased demand in our key end markets and the positive effect of foreign exchange rates. Of the $7.7 million increase, organic growth contributed $5.7 million or 1.4% of sales.

Interest Expense

For a description of our outstanding indebtedness, please refer to "—Liquidity and Capital Resources" below.

Interest expense of $19.2 million for the year ended December 31, 2007 was approximately $5.0 million higher than the year ended December 31, 2006. Approximately $3.3 million of the increase was due to higher debt levels in 2007 due to borrowings incurred to fund the acquisition of LSC. An increase in the weighted average interest rate on our variable rate borrowings from 6.85% in 2006 to 7.42% in 2007 contributed approximately $1.2 million to the increase in interest expense. The remaining increase in interest expense was primarily due to a decrease in the fair value of an interest rate collar.

Interest expense of $14.2 million for the year ended December 31, 2006 was approximately $5.2 million higher than 2005. The increase in interest expense in 2006 was primarily due to higher debt levels during the year, due to borrowings incurred to pre-fund our domestic defined benefit pension obligation of $18.8 million and cash paid for asbestos claims of $32.7 million. An increase in the weighted average interest rate on our variable rate borrowings from 5.68% in 2005 to 6.85% in 2006 contributed approximately $2.0 million to the increase in interest expense, excluding the $0.4 million favorable impact of an increase in the fair value of our $90.0 million notional value interest rate collar. Please see "—Quantitative and Qualitative Disclosures about Market Risk" below for a further discussion of the interest rate collar.

Provision for Income Taxes

Our effective tax rate can be affected by changes in the mix of earnings in the countries with differing statutory rates, changes in the valuation of deferred tax assets and liabilities and changes in tax law. Notably, under APB 23, we must recognize U.S. deferred income taxes for foreign earnings considered not permanently reinvested in the local jurisdiction in the year that it is considered to be not permanently reinvested. The tax effect of significant unusual items or changes in tax law is reflected in the period in which they occur.

The effective income tax rate for the year ended December 31, 2007 was 37.6% as compared to an effective tax rate of 72.2% for the year ended December 31, 2006. Our effective tax rate for the year ended December 31, 2007 was higher than the U.S. federal statutory rate of 35% primarily due to state taxes and the inclusion of foreign earnings included in U.S. taxable income offset by deferred tax benefits recognized by our German subsidiary as a result of the German tax rate reduction from approximately 38% to 29.0% to be effective on January 1, 2008.

For the year ended December 31, 2006, our effective income tax rate was 72.2% as compared to an effective tax rate of 37.3% for the year ended December 31, 2005. Our 2006 effective tax rate was significantly higher than the U.S. federal statutory rate of 35% primarily due to state taxes and the inclusion of undistributed foreign earnings of a foreign subsidiary that was considered not permanently reinvested as a deferred tax expense in accordance with APB 23. Deferred income taxes for 2005 also included a deferred tax expense for

undistributed foreign earnings in accordance with APB 23. However, these amounts were offset by the net reduction of certain valuation allowances and other tax reserves.

Liquidity and Capital Resources

Overview

Historically, we have financed our capital and working capital requirements through a combination of cash flows from operating activities and borrowings under our credit facility. We expect that our primary ongoing requirements for cash will be for working capital, funding for potential acquisitions, capital expenditures, pension plan funding and asbestos liabilities. If additional funds are needed for strategic acquisitions or other corporate purposes, we believe we could raise additional funds in the form of debt or equity.

Borrowings

Our existing credit facility at December 31, 2007 consists of a $50.0 million revolver, a Term B loan of $176.7 million that bears interest at LIBOR plus 2.25%, or 7.1% at December 31, 2007, and a Term C loan of €19.5 million that bears interest at EURIBOR plus 2.25%, or 7.0% at December 31, 2007.

The $50.0 million revolver contains a $25.0 million letter of credit sub-facility and a Euro sub-facility in which Euro borrowing capacity is limited to $30.0 million. The annual commitment fee on the revolver is 0.5% and the administrative agent receives a fee of $0.2 million per annum. Interest rate margins for the revolver are based on our leverage ratio calculated at each quarter-end. At December 31, 2007, the USD Prime and Swing Line based revolvers bear interest at Prime plus 1.50%, or 8.75%. At December 31, 2007, the USD LIBOR-based revolver bears interest at LIBOR plus 2.50% and the Euro revolver bears interest at EURIBOR plus 2.00%. There was no outstanding balance on the Euro, USD LIBOR, USD Prime and Swing Line based revolvers at December 31, 2007.

On January 3, 2007, we amended our credit facility to increase the borrowings under the Term B loan by $55.0 million. Approximately $28.5 million of the proceeds were subsequently used to fund the acquisition of LSC, $24.5 million of the proceeds were used to pay down our revolver debt, and the remaining proceeds were used for other general corporate purposes. Additionally, in August 2007, we amended the revolving credit facility to extend the maturity date from May 30, 2008 to May 30, 2010.

The Term B loan, as amended on January 3, 2007, has approximately $0.4 million due on a quarterly basis on the last day of each March, June, September and December beginning with March 31, 2007 and ending September 30, 2011, and one installment of approximately $170.0 million payable on December 19, 2011. The Term C loan, as amended on January 3, 2007, has approximately €0.1 million due on a quarterly basis on the last day of each March, June, September and December beginning with March 31, 2007 and ending September 30, 2011, and one installment of approximately €18.4 million payable on December 19, 2011.

On December 31, 2007, there was $205.3 million outstanding on the Term B and Term C loans, no outstanding balance on the revolving lines of credit, and $18.7 million on the letter of credit sub-facility. The weighted average interest rate at December 31, 2007 was 7.4%.

Outstanding borrowings under these credit facilities will be paid in full from the proceeds of this offering. We expect that the remaining offering proceeds, net of expected uses as set forth under “Use of Proceeds”, along with free cash flow from our existing businesses, will be sufficient to fund our ongoing liquidity requirements for at least the next 12 months.

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Comparative Cash Flows

The table below presents selected cash flow data for the periods indicated:

(Amounts in millions)	Year Ended December 31, 2007	2006	2005
Net cash provided by (used in) operating activities	**$ 74.5**	**$(17.4)**	**$ (7.8)**
Purchases of fixed assets	(13.7)	(10.2)	(7.1)
Net cash paid for acquisitions	(33.0)	—	(11.4)
Other sources, net	0.2	0.1	0.1
Net cash used in investing operations	**$(46.5)**	**$(10.1)**	**$(18.4)**
Proceeds and repayments of borrowings, net	14.7	26.9	35.6
Payment of deferred stock issuance costs	(1.2)	—	—
Payments made for loan costs	(1.4)	—	(0.4)
Dividends paid	—	—	(18.7)
Redemption of stock	—	—	(82.0)
Other uses, net	(0.4)	(0.3)	(0.4)
Net cash provided by (used in) financing activities	**$ 11.7**	**$ 26.6**	**$(65.9)**

Cash flows from operating activities can fluctuate significantly from period to period as working capital needs, the timing of payments for items such as pension funding decisions and other items impact reported cash flows. Changes in significant operating cash flow items are discussed below.

- In all periods presented, cash paid for asbestos liabilities (excluding cash received from settlements with our asbestos insurance carriers), including both the disposition of claims and legal expenses related to litigation against our insurers, was a significant cash outflow. Excluding the impact of cash paid for asbestos liabilities, all periods presented above would have had positive cash flow from operations.
  - For the years ended December 31, 2007, 2006 and 2005 net cash (received) paid for asbestos liabilities, net of insurance settlements received, was $(22.5) million, $32.7 million and $21.1 million, respectively. Of these amounts, $16.1 million, $9.0 million and $2.3 million related to litigation costs against our insurers paid in 2007, 2006 and 2005, respectively. During 2007, we received approximately $65.5 million from certain insurers of which $49.4 million represents reimbursement of past costs while $16.1 million represents settlement in full for future costs not yet incurred by the subsidiary.
- Funding requirements of our defined benefit plans, including both pensions and other post-employment benefits, can vary significantly among periods due to changes in the fair value of plan assets and actuarial assumptions. For the years ended December 31, 2007, 2006 and 2005, cash contributions for defined benefit plans were $6.7 million, $11.0 million and $23.7 million, respectively.
- Changes in net working capital also affected the operating cash flows for the years presented. We define net working capital as trade receivables plus inventories less accounts payable, excluding the effects of acquisitions and foreign currency translation.
  - Net working capital increased $6.3 million from December 31, 2006 to December 31, 2007. This increase was primarily due to increases in inventories and trade receivables due to growth in sales volume.
  - Net working capital increased $13.8 million from December 31, 2005 to December 31, 2006. Net trade receivables increased primarily due to higher fourth quarter sales volume in 2006.

Net inventories and accounts payable increased primarily to support the sales backlog at the end of 2006.

- Net working capital as a percentage of sales is a key ratio that we use to measure working capital efficiency. For the years ended December 31, 2007, 2006 and 2005, net working capital as a percentage of sales was 17.3%, 20.7% and 20.5%, respectively.
- LSC produced operating cash flows of approximately $5.5 million for the year ended December 31, 2007.

Investing activities consist primarily of purchases of fixed assets and cash paid for acquisitions.

- In all years presented, capital expenditures were invested in new and replacement machinery, equipment and information technology. We expect capital spending of approximately $13.6 million in 2008. We target capital expenditures at approximately 2.0% to 2.5% of revenues.
- In January 2007, we acquired LSC for a purchase price of $29.7 million, net of cash acquired.
- In November 2007, we acquired Fairmont for a purchase price of $3.3 million, net of cash acquired.
- During the year ended December 31, 2005, we acquired Tushaco for $11.4 million, net of cash acquired.

Financing cash flows consist primarily of borrowings and repayments of indebtedness, payment of dividends to shareholders and redemptions of stock.

- On January 3, 2007, we amended the credit facility to increase borrowings under the Term B loan by $55.0 million. Approximately $28.5 million of the proceeds were subsequently used to fund the acquisition of LSC, $24.5 million of the proceeds were used to pay down our revolver debt, and the remaining proceeds were used for other general corporate purposes.
- In November 2007, $17.0 million of cash received from settlements with our asbestos insurers was used to pay down the revolver and Term C loan by $10.0 million and $7.0 million, respectively.
- During 2007, we have paid deferred stock issuance costs of $1.2 million for costs incurred related to this offering.
- During the year ended December 31, 2005, $100.0 million of proceeds from the 2004 sale of the power transmission business were used towards the $82.0 million redemption of preferred stock and an $18.7 million dividend payment. The remaining cash proceeds of $73.3 million were used to retire domestic senior term debt in the amount of $47.8 million, reduce the amount outstanding on our revolving credit facility by $22.5 million and pay transaction associated fees in the amount of $3.0 million.
- We paid loan costs during the years ended December 31, 2007 and 2005 of $1.4 million and $0.4 million, respectively.

Dividends of $12.2 million, $ 13.7 million and $9.2 million declared on December 31, 2007, May 15, 2007 and December 31, 2005 have not been paid because those payments were restricted by our credit facility.

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Contractual Obligations

The following table is a summary of contractual obligations as of December 31, 2007 (in millions):

Payments Due by Period	Total	Less Than One Year	1-3 Years	3-5 Years	More Than 5 Years
Term Loan B	$176.7	$ 1.8	$ 3.6	$ 171.3	$ —
Term Loan C	28.6	0.4	0.8	27.4	—
Interest Payments on Long-Term Debt(1)	57.6	14.8	29.0	13.8	—
Capital Leases	1.2	0.5	0.6	0.1	—
Operating Leases	10.0	3.8	4.7	1.5	—
Total	$274.1	$ 21.3	$ 38.7	$ 214.1	$ —

(1) Variable interest payments are estimated using static rates of 7.13% and 7.02% for the Term B and C loans, respectively.

We have cash funding requirements associated with our pension and other post-retirement benefit plans, which are estimated to be approximately $3.2 million for the year ending December 31, 2008. We have no binding purchase obligations as of December 31, 2007.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that provide liquidity, capital resources, market or credit risk support that expose us to any liability that is not reflected in our consolidated financial statements other than outstanding letters of credit of $18.7 million at December 31, 2007 and future operating lease payments of $10.0 million.

Effects of This Offering on Liquidity and Contractual Obligations

We estimate that we will receive approximately $ million in net proceeds from the sale of shares of common stock, which is the midpoint of the price range set forth on the cover page of this prospectus. We intend to use approximately $ of the proceeds we receive from this offering to pay in full the indebtedness outstanding under our credit facility. As of December 31, 2007, we had approximately $205.3 million principal amount, along with accrued interest, outstanding under our credit facility. We also intend to use $35.1 million of the proceeds of this offering to pay dividends to existing preferred stockholders that have been declared but unpaid due to the restrictions on payment of dividends contained in our credit facility. We will also use an estimated $ of the proceeds of this offering to pay amounts due, as a result of this offering, to participants in our 2001 Employee Appreciation Rights Plan and our 2006 Executive Stock Rights Plan, which are bonus plans for certain executive officers. This estimate is subject to final reevaluation as of the effective date of this offering. See “Compensation Discussion and Analysis” for additional information concerning these plans. We intend to use the balance of the net proceeds, if any, for working capital and other general corporate purposes.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates, foreign currency exchange rates and commodity prices that could impact our results of operations and financial condition. We address our exposure to these risks through our normal operating and financing activities.

Information concerning market risk for the year ended December 31, 2007 is discussed below.

Interest Rate Risk

We are subject to exposure from changes in interest rates based on our financing activities. Under our credit facility, all of our borrowings at December 31, 2007 are variable rate facilities based on LIBOR or EURIBOR. A hypothetical increase in the interest rate of 1.00% on our variable rate debt during 2007 would have increased our interest cost by approximately $2.2 million. In order to mitigate this risk, on July 1, 2005 we entered into an interest rate collar with an aggregate notional value of $90.0 million whereby we exchanged our LIBOR-based variable rate interest for a ceiling of 4.75% and a floor of approximately 3.40%. The LIBOR-based interest can vary between the ceiling and floor based on market conditions. The fair value of the collar agreement, based on third-party quotes, was approximately $0.1 million and $0.8 million as of December 31, 2007 and 2006 respectively. We have not elected hedge accounting for the collar agreement, and therefore movements in the fair value are recognized in income as a component of interest expense. The collar agreement expires on July 1, 2008.

Exchange Rate Risk

We have manufacturing sites throughout the world and sell our products globally. As a result, we are exposed to movements in the exchange rates of various currencies against the U.S. dollar and against the currencies of other countries in which we manufacture and sell products and services. During 2007 approximately 66% of our sales were derived from operations outside the U.S., with approximately 63% generated from our European operations. In particular, we have more sales in European currencies than we have expenses in those currencies. Therefore, when European currencies strengthen or weaken against the U.S. dollar, operating profits are increased or decreased, respectively. The Euro-denominated Term C loan at December 31, 2007 provides a natural hedge to a portion of our European net asset position. To assist with the matching of revenues and expenses and assets and liabilities in foreign currencies, we may periodically enter into derivative instruments such as cross currency swaps or forward contracts. To illustrate the potential impact of changes in foreign currency exchange rates, income before taxes and discontinued operations for 2007, assuming a 10% increase in average foreign exchange rates compared to the U.S. dollar, 2007 income before income taxes would have increased by $4.9 million.

Commodity Price Risk

We are exposed to changes in the prices of raw materials used in our production processes. Commodity futures contracts are periodically used to manage such exposure. As of December 31, 2007, we had copper futures contracts with a notional value of $3.1 million. The fair value of the contract as of December 31, 2007 was a liability of $0.2 million. As of December 31, 2007, we had a nickel futures contract with a notional value of $1.1 million. The fair value of the contract was a liability of $0.2 million, as of December 31, 2007. We have not elected hedge accounting for futures contracts, and therefore movements in the fair value are recorded to cost of sales.

Critical Accounting Estimates

The methods, estimates and judgments we use in applying our critical accounting policies have a significant impact on the results we report in our financial statements. We evaluate our estimates and judgments on an ongoing basis. Our estimates are based upon our historical experience, our evaluation of business and macroeconomic trends, and information from other outside sources as appropriate. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary from what our management anticipates and different assumptions or estimates about the future could change our reported results.

We believe the following accounting policies are the most critical in that they are important to the financial statements and they require the most difficult, subjective or complex judgments in the preparation of the

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financial statements. For a detailed discussion on the application of these and other accounting policies, see Note 1 of the Consolidated Financial Statements.

Asbestos Liabilities and Insurance Assets

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

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

Claims activity related to asbestos is as follows[1]:

	Year ended December 31,		
	2007	2006	2005
Claims unresolved at the beginning of the period	50,020	59,217	65,165
Claims filed[2]	6,861	5,992	8,540
Claims resolved[3]	(19,327)	(15,189)	(14,488)
Claims unresolved at the end of the period	37,554	50,020	59,217
Average cost of resolved claims [4]	$ 5,232	$ 6,194	$ 8,896

(1) Excludes claims filed by one legal firm that have been "administratively dismissed."
(2) Claims filed include all asbestos claims for which notification has been received or a file has been opened.
(3) Claims resolved include asbestos claims that have been settled or dismissed or that are in the process of being settled or dismissed based upon agreements or understandings in place with counsel for the claimants.
(4) Average cost of settlement to resolve claims in whole dollars. These amounts exclude claims in Mississippi for which the majority of claims have historically been without merit and have been resolved for no payment. These amounts also exclude any potential insurance recoveries.

We have projected each subsidiary's future asbestos-related liability costs with regard to pending and future unasserted claims based upon the Nicholson methodology. The Nicholson methodology is the standard approach used by most experts and has been accepted by numerous courts. This methodology is based upon risk equations, exposed population estimates, mortality rates, and other demographic statistics. In applying the Nicholson methodology for each subsidiary we performed: 1) an analysis of the estimated population likely to have been exposed or claim to have been exposed to products manufactured by the subsidiaries based upon national studies undertaken of the population of workers believed to have been exposed to asbestos; 2) the use of epidemiological and demographic studies to estimate the number of potentially exposed people that would be likely to develop asbestos-related diseases in each year; 3) an analysis of the subsidiaries' recent claims history to estimate likely filing rates for these diseases; and 4) an analysis of the historical asbestos liability costs to develop average values, which vary by disease type, jurisdiction and the nature of claim, to determine an estimate of costs likely to be associated with currently pending and projected asbestos claims. Our projections based upon the Nicholson methodology estimates both claims and the estimated cash outflows related to the resolution of such claims for periods up to and including the endpoint of asbestos studies referred to in item 2) above. It is our policy to record a liability for asbestos-related liability costs for the longest period of time that we can reasonably estimate.

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

We assessed the subsidiaries' existing insurance arrangements and agreements, determined the applicability of insurance coverage for existing and expected future claims, analyzed publicly available information bearing on the current creditworthiness and solvency of the various insurers and employed such insurance allocation methodologies as we believed appropriate to ascertain the probable insurance recoveries for asbestos liabilities. The analysis took into account self-insurance reserves, policy exclusions, pending litigation, liability caps and gaps in our coverage, allocation agreements, indemnity arrangements with third-parties, existing and potential insolvencies of insurers as well as how legal and defense costs will be covered under the insurance policies. Each subsidiary has separate, substantial primary, excess and umbrella insurance coverage resulting from the independent corporate history of each entity. In our evaluation of the insurance asset, in addition to the criteria listed above, we used differing insurance allocation methodologies for each subsidiary based upon the state law that will or is likely to apply for that subsidiary.

For the one subsidiary, although presently no cost sharing or allocation agreement is in place with our excess insurers, we believe that based upon application of an insurance allocation methodology, which is used in certain states, including Florida and Massachusetts, and in accordance with prevailing law, that recovery is probable from such insurers for approximately 67% of the liability and defense costs after the exhaustion of primary and excess layers of insurance. We use this allocation methodology because it is the most likely methodology based upon the corporate history of the subsidiary and that of its primary insurer which are domiciled in either Florida or Massachusetts. The primary and excess insurers historically have paid and continue to pay all liability and legal defense costs; however, during 2006, the primary insurer asserted that certain insurance policies contained deductibles. As a result, we established a reserve of $7.5 million as a reduction of our asbestos insurance asset at December 31, 2007 and as a reduction of our long-term asbestos insurance asset at December 31, 2006, for the probable and reasonably estimable liability we expect related to these deductibles under the primary insurance policies.

For the other subsidiary it was determined by court ruling in the fourth quarter of 2007, that the allocation methodology mandated by the New Jersey courts will apply, under which the loss is allocated to each policy year based on the proportion of the policyholder's total triggered coverage that was purchased in that year. Based upon the ruling and upon a series of other favorable rulings regarding interpretation of certain policy provisions related to deductibles, the number of occurrences and the resulting calculation we increased our expected recovery percentage to 87.5% from 75% of all liability costs recorded after September 28, 2007 and revalued our insurance asset at that date. For the period between December 31, 2005 and September 28, 2007, we had estimated that recovery was probable for 75% of all liability costs paid and 85% of defense costs paid. Prior to December 31, 2005, we had estimated that recovery was probable for two-thirds of all liabilities paid.

For this subsidiary, until June 2004, based upon an interim agreement, the subsidiary's primary insurers paid at least two-thirds of liability costs and all defense costs. In 2003, the subsidiary brought legal action against a large number of its insurers and its former parent to resolve a variety of disputes concerning insurance for asbestos bodily injury claims asserted against it. Although none of these defendant insurance companies contested coverage, they disputed the timing, reasonableness and allocation of payments. One of the primary insurers and one of the excess insurers stopped or severely reduced payments alleging that its policies were exhausted and the subsidiary began paying various amounts of its liability and defense costs during 2004. We historically had recorded a receivable for any amounts paid above the expected insurance recovery percent for that period which we considered recovery probable. As of December 31, 2007, based upon (i) application of the New Jersey allocation model, (ii) court records indicating the Court was likely to order insurers to reimburse the subsidiary for past costs and (iii) the receipt of $58.0 million in cash from certain insurers during the fourth quarter of 2007, we recorded a receivable for all past liability and defense cost for which we believe recovery is probable.

In 2007, certain insurance carriers agreed to settle with this subsidiary by reimbursing the subsidiary for amounts it paid for liability and defense costs as well as entering into formal agreements detailing the payments of future liability and defense costs in an agreed to allocation. In addition, a number of non-settling insurance carriers have paid significant amounts for liability and defense costs paid by the subsidiary in the past and continue to pay a share of costs as they are incurred. The subsidiary received approximately $65.5 million for the year ended December 31, 2007, of which approximately $49.4 million represents reimbursement of past cost, which reduced our outstanding insurance receivables, and approximately $16.1 million represents settlement in full for future costs not yet incurred by the subsidiary. Of the $16.1 million, approximately $7.6 million relates to insurance policies which are triggered within our 15 year-estimate of asbestos-related liability and as such were recorded as a reduction to the insurance asset, while, approximately $8.5 million relates to insurance policies which were not included in our 15 year estimate of asbestos-related liability cost and, as such, were recorded as income in Legacy asbestos (income) expense. Subsequent to December 31, 2007, the subsidiary received an additional $1.7 million in reimbursement of past cost from an insurer and another $0.9 million from an insurer previously considered insolvent. Presently certain insurers are paying approximately 36.8% of costs for current asbestos-related liability and defense cost. Approximately 22% of excess insurance carriers are operating under coverage in place agreements for this subsidiary.

Based on the analysis referred to above, we have established reserves of $376.2 million and $388.9 million as of December 31, 2007 and 2006, respectively, for the probable and reasonably estimatable asbestos-related liabilities we believe the subsidiaries will pay through the next 15 years, and have also established recoverables of $305.2 million and $297.1 million as of December 31, 2007 and 2006, respectively, for the insurance recoveries that are deemed probable during the same time period. Net of these recoverables, the subsidiaries' expected cash outlay on a non-discounted basis for asbestos-related bodily injury claims over the next 15 years was estimated to be $71.0 million and $91.8 million as of December 31, 2007 and 2006, respectively. We have recorded the reserves for the asbestos liabilities as "Accrued asbestos liability" and "Long-term asbestos liability" and the related insurance recoveries as "Asbestos insurance asset" and "Long-term asbestos insurance asset" in the accompanying consolidated balance sheets. In addition we have recorded a receivable for liability and defense costs we had previously paid in the amount of $44.7 million and $41.1 million as of December 31, 2007 and 2006, respectively, for which insurance recovery is deemed probable. These amounts are included in "Asbestos insurance receivable" in the accompanying consolidated balance sheets.

The (income) expense related to these liabilities and legal defense was $(65.2) million, $21.8 million and $14.3 million, net of estimated insurance recoveries, for the years ended December 31, 2007, 2006 and 2005, respectively. Legal costs related to the subsidiaries' action against their asbestos insurers were $14.9 million, $12.0 million and $3.8 million for the years ended December 31, 2007, 2006 and 2005, respectively. All of these amounts are included in the consolidated statements of operations and comprehensive income (loss) in "Legacy asbestos (income) expense."

Management’s analyses are based on currently known facts and a number of assumptions. However, projecting future events, such as new claims to be filed each year, the average cost of resolving each claim, coverage issues among layers of insurers, the method in which losses will be allocated to the various insurance policies, interpretation of the effect on coverage of various policy terms and limits and their interrelationships, the continuing solvency of various insurance companies, the amount of remaining insurance available, as well as the numerous uncertainties inherent in asbestos litigation could cause the actual liabilities and insurance recoveries to be higher or lower than those projected or recorded which could materially affect our financial condition, results of operations or cash flow.

Retirement Benefits

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

Impairment of Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the costs in excess of the fair value of net assets acquired associated with our acquisitions. Annually on December 31, more frequently if indicators of impairment are present, we evaluate the recoverability of goodwill and indefinite-lived intangible assets. Goodwill is considered to be impaired when the net book value of a reporting unit exceeds its estimated fair value. We evaluate the recoverability of goodwill by reporting unit based upon historical and projected EBITDA (net income before income taxes, depreciation, and amortization) multiplied by industry enterprise valuation multiples to determine their fair value. If the carrying amount of a reporting unit exceeds its implied fair value, then the second step of the goodwill impairment test would be performed to measure the amount of impairment loss, if any. No such impairments were recorded in 2007, 2006, 2005 or 2004. However, actual results could differ from our estimates and projections, which would affect the assessment of impairment. As of December 31, 2007, we have goodwill of $169.0 million that is subject to at least annual review of impairment.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, “Accounting for Income Taxes” (“SFAS 109”), which requires that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. SFAS 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion of the deferred tax asset will not be realized. In evaluating the need for a valuation allowance, we take into account various factors, including the expected level of future taxable income and available tax planning strategies. If actual results differ from the assumptions made in the evaluation of our valuation allowance, we record a change in valuation allowance through income tax expense in the period such determination is made.

The determination of our provision for income tax requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items. We establish reserves when, despite the belief that the tax return positions are fully supportable, we believe that certain positions may be successfully challenged. When facts and circumstances change, the reserves are adjusted through the provision for income taxes. We adopted Financial Accounting Standards Board Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”) on January 1, 2007. FIN 48 prescribes a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

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Revenue Recognition

We generally recognize revenues and costs when title and risk of loss transfer to the customer. For long-term contracts, revenue is generally recognized based on the percentage-of-completion method calculated on the units of delivery basis or the cost-to-cost basis. The percentage of completion method requires estimates of total expected contract revenue and costs. We follow this method when we can make reasonably dependable estimates of the revenue and cost applicable to various stages of the contract. Revisions in profit estimates are reflected in the period in which the facts that gave rise to the revision become known and have historically been insignificant. Percentage of completion revenue was approximately 2.9%, 3.8% and 2.2% of consolidated revenues for the years ended December 31, 2007, 2006 and 2005, respectively. Service revenues are recognized as services are performed.

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. These allowances are based on recent trends of certain customers estimated to be a greater credit risk as well as general trends of the entire pool of customers. The allowance for doubtful accounts was $1.8 million and $1.7 million as of December 31, 2007 and 2006, respectively. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Recent Pronouncements

In June 2006, the FASB issued FIN 48 to create a single model to address accounting for uncertainty in tax positions. The Interpretation applies to all tax positions accounted for in accordance with SFAS No. 109 and requires a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on classification, interest and penalties, accounting in interim periods and transition, and significantly expands income tax disclosure requirements. The Interpretation is effective for public reporting companies for fiscal years beginning after December 15, 2006. As a result of the implementation of Interpretation No. 48, we recognized an increase in the net liability for unrecognized tax benefits of $6.7 million, which was accounted for as a decrease to the January 1, 2007 opening retained deficit.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements,” which provides a definition of fair value, establishes a framework for measuring fair value, and requires additional disclosures about fair value measurements. This Statement applies to value measurements that are already required or permitted by other accounting standards, except for measurements of share-based payments and measurements that are similar to, but not intended to be, fair value and does not change existing guidance as to whether or not an instrument is carried at fair value. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 for financial assets and liabilities, and for fiscal years beginning after November 15, 2008 for non-financial assets and liabilities. We are currently evaluating the effects of implementing the provisions of this Statement.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities.” SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The pronouncement also establishes presentation and disclosure requirements to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the effects of the adoption of SFAS No. 159.

BUSINESS

Our Company

We are a global supplier of a broad range of fluid handling products, including pumps, fluid handling systems and specialty valves. We believe that we are a leading manufacturer of rotary positive displacement pumps, which include screw pumps, gear pumps and progressive cavity pumps. We have a global manufacturing footprint, with production facilities in Europe, North America and Asia, as well as worldwide sales and distribution channels. Our products serve a variety of applications in five strategic markets: commercial marine, oil and gas, power generation, global navy and general industrial. We design and engineer our products to high quality and reliability standards for use in critical fluid handling applications where performance is paramount. We also offer customized fluid handling solutions to meet individual customer needs based on our in-depth technical knowledge of the applications in which our products are used. Our products are marketed principally under the Allweiler, Fairmount, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith brand names. We believe that our brands are widely known and have a premium position in our industry. Allweiler, Houttuin, Imo and Warren are among the oldest and most recognized brands in the markets in which we participate, with Allweiler dating back to 1860.

We serve a global customer base across multiple markets through a combination of direct sales and marketing associates and third-party distribution channels. Our customer base is highly diversified and includes commercial, industrial, marine and governmental customers such as Alfa Laval, Cummins, General Dynamics, Hyundai Heavy Industries, Siemens, Solar Turbines, Thyssenkrupp, the U.S. Navy and various sovereign navies around the world. We have a large installed base, which, combined with the critical nature of the applications in which our products are used, leads to a tendency for our customers to replace "like for like" products. This tendency leads to significant aftermarket demand for replacement parts as well as for spare parts and maintenance service.

We employ a comprehensive set of tools that we refer to as CBS. CBS is a disciplined strategic planning and execution methodology designed to achieve excellence and world-class financial performance in all aspects of our business by focusing on the *Voice of the Customer* and continuously improving quality, delivery and cost.

We have an experienced management team that has established a focused industrial manufacturing business with strong market positions within the fluid handling industry. We believe we are well positioned to continue to grow by enhancing our product offerings and expanding our customer base in each of our strategic markets. We also have successfully completed and integrated several acquisitions and expect to continue to pursue acquisitions of complementary businesses that will broaden our product portfolio, expand our geographic footprint or enhance our position in our strategic markets.

Our History

Our business began with an initial investment by our founders in 1995 with the intention to acquire, manage and create a world-class industrial manufacturing company. We sought to acquire businesses with leading market positions and brands that exhibit strong cash flow generation potential. With our management expertise and the introduction of CBS into our acquired businesses, we pursue growth and improvements in operating margins.

In August 1997, we acquired Imo and Warren, manufacturers of screw pumps and specialty centrifugal pumps. The Imo Pump brand name dates back to 1931, when Bengt Ingestrom, an entrepreneur, and Carl Montelius, the inventor of the 3-screw pump, established Imo Pump. Their last names formed the acronym Imo. Warren was founded in 1897 and is among the oldest pump manufacturers in the U.S. Our acquisition of Imo and Warren formed the foundation of what is now Colfax Corporation.

In April 1998, we acquired Allweiler AG ("Allweiler"), the largest European manufacturer of screw pumps and a leader in specialty centrifugal and progressive cavity pumps in Europe. The Allweiler brand name dates to 1860 and is a leading brand name for screw pumps in Europe. The Allweiler acquisition included Houttuin, a Dutch manufacturer of 2-screw pumps.

Since the acquisition of Allweiler, we have completed additional acquisitions that have broadened our fluid handling product portfolio and geographic footprint. In June 2004, we acquired the assets of Zenith, a leading manufacturer of precision metering pumps for the general industrial market.

In August 2004, we acquired the net assets of Portland Valve, a manufacturer of specialty valves used primarily for naval applications.

In August 2005, we acquired Tushaco, a leading manufacturer of rotary positive displacement pumps in India. The acquisition of Tushaco provided us with an established presence to serve the South Asian market. Tushaco's manufacturing and design experience also enables us to utilize its products as a low cost supplier to our other operations and to optimize our global engineering resources.

In January 2007, we acquired LSC, a manufacturer of fluid handling systems. LSC designs, manufactures, installs and maintains oil mist lubrication and oil purification systems in refineries, petrochemical plants and other processing facilities.

In November 2007, we acquired Fairmount, an original equipment manufacturer of mission critical programmable automation controllers in fluid handling applications primarily for the U.S. Navy. In addition to strengthening our existing position with the Navy, we intend to leverage Fairmount's experienced engineering talent and technology expertise to develop a portfolio of fluid handling solutions with diagnostic and prognostic capabilities for use in industrial applications.

In addition to our acquisitions, in 2005 we opened a greenfield production facility in Wuxi, China to manufacture and assemble complete products and systems for our customers in China and other Asian markets and to supply low cost components and parts for our existing operations.

Our Industry

Based on industry data supplied by The Freedonia Group, Elsevier, European Industrial Forecasting and the Hydraulic Institute, we estimate the worldwide fluid handling market, which we define as industrial pumps, valves, and gaskets and seals, to have been $119 billion in 2006. Within this market, we primarily compete in the estimated $3.5 billion global rotary positive displacement pump market, a sub-section of the estimated $11 billion positive displacement pump market. We are also a competitor in the estimated $18 billion centrifugal pump market and the estimated $57 billion valve market.

We believe that there are over 10,000 companies competing in the worldwide fluid handling industry. The fluid handling industry's customer base is broadly diversified across many sectors of the economy, and we believe customers place a premium on quality, reliability, availability and design and application engineering support. Because products in the fluid handling industry often are used as components in critical applications, we believe the most successful industry participants are those that have the technical capabilities to meet customer specifications, offer products with reputations for quality and reliability and can provide timely delivery and strong aftermarket support.

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We currently serve markets that have a need for highly engineered, critical fluid handling solutions and are global in scope. Our strategic markets include:

Strategic Markets	Applications
Commercial Marine	Fuel oil transfer; oil transport; water and wastewater handling
Oil and Gas	Crude oil gathering; pipeline services; unloading and loading; rotating equipment lubrication; lube oil purification
Power Generation	Fuel unloading, transfer, burner and injection; rotating equipment lubrication
Global Navy	Fuel oil transfer; oil transport; water and wastewater handling; firefighting; fluid control
General Industrial	Machinery lubrication; hydraulic elevators; chemical processing; pulp and paper processing; food and beverage processing

Our Competitive Strengths

Strong Market Positions, Broad Product Portfolio and Leading Brands. We believe that we are a leading manufacturer of rotary positive displacement pumps, which include screw pumps, gear pumps and progressive cavity pumps. We offer a broad portfolio of fluid handling products that fulfill critical needs of customers across numerous industries. Our brands are among the oldest and most recognized in the markets in which we participate.

Strong Application Expertise. We believe that our reputation for quality and technical expertise positions us as a premium supplier of fluid handling products. With over 140 years of experience, we have significant expertise in designing and manufacturing fluid handling products that are used in critical applications, such as lubricating power generation turbines, transporting crude oil through pipelines and transferring heavy fuel oil in commercial marine vessels.

Extensive Global Sales, Distribution and Manufacturing Network. We sell our products through over 300 direct sales and marketing associates and more than 450 authorized distributors in 79 countries. We believe that our global reach within the highly fragmented, worldwide fluid handling industry provides us with an ability to better serve our customers. Our European, North American and Asian manufacturing capabilities provide us with the ability to optimize material sourcing, transportation and production costs and lower foreign currency risk.

We Use CBS to Continuously Improve Our Business. CBS is our business system designed to encourage a culture of continuous improvement in all aspects of our operations and strategic planning. Modeled on the Danaher Business System, CBS focuses on conducting root-cause analysis, developing process improvements and implementing sustainable systems. Our approach addresses the entire business, not just manufacturing operations.

Large Installed Base Generating Aftermarket Sales and Service. With a history dating back to 1860, we have a significant installed base across numerous industries. Because of the critical applications in which our products are used and the high quality and reliability of our products, we believe there is a tendency to replace “like for like” products. This tendency leads to significant aftermarket demand for replacement products as well as for spare parts and for repair and maintenance service. In the year ended December 31, 2007, we estimate that approximately 25% of our revenues were derived from aftermarket sales and services.

Broad and Diverse Customer Base. Our customer base spans numerous industries and is geographically diverse. Approximately 66% of our sales in 2007 were derived from operations outside of the U.S. In addition, no single customer represented more than 3% of our sales during this period.

Management Team with Extensive Industry Experience and Focus on Strategic Development. We are led by a senior management team with an average of over 20 years of experience in industrial manufacturing. John A. Young, our President and Chief Executive Officer, is one of our founders and played a key role in developing the acquisition strategy that has formed our company. Since 1995, as part of this strategy, we have acquired 12 companies and divested businesses that do not fit within our long-term growth strategy. We believe that we have extensive experience in acquiring and effectively integrating attractive acquisition targets.

Our Growth Strategy

We intend to continue to increase our sales, expand our geographic reach, broaden our product offerings and improve our profitability through the following strategies:

- *Apply CBS to Drive Profitable Sales Growth and Increase Shareholder Value*. The core element of our management philosophy is CBS, which we implement in each of our businesses. CBS is a strategic planning and execution methodology designed to achieve world-class excellence in all aspects of our business. CBS focuses our organization on continuous improvement and performance goals by empowering our associates to develop innovative strategies to meet customer needs. Rather than a static process, CBS continues to evolve as we benchmark ourselves against best-in-class industrial companies.

  Beyond the traditional application of cost control, overhead rationalization, global process optimization, and implementation of lean manufacturing techniques, we utilize CBS to identify strategic opportunities to enhance future sales growth. The foremost principle of CBS is the *Voice of the Customer*, which drives our activities to continuously improve customer service, product quality, delivery and cost. The *Voice of the Customer* is instrumental in the development of new products, services and solutions by utilizing a formal interview process with the end users of our products to identify “pain points” or customer needs. By engaging end users in the discussion, rather than solely relying on salespeople or channel partners for anecdotal input, we see the real issues and opportunities. We then prioritize these opportunities with the intention of implementing novel or breakthrough ideas that uniquely solve end-user needs. By continuing to apply the methodology of CBS to our existing businesses as well as to future acquisitions, we believe that we will be able to continue to introduce innovative new products and solutions, improve operating margins and increase the asset utilization of our businesses, and in doing so create profitable sales growth, generate excess cash flow to fund future acquisitions and increase shareholder value.

- *Execute Market Focused Strategies*. We have aligned our marketing and sales organization into market focused teams designed to coordinate global activity around five strategic markets: commercial marine, oil and gas, power generation, global navy and general industrial. These markets have a need for highly engineered, critical fluid handling solutions and are attractive due to their ongoing capital expenditure requirements, growth rates and global nature. We intend to use our application expertise, highly engineered and specialized products, broad product portfolio and recognized product brands to generate high margin incremental revenue.

  Commercial Marine—We provide complete fluid handling packages to shipbuilders throughout the world primarily for use in engine room applications. Our products are widely recognized for their superior reliability and lower total cost of ownership. The increased rate of commercial marine vessel construction in recent years has expanded our large installed base of fluid handling products and has generated increased aftermarket revenues. In addition to supplying our products for new vessels, we intend to continue to grow our aftermarket sales and services by optimizing our channels to improve market coverage. We also intend to expand our global reach by utilizing our Chinese and Indian operations to offer locally manufactured products, to reduce production costs and to provide local customer service and support for the Asia Pacific region, an area where the majority of the commercial marine vessels are constructed.

Oil and Gas—We provide a broad portfolio of fluid handling products for many oil and gas applications around the world. In particular, we have a strong presence in oil field tank farms, pipelines and refineries and also in Floating Production Storage and Offloading (FPSO) installations. We intend to continue to execute our strategy in the global crude oil transport market by targeting applications where our products can replace less efficient fluid handling alternatives. For example, through a *Voice of the Customer* driven process, we identified an opportunity to lower maintenance and energy costs and increase up time by replacing reciprocating pumps in pipeline applications with our 3-screw product. We also intend to leverage our position as a leading supplier of 2-screw pumps to develop complex turnkey systems to capture the growing need of fluid handling solutions that can undertake the difficult task of handling varying mixtures of heavy crude oil, natural gas and water at the same time. Additionally, we expect to continue to extend LSC's presence within the refinery market through increased market coverage and intend to broaden LSC's core lubrication offerings for new applications. We are also adding resources to the fast growing oil and gas markets around the world, including Asia and developing nations.

Power Generation—We provide fluid handling products used in critical lubrication and fuel injection services for fossil fuel, hydro and nuclear power plants around the world. We believe that we have in-depth knowledge of fuel injection and lubrication applications, strong product brand names and a reputation for reliability in the power generation industry. Within this market we intend to continue our growth as a provider of turnkey systems by utilizing our expertise in power generation applications to develop innovative solutions. For example, in 2006 we were contracted by an international power generation equipment supplier to design, build and install a €2.2 million lube oil skid system for a nuclear power plant in Finland. We were chosen to provide the turnkey solution for this project as a result of our engineering capabilities and technical expertise. We also intend to leverage our global presence to strengthen our relationships with large original equipment manufacturers of power generation equipment to establish us as a critical supplier.

Global Navy—For over 90 years we have supplied our specialty centrifugal and screw pumps to sovereign navies around the world, including the U.S. Navy and most of the major navies in Europe. With the acquisitions of Portland Valve and Fairmount, we have broadened our offering to include specialty valves and advanced control systems, respectively. We intend to continue to design, manufacture and sell high value fluid handling systems in order to meet the evolving requirements and standards of the navies around the world. For example, we recently received a $27.0 million contract to design a proprietary automated fire suppression system for the next-generation U.S. Navy destroyer. We also received a $16.5 million order to supply SMART valves designed as an integrated system solution with intelligence and diagnostic capabilities for the new destroyer platform. Our engineers are also working with the U.S. Navy to incorporate electronics and advanced control algorithms into our products. We are also focused on expanding our repair and service capabilities as work is outsourced to private shipyards. As part of this strategy, we have established a waterfront repair and service facility in San Diego, California to complement our Portland, Maine facility in order to provide more responsive aftermarket support to the U.S. Navy.

General Industrial—We provide fluid handling solutions for a broad array of general industrial applications, including machinery lubrication, commercial construction, chemical processing, pulp and paper processing and food and beverage processing, among others. We intend to continue to apply our application and engineering expertise to supply our customers a portfolio of products that can solve their most critical fluid handling needs. We also intend to grow our presence in the general industrial market by targeting new applications for our existing products, deploying regionally focused strategies and leveraging our global presence and sales channels to sell our solutions worldwide.

- *Target Fast Growing Regions by Leveraging Our Global Manufacturing, Sales and Distribution Network*. We intend to continue to leverage our strong global presence and worldwide network of distributors to capitalize on growth opportunities by selling regionally developed and marketed products and solutions throughout the world. As our customers have become increasingly global in scope, we have likewise increased our global reach to serve our customers by maintaining a local presence in numerous markets and investing in sales, marketing and manufacturing capabilities globally. Because we believe that the Asia Pacific market, in particular China, provides an attractive opportunity for future growth, in 2005, we opened a greenfield production facility in Wuxi, China to manufacture parts and assemble products primarily for shipyards and ship owners in China and other Asian countries. In addition, our acquisition of Tushaco established our presence in the fast growing Indian market.

  To further enhance our focus on serving our customers, we have developed the Colfax Sales Office ("CSO"), a web-based selection, configuration, quotation, order entry and aftermarket tool to streamline the quote-to-order process. As of December 31, 2007, we have installed CSO in our Imo operations in North America and our Allweiler operations in Bottrop, Germany. We intend to install CSO across all of our operations. We believe that CSO, when fully installed, will significantly increase the speed of supplying quotes to our customers and will reduce our selling costs and increase our manufacturing efficiency. This is expected to be accomplished by eliminating many manual front-end processes and establishing an integrated, automated platform across brands to capture sales that otherwise would be lost due to increased response times.

- *Develop New Products, Applications and Technologies*. We will continue to engineer our key products to meet the needs of new and existing customers and also to improve our existing product offerings to strengthen our market position. We intend to develop technological, or "SMART," solutions, which incorporate advanced electronics, sensors and controls, through the use of our *Voice of the Customer* process to solve specific customer needs. We believe our SMART solutions will reduce our customers' total cost of ownership by providing real-time diagnostic capabilities to minimize downtime, increase operational efficiency and avoid unnecessary costs. For example, through a *Voice of the Customer* process, we identified an opportunity to assist shipowners in meeting stricter environmental standards by developing an integrated fluid handling system with sensors designed to proactively alert the ship engineer of a leak. This solution helps our customers avoid incurring large fines during routine port inspections. With the recent acquisition of Fairmount, we also intend to leverage their portfolio of advanced controls into our broader industrial offerings to develop innovative SMART fluid handling solutions.

  To further align our product innovation efforts across our operations, we have established a global engineering center of excellence located at our office in Mumbai, India, which will collaborate with our global operations to design new products, modify existing solutions, identify opportunities to reduce manufacturing costs and increase the efficiency of our existing product lines. We also believe that we will be able to reallocate select engineering functions to our engineering center thereby freeing resources to spend time on higher value work.

- *Grow Our Offerings of Systems and Solutions*. We will continue to provide high value added fluid handling solutions by utilizing our engineering and application expertise and our brand recognition and sales channels to drive incremental revenue. We intend to establish regional system manufacturing capabilities to address our customers' desire to purchase turnkey modules and their preference for outsourced assembly. For example, our position as a leading supplier of 2-screw pumps, combined with our engineering and application expertise, recently provided us the ability to design, build, install and commission three system packages to transport heavy crude oil for a Middle Eastern customer. By offering complete turnkey systems, we not only captured a greater share of the overall project value, but also demonstrated our technical capabilities which led to a follow-on order in 2007.

- *Continue to Pursue Strategic Acquisitions that Complement our Platform*. We believe that the fragmented nature of the fluid handling industry presents substantial consolidation and growth opportunities for companies with access to capital and the management expertise to execute a disciplined acquisition and integration program. We have successfully applied this strategy since our inception and plan to continue to seek companies that:

  - enhance our position in our five strategic markets;
  - have recognized, leading brands and strong industry positions;
  - present opportunities to expand our product lines and services;
  - have a reputation for high quality products;
  - will broaden our global manufacturing footprint;
  - complement or augment our existing worldwide sales and distribution networks; or
  - present opportunities to provide operational synergies and improve the combined business operations by implementing CBS.

  We believe that we can identify a number of attractive acquisition candidates in the future and that strategic acquisition growth will give us the opportunity to gain a competitive advantage relative to smaller operators through greater purchasing power, a larger international sales and distribution network and a broader portfolio of products and services.

Our Products

We design, manufacture and distribute fluid handling products that transfer or control liquids in a variety of applications. We market our products principally under the Allweiler, Fairmount, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith brands and also sell replacement parts and perform repair services for our manufactured products.

Our primary products include:

Fluid Handling Products	Principal Brands	Principal End Uses
Pumps	Allweiler, Houttuin, Imo, Warren, Tushaco and Zenith	Commercial marine, oil and gas, machinery lubrication, power generation, global navy and commercial construction
Fluid Handling Systems	Allweiler, Fairmount, Houttuin, Imo, LSC and Warren	Commercial marine, oil and gas, power generation and global navy
Specialty Valves	Portland Valve	Global navy

Pumps

At the most basic level, pumps are used to transfer liquids. For such transfer to occur, pumps require energy by a driver such as an electric motor. With their broad application across numerous industry segments, pumps can be classified by specific standards, technology, type or design. Within this broad product segment, we focus on rotary positive displacement and specialty centrifugal pumps. Rotary positive displacement and specialty centrifugal pumps operate differently, but both are designed to effectively transport specific liquid mediums. Rotary pumps generally are used on liquids that have oil-like characteristics, while centrifugal pumps generally are used on water-like liquids; however, special designs provide numerous common opportunities.

Rotary Positive Displacement Pumps—We believe we are a leading manufacturer of rotary positive displacement pumps with a broad product portfolio and globally recognized brands. Rotary positive displacement pumps consist of a casing containing screws, gears, vanes or similar components that are actuated by the relative rotation of that component to the casing, which results in the physical movement of the liquid from the inlet to the discharge at a constant rate. The U.S. Hydraulic Institute accredits 11 basic types of rotary positive displacement pumps, of which we manufacture five (3-Screw, 2-Screw, Progressive Cavity, Gear and Peristaltic). The following table summarizes the range of our rotary positive displacement pump products.

Product	Max Flow (GPM)	Max Pressure (PSI)	Fluids Handled	Major Markets Served	Product Features
3-Screw	5,300	4,500	• Viscous oils • Viscous chemicals	• Oil & Gas • Power Generation • Commercial Marine • Global Navy	• High efficiency • Quiet operation • High pressure capability
2-Screw	12,000	1,500	• Viscous oils • Corrosive fluids • Fibrous liquids	• Oil & Gas • Commercial Marine • Power Generation	• Large capacity • High efficiency • Contaminant handling
Progressive Cavity	3,750	1,500	• Sewage sludge • Viscous liquids	• General Industrial	• Broad fluid type transfer • Solids content handling
Gear	1,500	300	• Polymer fiber • Adhesives • Diesel fuel	• General Industrial	• Multiple applications • High speed • Precision pumping
Peristaltic	350	230	• Viscous fluids • Corrosive liquids	• General Industrial	• Sealless design (no leaks) • Easy to maintain • Simple design

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

Fluids Handled	Max Flow (GPM)	Max Pressure (PSI)	Major Markets Served	Product Features
Water	10,500	150	• Commercial Marine • Global Navy	• Extended operation • Sealless design (no leaks) • Ability to package with rotary pumps
Lube Oil	7,000	150	• Commercial Marine • Power Generation	• Application specific design • Easy installation • Extended operation
Thermal Oil	5,500	240	• General Industrial	• ATEX certified • ISO 2858 compliant • Flexible design
Aggressive Liquids	150,000	240	• General Industrial	• Custom configuration • Sealless design (no leaks) • ATEX certified • ISO 2858 compliant

Fluid Handling Systems

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

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

Through the acquisition of Fairmount, we are able to integrate advanced programmable logic controls with our specialty valves to create SMART fluid handling systems for naval application. We are currently working together on several contracts for the U.S. Navy next-generation destroyer, including a $27.0 million contract to design a proprietary automated fire suppression system and a $16.5 million contract to supply SMART valves.

Specialty Valves

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

Manufacturing

We manufacture and assemble our products at more than 16 locations worldwide, including in Europe, North America and Asia. This global manufacturing reach enables us to serve our customers wherever they choose to do business. Each of our manufacturing sites offers machining, fabrication and assembly capabilities that gives us the flexibility to source some of our products from multiple facilities. We believe that this flexibility enables us to minimize the impact of a manufacturing disruption if one of our facilities was to be damaged as a result of a natural disaster or otherwise. Our manufacturing facilities also benefit from the use of shared technology and collaboration across production lines, enabling us to increase operational efficiencies through the use of common suppliers and the duplication of production processes.

Twelve of our manufacturing facilities are certified as compliant with ISO 9001:2001 manufacturing standards, which are international quality standards developed by the International Organization for Standardization. ISO 9001:2001 refers to a quality management system which demonstrates the ability to consistently provide products that meet customer and applicable regulatory requirements and aim to enhance customer satisfaction. We believe that these certifications are recognitions of our commitment to and efforts in implementing and maintaining a quality management system in the design, manufacturing and sales of our fluid handling products.

Customers

Our business is geographically diversified, with 47% of net sales for 2007 derived from customers in Europe, 29% from customers in North and South America, 16% from customers in Asia and 8% from customers in other areas. Our customer base is highly diversified and includes commercial, industrial and government customers. Our business is not dependent on any single customer or a few customers, the loss of which would have a material adverse effect on the respective market, or on us as a whole. In 2007, no single customer represented more than 3% of sales.

Direct Sales

We provide our products directly to customers in each of the markets we serve through our approximately 100 direct field sales associates in 12 countries. A significant percentage of our direct sales associates have technical backgrounds, including degrees in engineering. In 2007, direct sales represented approximately 70% of our overall sales.

Indirect Sales

In addition to our direct sales force, we provide products to our customers through over 100 independent representatives that cover over 30 countries. We have established and maintain long-term relationships with distributors and original equipment manufacturers in key markets. Approximately 30% of our sales in 2007 were to distributors, while 27% of our sales in the same period were through original equipment manufacturers.

We believe that our worldwide presence enables us to provide timely and responsive support and service to our customers, many of whom operate internationally, and to capitalize on growth opportunities in both developed and emerging areas around the world.

Competition

Our products and services are marketed on a worldwide basis. We believe that the principal elements of competition in our markets are:

- the ability to meet customer specifications;

- application expertise and design and engineering capabilities;
- product quality and brand name;
- timeliness of delivery;
- price; and
- quality of aftermarket sales and support.

The markets we serve are highly fragmented and competitive. Because we compete in selected niches of the fluid handling industry, there is not any single company that competes directly with us across all of our markets. As a result, we have many different competitors in each of our strategic markets. In the commercial marine market, we compete primarily with Naniwa Pump Manufacturing Co., Ltd., Shinko Industries, Ltd., Shin Shin Machinery Group Co., Ltd. and Taiko Kikai Industries Co., Ltd. In the oil and gas market, we compete primarily with Joh. Heinr. Bornemann GmbH, Leistritz Pumpen GmbH, Netzsch Mohnopumpen GmbH and Robbins & Myers, Inc. In the power generation market, we compete primarily with Buffalo Pumps (a subsidiary of Ampco-Pittsburgh Corporation), KSB Group and Sulzer Ltd. In the global navy market, we compete primarily with Buffalo Pumps, Carver Pump Company, Curtiss-Wright Corporation and Tyco International, Inc.

Research and Development

We closely integrate research and development with marketing, manufacturing and product engineering in meeting the needs of our customers. Our business product engineering teams work to continuously enhance our existing products and develop new product applications for our growing base of customers that require custom solutions. We believe these capabilities provide a significant competitive advantage in the development of high quality fluid handling systems. Our product engineering teams focus on:

- lowering the cost of manufacturing our existing products;
- redesigning existing product lines to increase their efficiency or enhance their performance; and
- developing new product applications.

With the acquisition of Fairmount, we have significantly expanded our engineering capabilities with the addition of 24 system and electrical engineers. We intend to combine our new capabilities for design of proprietary programmable automation controllers with our fluid handling application expertise to build a portfolio of SMART solutions for use in our end markets.

In addition to our existing 180-person engineering team and research and development capabilities, we have also established an engineering center of excellence located at our Mumbai, India office to align our product innovation efforts across our global operations. We anticipate hiring additional local engineers who will collaborate with global business operations to design new products or modify existing solutions based on *Voice of the Customer* feedback. We also expect to increase our capacity of specialized engineering capabilities by reallocating certain engineering functions to our Indian engineering center, thereby freeing resources for higher value work.

We have approximately 77 employees in research and development. Expenditures for research and development for the years ended December 31, 2007, December 31, 2006 and December 31, 2005 were $4.2 million, $3.3 million and $2.9 million, respectively.

Intellectual Property

We rely on a combination of intellectual property rights, including patents, trademarks, copyrights, trade secrets and contractual provisions to protect our intellectual property. As of December 31, 2007, we owned

approximately 65 active U.S. and foreign patents and had approximately eight patent applications pending across all of our product lines. Although we highlight recent additions to our patent portfolio as part of our marketing efforts, we do not consider any one patent or trademark or any group thereof essential to our business as a whole or to any of our business operations. We also rely on proprietary product knowledge and manufacturing processes in our operations.

Our products are marketed under various trade names and registered U.S. and foreign trademarks. We have rights to a number of trade names, service marks and trademarks, including Colfax, Allweiler, Fairmount, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith. We have rights to these names and marks in the United States and, where we believe appropriate, in foreign markets in which we operate or compete.

Although we are involved in disputes concerning intellectual property ownership rights from time to time, we have no knowledge of or any present infringement or any present claims of ownership of patents or trademarks that would materially affect our business. We intend to continue to pursue registration and protection of all of our intellectual property rights. We also intend to continue to vigorously defend our intellectual property and proprietary rights against infringement or other threats to the greatest extent possible under applicable law.

Raw Materials and Backlog

We obtain raw materials, component parts and supplies from a variety of sources, generally from more than one supplier. Our principal raw materials are metals, plastics, castings, motors and bearings. Our suppliers and sources of raw materials are based in both the United States and other countries, and we believe that our sources of raw materials are adequate for our needs for the foreseeable future. The loss of any one supplier would not have a material adverse effect on our business or result of operations.

Manufacturing turnaround time is generally sufficiently short so as to permit us to manufacture to order for most of our products, which helps to limit inventory costs. Therefore, backlog generally is a function of requested customer delivery dates and may range from two months to several years based on the actual requested dates.

Properties

We have 16 principal production facilities in seven countries. We have seven in the United States, one in China, one in France, three in Germany, one in the Netherlands, one in Sweden and two in India. The following table lists our primary facilities as of December 31, 2007, indicating the location, square footage, whether the facilities are owned or leased, and principal use.

Location	Sq. Footage	Owned/Leased	Principal Use
Richmond, Virginia	10,200	Leased	Corporate Headquarters
Hamilton, New Jersey	2,200	Leased	Subsidiary Headquarters
Columbia, Kentucky	75,000	Owned	Production
Warren, Massachusetts	147,000	Owned	Production
Monroe, North Carolina	130,000	Owned	Production
Sanford, North Carolina	32,000	Owned	Production
Aberdeen, North Carolina	20,000	Owned	Production
Houston, Texas	25,000	Leased	Production
Portland, Maine	61,000	Leased	Production
Tours, France	33,000	Leased	Production
Bottrop, Germany	55,000	Owned	Production
Gottmadingen, Germany	38,000	Leased	Production
Radolfzell, Germany	350,000	Owned	Production
Utrecht, Netherlands	50,000	Owned	Production
Stockholm, Sweden	130,000	Owned	Production
Daman, India	32,000	Owned	Production
Vapi, India	16,000	Leased	Production
Wuxi, China	60,000	Leased	Production

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Associates

The following table indicates our worldwide associate base as of the periods indicated:

	January 31, 2008	December 31, 2007	2006	2005
United States	702	701	548	492
Europe	1,093	1,096	1,034	1,039
Asia	264	262	216	173
Total	2,059	2,059	1,798	1,704

There are approximately 42 associates in the United States covered by a collective bargaining agreement with the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers-Communications Workers of America (IUE-CWA). The contract with the union expires December 7, 2008 and provides for wage increases ranging from 3% to a maximum of 3.5% per year. In addition, in Germany, Sweden and the Netherlands, by law, some of our associates are represented by trade unions in these jurisdictions, which subjects us to arrangements very similar to collective bargaining agreements. To date, we have not experienced any work stoppages or strikes that have had a material adverse impact on operations. We consider our relations with our associates to be good.

Government Contracts

Sales to U.S. government defense agencies constituted approximately 6% of our revenue in 2007, with the majority of the U.S. government revenue being generated by our Warren brand. We are subject to business and cost accounting regulations associated with our U.S. government defense contracts. Violations can result in civil, criminal or administrative proceedings involving fines, compensatory and treble damages, restitution, forfeitures, and suspension or debarment from U.S. government defense contracts.

Legal Proceedings

Two of our subsidiaries are each one of many defendants in a large number of lawsuits that claim personal injury as a result of exposure to asbestos from products manufactured with components that are alleged to have contained asbestos. Such components were acquired from third-party suppliers, and were not manufactured by any of our subsidiaries nor were the subsidiaries producers or direct suppliers of asbestos. The manufactured products that are alleged to have contained asbestos generally were provided to meet the specifications of the subsidiaries' customers, including the U.S. Navy. Of the approximately 37,500 pending claims, approximately 15,400 of such claims have been brought in various state courts in Mississippi; approximately 4,200 of such claims have been brought in the Supreme Court of New York County, New York; approximately 400 of such claims have been brought in the Superior Court, Middlesex County, New Jersey; and approximately 1,900 claims have been filed in state courts in Michigan and the U.S. District Court, Eastern and Western Districts of Michigan. The remaining pending claims have been filed in state and federal courts in Alabama, California, Kentucky, Louisiana, Pennsylvania, Rhode Island, Texas, Virginia, the U.S. Virgin Islands and Washington.

In addition to the litigation and matters noted above, we and our subsidiaries are from time to time subject to, and are presently involved in, litigation or other legal proceedings arising out of the ordinary course of its business. These matters primarily involve claims for damages arising out of the use of the subsidiaries' products, some of which include claims for punitive as well as compensatory damages.

With respect to the litigation and claims described in the preceding paragraphs, we believe that our subsidiaries will either prevail, have adequate insurance coverage or have established appropriate reserves to

cover potential liabilities. There can be no assurance, however, as to the ultimate outcome of any of these matters, and if all or substantially all of these legal proceedings were to be determined adversely to such subsidiary, there could be a material adverse effect on the financial condition, results of operation or cash flow of us or of such subsidiary.

We are self-insured for a portion of our product liability and certain other liability exposures. Depending on the nature of the liability claim, we are responsible for up to $0.2 million per occurrence under the retention program for worker's compensation and $0.5 million per occurrence under the retention program for product liability with a $4.0 million aggregate with respect to domestic liability and $3.0 million with respect to foreign liability. We also have a $0.1 million per occurrence stop-loss limit under our group medical plan.

MANAGEMENT

Executive Officers, Directors and Key Employees

The following table sets forth information with respect to our current executive officers, directors, key employees and those who will become executive officers and directors upon consummation of the offering. With the exception of Mitchell P. Rales and Steven M. Rales, who are brothers, there are no family relationships among any of the individuals listed below.

Name	Age	Position
John A. Young	42	President and Chief Executive Officer and Director
G. Scott Faison	46	Senior Vice President, Finance and Chief Financial Officer
Thomas M. O'Brien	57	Senior Vice President, General Counsel and Secretary
Michael K. Dwyer	50	Senior Vice President, General Manager—Asia Pacific
Steven W. Weidenmuller	44	Senior Vice President, Human Resources
Joseph B. Niemann	46	Senior Vice President, Marketing and Strategic Planning
William E. Roller	45	Senior Vice President, General Manager—Americas
Mario E. DiDomenico	56	Senior Vice President, General Manager—Engineered Products
Dr. Michael Matros	42	Senior Vice President, General Manager—Allweiler
Mitchell P. Rales	51	Chairman of the Board of Directors
Steven M. Rales	55	Director
Patrick W. Allender	61	Director Nominee
C. Scott Brannan	49	Director Nominee
Joseph O. Bunting III	46	Director Nominee and Vice President
Thomas S. Gayner	47	Director Nominee
Clay Kiefaber	52	Director Nominee
Rajiv Vinnakota	36	Director Nominee

Each officer serves at the pleasure of the board and is subject to removal by the board with or without cause.

John A. Young is the President and Chief Executive Officer and a Director of our company. Prior to becoming President in 2000, Mr. Young was Vice President, Chief Financial Officer and Treasurer of our company since its founding in 1995.

G. Scott Faison became the Senior Vice President, Finance and Chief Financial Officer in January of 2005. He has served as Corporate Controller and Assistant Treasurer since joining us in November 1997.

Thomas M. O'Brien has served as our Senior Vice President, General Counsel and Secretary since January 1998. Mr. O'Brien served as Assistant General Counsel at Imo from 1995-1998. He has been a member of the legal department at Imo since 1985.

Michael K. Dwyer joined our company in 1998 as Vice President, Colfax Business System and Global Sourcing. In 2004, Mr. Dwyer became Senior Vice President, General Manager—Asia Pacific.

Steven W. Weidenmuller joined us in 2002 as Senior Vice President, Human Resources. Prior to joining our company, Mr. Weidenmuller was Vice President of Human Resources of Tropicana International, a subsidiary of PepsiCo, Inc., the leading producer of juice in the world, where he was employed from 1997 to 2002.

Joseph B. Niemann joined us in 2006 as Senior Vice President of Marketing and Strategic Planning. Prior to joining our company, Mr. Niemann was Vice President, Marketing & eBusiness of Emerson Climate Technologies, a subsidiary of Emerson Electric Company, where he was employed from 1990 to 2005.

William E. Roller has served as our Senior Vice President, General Manager—Americas since June 1999. Subsequently, Mr. Roller added to his responsibilities the role of General Manager of both Zenith and LSC following the acquisitions of those businesses.

Mario E. DiDomenico joined our company in 1998 with the acquisition of Imo. Since that time he has served as the Manager of Operations for Warren Pump, Vice President—2 Screw Pumps and subsequently as Senior Vice President, General Manager—Engineered Products. He has been with Imo Industries in increasingly responsible manufacturing roles since 1990.

Dr. Michael Matros joined Allweiler in 1996 as a project manager in Research and Development. From 1996 until 2006, Dr. Matros has held several positions at Allweiler with increasing responsibilities, including Director of Research and Development and the Plant Manager of our Allweiler facility in Radolfzell, Germany. In April 2006, Dr. Matros was appointed to his current position as Senior Vice President, General Manager—Allweiler.

Mitchell P. Rales has served as the Chairman of the Executive Committee of Danaher Corporation since 1990. For more than the past five years, Mitchell Rales has been a principal in a number of private business entities with interests in manufacturing companies and publicly traded securities.

Steven M. Rales has served as the Chairman of the Board of Directors of Danaher Corporation since 1984. For more than the past five years, Steven Rales has been a principal in a number of private business entities with interests in manufacturing companies and publicly traded securities.

Patrick W. Allender is the former Executive Vice President and Chief Financial Officer of Danaher Corporation, where he served from 1987 until 2006. Prior to his tenure with Danaher, Mr. Allender was a financial officer with a private holding company. Mr. Allender is a director of the Brady Corporation where he is a member of the audit and compensation committees.

C. Scott Brannan is a partner of Aronson & Company. Prior to joining Aronson & Company in 2003, Mr. Brannan served as Director of International Finance of our company for one year. Mr. Brannan is a certified public accountant.

Joseph O. Bunting, III has served as Vice President of our company since 1997. Mr. Bunting has submitted his resignation as Vice President effective upon consummation of this offering. For more than the past five years, Mr. Bunting has been an officer, member or director in a number of private business entities with interests in manufacturing companies and publicly traded securities.

Thomas S. Gayner is Executive Vice President and Chief Investment Officer of Markel Corporation. Since 1990, Mr. Gayner has served as President of Markel Gayner Asset Management, Inc. Mr. Gayner served as a director of Markel Corporation from 1998 to 2003. Mr. Gayner currently serves on the board of directors of The Washington Post Company. Mr. Gayner also serves on the board of directors of The Davis Funds in New York City.

Clay Kiefaber served as Group President of Masco Corporation from 2006 to 2007. Prior to serving as Group President, Mr. Kiefaber was Group Vice President of Masco Builder Cabinet Group and President of Merillat Industries, both companies of which are subsidiaries of Masco Corporation. Mr. Kiefaber joined Merillat Industries in 1989.

Rajiv Vinnakota has been the Managing Director and President of The SEED Foundation, a non-profit educational organization, since 1997. Prior to co-founding SEED, Mr. Vinnakota was an associate at Mercer Management Consulting.

Board Composition

Upon completion of this offering, we will have an authorized board of directors consisting of members, a majority of whom will be independent. Our board of directors has determined that each of , , and meets the definition of “independent director” under the New York Stock Exchange listing standards.

Our certificate of incorporation provides that the authorized number of directors may be changed only by resolution of the board of directors.

Board Committees

Upon completion of this offering, our board of directors will have a standing audit committee, a standing compensation committee and a standing nominating and corporate governance committee, the principal functions of which are detailed below.

Our board may establish other committees from time to time to facilitate the management of the business and affairs of our company.

Audit Committee

The audit committee will be responsible, among its other duties and responsibilities, for overseeing our accounting and financial reporting processes, the audits of our financial statements, the qualifications of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm. The audit committee will review and assess the qualitative aspects of our financial reporting, our processes to manage business and financial risks, and our compliance with significant applicable legal, ethical and regulatory requirements. The audit committee will be directly responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm. The members of our audit committee are expected to be , who will serve as chair of the committee, and . Our board of directors has determined that will qualify as an "audit committee financial expert," as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002. Our board of directors has determined that each member of our audit committee will be independent within the meaning of the independent director guidelines of the New York Stock Exchange and each member of our audit committee will be independent under the requirements of Rule 10A-3 of the Securities Exchange Act.

Compensation Committee

The compensation committee will be responsible, among its other duties and responsibilities, for approving the compensation and benefits of our chief executive officer and other executive officers, monitoring compensation arrangements applicable to our chief executive officer and other executive officers in light of their performance, effectiveness and other relevant considerations and adopting and administering our equity incentive plans. To date, the compensation of our executive officers has primarily been determined by our full board of directors. For a discussion of the role of Mr. Young, our chief executive officer, and the limited role of compensation consultants in compensation decisions during our last fiscal year, see the "Compensation Discussion and Analysis" below.

The members of our compensation committee are expected to be , who will serve as chair of the committee, and .

Nominating and Corporate Governance Committee

The nominating and corporate governance committee will be responsible for recommending candidates for election to the board of directors. The committee also will be responsible, among its other duties and responsibilities, for making recommendations to the board of directors or otherwise acting with respect to corporate governance policies and practices, including board size and membership qualifications, new director orientation, committee structure and membership, succession planning for our chief executive officer and other key executive officers, and communications with stockholders. The members of our nominating and corporate governance committee are expected to be , who will serve as chair of the committee, and .

We believe that the composition of each of these three standing committees will satisfy the requirements for independence under the listing standards of the New York Stock Exchange and the applicable SEC rules and regulations.

Board Compensation

To date, none of our directors have received compensation for their services as a director of our company. We currently anticipate that, upon completion of this offering, our newly-formed compensation committee will review our director compensation policy and, as it deems necessary, modify our program to arrive at what we believe to be fair and competitive compensation for our directors as a public company.

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers for 2007 (as set forth in the Summary Compensation Table below) should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from the currently planned programs summarized in this discussion.

Executive Compensation Philosophy and Objectives

To date, our executive compensation philosophy has been to offer our executive officers, including our named executive officers, compensation that is competitive and that meets our goals of attracting, keeping, incentivizing and rewarding highly skilled management so that we can achieve our financial and strategic objectives and continue to grow our company.

Utilizing this philosophy, our executive compensation program has been designed to:

- be competitive and flexible to reflect the industry in which we operate;
- continually focus on, and reward our executives for, achievement of company financial and strategic objectives, both over the short and longer-term; and
- consistently apply our compensation program to each of our named executive officers, including our CEO, Mr. Young, as well as all of our management, in all of our locations (although our specific programs may vary slightly between the United States and our other international locations, as required by local law or practice).

Setting of Executive Compensation

Other than as set forth below under “Elements of Our Executive Compensation Program—Base Salary,” to date the compensation awarded to our named executive officers has been determined solely by the full board of directors, including Mitchell Rales, Steven Rales and Mr. Young, based upon their collective experience and reasoned business judgment, with recommendations from our CEO, Mr. Young, for each of the named executive officers other than himself.

Other than the philosophy and compensation objectives discussed above, which have been informally followed by the board, the board has not formally adopted any policies with respect to long-term versus currently-paid compensation, cash versus non-cash compensation, or any other compensation policies. In addition, the board has historically looked at each compensation element individually such that decisions regarding one element have not affected decisions regarding other elements. This is because each element of our compensation program has a different purpose:

- base salaries—must be competitive in order to attract and keep our executive talent;
- annual bonus plan—designed to reward our executive officers for annual improvements in key areas of company operational and financial performance; and

- long-term cash incentive plans—designed to reward our executive officers for growing our company over the longer-term and positioning it for a liquidity event, either through a sale or pursuant to an initial public offering.

It is currently anticipated that, upon completion of this offering, our newly-formed compensation committee will review our executive compensation program and, as it deems necessary, modify or expand our program to arrive at what we believe to be fair and competitive compensation for our executive officers, including the named executive officers, as a public company.

Elements of Our Executive Compensation Program

As discussed above, prior to this offering, the elements of our executive compensation program have been base salary, an annual cash bonus, and long-term cash incentives.

Base Salary. As noted above, one of our guiding compensation objectives is to be flexible in order to reflect the competitive environment we encounter in recruiting and retaining senior management. Base salaries are reviewed annually with this objective in mind.

Named Executive Officers, Other Than Mr. Young. The annual base salary increases, if any, awarded to our named executive officers in fiscal 2007, as well as all of our associates generally, are determined from a “merit pool” recommended by Mr. Young and approved by the board. Each year, Mr. Young develops a “merit pool,” or aggregate percentage increase in base salary amounts for Colfax associates generally, that is recommended to the board. Mr. Young bases his recommendation on his subjective review of publicly available compensation compilation and survey data comprised of average percentages by which base salaries paid to employees of industrial and other companies in the U.S., as well as the other geographic locations where we have associates, are expected to increase. The component companies which form the basis for this compilation data are not disclosed as part of this survey information and thus are not known to Mr. Young, the board or Colfax. The survey data reviewed by Mr. Young indicated that average base salaries were to increase by 4% for 2007. Thus, based on the board’s review of this information and Mr. Young’s recommendation, the board approved a merit pool of 4.0% for fiscal 2007.

Once the merit pool was determined, Mr. Young further recommended to the board the base salaries for each named executive officer, other than himself. Mr. Young makes these recommendations based upon his subjective judgment and business experience. These base salaries recommended by Mr. Young, and approved by the board, are set forth in the “Salary” column of the Summary Compensation Table below.

Mr. Young. In determining Mr. Young’s base salary increase for fiscal 2007, the board performed a more comprehensive review of CEO base salaries. In order to provide the board with survey data specific to compensation paid to CEOs, we retained Watson Wyatt Worldwide to develop a survey of comparable industrial public companies, with similar revenue and products to Colfax, using publicly available compensation information from public company proxy statements. The peer group of companies included in the Watson Wyatt survey consisted of Gardner Denver, Inc., IDEX Corporation, Graco Inc., Robbins & Myers, Inc., Altra and The Gorman Rupp Company. In reviewing this survey information, the board determined to increase Mr. Young’s base salary to $375,000.

Annual Cash Bonus. For 2007, each of our named executive officers was entitled to participate in our 2007 Management Incentive Plan, or our annual cash bonus plan. As stated above, we believe the annual cash bonus plan incentivizes our named executive officers to achieve annual improvements in what we view as key company financial and operational metrics, thus resulting in continued growth for Colfax from year to year.

Financial and Operational Targets. Consistent with prior years, a substantial percentage of the funding for the 2007 annual bonus plan was determined by the achievement of financial performance targets

based on the board-approved corporate budget for the year. For each named executive officer other than Mr. Dwyer and Dr. Matros, the achievement of financial performance targets represented 70% of the funding for the annual bonus, and the financial performance targets consisted of sales, EBITDA and working capital turns (each as adjusted to negate the effects of foreign currency exchange rates). The board chose these metrics, as it has in recent years, as we believe these are the three performance metrics which most influence and support our growth and, as a result, shareholder value.

For each of Mr. Dwyer and Dr. Matros, the achievement of financial performance targets represented 75% of the funding of his annual bonus. The financial performance targets applicable to Mr. Dwyer and Dr. Matros included each of the performance metrics discussed above which are applicable to our “corporate” named executive officers; however, the board believed that the financial metrics for Mr. Dwyer’s and Dr. Matros’ potential annual bonus should be based primarily on the business unit that each oversees, and not the company as a whole. Thus, 65% of each of Mr. Dwyer’s and Dr. Matros’ potential bonus was based on the achievement of sales, EBITDA and working capital turns with respect to their respective business units (which, for Mr. Dwyer only, was adjusted to negate the effects of foreign currency exchange rates due to the fact that Mr. Dwyer’s business unit includes more than one currency type). The additional 10% of each of Mr. Dwyer’s and Dr. Matros’ potential bonus was based on achievement of the company-wide sales target for the year.

The remaining 30% (or 25%, in the case of Mr. Dwyer and Dr. Matros) of the annual bonus plan was based on board-approved personal objectives for each named executive officer, as discussed below.

The following table outlines the annual bonus plan goal structure and respective weighting for each of the named executive officers, other than Mr. Dwyer and Dr. Matros, during 2007:

Measure	Weighting
Sales	17.5%
EBITDA	35.0%
Working capital turns	17.5%
Personal objectives	30.0%

The following table outlines the annual bonus plan goal structure and respective weighting for Mr. Dwyer and Dr. Matros during fiscal 2007:

Measure	Weighting
Sales—business unit	15.0%
EBITDA—business unit	35.0%
Working capital turns—business unit	15.0%
Sales—Colfax consolidated	10.0%
Personal objectives	25.0%

The board placed a greater emphasis on EBITDA as compared to the other performance metrics as we believe profitability is the primary driver of our growth. With respect to the financial and operational performance metrics, the annual bonus plan is strictly formulaic in nature, and neither the board nor any executive officer exercised any discretion with respect to the targets, or the resulting payments, in fiscal 2007.

The “target goal” relating to each financial or operations performance metric, including the business units specific to Mr. Dwyer and Dr. Matros, represented our internal budget amount for 2007. The board then set “threshold goals” and “maximum goals” based upon their collective experience and business judgment, balancing our interests with the purpose of the program: to reward the named executive officers for improvements in each of the key metrics, including rewarding each of Mr. Dwyer and Dr. Matros for improvements in the metrics for the respective business unit he oversees. To determine the actual bonus paid to each named executive officer, the actual financial performance is multiplied by each named executive officer’s target bonus (as set forth in footnote 1 to the

Summary Compensation Table below) and the corresponding weighting for the measure. The 2007 financial performance goals for each of the named executive officers, other than Mr. Dwyer and Dr. Matros (other than with respect to the 10% of each of Mr. Dwyer's and Dr. Matros' potential bonus based on the company-wide sales target) are set forth below:

Measure (weighting)	Target Goal	Threshold Goal	Threshold Payment	Maximum Goal	Maximum Payment
Sales (17.5%)[(1)]	$467.7 million	$440.4 million	65%	$514.5 million	250%
EBITDA (35.0%)	$ 74.9 million	$66.2 million	65%	$89.9 million	250%
Working Capital Turns (17.5%)	4.64	4.27	20%	5.10	200%

(1) For both Mr. Dwyer's and Dr. Matros' 2007 annual bonus, company-wide sales represented 10% of the potential bonus.

We are not disclosing the specific sales, EBITDA and working capital turns targets applicable to the business units overseen by Mr. Dwyer and Dr. Matros as they are highly confidential to our business and we do not currently intend to disclose such information either as projections or as actual results upon completion of this offering. We believe that doing so would be competitively harmful to us, as it would provide our competitors with strategic information specific to our regional operations, thus providing our competitors in these regions insight into our plans and projections for the region. The actual achievement of the financial performance targets for fiscal 2007 for Mr. Dwyer and Dr. Matros was as follows:

Mr. Dwyer	Dr. Matros
Ÿ 94% of the sales target;	Ÿ 101% of the sales target;
Ÿ 200% of the EBITDA target; and	Ÿ 112% of the EBITDA target; and
Ÿ 111% of working capital turns target.	Ÿ 98% of working capital turns target.

For each of the named executive officers other than Mr. Dwyer and Dr. Matros, actual results for 2007 were as follows:

Ÿ $474.8 million in sales (102% of target);

Ÿ $83.9 million in EBITDA (112% of target); and

Ÿ 4.81 in working capital turns (104% of target).

Individual Performance Objectives. As stated above, 30% of each named executive officer's annual bonus (or 25%, with respect to Mr. Dwyer and Dr. Matros) is determined by achievement of board-approved individual performance objectives. The board includes individual performance objectives as part of the annual bonus plan to ensure that more targeted, non-financial company objectives over which the executive has primary control are part of the individual's total annual bonus for the year. We do not view these individual performance objectives as material to an understanding of this portion of our annual bonus plan as there are several individual objectives established for each named executive officer and, individually, no one factor materially affects the total potential amount of the bonus award.

The actual bonus award paid to each named executive officer pursuant to the 2007 annual bonus plan is disclosed in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table below.

Long-Term Incentives. In each of 2001 and 2006, our board of directors implemented long-term cash incentive plans as a direct means to motivate our senior management, or those most responsible for the overall growth and direction of our company, with the purpose of growing and increasing the value of our company and positioning it for an initial public offering or other liquidity event, such as a sale of our company. Each of the

named executive officers, other than Dr. Matros, participates in the Colfax Corporation 2001 Employee Appreciation Rights Plan (the “2001 Plan”). Each of the named executive officers participates in the 2006 Executive Stock Rights Plan (the “2006 Plan”). Initially, our board of directors approved the 2001 Plan as we were starting to grow as a company. Accordingly, the 2001 Plan was designed to allow our senior management to share in the growth of our company and to attract new executive talent to our company. More recently, our board approved the 2006 Plan as a means of re-emphasizing this upside potential.

Generally, each of these plans provides the named executive officers with the opportunity to receive a certain percentage, in cash (or, with respect to the 2001 Plan only, in equity, in the sole discretion of the board of directors), of the increase in value of our company from the date of grant of the award until the date of the liquidity event. The board of directors has determined that this offering will qualify as a liquidity event under both the 2001 Plan and the 2006 Plan. As a result, each of the named executive officers will receive payouts under the plans, as applicable, in conjunction with this offering and thereafter the plans will terminate.

For the 2001 Plan, the percentage interest of participation for each participating named executive officer was determined solely in the discretion of the board of directors, based on their reasoned business judgment. For the 2006 Plan, while the board determined the percentage interest for each named executive officer based on its discretion, the board also took into account, in their subjective judgment, the level of the officer’s responsibility with the company, his term of service with the company and his contributions to date. The 2001 Plan rights fully vested on the third anniversary of the grant date, subject to the participating named executive officer’s continued employment and thus each such named executive officer is fully vested in his percentage interest under the 2001 Plan. The 2006 Plan rights vest if a liquidity event occurs prior to the 10 year expiration of the term of the plan. As stated above, the board has determined that this offering will constitute a liquidity event pursuant to the plans and thus each named executive officer will vest in his rights.

For further discussion of each of these plans, including the estimated payouts pursuant to this offering, see “Potential Payments Upon Termination or Change in Control” below.

Changes to Our Compensation Program in Connection with This Offering

Adoption of 2008 Omnibus Incentive Plan. The board of directors and shareholders unanimously approved the Colfax Corporation 2008 Omnibus Incentive Plan on , 2008. We have not granted any awards under the new incentive plan as of the date of this prospectus.

The board of directors adopted the new incentive plan because it believes that the new plan will more appropriately facilitate implementation of our future compensation programs as a public company. Prior to this offering, we have not adopted any comprehensive equity or cash award plans and we believe such a plan will be necessary for us to compensate our executives and associates generally as a public company. This is due, in part, to the limitations of Section 162(m) of the Internal Revenue Code, as we discuss below. Thus, the plan was approved by the board with a view to providing the newly established compensation committee with maximum flexibility to structure an executive compensation program that provides a wide range of potential incentive awards to our named executive officers, and associates generally, on a going-forward basis, and to preserve to the maximum extent possible our deductibility of performance-based compensation pursuant to Section 162(m).

For example, pursuant to the plan, the compensation committee has the discretion to determine the portion of each named executive officer’s total compensation that will consist of awards under the plan, the mix of short-term and long-term incentives represented by the awards, the allocation of the awards between equity and cash-based incentives, the forms of the equity awards, and the service-based requirements or performance goals that the officer will have to satisfy to receive the awards. The compensation philosophy and objectives adopted by the committee will likely determine the structure of the awards granted by the committee pursuant to the plan.

For a more detailed discussion of the 2008 Omnibus Incentive Plan, see “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table” below.

Effect of Accounting and Tax Treatment on Compensation Decisions

Section 162(m) of the Internal Revenue Code imposes a limit on the amount of compensation that we may deduct in any one year with respect to certain “covered employees,” unless certain specific and detailed criteria are satisfied. Performance-based compensation, as defined in the Internal Revenue Code, is fully deductible if the programs are approved by stockholders and meet other requirements. We believe that future grants of awards under our new 2008 Omnibus Incentive Plan will qualify as performance-based for purposes of satisfying the conditions of Section 162(m), thus permitting us to receive a federal income tax deduction in connection with such awards. However, as part of our current compensation objectives, we seek to maintain flexibility in compensating our executives, as discussed above and, as a result, the board has not adopted a policy requiring that all compensation be deductible. Our newly formed compensation committee will assess the impact of Section 162(m) on our compensation practices and determine what further action, if any, is appropriate.

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Compensation Tables and Disclosures

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Plan Compensation ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(2)	All Other Compensation ($)(3)	Total ($)
John A. Young *President and Chief Executive Officer*	2007	375,000		736	59,307	435,043
G. Scott Faison *Senior Vice President, Finance and Chief Financial Officer*	2007	214,000		590	33,158	247,748
Michael K. Dwyer *Senior Vice President, General Manager—Asia Pacific*	2007	219,500		575	92,236	312,311
Thomas M. O’Brien *Senior Vice President, General Counsel and Secretary*	2007	247,000		22,213	37,169	306,382
Dr. Michael Matros *Senior Vice President, General Manager—Allweiler*	2007	272,477(4)			28,276	300,753

(1) Amounts represent the payouts pursuant to our 2007 Management Incentive Bonus Plan. For a discussion of the performance metrics on which this plan is based, including the weighting for each performance metric and the actual percentage achievement of the financial performance targets, see the “Compensation Discussion and Analysis” above. To determine the actual bonus paid to each named executive officer, the actual financial performance was multiplied by each named executive officer’s 2007 target bonus and the corresponding weighting for the measure. For fiscal 2007, each named executive officer’s target bonus, expressed as a percentage of base salary, was as follows:

- Mr. Young: 60%
- Mr. Faison: 40%
- Mr. Dwyer: 40%
- Mr. O’Brien: 40%
- Dr. Matros: 35%

(2) Amounts represent solely the aggregate change in the actuarial present value of the officer’s accumulated benefit under our pension benefit plan from the pension plan measurement date used for financial statement reporting purposes in fiscal 2006 as compared to fiscal 2007.

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(3) Amounts set forth in this column consist of the following:

Name	Supplemental Long-Term Disability Premiums ($)	Company Car ($)[a]	Company 401(k)/Deferred Compensation Plan Match and Contribution ($)[b]	Annual Physical ($)	Overseas Housing ($)[c][d]	Tax Equalization Payments ($)[d]	Tax Preparation Services ($)[d]	Accident Insurance ($)
Mr. Young	1,808	15,600	36,699	5,200	—	—	—	—
Mr. Faison	2,270	12,000	18,888	—	—	—	—	—
Mr. Dwyer	2,707	12,000	18,599	—	19,650	36,600(e)	2,680	—
Mr. O'Brien	3,429	12,000	21,740	—	—	—	—	—
Dr. Matros	—	17,639	10,310	—	—	—	—	327(f)

(a) For each named executive officer other than Dr. Matros, amounts represent a cash car allowance provided to each officer. For Dr. Matros, amount represents the annual cost of a car lease, including insurance, maintenance and gas in the amount of €11,976 or $17,639 in U.S. dollars, calculated based on the conversion rate in effect on December 31, 2007.

(b) For each applicable named executive officer, amounts represent the aggregate company match and company contribution made by Colfax during 2007 to such officer's 401(k) plan account and Excess Benefit Plan (nonqualified deferred compensation) account. See the Nonqualified Deferred Compensation Table and accompanying narrative below for additional information on the Excess Benefit Plan. For Dr. Matros, amount represents the contribution made by Allweiler AG during 2007 pursuant to a Joint Support Fund Agreement between Allweiler AG and Dr. Matros. The "joint support fund" is similar to a U.S. defined contribution, or 401(k), plan. The aggregate amount required to be contributed to Dr. Matros' account by Allweiler AG during 2007 was €7,000, or $10,310 in U.S. dollars, calculated based on the conversion rate in effect on December 31, 2007.

(c) Amounts represent the aggregate housing lease payments made by Colfax on behalf of Mr. Dwyer in connection with his overseas service.

(d) Amounts represent payments made to or on the behalf of Mr. Dwyer by Colfax in connection with his overseas service.

(e) Amount represents estimate as of January 4, 2008. Actual amount will not be known until filing of Mr. Dwyer's tax return for fiscal 2007.

(f) Amounts represent €222, or $327 in U.S. dollars, calculated based on the conversion rate in effect on December 31, 2007. For additional information on this benefit, see "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Dr. Matros' Service Contract" and "Potential Payments upon Termination or Change in Control" below.

(4) This amount represents amounts paid in 2007 based on an annual base salary of €185,000, or $272,477 in U.S. dollars, calculated on the conversion rate in effect as of December 31, 2007.

Grants of Plan-Based Awards

The following table sets forth information with respect to grants of plan-based awards to our named executive officers during 2007:

Name	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]		
	Threshold ($)	Target ($)	Maximum ($)
John A. Young	92,250	225,000	474,750
G. Scott Faison	35,096	85,600	180,616
Michael Dwyer	39,510	87,800	191,404
Thomas M. O'Brien	40,508	98,800	208,468
Dr. Michael Matros	42,541	94,535	206,086

(1) Amounts represent the possible payouts under our 2007 Management Incentive Bonus Plan. For a discussion of the performance metrics and actual results and payouts under the plan for fiscal 2007, see the "Compensation Discussion and Analysis" and the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above, respectively.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Mr. Dwyer's Letter Agreement

Pursuant to a letter dated December 28, 2007 (which modified and superseded a letter agreement dated April 29, 2005), we executed a letter of understanding with Mr. Dwyer with respect to his salary and benefits while serving overseas as Senior Vice President, General Manager—Asia Pacific, as requested by the company. The employment period covered by the letter agreement is for one year, until December 31, 2008, unless terminated sooner in our discretion.

Pursuant to the letter agreement, Mr. Dwyer's base salary for fiscal 2007 was $219,500, which salary will be reviewed annually. In addition, Mr. Dwyer is eligible to receive an annual cash bonus under the Management Incentive Plan with a target of 40% of his base salary, or $87,800, for fiscal 2008.

In addition, during the period of his overseas assignment, Mr. Dwyer is entitled to receive the following benefits:

- reasonable reimbursement for business transportation expenses;
- company-provided housing in Hong Kong, paid directly to the landlord;
- participation in the Colfax tax equalization program and tax preparation assistance; and
- up to three trips annually to and from the U.S. for Mr. Dwyer and/or his family.

Dr. Matros' Service Contract

Pursuant to a service contract effective November 14, 2006, Dr. Matros was appointed as a member of the management board of Allweiler AG, the German subsidiary of Colfax. The service contract is generally for an initial term of three years, until December 31, 2009, with an automatic extension for one year, until December 31, 2010.

Under the service contract, Dr. Matros is entitled to an initial annual salary of €185,000, or $272,477 in U.S. Dollars, calculated on the conversion rate in effect as of December 31, 2007. In addition, Dr. Matros is entitled to receive a performance-related annual bonus. For fiscal 2007, the service contract provided that his annual target bonus was 35% of his annual salary. Dr. Matros' base salary and target bonus are to be reviewed annually.

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Consistent with what we believe to be customary practice for German companies and executives, the service contract further provides that Dr. Matros is entitled to a company car for business and personal use; however, Dr. Matros is required to bear the cost of any tax associated with such personal use. In addition, Dr. Matros is entitled to a medical exam once every two years, with Allweiler required to pay the difference between the actual cost of the exam and any insurance policy maintained by Dr. Matros. Dr. Matros did not take advantage of this benefit in fiscal 2007.

The service contract further provides for limited payments and benefits upon certain termination events. In addition, Allweiler is required to maintain an accident insurance policy for the benefit of Dr. Matros providing for coverage in the event of his death or disability. For a discussion of these provisions, and a quantification of the estimated payments to be made to Dr. Matros upon such events, see “Potential Payments upon Termination or Change in Control” below.

2008 Omnibus Incentive Plan

Our board of directors unanimously approved the Colfax Corporation 2008 Omnibus Incentive Plan on , 2008 (referred to as the “new equity plan”). The stockholders approved the plan on , 2008.

The granting of awards under the new equity plan will generally be within the discretion of the compensation committee of our board of directors. Accordingly, it is not possible as of the date of this prospectus to determine the nature or amount of any such awards that may be subject to future grants to our officers, employees and other participants in the new equity plan. The new equity plan is not the exclusive means of providing incentive compensation to executives and other employees eligible to participate in the new equity plan, and we reserve the right to pay incentive compensation to them under another plan or without regard to any plan in appropriate circumstances.

Purpose and Eligibility. The purpose of the new equity plan is to enhance our ability to attract, retain and motivate highly qualified officers, employees, non-employee directors and other persons to serve us and our affiliates and to expend maximum effort to improve our business results and earnings, by providing to such officers, employees, non-employee directors and other persons with an opportunity to acquire or increase a direct proprietary interest in our operations and future success through ownership of our common stock.

Awards may be granted under the plan to officers, directors, including non-employee directors, other employees, advisors, consultants or other service providers of ours or our subsidiaries or other affiliates, and to any other individuals who are approved by the board of directors as eligible to participate in the plan. Only our employees or employees of our subsidiaries are eligible to receive incentive stock options.

Effective Date and Term. The new equity plan is effective as of the date immediately prior to the closing date of the first sale of common stock to the general public pursuant to this registration statement and will expire at the close of a ten-year term unless earlier terminated by our board of directors.

Administration, Amendment and Termination. Our board of directors will have the power and authority to administer the new equity plan. In accordance with the terms of the plan, the board of directors will delegate this power and authority to its compensation committee. The compensation committee will have the authority to interpret the terms and intent of the new equity plan, determine eligibility and terms of awards for participants and make all other determinations necessary or advisable for the administration of the new equity plan. To the extent permitted by law, the board or compensation committee may delegate authority under the plan to a member of the board of directors.

The compensation committee may amend, suspend or terminate the new equity plan at any time with respect to any shares of common stock as to which awards have not been made. No such action may amend the new equity plan without the approval of stockholders if the amendment is required to be submitted for stockholder approval by applicable law, rule or regulation, including rules of the New York Stock Exchange.

Awards

Awards under the new equity plan may be made in the form of:

- stock options, which may be either incentive stock options or non-qualified stock options;
- stock appreciation rights;
- restricted stock;
- restricted stock units;
- dividend equivalent rights;
- performance shares;
- performance units;
- other stock-based awards, including unrestricted shares; or
- any combination of the foregoing.

Any of the foregoing awards may be made subject to attainment of performance goals over a performance period of one or more years.

An "incentive stock option" is an option that meets the requirements of Section 422 of the Internal Revenue Code, and a "non-qualified stock option" is an option that does not meet those requirements. A "stock appreciation right," or "SAR," is a right to receive upon exercise, in the form of common stock, cash or a combination thereof, the excess of the fair market value of one share of common stock on the exercise date over the grant price of such SAR. "Restricted stock" is an award of common stock on which are imposed restrictions over restricted periods that subject the shares to a substantial risk of forfeiture, as defined in Section 83 of the Internal Revenue Code. "Restricted stock units" are awards that represent a conditional right to receive shares of common stock in the future and that may be made subject to the same types of restrictions and risk of forfeiture as restricted stock. "Dividend equivalent rights" are awards entitling the recipient to receive credits, which may be paid currently in cash or common stock or which may be deemed to be reinvested in additional shares, that are based on cash distributions that would have been paid on the shares specified in the rights if the shares had been issued to and held by the recipient. "Performance shares" are awards of common stock, the value for which at the time the common stock is payable is determined by the extent to which the applicable performance criteria have been met. "Performance units" are similar to performance shares except that the award is a performance-based right to receive shares of common stock in the future, subject to one or more other restrictions. "Unrestricted shares" are awards of shares of common stock that are free of restrictions other than those imposed under federal or state securities laws.

Shares Subject to New Equity Plan. Subject to adjustment as described below, a total of shares of our common stock will be available for issuance under the new equity plan. Shares issued under the new equity plan may be authorized as unissued shares or treasury shares.

Any shares covered by an award, or portion of an award, granted under the new equity plan that are forfeited or canceled, expire or settle in cash will be deemed not to have been issued for purposes of determining the maximum number of shares available for issuance under the new equity plan.

If any stock option is exercised by tendering shares to us, or if we withhold shares to satisfy tax withholding obligations in connection with such an exercise, as full or partial payment in connection with the exercise of a stock option under the new equity plan, only the number of shares issued net of the shares tendered will be deemed issued for purposes of determining the maximum number of shares available for issuance under the new equity plan. Shares issued under the new equity plan through the settlement, assumption or substitution

of outstanding awards or obligations to grant future awards resulting from the acquisition of another entity will not reduce the maximum number of shares available for issuance under the new equity plan. In the case of a SAR, only the actual number of shares issued upon exercise of the SAR will be deemed issued for purposes of determining the maximum number of shares available for issuance.

The new equity plan has a number of additional limitations on the shares reserved for issuance or amount of awards that may be granted. A maximum of shares may be issued pursuant to incentive stock options. From and after the transition period set forth in Treasury regulations promulgated under Internal Revenue Code Section 162(m), no participant may be awarded options or SARs for more than shares in any calendar year. A maximum of shares of awards other than options or SARs may be awarded to any participant in any calendar year. The foregoing limitations are subject to adjustment as described below.

Terms and Conditions of Awards

Terms and Conditions of Options. An option granted under the new equity plan will be exercisable only to the extent that it is vested on the date of exercise. No option may be exercisable more than ten years from the option grant date. The compensation committee may include in the option agreement the period during which an option may be exercised following termination of employment or service.

The exercise price per share under each option granted under the new equity plan may not be less than 100%, or 110% in the case of an incentive stock option granted to a 10% stockholder, of the fair market value of the common stock on the option grant date. For so long as the common stock remains listed on the New York Stock Exchange, the fair market value of the common stock will be the closing price of the common stock as reported on the New York Stock Exchange on the option grant date. If there is no closing price reported on the option grant date, the fair market value will be deemed equal to the closing price as reported on the New York Stock Exchange for the last preceding date on which sales of the common stock were reported. If the shares of common stock are listed on more than one established stock exchange, the fair market value will be the closing price of a share of common stock reported on the exchange selected by the board of directors. If the common stock is not at the time listed or admitted to trading on a stock exchange, fair market value will be the mean between the highest bid and lowest asked prices or between the high and low sale prices of the common stock. If the common stock is not listed on any stock exchange or traded in the over-the-counter market, fair market value will be as determined in good faith by the board of directors in a manner consistent with Section 409A of the Internal Revenue Code.

Except upon the occurrence of a merger or other transaction described below, no amendment or modification may be made to an outstanding option which reduces the option price, either by lowering the option price or by canceling the outstanding option and granting a replacement option with a lower option price.

Payment of the option price for shares purchased pursuant to the exercise of an option may be made in cash or in cash equivalents acceptable to us or, to the extent permitted by law and at the discretion of the compensation committee, through a broker-assisted cashless exercise, the tender to us of shares of common stock or by a combination of cash payment, cashless exercise, or tender of shares or any other method that is approved by the compensation committee.

Each option will become vested and exercisable at such times and under such conditions as the compensation committee may approve consistent with the terms of the new equity plan.

In the case of incentive stock options, the aggregate fair market value of the common stock determined on the option grant date with respect to which such options are exercisable for the first time during any calendar year may not exceed $100,000.

Incentive stock options are non-transferable during the optionee’s lifetime. Awards of non-qualified stock options are generally non-transferable, except for transfers by will or the laws of descent and distribution.

The compensation committee may, in its discretion, determine that an award of non-qualified stock options also may be transferred to family members by gift or other transfers deemed not to be for value.

The compensation committee may impose restrictions on any shares of common stock acquired pursuant to the exercise of an option as it deems advisable, including minimum holding period requirements or restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which the shares of common stock are then listed or traded, or under any blue sky or state securities laws applicable to the shares of common stock.

Terms and Conditions of Stock Appreciation Rights. SARs may be granted in conjunction with all or a part of any option or other award granted under the new equity plan, or without regard to any option or other award. The compensation committee will determine at the SAR grant date or thereafter the time or times at which and the circumstances under which an SAR may be exercised in whole or in part, the time or times at which and the circumstances under which an SAR will cease to be exercisable, the method of exercise, the method of settlement, the form of consideration payable in settlement, whether or not an SAR will be in tandem or in combination with any other grant, and any other terms and conditions of any SAR. Exercisability of SARs may be subject to future service requirements, to the achievement of one or more of the performance objectives that are described below under "—Corporate Performance Objectives" or to such other terms and conditions as the compensation committee, in its sole discretion, may impose.

Upon exercise of an SAR, the holder will be entitled to receive, in the specified form of consideration, the excess of the fair market value of one share of common stock on the exercise date over the grant price of such SAR, as determined by the compensation committee. The grant price of an SAR may not be less than the fair market value of a share of common stock on the grant date. Except upon the occurrence of a merger or other transaction described below, no amendment or modification may be made to an outstanding SAR which would be considered a repricing under the rules of the stock exchange under which the stock is listed without the consent of the shareholders.

Awards of SARs are generally nontransferable, except for transfers by will or the laws of descent and distribution.

Terms and Conditions of Restricted Stock and Restricted Stock Units. Subject to the provisions of the new equity plan, the compensation committee will determine the terms and conditions of each award of restricted stock and restricted stock units, including the restricted period for all or a portion of the award, the restrictions applicable to the award and the purchase price, if any, for the common stock subject to the award. Unless otherwise determined by the compensation committee, to the extent permitted or required by law as determined by the compensation committee, holders of shares of restricted stock will have the right during the restricted period to exercise full voting rights with respect to those shares and the right to receive any dividends declared or paid with respect to the shares. Awards of restricted stock and restricted stock units may be subject to satisfaction of individual performance objectives or one or more of the performance objectives that are described below under "—Corporate Performance Objectives."

The restrictions and the restricted period may differ with respect to each participant. An award will be subject to forfeiture if events specified by the compensation committee occur before the lapse of the restrictions.

Awards of restricted stock and restricted stock units are generally nontransferable during the restricted period or before satisfaction of any other restrictions applicable to the awards.

Terms and Conditions of Dividend Equivalent Rights. The compensation committee is authorized to grant dividend equivalents to a participant in connection with an award under the new equity plan, or without regard to any other award. Dividend equivalents will entitle the participant to receive cash or common stock equal in value to dividends paid, or other periodic payments made, with respect to a specified number of shares

of common stock. Dividend equivalents may be paid or distributed when accrued or will be deemed to have been reinvested in additional common stock or in awards under the new equity plan, and will be subject to such risks of forfeiture as the compensation committee may specify. Dividend equivalents are generally nontransferable, except for transfers by will or the laws of descent and distribution.

Terms and Conditions of Performance Units and Performance Shares. The compensation committee may award performance shares and performance units in such amounts and upon such terms as the compensation committee may determine. Each performance share will have an initial value that is equal to the fair market value of a share of common stock on the date of grant. Each performance unit will have an initial value set by the compensation committee. The compensation committee may set performance goals in its discretion which, depending on the extent to which they are met, will determine the value or number of performance units or performance shares that will be paid out to a participant. The compensation committee may, in its sole discretion, pay earned performance units or performance shares in the form of cash or in shares of common stock equal to the value of the earned performance units or performance shares. Any shares of common stock issued based upon performance units or performance shares may be granted subject to any restrictions that the compensation committee deems appropriate.

Terms and Conditions of Other Stock-Based Awards. The compensation committee may also grant other types of equity-based or equity-related awards, including the grant or offer for sale of unrestricted shares, in such amounts and subject to such terms and conditions as the compensation committee may determine. Any such awards may involve the transfer of actual shares of common stock to participants, or payment in cash or otherwise of amounts based on the value of the shares of common stock. Any other stock-based awards granted by the compensation committee may be subject to performance goals established by the compensation committee in its discretion.

Effect of Corporate Transactions

Adjustment of Shares Subject to New Equity Plan. In the event of any increase or decrease in the number of outstanding shares of our stock, or in the event such shares are changed into or exchanged for a different number or kind of shares or other securities of ours on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, the compensation committee will adjust, among other award terms, the number and kind of shares or property that may be delivered in connection with awards and the exercise price, grant price or purchase price relating to any award in such manner as the compensation committee determines to be necessary to prevent dilution or enlargement of the rights of participants.

Effect of Corporate Transactions. Subject to the exceptions described below, upon the occurrence of a “corporate transaction,” as defined in the new equity plan, all outstanding shares of restricted stock and all stock units will become immediately vested, and the shares of stock subject to outstanding stock units will be delivered immediately before the occurrence of the corporate transaction. In addition, either of the following two actions will be taken:

- 15 days before the scheduled completion of the corporate transaction, all options and stock appreciation rights will become immediately exercisable and will remain exercisable for a period of 15 days, or
- instead of providing for accelerated vesting in awards under the new equity plan in connection with the corporate transaction, the compensation committee may provide that awards, whether or not exercisable, will be terminated and the holders of awards will receive a cash payment, or the delivery of shares of stock, other securities or a combination of cash, stock and securities equivalent to such cash payment, equal to the value of the award.

These actions will not apply to any corporate transaction to the extent that provision is made in writing in connection with the corporate transaction for the assumption or continuation of the outstanding awards, or for the substitution of such outstanding awards for similar awards relating to the stock of the successor entity, or a parent or subsidiary of the successor entity, with appropriate adjustments to the number of shares of stock that would be delivered and the exercise price, grant price or purchase price relating to any such award. If an award is assumed or substituted in connection with a corporate transaction and the holder is terminated without cause within a year following a change in control, the award will fully vest and may be exercised in full, to the extent applicable, beginning on the date of such termination and for the one-year period immediately following such termination or for such longer period as the compensation committee shall determine.

A "corporate transaction" means:

- the dissolution or liquidation of our company or a merger, consolidation, or reorganization of our company with one or more other entities in which we are not the surviving entity;
- a sale of substantially all of our assets to another person or entity; or
- any transaction which results in any person or entity, other than persons who are stockholders or affiliates immediately prior to the transaction, owning 50% or more of the combined voting power of all classes of our stock.

If we are the surviving entity in any reorganization, merger, or consolidation of our company with one or more other entities that does not constitute a corporate transaction, any option or stock appreciation right outstanding under the new equity plan will apply to the securities to which a holder of the number of shares of our stock subject to the option or stock appreciation right would have been entitled immediately following the transaction, with a corresponding proportionate adjustment of the exercise price. In such an event, stock units will be adjusted so as to apply to the securities that a holder of the number of shares of our stock subject to the stock units would have been entitled to receive immediately following the transaction.

The compensation committee may provide in any agreement under the new equity plan for different provisions to apply to an award under the plan than those described above.

Corporate Performance Objectives. Section 162(m) of the Internal Revenue Code limits public companies to an annual deduction for federal income tax purposes of $1,000,000 for compensation paid to their chief executive officer and the three most highly compensated executive officers determined at the end of each year. Performance-based compensation is excluded from this limitation. The new equity plan is designed to permit the compensation committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Section 162(m) at such time as the new equity plan becomes subject to Section 162(m).

Section 162(m) requires that, to qualify as performance-based, the compensation must be paid solely on account of the attainment of one or more pre-established, objective performance goals. In the case of compensation attributable to new equity plan awards other than options, the performance goal requirement is deemed satisfied if the vesting of such awards is subject to the achievement of performance goals based on objective business criteria. To establish performance objectives for these awards, the compensation committee will exclusively use business criteria specified in the new equity plan. The performance objectives may be stated either on an absolute or relative basis and may be based on one or more of such business criteria. The business criteria are:

- net earnings or net income;
- operating earnings;
- pre-tax earnings;
- earnings per share;

- share price, including growth measures and total stockholder return;
- earnings before interest and taxes;
- earnings before interest, taxes, depreciation and amortization;
- sales or revenue growth, whether in general, by type of product or service, or by type of customer;
- gross or operating margins;
- return measures, including return on assets, capital, investment, equity, sales or revenue;
- cash flow, including operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment;
- productivity ratios;
- expense targets;
- market share;
- financial ratios as provided in credit agreements of Colfax Corporation and its subsidiaries;
- working capital targets;
- completion of acquisitions of businesses or companies;
- completion of divestitures and asset sales; and
- any combination of any of the foregoing business criteria.

The business criteria may be used to measure the performance of our company, any subsidiary or affiliate of our company as a whole or any business unit of our company, any subsidiary or affiliate of our company or any combination thereof, as the compensation committee deems appropriate. The compensation committee also may compare the performance measures listed above against the performance of a group of comparative companies, or a published or special index that the compensation committee, in its sole discretion, deems appropriate. We may use the share price performance measure as compared to various stock market indices. The compensation committee also has the authority to provide for accelerated vesting of any award based on the achievement of performance goals pursuant to the performance measures listed above.

Pension Benefits

Named Executive Officers, other than Dr. Matros

Each of our named executive officers, other than Dr. Matros, participated in the Retirement Plan for Salaried U.S. Employees of Imo Industries, Inc. and Affiliates. This plan was acquired by us in connection with our acquisition of Imo Industries in August 1997 and was subsequently frozen to new participants and benefit accruals in January 1999. At such time, active employees participating in the plan received a benefit enhancement equal to 20% of their respective "base" benefits (as discussed below) as of January 31, 1999. Our board of directors determined to cease participation in the plan because it was determined that our enhanced defined contribution plan, or 401(k) plan, was more aligned with the company's strategy.

In order to participate in the pension plan, the participating named executive officers were required to be at least 21 years of age or have one year of service with Imo Industries (or its affiliates). Normal retirement age under the plan is age 65. Pursuant to the plan, each officer's accrued monthly pension benefit is based on the sum of the "base" and "excess" compensation for each year of service under the plan, as follows:

Base	Excess
1.15% of Final Average Salary	0.65% of Final Average Salary above the Covered Compensation Limit

"Final Average Salary" is defined under the plan to mean the average of the highest five consecutive salaries over the prior 10 year period, with "salary" to be comprised of base salary, bonuses and any overtime pay, subject to annual limitations imposed by Section 401(a)(17) of the Internal Revenue Code. The Covered Compensation Limit is determined by the IRS based on an average of Social Security taxable wage bases for certain years. For 1999 (the year in which the plan was frozen) and prior years, the Covered Compensation limit was $72,600 or less.

There is no provision in the plan for early retirement with unreduced benefits. The plan does provide for early retirement with reduced benefits subject to the executive's attainment of age 55 and completion of ten years of service. Only Mr. O'Brien is eligible for early retirement under the plan. His early retirement benefits, if he were to elect to retire early, are to be calculated based on the "rule of 75" formula within the pension plan. Pursuant to this formula, participants with age plus years of service totaling at least 75 may retire early with the reduction in benefits split equally between the "base" and "excess" portions of the benefit formula. Thus, for each full year below age 65, there would be a reduction in the "base" benefit of 3% and the "excess" benefit would be reduced based on the applicable early retirement factor. The "early retirement factor," which is a specific percentage based on the age at which a participant starts to receive benefit payments, reduces the monthly benefit to account for the additional years during which the participant will receive payments.

The normal form of benefits payment pursuant to the pension plan is a single life annuity (or, if married, an actuarially equivalent 50% joint and survivor annuity, which entitles the surviving spouse to continue receiving 50% of the monthly benefit after the participant's death). The plan also provides for the participating named executive officer to select a single life annuity, a 66 2/3%, 75% or 100% joint and survivor annuity, a 5-, 10-, or 15-year period certain and life annuity (which provides reduced monthly payments for the participant's life with a guarantee of at least 5, 10 or 15 years of payments, as applicable), or a Social Security adjustment annuity with respect to certain early retirement benefits (which provides increased monthly benefit payments before the participant's Social Security benefits begin and reduced payments thereafter). No lump sum option is available unless the total value of the accumulated benefit is less than $5,000.

Dr. Matros

Pursuant to the provisions of German law, Dr. Matros is entitled to participate in a pension plan provided by Allweiler AG. In order to participate in the plan, employees of Allweiler AG must be employed for a qualifying period of 10 years. The pension amount available to each participant under the plan is based on the participant's years of service and his or her "allowable income." For purposes of the plan, "allowable income" generally means the monthly average of the participant's base salary during the last year of service to Allweiler AG. Bonus payments are not included in "allowable income" unless such payments, during the last three years of service of the participant, represented more than 50% of the compensation paid to the participant during the last year of service, in which case "allowable income" means base salary plus 50% of the bonus payments during the last three years of service to Allweiler AG.

The normal monthly pension formula under the plan is 0.17% of the allowable retirement income multiplied by the allowable years of service for each participant. However, for executives such as Dr. Matros, the amount of the monthly pension benefit under the plan is 0.6% of the allowable retirement income multiplied by the allowable years of service, with a minimum of €255.65 per month.

The normal retirement age under the German pension plan is age 63. Early retirement is permissible under the plan; provided, however, that the monthly pension amount is to be reduced by 0.5% for each month remaining until the participant attained age 63, up to a maximum reduction of 12%. All pension amounts under the plan are paid monthly.

Disability pension are permissible under the plan in the event a participant becomes "totally occupationally disabled," as such term is defined under Section 43 of the German Social Security Code.

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Disability pensions are only granted upon application in writing by the participant. Upon death of a participant, his or her spouse is generally entitled to receive a pension amount equal to 60% of the pension that the participant would have received at the time of death or that the participant would have received upon disability. In addition, the participant's children, generally under the age of 18, are entitled to receive a pension amount equal to 20% (or 30%, if no spousal pension is paid) of the pension that the participant would have received at the time of death or that the participant would have received upon disability; provided, however, the aggregate spousal and children pensions cannot exceed the participant's aggregate pension on which they are based.

Name	Plan Name[1]	Number of Years Credited Service(#)[2]	Present Value of Accumulated Benefit ($)[3]	Payments During Last Fiscal Year($)
John A. Young	Retirement Plan for Salaried U.S. Employees of IMO Industries, Inc. and Affiliates	1	12,780	—
G. Scott Faison	Retirement Plan for Salaried U.S. Employees of IMO Industries, Inc. and Affiliates	1	10,475	—
Michael Dwyer	Retirement Plan for Salaried U.S. Employees of IMO Industries, Inc. and Affiliates	1	10,395	—
Thomas M. O'Brien	Retirement Plan for Salaried U.S. Employees of IMO Industries, Inc. and Affiliates	14	301,664	—
Dr. Michael Matros	Allweiler AG Company Pension Plan	11	38,412	—

(1) The Retirement Plan for Salaried U.S. Employees of Imo Industries, Inc. and Affiliates was frozen to new participants or benefit accruals in January 1999.

(2) Represents the number of years of credited service for each applicable named executive officer under the applicable plan, computed as of the same pension plan measurement date used for financial statement reporting purposes with respect to our 2007 financial statements. The number of years of credited service represents each officer's actual years of credited service.

(3) Amounts represent the actuarial present value of each named executive officer's accumulated benefit under the applicable plan, computed as of the date used for financial statement reporting purposes with respect to our 2007 financial statements and assuming the normal retirement age as set forth in the plan, or age 65 (for each officer other than Dr. Matros) and 63 (for Dr. Matros), respectively. For a discussion of the assumptions used to determine the accumulated present value, see Note 11 to our 2007 audited financial statements.

Nonqualified Deferred Compensation

In 2005, we established the Colfax Corporation Excess Benefit Plan to provide certain senior-level employees, including each of the named executive officers other than Dr. Matros, with an opportunity to defer a stated percentage of their base compensation or their annual bonus compensation without regard to the compensation limits imposed by the Internal Revenue Code for our 401(k) plan. We established the Excess Benefit Plan to allow our senior-level executives to contribute toward retirement on a tax-effective basis in a manner that is consistent with other Colfax employees who are not limited by the Internal Revenue Code limits. The plan is "unfunded," meaning there is no asset segregated for the exclusive benefit of the named executive officers.

The Excess Benefit Plan allows the named executive officers to defer up to 50% of their base salaries and up to 50% of their bonus compensation. These deferral limits are the same as that of other employees who participate in our qualified 401(k) plan. In addition, we match up to 3% of all excess deferrals by the named executive officers and provide a 3% company contribution, each of which are the same percentage match and contribution, respectively, as provided under the 401(k) plan. Each of the participating named executive officers is fully vested in his deferral account, including company match contributions.

Deferrals under the Excess Benefit Plan may be invested in 12 different equity and fixed income reference investment funds which are selected periodically by the plan trustee to best match the funds offered in the qualified 401(k) plan. Each participating named executive officer can allocate his deferrals among these fund investment options and may change his election at any time by filing a change of election form with Colfax. Colfax invests its match and contribution amounts in the same investment options in the same amounts and allocations as the reference funds selected by the officer.

Simultaneously with the officer's election to participate in the Excess Benefit Plan, the executive must elect the time of payment of his account balance upon termination of service. Because each of the named executive officers are likely "key employees" for purposes of Section 409A of the Internal Revenue Code, the executive is generally permitted to choose either (i) the last day of the month in which the six-month anniversary of termination occurs, or (ii) the later of January 31 of any of the five calendar years following the year of termination and the last day of the month in which the six-month anniversary of termination occurs. If no election is made, the benefit will be paid in a lump sum on the last day of the month which occurs six months after the executive's termination date.

In addition, at the time of electing his timing of payment, the executive must also elect the form of payment of his account balance. The executive may select a lump sum payment or annual installments over a period of two to ten years. If no form of payment election is made, the form of payment will be a lump sum. The named executive officer may elect to change his timing or form of payment, provided, generally, that (i) the election may not take effect until 12 months after the election, (ii) the election may not be made less than 12 months prior to the date of the first scheduled payment under the current election and (iii) the first payment with respect to the subsequent election is deferred for a period of not less than five years from the date such payment would otherwise have been made.

Upon death or disability, the executive (or his beneficiary) is to be paid a lump sum payment equal to the executive's account balance within 60 days after the year of death or the last day of the month in which the six-month anniversary of the executive's disability occurs, respectively.

Notwithstanding the above, in the event the executive's account balance at the time of his termination is less than $10,000, payment of the account balance upon termination will be made in a lump sum on or before the later of (i) December 31 of the calendar year of termination, or (ii) the date 2.5 months after the executive's termination from service.

Name	Executive Contributions in Last FY($)(1)	Registrant Contributions in Last FY($)(2)	Aggregate Earnings in Last FY($)	Aggregate Withdrawals/ Distributions($)	Aggregate Balance at Last FYE($)(3)
John A. Young	21,199	23,199	10,556	—	90,563
G. Scott Faison	5,388	5,388	3,763	—	18,357
Michael Dwyer	2,650	5,099	3,061	—	14,150
Thomas M. O'Brien	1,240	8,240	3,206	—	17,695
Dr. Michael Matros	—	—	—	—	—

(1) With respect to each applicable named executive officer, amounts represent deferred salary that are reported in the "Salary" column of the Summary Compensation Table above.

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(2) All amounts reported in this column for each applicable named executive officer are reported in the "All Other Compensation" column of the Summary Compensation Table above.

(3) With respect to each applicable named applicable executive officer's aggregate balance, the following amounts are reported in the Summary Compensation Table above: $44,398, Mr. Young; $10,776, Mr. Faison; $7,749, Mr. Dwyer; and $9,480, Mr. O'Brien.

Potential Payments Upon Termination or Change in Control

2001 and 2006 Plans. For a general description of our 2001 Plan and 2006 Plan, including why our board of directors implemented such plans and the determination of each executive's "percentage interest", see the "Compensation Discussion and Analysis—Long-Term Cash Incentives" above.

2001 Plan. Pursuant to the 2001 Plan, upon the consummation of this offering, each named executive officer, other than Dr. Matros, is entitled to receive a bonus payment, in cash or equity as determined by the board, equal to (i) the "net enterprise value" of Colfax as of the date of this offering, multiplied by (ii) the executive's percentage interest.

In accordance with the terms of the 2001 Plan, the board has determined that the bonuses to be paid to each participating named executive officer upon the consummation of this offering will be paid both in restricted stock units and in cash.

The number of shares of common stock to be received by each participating named executive officer, assuming full vesting of the restricted stock units, upon the consummation of this offering is estimated to be as follows:

Mr. Young	
Mr. Faison	
Mr. Dwyer	
Mr. O'Brien	

The cash amount payable to each participating named executive officer under the plan upon the consummation of this offering is estimated to be as follows:

Mr. Young	$
Mr. Faison	$
Mr. Dwyer	$
Mr. O'Brien	$

The 2001 Plan will terminate as a consequence of this offering.

2006 Plan. Pursuant to the 2006 Plan, upon the consummation of this offering, each named executive officer will be entitled to receive a cash bonus payment equal to (i) the "stock appreciation pool" as of the date of the realization event, multiplied by (ii) the executive's percentage interest. The "stock appreciation pool" is generally defined as the increase in the estimated or actual value of the common equity held by Colfax stockholders as of the offering, over the initial estimated value attributable to the common equity held by Colfax stockholders as of the date of grant, as determined in the sole discretion of the board of directors.

Pursuant to the 2006 Plan, the amount payable to each named executive officer under the plan upon the consummation of this offering is estimated to be as follows:

Mr. Young	$
Mr. Faison	$
Mr. Dwyer	$
Mr. O'Brien	$
Dr. Matros	$

The 2006 Plan will terminate as a consequence of this offering.

For purposes of the estimated cash bonuses payable to each named executive officer set forth above, we have assumed the consummation of this offering on , 2008 and a net enterprise value/common equity value of Colfax as of the consummation of the offering equal to $ (based on the midpoint of the price range set forth on the cover page of this prospectus). The amounts are based solely on these assumptions and actual amounts payable to each named executive officer pursuant to the 2001 Plan and 2006 Plan upon this offering may differ.

Dr. Matros' Service Contract.

As discussed above, pursuant to his service contract with Allweiler AG, our German subsidiary, Dr. Matros is entitled to limited payments and benefits in the event of certain terminations of his employment. These payments and benefits are described below. We agreed to provide each of these benefits to Dr. Matros as we believe they are customary for German executives and consistent with local standards.

In addition to the payments and benefits described below, Dr. Matros is entitled to the accumulated balance under the Allweiler AG pension plan upon retirement, death and, in certain situations, disability, as more fully described in the Pension Benefits Table and accompanying narrative above.

The service contract contains customary confidentiality, invention assignment and noncompetition (effective during the term of the contract) provisions.

Accident Insurance Policy. During the term of the service contract, Allweiler is required to maintain an accident insurance policy in favor of Dr. Matros, payable upon his death or disability, as follows:

- in the event of death: a lump sum payment equal to his base salary then in effect, up to a maximum insurance amount of €300,000; and
- in the event of disability: a lump sum payment equal to two times his base salary then in effect, up to a maximum insurance amount of €600,000.

Death. In the event of Dr. Matros' death during the term of the service contract, his dependent children, if any, are entitled to continued payment of his base salary in effect as of the start of the service contract (€185,000, or $272,477 in U.S. dollars, based on the conversion rate in effect as of December 31, 2007) for the month of death and the three following months. Any claim the children have to Dr. Matros' pension during this time will be suspended and resumed upon completion of the payment period.

Disability. In the event Dr. Matros is temporarily prevented from carrying out his duties due to sickness or other reasons beyond his control, he is entitled to continued receipt of his base salary in effect as of the start of the service contract (€185,000, or $272,477 in U.S. dollars, based on the conversion rate in effect as of December 31, 2007) for the earlier to occur of six months or the termination of the service contract. The service contract provides that the contract will be terminated three months after it is determined that Dr. Matros has become permanently incapable of performing his duties under the contract. In addition, in the event of

sickness or other disability, Dr. Matros will be entitled to a pro rata portion of his annual cash bonus if his inability to work continues for at least three months.

Termination without Cause. Upon our termination of Dr. Matros without cause, he is entitled to receive a lump sum severance payment equal to six months of his base salary then in effect plus, for each full year of service completed since November 14, 2006 (the date of his employment), an additional one month of base salary, up to an additional 12 months of salary. Dr. Matros is not entitled to the above severance payment if:

- his termination is due to Section 84(3) sentence 1 and 2 of the German Stock Corporation Act, or Section 626(1) of the German Civil Code (BGB);
- we offer Dr. Matros a renewed appointment to the management board of Allweiler and Dr. Matros does not accept such offer;
- Dr. Matros' voluntary resigns or terminates the service contract; or
- the service contract terminates, according to its terms, at the end of the month after Dr. Matros turns 65.

Estimate of Payments to Dr. Matros. The table below sets forth the estimated payments and benefits to Dr. Matros upon the termination events described above. For purposes of these estimates, we have assumed the following:

- the termination event occurred on December 31, 2007;
- Dr. Matros' base salary in effect as of December 31, 2007, or $272,477, with a monthly base salary rate of $22,706 per month;
- in the event of death, continued payment of Dr. Matros' base salary for three months (since the triggering event occurred at the end of December 2007); and
- in the event of disability/sickness, continued payment of Dr. Matros' base salary for six months and no pro rata annual bonus payment since the full 2007 annual bonus payment (as disclosed in the Summary Compensation Table above) would be paid.

	Cash Payment ($)	Accident Insurance ($)	Total ($)
Disability/Sickness	136,236	544,954	681,190
Death	68,118	272,477	340,595
Termination without Cause	158,942	—	158,942

Compensation Committee Interlocks and Insider Participation

Upon completion of this offering, we do not anticipate that any members of our compensation committee will serve as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Historically, our full board performed the functions of a compensation committee. During fiscal 2007, John Young, a director and our President and Chief Executive Officer, served as a member of our board of directors. In addition, Mitchell Rales and Steven Rales, two of our directors and principal stockholders had certain relationships with us during our fiscal year ended December 31, 2007. Please see "Certain Relationships and Related Party Transactions" for a description of these relationships.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policies and Procedures for Related Person Transactions

Upon completion of this offering, we intend to adopt a related person transactions policy pursuant to which our executive officers, directors and principal stockholders, including their immediate family members, will not be permitted to enter into a related person transaction with us without the consent of our audit committee, another independent committee of our board of directors or the full board. Any request for us to enter into a transaction with an executive officer, director, principal stockholder or any of such persons' immediate family members, in which the amount involved exceeds $120,000 will be required to be presented to our audit committee for review, consideration and approval. All of our directors, executive officers and employees will be required to report to our audit committee any such related person transaction. In approving or rejecting the proposed agreement, our audit committee will take into account, among other factors it deems appropriate, whether the proposed related person transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the person's interest in the transaction and, if applicable, the impact on a director's independence. Under the policy, if we should discover related person transactions that have not been approved, the audit committee will be notified and will determine the appropriate action, including ratification, rescission or amendment of the transaction. A copy of our related person transactions policy will be available on our website at www.colfaxcorp.com.

Related Person Transactions

Set forth below is a summary of certain transactions since January 1, 2004 among us, our directors, our executive officers, beneficial owners of more than 5% of either class of our common stock or our preferred stock outstanding before completion of the offering and some of the entities with which the foregoing persons are affiliated or associated in which the amount involved exceeds or will exceed $120,000.

Management Fee

We pay a quarterly management fee of $250,000 to Colfax Towers, Inc., an entity that is wholly owned by Mitchell Rales and Steven Rales. Joseph Bunting, currently a Vice President and a director nominee, serves as an officer of Colfax Towers. Payment of this management fee is be discontinued following this offering.

Preferred Stock Redemption

In April 2005, in connection with the sale of our power transmission business, we redeemed shares of our Series A Convertible Preferred Stock from each of Mitchell Rales and Steven Rales for an aggregate price of $82,000,000.

Registration Rights Agreement

We have entered into a registration rights agreement, dated May 30, 2003, with two of our directors and principal stockholders, Mitchell Rales and Steven Rales, pursuant to which they are entitled to rights with respect to the registration of certain of their shares following this offering under the Securities Act. For a description of these rights, see "Description of Capital Stock—Registration Rights Agreement."

Stockholders' Agreement

We have entered into an amended and restated stockholders' agreement with a number of our stockholders, including John Young, our President and Chief Executive Officer, Mitchell Rales and Steven Rales, two of our directors and principal stockholders and certain of our other principal stockholders and certain

entities associated with our principal stockholders. The agreement sets forth certain agreements regarding the composition of our board, restrictions on the transfer of shares of our stock prior to this offering, repurchase rights and drag-along rights, among other requirements. The agreement terminates by its terms upon the completion of this offering.

Other Transactions

We intend to enter into indemnification agreements with our directors and executive officers. For a description of these agreements, see the section of this prospectus entitled "Description of Capital Stock—Limitation of Liability and Indemnification."

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PRINCIPAL STOCKHOLDERS

Beneficial Ownership of Our Capital Stock

The following table indicates information as of , 2008 regarding the beneficial ownership of our capital stock by:

- each person, or group of persons, who is known to beneficially own more than 5% of any class of our capital stock;
- each of our directors and director nominees;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages shown are based on shares of common stock outstanding as of , 2008 and shares of common stock outstanding after the offering, including shares issuable upon conversion of our outstanding preferred stock and the shares that are being offered for sale by us in this offering. The amounts shown assume conversion of our outstanding preferred stock and reflect the - for-1 split of our outstanding common stock. Beneficial ownership is determined in accordance with the SEC rules, which generally attribute beneficial ownership of securities to each person who possesses, either solely or shared with others, the power to vote or dispose of those securities. The rules also treat as outstanding all shares of capital stock that a person would receive upon exercise of stock options or warrants held by that person that are immediately exercisable or exercisable within 60 days of the determination date, which in our case is , 2008. These shares are deemed to be outstanding and to be beneficially owned by the person holding those options for the purpose of computing the number of shares beneficially owned and the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Information with respect to beneficial ownership has been furnished by each director, officer, or beneficial owner of more than 5% of the shares of our common or preferred stock, as the case may be. Except as otherwise noted below, the address for each person listed on the table is c/o Colfax Corporation, 8730 Stony Point Parkway, Suite 150, Richmond, Virginia 23235.

		Percentage of Shares Beneficially Owned	
Beneficial Owner	Number of Shares Beneficially Owned	Before Offering	After Offering
Patrick W. Allender	(1)		
C. Scott Brannan	—		
Joseph O. Bunting III			
Thomas S. Gayner	—		
Clay Kiefaber	—		
Mitchell P. Rales	(2)		
Steven M. Rales	(3)		
Rejiv Vinnakota	—	—	
John A. Young			
G. Scott Faison	—	—	
Thomas M. O'Brien	—	—	
Michael Dwyer	—	—	
Dr. Michael Matros	—	—	
All executive officers and directors as a group (persons)			%

(footnotes on following page)

(1) Includes shares owned by the John W. Allender Trust, of which Patrick Allender is trustee. Mr. Allender disclaims beneficial ownership all shares held by the John W. Allender Trust except to the extent of his pecuniary interest therein.

(2) Includes (i) shares held directly by Mitchell Rales, (ii) shares held by Capital Yield Corporation, of which Mitchell Rales and Steven Rales are the sole stockholders, (iii) shares issuable upon conversion of preferred stock held directly by Mitchell Rales and (iv) shares issuable upon conversion of preferred stock held by Colfax Capital Corporation and Janalia Corporation, of which Mitchell Rales and Steven Rales are the sole stockholders. Mitchell Rales disclaims beneficial ownership of those shares that are owned by Steven Rales. The business address of Mitchell Rales, and of Capital Yield Corporation, Colfax Capital Corporation and Janalia Corporation is 12th Floor 2099 Pennsylvania Avenue, N.W., Washington, D.C. 20006.

(3) Includes (i) shares held directly by Steven Rales, (ii) shares held by Capital Yield Corporation, of which Steven Rales and Mitchell Rales are the sole stockholders, (iii) shares issuable upon conversion of preferred stock held directly by Steven Rales and (iv) shares issuable upon conversion of preferred stock held by Colfax Capital Corporation and Janalia Corporation, of which Steven Rales and Mitchell Rales are the sole stockholders. Steven Rales disclaims beneficial ownership of those shares that are owned by Mitchell Rales. The business address of Steven Rales, and of Capital Yield Corporation, Colfax Capital Corporation and Janalia Corporation is 12th Floor 2099 Pennsylvania Avenue, N.W., Washington, D.C. 20006.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock and provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to the certificate of incorporation and bylaws that will become effective upon completion of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will occur upon the closing of this offering.

Upon the completion of this offering, our authorized capital stock will consist of 100,000,000 shares of common stock, $ 0.001 par value per share and 10,000,000 shares of preferred stock, $ 0.001 par value per share. Immediately after the completion of the offering, shares of common stock and no shares of preferred stock will be outstanding.

Common Stock

The holders of shares of common stock are entitled to one vote per share held on all matters submitted to a vote at a meeting of stockholders. Each stockholder may exercise its vote either in person or by proxy. Stockholders are not entitled to cumulate their votes for the election of directors, which means that, subject to any rights as may be granted to the holders of shares of preferred stock, if any, the holders of more than 50% of the outstanding shares of common stock are able to elect all of the directors to be elected by holders of shares of common stock and the holders of the remaining shares of common stock will not be able to elect any director. Subject to any preferences to which holders of shares of preferred stock, if any, may be entitled, the holders of outstanding shares of common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by the board of directors out of funds legally available therefor. In the event that we liquidate, dissolve or wind up, the holders of outstanding shares of common stock are entitled to share ratably in all of our assets which are legally available for distribution to stockholders, subject to the prior rights on liquidation of creditors and to preferences, if any, to which holders of shares of preferred stock, if any, may be entitled. The holders of outstanding shares of common stock do not have any preemptive, subscription, redemption or sinking fund rights. The outstanding shares of common stock are, and the shares to be issued in the offering will, upon issuance and sale as contemplated hereby, be duly authorized, validly issued, fully paid and nonassessable.

Preferred Stock

Currently, there are 174,785 shares of preferred stock issued and outstanding. Upon the consummation of this offering, all outstanding shares of our preferred stock will convert into shares of common stock. Following this offering, our certificate of incorporation will be amended and restated to delete all references to such shares of preferred stock.

Our charter authorizes us to issue up to shares of preferred stock, in one or more series and containing the rights, privileges and limitations, including dividend rights, voting rights, conversion privileges, redemption rights, liquidation rights or sinking fund rights, as may from time to time be determined by our Board of Directors. Preferred stock may be issued in the future in connection with acquisitions, financings or other matters as the Board of Directors deems to be appropriate. In the event that any shares of preferred stock shall be issued, a Certificate of Designation, setting forth the series of the preferred stock and the relative rights, privileges and limitations with respect thereto, is required to be filed with the Secretary of State of the State of Delaware. The effect of having preferred stock authorized is that our Board of Directors alone, within the bounds of and subject to the federal securities laws and the Delaware Law, may be able to authorize the issuance of preferred stock, which may adversely affect the voting and other rights of holders of common stock. The issuance of preferred stock may also have the effect of delaying or preventing a change in control of our company. As of the date of this Prospectus, our Board of Directors has not authorized any series of preferred stock, and there are no plans, arrangements or understandings for the issuance of any shares of preferred stock.

Registration Rights Agreement

Under our registration rights agreement, two of our directors and principal stockholders, Mitchell Rales and Steven Rales, have registration rights with respect to shares of common stock beneficially held by them, including shares of common stock issuable upon conversion of preferred stock beneficially held by them as follows:

Demand Registration Rights. At any time during the period beginning six months after the consummation of this offering and ending five years thereafter, holders of at least 30% of the registrable shares can request that we file up to two registration statements registering all or a portion of their registrable shares, provided that the net offering price for such registration is at least $5,000,000. We are not required to effect a demand registration if we have effected a prior demand registration within the 180-day period preceding a new demand registration request, or if at the time of any demand registration request we have an effective shelf registration statement pursuant to which the demanding holders may effect the disposition of their registrable shares. Under specified circumstances, we have the right to defer filing of a requested registration statement for a period of not more than 90 days, with aggregate deferrals not to exceed 120 days in any 12-month period without our first obtaining prior written approval of a majority of the holders of registrable shares. These registration rights are subject to additional conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances.

"Piggy-Back" Registration Rights. After completion of this offering, whenever we propose to file a registration statement under the Securities Act for an offering of common stock for our own account or for the account of any holder or holders of common stock, the holders of registrable shares are entitled to notice of the registration and have the right to include their registrable shares in such registration. These registration rights are subject to additional conditions and limitations, including the right of the underwriters to limit the number of shares having registration rights to be included in the registration under certain circumstances.

Form S-3 Registration Rights. If we are eligible to file a registration statement on Form S-3, the holders of registrable shares have the right to demand that we file up to two registration statements, including shelf registration statements, for the requesting holders on Form S-3 so long as the aggregate offering price of securities to be sold under the registration statement on Form S-3 is at least $750,000. We may amend any shelf registration to permit the requested disposition within 20 business days after a Form S-3 registration request is made, and such amendment will satisfy our obligations to the requesting holder. We are not required to effect a Form S-3 registration if we have effected a prior demand registration or Form S-3 registration within the 180-day period preceding a new Form S-3 registration request. Under specified circumstances, we have the right to defer filing of a requested registration statement for a period of not more than 90 days, with aggregate deferrals not to exceed 120 days in any 12-month period without our first obtaining prior written approval of a majority of the holders of registrable shares. These registration rights are subject to additional conditions and limitations, including the right of the underwriters to limit the number of shares having registration rights to be included in the registration under certain circumstances.

Expenses of Registration. We will pay all fees and expenses relating to all demand registrations, piggy-back registrations and Form S-3 registrations, other than: (i) underwriting discounts and fees, (ii) brokerage and sales commissions, (iii) transfer and documentary stamp taxes, and (iv) all fees and expenses of any counsel to holders.

Registrable Shares of Common Stock. The registration rights described above apply only to shares of common stock held by our principal stockholders on May 30, 2003 or upon the conversion of shares of preferred

stock held by them as of May 30, 2003. Shares cease to be registrable shares upon their sale pursuant to a registration statement filed under the Securities Act or their sale under Rule 144 promulgated under the Securities Act. Moreover, as to each holder, such holder's registrable shares will no longer be considered registrable shares under the registration rights agreement if they cease to be outstanding or are otherwise transferred or disposed of without restriction or any required registration under the Securities Act.

Delaware Anti-Takeover Law and Selected Charter and Bylaw Provisions

Delaware Law

We are subject to Section 203 of the Delaware General Corporation Law, which, with specified exceptions, prohibits a Delaware corporation from engaging in any "business combination" with any "interested stockholder" for a period of three years following the time that the stockholder became an interested stockholder unless:

- before that time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or after that time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least $66^2/_3$% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines business combination to include the following:

- any merger or consolidation of the corporation with the interested stockholder;
- any sale, lease, exchange, mortgage, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to specified exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- any receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Section 203 defines an "interested stockholder" as:

- any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation; and
- any entity or person affiliated with or controlling or controlled by the entity or person.

In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or

controlling or controlled by that entity or person. Because Mitchell Rales and Steven Rales acquired their shares from us prior to this offering, Section 203 is currently inapplicable to any business combination or transaction with them or their affiliates.

The application of Section 203 may make it difficult and expensive for a third-party to pursue a takeover attempt we do not approve, even if a change in control would be beneficial to the interests of our stockholders.

Charter and Bylaw Provisions

Majority Voting Provisions for Director Elections

Under our bylaws, election of directors will be by a majority of votes cast, or a plurality in the event there are more director candidates for election than seats to be filled. A director who fails to achieve a majority of votes cast in an uncontested election will be required to offer irrevocably to resign from the board of directors, and the remaining directors will determine whether to accept the resignation. Vacancies created by resignations or otherwise may be filled by vote of the remaining directors.

Number of Directors; Removal; Filling Vacancies

Our bylaws provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors comprising the entire board will be fixed from time to time by action of not less than a majority of the directors then in office. The number may not be less than three or more than nine, unless approved by action of not less than two-thirds of the directors then in office. In addition, the bylaws provide that, subject to any rights of holders of preferred stock, newly created directorships resulting from an increase in the authorized number of directors or vacancies on the board resulting from death, resignation, retirement, disqualification or removal of directors or any other cause may be filled only by the board (and not by the stockholders unless there are no directors then in office), provided that a quorum is then in office and present, or by a majority of the directors then in office, if less than a quorum is then in office, or by the sole remaining director. Accordingly, the board could prevent any stockholder from enlarging the board and filling the new directorships with that stockholder's own nominees.

Limitation on Special Meeting; No Stockholder Action by Written Consent

The certificate and the bylaws provide that (subject to the rights, if any, of holders of any class or series of preferred stock then outstanding) (i) only the chairman of the board or a majority of the board of directors will be able to call a special meeting of stockholders; (ii) the business permitted to be conducted at a special meeting of stockholders shall be limited to matters properly brought before the meeting by or at the direction of the board; and (iii) stockholder action may be taken only at a duly called and convened annual or special meeting of stockholders and may not be taken by written consent. These provisions, taken together, prevent stockholders from forcing consideration by the stockholders of stockholder proposals over the opposition of the board, except at an annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws establish an advance notice procedure for stockholders to make nominations of candidates for election as director, or to bring other business before an annual meeting of our stockholders.

This procedure provides that, subject to the rights of any holders of preferred stock, only persons who are nominated by or at the direction of the board, any committee appointed by the board, or by a stockholder who has given timely written notice to our secretary prior to the meeting at which directors are to be elected, will be eligible for election as directors. The procedure provides that at an annual meeting only that business may be

conducted as has been brought before the meeting by, or at the direction of, the board, any committee appointed by the board, or by a stockholder who has given timely written notice to our secretary of the stockholder's intention to bring that business before the meeting. Under the procedure, to be timely, notice of stockholder nominations or proposals to be made at an annual or special meeting generally must be received by us not less than 60 days nor more than 90 days prior to the scheduled date of the meeting (although under certain circumstances the notice period may differ). A stockholder's notice proposing to nominate a person for election as director must contain specific information about the nominating stockholder and the proposed nominee. A stockholder's notice relating to the conduct of business other than the nomination of directors must contain specific information about the business and about the proposing stockholder. If the chairman of the board or other officer presiding at a meeting determines that a person was not nominated, or other business was not brought before the meeting, in accordance with the procedure, the person will not be eligible for election as a director, or the business will not be conducted at the meeting, as the case may be.

By requiring advance notice of nominations by stockholders, this procedure affords our board an opportunity to consider the qualifications of the proposed nominees and, to the extent deemed necessary or desirable by the board, to inform stockholders about his qualifications. By requiring advance notice of other proposed business, the procedure also provides a more orderly procedure for conducting annual meetings of stockholders and, to the extent deemed necessary or desirable by the board, provides the board with an opportunity to inform stockholders, prior to the meetings, of any business proposed to be conducted at the meetings, together with any recommendations as to the board's position regarding action to be taken with respect to the business, so that stockholders can better decide whether to attend the meeting or to grant a proxy regarding the disposition of the business.

Although the bylaws do not give the board any power to approve or disapprove stockholder nominations for the election of directors or proposals for action, the foregoing provisions may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal, if the proper advance notice procedures are not followed, without regard to whether consideration of the nominees or proposals might be harmful or beneficial to us or our stockholders.

Certain Provisions Relating to the Issuance of Securities

The board or any committee of the board is specifically authorized to adopt plans or to issue securities, including plans, rights, options, capital stock, notes, debentures or other debt securities, which securities may be exchangeable or convertible into cash or other securities on the terms and conditions as the board or any board committee determines. In addition, the board or its committee of the board may provide that any holder or class of holders of the designated securities will be treated differently than all other security holders in respect of the terms, conditions, provisions and rights of the securities.

The existence of this authority or the actions which may be taken by the board pursuant thereto are intended to give the board flexibility in order to act in the best interests of our stockholders, including in the event of a potential change of control transaction. This provision may, however, deter potential acquirors from proposing unsolicited transactions not approved by the board and might enable the board to hinder or frustrate a transaction if proposed.

Limitation of Liability of Directors

Our certificate of incorporation and our bylaws will provide that we will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services provided to us, which may include services in connection with takeover defense measures. These provisions may have the effect of preventing changes in our management. See "—Limitation of Liability and Indemnification."

Limitation of Liability and Indemnification

Our certificate of incorporation contains provisions permitted under Delaware law relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving wrongful acts, such as:

- any breach of the director's duty of loyalty;
- acts or omissions which involve a lack of good faith, intentional misconduct or a knowing violation of the law;
- payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law; or
- any transaction from which the director derives an improper personal benefit.

These provisions do not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws.

Our bylaws require us to indemnify our directors and executive officers to the fullest extent not prohibited by Delaware law. We may limit the extent of this indemnification by individual contracts with our directors and executive officers. Furthermore, we may decline to indemnify any director or executive officer in connection with any proceeding initiated by any director or executive officer or any proceeding by any director or executive officer against us or our directors, officers, employees or other agents, unless indemnification is expressly required to be made by law or the proceeding was authorized by our board of directors.

We intend to enter into indemnification agreements with each of our current directors and some of our executive officers to give the directors and officers additional contractual assurances regarding the scope of the indemnification set forth in our certificate of incorporation and bylaws and to provide additional procedural protections. At present, there is no pending litigation or proceeding involving a director, officer or employee of Colfax for which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

We have the power to indemnify our other officers, employees and other agents, as permitted by Delaware law, but we are not required to do so. We have directors' and officers' liability insurance.

Transfer Agent and Registrar

will serve as transfer agent and registrar for our common stock.

Listing

We have applied to list our common stock on the New York Stock Exchange under the trading symbol "CFX."

SHARES OF COMMON STOCK ELIGIBLE FOR FUTURE SALE

Before this offering, there has been no public market for our common stock. Market sales of shares or the availability of shares for sale may decrease the market price of our common stock prevailing from time to time. Further, sales of substantial amounts of common stock in the public market, or the perception that substantial sales could occur, could adversely affect the market price of the common stock and could impair our future ability to raise capital through the sale of our equity securities.

After this offering, shares of common stock will be outstanding assuming no exercise of the underwriters' overallotment option and no exercise of options. All of the shares sold in this offering will be freely tradable. Except as set forth below, the remaining shares of common stock outstanding after this offering will be restricted as a result of securities laws or lock-up agreements. Subsequently, these remaining shares will be available for sale in the public market as follows:

Date of Availability of Sale	Approximate Number of Shares
As of the date of this prospectus	
90 days after the date of the prospectus	
120 days after the date of the prospectus	
180 days after the date of this prospectus (although a portion of the shares will be subject to specified volume limitations pursuant to Rule 144)	

Lock-Up Agreements

Our executive officers, directors, and stockholders holding virtually all of the shares of our capital stock have agreed, subject to limited exceptions, that, for a period of 180 days from the date of this prospectus, they will not, without the prior written consent of Merrill Lynch, sell, offer, contract to sell, pledge or otherwise dispose of shares of our common stock or any securities convertible into, or exercisable or exchangeable for our common stock or establish or increase a put equivalent position or liquidate or decrease a call equivalent position, other than shares of common stock disposed of as bona fide gifts approved by Merrill Lynch. Merrill Lynch in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Rule 144

In general, under Rule 144 under the Securities Act of 1933, as amended effective February 15, 2008, a person who is deemed an affiliate of ours, and who has beneficially owned shares of our common stock for at least six months, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock on the New York Stock Exchange during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

The sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

In addition, under Rule 144, a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who had beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell the shares

without restriction, provided we have been in compliance with our reporting requirements under the Securities Exchange Act of 1934 for the six months following satisfaction of the six month holding period.

Rule 701

Rule 701 under the Securities Act of 1933, as currently in effect, permits resales of shares in reliance upon Rule 144 but without compliance with specified restrictions, including the holding period requirement, of Rule 144. Most of our employees, officers, directors or consultants who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates who purchased shares under a written compensation plan or contract may sell their shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements with the underwriters and will only become eligible for sale at the expiration of the 180-day lock-up agreements or upon obtaining the prior written consent of Merrill Lynch, but in either event, no sooner than 90 days after this offering.

Registration Rights Agreement

Upon completion of this offering, the holders of   shares of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the 180-day lock-up arrangement described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates, immediately upon the effectiveness of this registration. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock. See the section of this prospectus entitled “Description of Capital Stock—Registration Rights Agreement.”

Equity Incentive Plans

We intend to file a registration statement on Form S-8 registering the shares of common stock reserved for issuance under our 2008 Omnibus Incentive Plan. The registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market following its effective date, subject to the contractual arrangement described above, if applicable.

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MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder. For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of our common stock, and you are not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation or partnership created or organized in or under the laws of the U.S., or of any state or the District of Columbia other than a partnership treated as foreign under U.S. Treasury regulations; or
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or a trust, in general, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or if the trust has made a valid election to be treated as a U.S. person under applicable U.S. Treasury regulations.

If you are an individual, you may be treated as a resident of the U.S. in any calendar year for U.S. federal income tax purposes, instead of a nonresident, by, among other ways, being present in the U.S. for at least 31 days in that calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For purposes of this calculation, you would count all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are taxed for U.S. federal income tax purposes as if they were U.S. citizens.

This discussion does not consider:

- U.S. state, local and non-U.S. tax consequences;
- all aspects of U.S. federal income and estate taxes or specific facts and circumstances that may be relevant to a particular non-U.S. holder's tax position, including the fact that in the case of a non-U.S. holder that is a partnership, the U.S. tax consequences of holding and disposing of our common stock may be affected by various determinations made at the partner level;
- the tax consequences for the stockholders, partners or beneficiaries of a non-U.S. holder;
- special tax rules that may apply to particular non-U.S. holders, such as financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, broker-dealers, and traders in securities; and
- special tax rules that may apply to a non-U.S. holder that holds our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment.

The following discussion is based on provisions of the U.S. Internal Revenue Code of 1986, as amended, existing and proposed Treasury regulations and administrative and judicial interpretations, all as of the date of this prospectus, and all of which are subject to change, retroactively or prospectively. The following summary assumes that you hold our common stock as a capital asset. **Each non-U.S. holder should consult a tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax consequences of acquiring, holding and disposing of shares of our common stock.**

Dividends

We do not anticipate making cash distributions on our common stock in the foreseeable future. See "Dividend Policy." In the event, however, that we make distributions on our common stock, those payments will constitute dividends for U.S. federal tax purposes to the extent paid from our current or accumulated earnings

and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed our current and accumulated earnings and profits, they will constitute a return of capital and will first reduce a non-U.S. holder's basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock. Any dividend paid to a non-U.S. holder on our common stock will generally be subject to U.S. federal withholding tax at a rate of 30%, or a lower rate under an applicable income tax treaty. You are urged to consult your tax advisors regarding your entitlement to benefits under a relevant income tax treaty. Generally, in order for us to withhold tax at a lower treaty rate, you must provide us with a Form W-8BEN certifying your eligibility for the lower treaty rate.

If you claim the benefit of an applicable income tax treaty rate, you generally will be required to satisfy applicable certification and other requirements. However,

- in the case of common stock held by a foreign partnership, the certification requirement will generally be applied to partners and the partnership will be required to provide certain information;
- in the case of common stock held by a foreign trust, the certification requirement will generally be applied to the trust or the beneficial owners of the trust depending on whether the trust is a "foreign complex trust," "foreign simple trust," or "foreign grantor trust" as defined in the U.S. Treasury regulations; and
- look-through rules apply for tiered partnerships, foreign simple trusts and foreign grantor trusts.

A non-U.S. holder that is a foreign partnership or a foreign trust is urged to consult its tax advisor regarding its status under these U.S. Treasury regulations and the certification requirements applicable to it.

If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund on a timely basis with the U.S. Internal Revenue Service.

If the dividend is effectively connected with your conduct of a trade or business in the U.S. and, if an income tax treaty applies, is attributable to a permanent establishment maintained by you in the U.S.; the dividend will be generally exempt from U.S. federal withholding tax, provided that you supply us with a properly executed Form W-8ECI. In this case, the dividend will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons and, if you are a foreign corporation, you may be subject to an additional branch profits tax at a rate of 30% or a lower rate as may be specified by an applicable income tax treaty.

Gain on Disposition of Common Stock

You generally will not be subject to U.S. federal income tax on gain recognized on a disposition of our common stock unless:

- the gain is effectively connected with your conduct of a trade or business in the U.S. and, if an income tax treaty applies, is attributable to a permanent establishment maintained by you in the U.S., in which case the gain will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons and, if you are a foreign corporation you may be subject to an additional branch profits tax at a rate of 30% or a lower rate as may be specified by an applicable income tax treaty;
- you are an individual who holds our common stock as a capital asset, are present in the U.S. for 183 days or more in the taxable year of the disposition and meet other requirements, in which case the gain will be taxed at a rate of 30%; or

- we are or have been a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that you held our common stock, in which case the gain will be taxed on a net income basis in the manner described in the first bullet paragraph above.

Generally, a corporation is a USRPHC if the fair market value of its "United States real property interests" equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. The tax relating to stock in a USRPHC generally will not apply to a non-U.S. holder whose holdings, direct and indirect, at all times during the applicable period, constituted 5% or less of our common stock, provided that our common stock was regularly traded on an established securities market. We believe that we are not currently, and we do not anticipate becoming in the future, a USRPHC for U.S. federal income tax purposes.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a non-U.S. holder, as specially defined for U.S. federal estate tax purposes, at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. federal estate tax.

Information Reporting and Backup Withholding Tax

Dividends paid to you may be subject to information reporting and U.S. backup withholding. You will be exempt from backup withholding tax if you provide a Form W-8BEN or otherwise meet documentary evidence requirements for establishing that you are a non-U.S. holder or otherwise establish an exemption.

The gross proceeds from the disposition of our common stock may be subject to information reporting and backup withholding. If you sell your common stock outside the U.S. through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the U.S., then the U.S. backup withholding and information reporting requirements generally (except as provided in the following sentence) will not apply to that payment. However, U.S. information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the U.S., if you sell our common stock through a non-U.S. office of a broker that:

- is a U.S. person;
- derives 50% or more of its gross income in specific periods from the conduct of a trade or business in the U.S.;
- is a "controlled foreign corporation" for U.S. tax purposes; or
- is a foreign partnership, if at any time during its tax year, one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership, or the foreign partnership is engaged in a U.S. trade or business,

unless the broker has documentary evidence in its files that you are a non-U.S. person and various other conditions are met or you otherwise establish exemption.

If you receive payments of the proceeds of a sale of our common stock to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless you provide a Form W-8BEN certifying that you are a non-U.S. person or you otherwise establish an exemption.

You generally may obtain a refund of any amount withheld under the backup withholding rules that exceeds your income tax liability by filing a refund claim with the U.S. Internal Revenue Service.

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UNDERWRITING

We intend to offer the shares through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Lehman Brothers Inc. and UBS Securities LLC are acting as representatives of the underwriters named below and joint book-running managers for this offering. Subject to the terms and conditions described in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters have agreed to purchase from us, the number of shares listed opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Lehman Brothers Inc.	
UBS Securities LLC	
Robert W. Baird & Co. Incorporated	
Banc of America Securities LLC	
Deutsche Bank Securities Inc.	
KeyBanc Capital Markets Inc.	

The underwriters have agreed to purchase all of the shares sold under the purchase agreement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to Colfax Corporation	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by us.

Overallotment Option

We have granted an option to the underwriters to purchase up to additional shares at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

Reserved Shares

At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares offered by this prospectus for sale to some of our directors, officers, employees, distributors, customers, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not orally confirmed for purchase by 9:00 a.m. Eastern Time on the day following the pricing of this offering will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

We, our executive officers and directors and all other existing stockholders have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch. Specifically, we and these other persons have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. In the event that either (x) during the last 17 days of the 180-day period referred to above, we issue an earnings release or material news or a material event relating to the company occurs or (y) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

New York Stock Exchange Listing

We have applied to list our shares on the New York Stock Exchange, subject to notice of issuance, under the symbol "CFX." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the underwriters may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional shares in the offering. The underwriters may close out any covered short position by either exercising their overallotment option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. “Naked” short sales are sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The representatives may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a

decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Merrill Lynch is arranger and syndication agent under our amended credit facility. Affiliates of Merrill Lynch and UBS Securities LLC are lenders under our amended credit facility and will receive a portion of the proceeds used to pay in full the indebtedness outstanding under our credit facility. See "Underwriting—Other Relationships." Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions.

In connection with the issue, the underwriters will not be responsible to anyone for providing advice in relation to the offering or for providing the protections that may be afforded to their clients, if any.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer of the shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the shares which have been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of shares to the public in that Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last fiscal year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that (i) no such offer of shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive and (ii) each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the underwriters and us that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes all relevant implementing measures in each Relevant Member State.

In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, warranted and agreed to and with the underwriters and us that (a) the shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors (except in any Relevant Member State in which a prospectus in relation to the shares has been approved by the competent authority in that Relevant Member State and duly published or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State), or in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale, or (b) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons. We and the underwriters and each of their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty and agreement.

Notwithstanding the above, a person who is not a qualified investor and who has notified the underwriter of such fact in writing may, with the consent of Merrill Lynch, be permitted to subscribe for or purchase shares.

United Kingdom

Each representative and underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of shares of the common stock in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any shares of the common stock in, from or otherwise involving the United Kingdom.

LEGAL MATTERS

The legal validity of the shares of common stock we are offering will be passed upon for us by Hogan & Hartson LLP, Washington, D.C. Certain legal matters in connection with this offering will be passed upon for the underwriters by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements and the related schedule of Colfax Corporation at December 31, 2007 and 2006, and for each of the three years in the period ended December 31, 2007, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock being offered. This prospectus does not contain all of the information described in the registration statement and the related exhibits and schedules. For further information with respect to us and the common stock being offered, reference is made to the registration statement and the related exhibits and schedules. Statements contained in this prospectus regarding the contents of any contract or any other document are qualified by reference to the copy of the contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the related exhibits and schedule may be inspected without charge at the public reference facilities maintained by the SEC in Washington D.C. at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from these offices upon the payment of the fees prescribed by the SEC. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is http://www.sec.gov.

We intend to provide our stockholders with annual reports containing financial statements audited by an independent accounting firm and to file with the SEC quarterly reports containing unaudited financial data for the first three quarters of each year.

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Report of Independent Registered Public Accounting Firm

The Board of Directors of
Colfax Corporation

We have audited the accompanying consolidated balance sheets of Colfax Corporation as of December 31, 2007 and 2006, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule listed in the table of contents as Schedule II. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Colfax Corporation at December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As explained in Note 5 to the consolidated financial statements, on January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* and at December 31, 2006, the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an Amendment of FASB Statements No. 87, 88, 106 and 132(R)*.

/s/ Ernst & Young LLP

Richmond, Virginia
March 7, 2008

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

	December 31	
	2007	2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 48,093	$ 7,608
Trade receivables, less allowance for doubtful accounts of $1,812 and $1,650	84,430	67,833
Other receivables	333	2,693
Inventories, net	68,287	57,113
Deferred income taxes, net	10,140	7,476
Asbestos insurance asset	19,059	24,231
Asbestos insurance receivable	44,664	—
Prepaid expenses	7,676	3,312
Other current assets	4,385	4,536
Total current assets	287,067	174,802
Deferred income taxes, net	36,447	64,230
Property, plant and equipment, net	88,391	79,960
Goodwill	168,959	144,467
Intangible assets, net	16,394	9,764
Asbestos insurance receivable	—	41,085
Long-term asbestos insurance asset	286,169	272,875
Deferred loan costs, pension and other assets	13,113	10,043
	$ 896,540	$ 797,226
LIABILITIES AND SHAREHOLDERS’ EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 48,910	$ 38,114
Accrued asbestos liability	28,901	29,032
Accrued liabilities	67,923	60,515
Current portion of long-term debt and notes payable	2,640	2,541
Total current liabilities	148,374	130,202
Long-term debt, less current portion	203,853	186,179
Long-term dividend payable to shareholders	35,054	9,238
Long-term asbestos liability	347,332	359,888
Pension and accrued post-retirement benefits	71,365	82,208
Deferred income tax liability	9,908	8,375
Other liabilities	27,603	15,237
Total liabilities	843,489	791,327
Shareholders’ equity:		
Preferred stock: $0.001 par value; authorized 256,785; issued and outstanding 174,785	1	1
Common stock: $0.001 par value; authorized 1,632; issued and outstanding 1,629	1	1
Additional paid-in capital	201,681	201,681
Retained deficit	(109,238)	(141,561)
Cumulative foreign currency translation adjustment	19,448	10,496
Net unrealized investment gains	—	667
Pension and post-retirement plan adjustment, net	(58,842)	(65,386)
Total shareholders’ equity	53,051	5,899
	$ 896,540	$ 797,226

See accompanying notes to consolidated financial statements.

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COLFAX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
Dollars in thousands, except per share amounts

	Year ended December 31		
	2007	2006	2005
Net sales	$506,305	$393,604	$345,478
Cost of sales	330,714	256,806	222,353
Gross profit	175,591	136,798	123,125
Selling, general and administrative expenses	98,500	80,103	74,594
Research and development expenses	4,162	3,336	2,855
Legacy asbestos (income) expense (Note 18)	(50,346)	33,816	18,112
Operating income	123,275	19,543	27,564
Interest expense	19,246	14,186	9,026
Income before income taxes and discontinued operations	104,029	5,357	18,538
Provision for income taxes	39,147	3,866	6,907
Income from continuing operations	64,882	1,491	11,631
Discontinued operations:			
Income from discontinued operations, net of income taxes	—	—	356
(Loss) gain on disposal, net of income taxes	—	(1,397)	260
Net income	64,882	94	12,247
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation, net of $(265), $(23) and $288 tax (expense) benefit	8,952	6,545	(11,920)
Net unrealized investment (losses) gains, net of $409 and $(409) tax benefit (expense)	(667)	667	—
Pension and post-retirement plan adjustment, net of $(6,051), $(6,381) and $6,931 tax (expense) benefit	6,544	9,721	(10,398)
Other comprehensive income (loss)	14,829	16,933	(22,318)
Comprehensive income (loss)	$ 79,711	$ 17,027	$ (10,071)
Net income	$ 64,882	$ 94	$ 12,247
Dividends on preferred stock	(25,816)	—	(13,600)
Net income (loss) available to common shareholders	$ 39,066	$ 94	$ (1,353)
Earnings (loss) per share—basic and diluted:			
Continuing operations	23,983	915	(1,209)
Discontinued operations	—	(857)	378
Net earnings (loss) per share	$ 23,983	$ 58	$ (831)
Weighted average common shares	1,628.9	1,628.9	1,628.9

See accompanying notes to consolidated financial statements.

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COLFAX CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
Years ended December 31, 2007, 2006 and 2005
Dollars in thousands

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Equity (Deficit)
Balance at December 31, 2004	$ 1	$ 1	$283,681	$(140,302)	$ (45,291)	$ 98,090
Net income	—	—	—	12,247	—	12,247
Other comprehensive loss, net of $7,219 tax benefit	—	—	—	—	(22,318)	(22,318)
Redemption of preferred shares	—	—	(82,000)	—	—	(82,000)
Dividends declared	—	—	—	(13,600)	—	(13,600)
Balance at December 31, 2005	1	1	201,681	(141,655)	(67,609)	(7,581)
Net income	—	—	—	94	—	94
Other comprehensive income, net of $6,389 tax expense	—	—	—	—	16,933	— 16,933
Adjustment for adoption of SFAS No. 158, net of $1,988 tax benefit	—	—	—	—	(3,547)	— (3,547)
Balance at December 31, 2006	1	1	201,681	(141,561)	(54,223)	5,899
Net income	—	—	—	64,882	—	64,882
Other comprehensive income, net of $5,907 tax expense	—	—	—	—	14,829	— 14,829
Adjustment for adoption of FIN 48	—	—	—	(6,743)	—	(6,743)
Dividends declared	—	—	—	(25,816)	—	(25,816)
Balance at December 31, 2007	$ 1	$ 1	$201,681	$(109,238)	$ (39,394)	$ 53,051

See accompanying notes to consolidated financial statements.

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COLFAX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in thousands

	Year ended December 31		
	2007	2006	2005
Cash flows from operating activities:			
Net income	$ 64,882	$ 94	$ 12,247
Adjustments to reconcile net income to cash provided by (used in) operating activities:			
Income from discontinued operations	—	—	(356)
Loss (gain) on disposal	—	1,397	(260)
Depreciation and amortization	15,239	11,481	11,430
Amortization of deferred loan costs	1,644	1,655	1,484
Gain on sale of fixed assets	(35)	(348)	(105)
Deferred income taxes	22,186	(6,208)	(3,444)
Changes in operating assets and liabilities, net of acquisitions:			
Trade receivables	(3,149)	(10,002)	(2,143)
Inventories	(2,279)	(12,466)	(7,407)
Accounts payable and accrued liabilities	5,353	17,959	9,547
Other current assets	(2,304)	(3,133)	(1,003)
Change in asbestos liability, net of asbestos insurance asset and receivable	(24,388)	(2,785)	(12,665)
Changes in other operating assets and liabilities	(2,666)	(14,999)	(15,079)
Net cash provided by (used in) operating activities	74,483	(17,355)	(7,754)
Cash flows from investing activities:			
Purchases of fixed assets	(13,671)	(10,236)	(7,081)
Acquisitions, net of cash received	(32,987)	—	(11,357)
Proceeds from sale of fixed assets	133	157	3,370
Proceeds from sale of power transmission business	—	—	(3,364)
Net cash used in investing activities	(46,525)	(10,079)	(18,432)
Cash flows from financing activities:			
Borrowings under term credit facility	55,000	—	43,392
Payments under term credit facility	(11,791)	(1,590)	—
Dividends paid to preferred shareholders	—	—	(18,742)
Proceeds from borrowings on revolving credit facilities	58,000	63,000	59,000
Repayments of borrowings on revolving credit facilities	(86,500)	(34,500)	(66,774)
Payments on capital leases	(449)	(349)	(346)
Payments made for loan costs	(1,368)	—	(432)
Payment of deferred stock issuance costs	(1,155)	—	—
Redemption of stock	—	—	(82,000)
Net cash provided by (used in) financing activities	11,737	26,561	(65,902)
Effect of exchange rates on cash	790	660	(314)
Increase (decrease) in cash and cash equivalents	40,485	(213)	(92,402)
Cash and cash equivalents, beginning of year	7,608	7,821	100,223
Cash and cash equivalents, end of year	$ 48,093	$ 7,608	$ 7,821
Cash interest paid	$ 16,978	$ 12,371	$ 8,107
Cash income taxes paid	$ 12,931	$ 12,195	$ 7,920

See accompanying notes to consolidated financial statements.

COLFAX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007, 2006 and 2005
Dollars in thousands, unless otherwise noted

1. Organization and Nature of Operations

Colfax Corporation (the “Company”, “Colfax”, ”we” or “us”) is a global supplier of a broad range of fluid handling products, including pumps, fluid handling systems and specialty valves. We believe that we are a leading manufacturer of rotary positive displacement pumps, which include screw pumps, gear pumps and progressive cavity pumps. We have a global manufacturing footprint, with production facilities in Europe, North America and Asia, as well as worldwide sales and distribution channels. Our products serve a variety of applications in five strategic markets: commercial marine, oil and gas, power generation, global navy and general industrial. We design and engineer our products to high quality and reliability standards for use in critical fluid handling applications where performance is paramount. We also offer customized fluid handling solutions to meet individual customer needs based on our in-depth technical knowledge of the applications in which our products are used. Our products are marketed principally under the Allweiler, Fairmount, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren, and Zenith brand names. We believe that our brands are widely known and have a premium position in our industry. Allweiler, Houttuin, Imo and Warren are among the oldest and most recognized brands in the fluid handling industry, with Allweiler dating back to 1860.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of all significant Colfax operations which comprise the business. The Company owns 28% of the common shares of Allweiler Al-Farid Pumps Company (S.A.E.), an Egyptian Corporation and 44% of the common shares of Sistemas Centrales de Lubricación S.A. de C.V., a Mexican company. These investments are recorded in these statements using the equity method of accounting. Accordingly, $4.1 million and $1.4 million are recorded in other assets on the consolidated balance sheets at December 31, 2007 and 2006, respectively. The Company records its share of these investments’ net earnings, based on its economic ownership percentage. Accordingly, $1.5 million and $0.3 million of earnings from equity investments were included in selling, general and administrative expenses on the consolidated statements of operations for the years ended December 31, 2007 and 2006, respectively. All significant intercompany accounts and transactions have been eliminated.

Revenue Recognition

The Company generally recognizes revenues and costs from product sales when title and risk of loss transfer to the customer. A significant portion of the Company’s revenues are generated through distributors. Sales, shipping and payment terms to distributors are similar to other customers, and revenues on shipments to distributors are recognized when title and risk of loss transfer to the distributor. Certain distributors receive volume discounts, which are recognized, based upon management’s best estimate, at the time that revenue is recorded. Service revenues are recognized as services are performed.

In some cases, customer contracts may include multiple deliverables for product shipments and installation or maintenance labor. The cost of the products is generally quoted separately from the service costs, and the services that are provided are available from other vendors. Revenues from product shipments on this type of contract are recognized when title and risk of loss transfer to the customer, and the service revenue components are recognized as services are performed.

For long-term contracts, revenue is generally recognized based on the percentage-of-completion method calculated on the units of delivery basis or the cost-to-cost basis. Percentage of completion revenue was

approximately 2.9%, 3.8% and 2.2% of consolidated revenues for the years ended December 31, 2007, 2006 and 2005, respectively. For long-term contracts in which reasonable estimates cannot be made, the Company uses the completed contract method.

Amounts billed for shipping and handling are recorded as revenue. Shipping and handling expenses are recorded as cost of sales. Progress billings are generally shown as a reduction of inventory unless such billings are in excess of accumulated costs, in which case such balances are included in accrued liabilities. The Company accrues for bad debts, as a component of selling, general, and administrative expenses, based upon estimates of amounts deemed uncollectible and a specific review of significant delinquent accounts factoring in current and expected economic conditions. Product return reserves are accrued at the time of sale based on historical rates, and are recorded as a reduction to net sales.

Taxes Collected from Customers and Remitted to Governmental Authorities

The Company collects various taxes and fees as an agent in connection with the sale of products and remits these amounts to the respective taxing authorities. These taxes and fees have been presented on a net basis in the consolidated statements of operations and comprehensive income (loss) and are recorded as a liability until remitted to the respective taxing authority.

Research and Development

Research and development costs are expensed as incurred.

Advertising

Advertising costs of $0.6 million, $1.0 million, and $0.8 million for years ending December 31, 2007, 2006 and 2005, respectively, are expensed as incurred and have been included in selling, general and administrative expenses.

Cash and Cash Equivalents

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

Trade Receivables

Receivables are presented net of allowances for doubtful accounts. The Company records the allowance for doubtful accounts based on its best estimate of probable losses incurred in the collection of accounts receivable. Estimated losses are based on historical collection experience, and are reviewed periodically by management.

Inventories

Inventories include the costs of material, labor and overhead. Inventories are stated at the lower of cost or market. Cost is primarily determined using the first-in, first-out method. The Company periodically reviews its quantities of inventories on hand and compares these amounts to the expected usage of each particular product. The Company records as a charge to cost of sales any amounts required to reduce the carrying value of inventories to net realizable value.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost, which includes the fair values of such assets acquired (see Note 4). Depreciation of property, plant and equipment is provided for on a straight-line basis over

estimated useful lives ranging from three to 40 years. Assets recorded under capital leases are amortized over the shorter of their estimated useful lives or the lease terms. The estimated useful lives or lease terms of assets range from three to 40 years. Repairs and maintenance expenditures are expensed as incurred unless the repair extends the useful life of the asset.

Impairment of Goodwill and Indefinite-Lived Intangible Assets

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

Annually on December 31, or more frequently if indicators of impairment are present, management evaluates the recoverability of goodwill and indefinite-lived intangible assets. Goodwill is considered to be impaired when the net book value of a reporting unit exceeds its estimated fair value. Management evaluates the recoverability of goodwill by reporting unit based upon historical and projected EBITDA (net income before income taxes, depreciation, and amortization) multiplied by industry enterprise valuation multiples to determine its fair value. If the carrying amount of a reporting unit exceeds its implied fair value, then the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. No such impairments were recorded in 2007, 2006 or 2005.

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

Intangibles primarily represent acquired customer relationships, acquired order backlog, acquired technology, software license agreements and patents. Acquired order backlog is being amortized in the same period the corresponding revenue is recognized. A portion of the Company’s acquired customer relationships is being amortized over seven years based on the present value of the expected future cash flows from the acquired customers. All other intangibles are being amortized on a straight-line basis over their estimated useful lives, generally ranging from three to 15 years (see Note 8).

The Company assesses its long-lived assets other than goodwill and indefinite-lived intangible assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be fully recoverable. To analyze recoverability, the Company projects undiscounted net future cash flows over the remaining lives of such assets. If these projected cash flows are less than the carrying amounts, an impairment loss would be recognized, resulting in a write-down of the assets with a corresponding charge to earnings. The impairment loss is measured based upon the difference between the carrying amounts and the fair values of the assets. Assets to be disposed of are reported at the lower of the carrying amounts or fair value less cost to sell. Management determines fair value using the discounted cash flow method or other accepted valuation techniques. No such impairments were recorded in 2007, 2006 or 2005.

Derivatives

The Company periodically enters into foreign currency, interest rate swap, and commodity derivative contracts. The Company uses interest rate swaps to manage exposure to interest rate fluctuations. Foreign currency contracts are used to manage exchange rate fluctuations and generally hedge transactions between the Euro and the U.S. dollar. Commodity futures contracts are used to manage costs of raw materials used in the Company’s production processes.

The Company enters into such contracts with financial institutions of good standing, and the total credit exposure related to non-performance by those institutions is not material to the operations of the Company. The Company does not enter into contracts for trading purposes.

Interest rate swaps and other derivatives are recognized on the balance sheet as assets and liabilities, measured at fair value. If a derivative is a hedge, a change in its fair value is either offset against the change in

the fair value of the hedged item through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. Any difference between fair value of the hedge and the item being hedged, known as the ineffective portion, is immediately recognized in earnings.

Self-Insurance

Certain operations of the Company are self-insured for U.S. medical, U.S. workers' compensation, product liability and other liability exposure up to predetermined amounts above which third-party insurance applies. The Company is responsible for up to $0.2 million per occurrence under the retention program for workers' compensation and $0.5 million per occurrence under the retention program for product liability with a $4.0 million aggregate with respect to domestic liability and $3.0 million with respect to foreign liability. The Company also has a $0.1 million per occurrence stop-loss limit under our group medical plan. For a discussion of asbestos liability, see Note 18. The Company accrues loss reserves up to the retention amounts when such amounts are reasonably estimable and probable. The accompanying consolidated balance sheets include estimated amounts for claims exposure based on experience factors and management estimates for known and anticipated claims as follows:

	2007	2006
Medical insurance	$569	$490
Workers' compensation	217	240
Product liability (excluding asbestos)	—	—
Total self-insurance reserves	$786	$730

Warranty Costs

Estimated expenses related to product warranties are accrued at the time products are sold to customers and recorded as part of cost of sales. Estimates are established using historical information as to the nature, frequency, and average costs of warranty claims.

Warranty activity for the years ended December 31, 2007 and 2006 consisted of the following:

	2007	2006
Warranty liability at beginning of the year	$2,988	$2,534
Accrued warranty expense	(42)	1,383
Warranty service work performed	(348)	(798)
Assumed in acquisitions	143	—
Foreign exchange translation effect	230	(131)
Warranty liability at end of the year	$2,971	$2,988

Income Taxes

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

Valuation allowances are recorded if it is more likely than not that some portion of the deferred tax asset will not be realized. In evaluating the need for a valuation allowance, we take into account various factors,

including the expected level of future taxable income and available tax planning strategies. If actual results differ from the assumptions made in the evaluation of our valuation allowance, we record a change in valuation allowance through income tax expense in the period such determination is made.

Foreign Currency Exchange Gains and Losses

The Company's financial statements are presented in U.S. dollars. The functional currencies of the Company's operating subsidiaries are the local currencies of the countries in which each subsidiary is located. Assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at average rates of exchange in effect during the year. In 2007, 2006, and 2005 differences arising from translation of approximately $9.0 million, $6.5 million and $(11.9) million, respectively, are recorded in comprehensive income (loss). The foreign currency translation adjustment recorded in accumulated other comprehensive loss was approximately $19.4 million and $10.5 million at December 31, 2007 and 2006, respectively. The amounts recorded in each year are net of income taxes to the extent the underlying equity balances in the entities are not deemed to be permanently reinvested.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated for inclusion in the consolidated balance sheets are recognized in the consolidated statements of operations for that period. The foreign currency transaction gain (loss) in income was $(1.0) million, $0.1 million and, $(0.4) million for the years ended December 31, 2007, 2006, and 2005, respectively.

Debt Issuance Costs

Costs directly related to the placement of debt are capitalized and amortized using the straight-line method, which approximates the effective interest method over the term of the related obligation. Amounts written off due to early extinguishment of debt are charged to earnings. Cost and accumulated amortization related to debt issuance costs amounted to approximately $12.5 million and $7.4 million as of December 31, 2007 and $11.1 million and $5.7 million as of December 31, 2006.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For the Company, the estimates made in connection with the asbestos liability reserve and related insurance recoverables (as discussed in Note 18) represent the most significant estimates.

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Basic and Diluted Earnings Per Share

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted earnings (loss) from continuing operations per share (dollars in thousands, except per share amounts):

	Year ended December 31,		
	2007	2006	2005
Numerator:			
Income from continuing operations	$ 64,882	$ 1,491	$ 11,631
Dividends on preferred stock	(25,816)	—	(13,600)
Income (loss) from continuing operations available to common shareholders	$ 39,066	$ 1,491	$ (1,969)
Denominator:			
Weighted average shares of common stock outstanding-basic and diluted	1,628.9	1,628.9	1,628.9
Earnings (loss) from continuing operations per share-basic and diluted	$ 23,983	$ 915	$ (1,209)

3. Discontinued Operations—Sale of Power Transmission Business Unit

On November 30, 2004, the Company sold substantially all assets and operating liabilities related to its Power Transmission business to Altra Holdings, Inc., (“Altra”) pursuant to an agreement dated October 25, 2004 for $175.8 million after final purchase price adjustments. As such, the Power Transmission business unit is classified in these financial statements as a discontinued operation.

Proceeds from the sale of $100.0 million were used by the Company to redeem preferred stock and pay dividends to the shareholders in 2005. Proceeds of $73.3 million were used to retire domestic senior term debt in the amount of $47.8 million, reduce the amount outstanding on the Company’s revolving credit line by $22.5 million and pay deal associated fees in the amount of $3.0 million. In January 2007, the Company received $2.5 million of funds held in escrow, plus accrued interest of $0.2 million.

The Company retained the retirement cost liability for retirees and terminated vested employees under U.S. defined benefit plans and other post-employment benefit plans including health and life insurance. In March of 2006, the Company was able to settle a portion of its liability under the terms of the other post-employment benefits plan (see Note 11). As a result, a gain of $9.1 million was recorded in 2006 in selling, general and administrative expense.

In addition, the Company retained certain real estate and associated liabilities in Roscoe, Illinois and Bishop Auckland, UK. The property located in Roscoe, Illinois was sold in August of 2005 and the Bishop Auckland, UK property was sold in December of 2004.

As a result of the divestiture of the Power Transmission business, a net gain of approximately $49.7 million, inclusive of $15.6 million write-off in goodwill, was recorded in 2004. Revenues of $275.2 million and net income of $6.8 million (including allocated interest expense of $5.9 million), related to Power Transmission operations were reported in discontinued operations in 2004. Interest expense was allocated to discontinued operations based upon its percentage of the net assets. Certain retirement plan costs were allocated to discontinued operations during 2004 (see Note 11). Current liabilities of discontinued operations included in the balance sheet were approximately $0.1 million and $0.1 million at December 31, 2007 and 2006, respectively.

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4. Acquisitions

The following acquisitions were accounted for using the purchase method of accounting and, accordingly, the accompanying financial statements include the financial position and the results of operations from the dates of acquisition. Goodwill resulted from the acquisitions as these transactions were all entered into to advance the Company's fluid handling business.

On August 9, 2005, the Company purchased all the outstanding stock of Tushaco Pump Private Limited ("Tushaco"), a company organized under the laws of India, for approximately $11.5 million. Tushaco is a manufacturer of screw and gear pumps, headquartered in Mumbai, India with production facilities in Daiman and Vapi, India. As a result of the acquisition of Tushaco, intangible assets of approximately $8.1 million were recorded. The acquisition of Tushaco strengthened the Company's presence in the expanding Asian market and provides a low cost production facility to serve global markets.

On January 31, 2007, the Company purchased all of the outstanding stock of Lubrication Systems Company of Texas ("LSC"), a manufacturer of fluid handling systems, including oil mist lubrication systems and lube oil purification systems, for $29.8 million. As a result of the acquisition of LSC, intangible assets of $22.4 million were recorded. The purchase of LSC complements the Company's existing line of fluid handling products.

On November 29, 2007, the Company acquired Fairmount Automation, Inc. ("Fairmount"), an original equipment manufacturer of mission critical programmable automation controllers in fluid handling applications primarily for the U.S. Navy, for $4.5 million plus contingent payments based on future revenue and earnings targets. In addition to strengthening its existing position with the U.S. Navy, the Company intends to leverage Fairmount's experienced engineering talent and technology expertise to develop a portfolio of fluid handling solutions with diagnostic and prognostic capabilities for use in industrial applications.

The Company's preliminary purchase price allocation is based on fair value of the acquired assets and liabilities. This information is obtained mainly through due diligence and other information from the sellers, as well as tangible and intangible asset appraisals. The Company has completed its purchase price allocations for Tushaco and LSC and its preliminary purchase price allocation for Fairmount. The allocations are as follows:

	Fairmount	LSC	Tushaco
Cash	$ 1,155	$ 74	$ 126
Accounts receivable	243	5,809	1,078
Inventories	469	4,248	2,510
Prepaid expenses and other current assets	77	301	1,185
Property, plant and equipment	109	428	1,179
Goodwill	2,223	14,849	5,677
Trade name	90	870	422
Developed technology	860	2,770	—
Backlog of open orders	—	552	225
Customer relationships	990	3,360	1,842
Long-term deferred tax assets	—	—	11
Other long-term assets	—	1,381	—
Total assets acquired	$ 6,216	$34,642	$14,255
Accounts payable and accrued liabilities assumed	$ 1,750	$ 4,892	$ 2,789

Developed technology is being amortized over a term of approximately 6 to 15 years. Backlog of open orders is amortized over a term of approximately one year. Customer relationships are being amortized over periods of 7 to 10 years. The weighted average amortization period for intangibles subject to amortization is approximately six years.

Goodwill deductible for income tax purposes due to the LSC and Fairmount acquisitions is $14.4 million and $2.1 million, respectively.

The unaudited pro forma information below gives effect to these acquisitions as if they had occurred at the beginning of the period. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have occurred had the acquisitions been consummated as of that time.

(Dollars in thousands, except per share amounts)	Pro Forma Year ended December 31, 2007	2006
Net sales	$ 510,021	$ 419,592
Net income	64,757	(829)
Earnings per common share—basic and diluted	23,906	(509)

The contract under which the Company purchased the operations of Warner Electric from Dana Corporation ("Dana") in February 2000 contained a clawback provision which entitled the Company to funds from the seller if certain environmental indemnifications, primarily related to the Roscoe, Illinois location, were not utilized. The Company reached final settlement with Dana during 2005 and received cash and recorded income of approximately $3.1 million in selling, general and administrative expense.

5. Recent Accounting Pronouncements

In December 2004, the FASB issued two Staff Positions (FSPs) addressing accounting and disclosure issues related to certain provisions of the American Jobs Creation Act of 2004, which was signed into law in October 2004. FSP No. 109-1 addresses the application of FASB Statement No. 109 to the new tax deduction for qualified domestic production activities provided by this legislation. FSP No. 109-2 addresses accounting and disclosure considerations related to the one-time dividends received deduction the legislation provides to encourage U.S. companies to repatriate earnings from foreign subsidiaries. The Company's current U.S. tax position significantly limits the potential benefit of a deduction for the qualified domestic production activities provision of the American Jobs Creation Act and is not expected to have a material impact effect on the consolidated financial statements. In December 2005, the Company repatriated approximately $28.8 million from a foreign subsidiary, of which a portion of this amount is considered eligible for the one-time dividends received deduction. The net tax result of this one-time dividend received deduction is reflected in the Company's tax expense (see Note 10 for further discussion).

In June 2005, the FASB issued EITF issue 05-05, *Accounting for Altersteilzeit (ATZ) Early Retirement Programs and Similar Type Arrangements*. EITF 05-05 states that benefits provided under a Type II ATZ arrangement should be accounted for as a termination benefit under Statement 112. Recognition of the cost of the benefits begins at the time individual employees enroll in the ATZ arrangements (e.g., sign a contract). The consensus is effective for plans within its scope in the first fiscal year that begins after December 2005, and adoption of the pronouncement did not have a significant impact upon the Company.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*, to create a single model to address accounting for uncertainty in tax positions. The Interpretation applies to all tax positions accounted for in accordance with SFAS No. 109 and requires a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return.

This Interpretation also provides guidance on classification, interest and penalties, accounting in interim periods and transition, and significantly expands income tax disclosure requirements. The Interpretation is effective for public reporting companies for fiscal years beginning after December 15, 2006. As a result of the implementation of Interpretation No. 48, the Company has increased the net liability for unrecognized tax benefits by $6.7 million which resulted in a decrease to opening retained earnings as of January 1, 2007.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which provides a definition of fair value, establishes a framework for measuring fair value, and requires additional disclosures about fair value measurements. This Statement applies to value measurements that are already required or permitted by other accounting standards, except for measurements of share-based payments and measurements that are similar to, but not intended to be, fair value and does not change existing guidance as to whether or not an instrument is carried at fair value. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 for financial assets and liabilities, and for fiscal years beginning after November 15, 2008 for non-financial assets and liabilities. The Company is currently evaluating the effects of implementing the provisions of this Statement.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an Amendment of FASB Statements No. 87, 88, 106, and 132(R)*, which requires employers to fully recognize, as an asset or liability, the overfunded or underfunded status of its benefit plans in the balance sheet and changes in that funded status to be recognized in comprehensive income (loss) in the year in which the changes occur. This Statement also requires a company to measure its plan assets and benefit obligations as of its year-end balance sheet date. The recognition provisions of SFAS No. 158 for public companies are effective for fiscal years ending after June 15, 2006, while the measurement date provisions are effective for fiscal years ending after December 15, 2008. As of December 31, 2006, the Company adopted the provisions of FAS No. 158. See Note 11 for further discussion of the effects of adopting SFAS No. 158 on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The pronouncement also establishes presentation and disclosure requirements to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effects of the adoption of SFAS No. 159.

6. Inventories

Inventories at December 31, 2007 and 2006 consisted of the following:

	2007	2006
Raw materials	$29,122	$20,643
Work in process	31,614	26,029
Finished goods	16,859	17,419
	77,595	64,091
Less-Customer progress billings	(1,719)	(566)
Less-Allowance for excess, slow-moving and obsolete inventory	(7,589)	(6,412)
	$68,287	$57,113

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7. Property, Plant and Equipment

Property, plant and equipment at December 31, 2007 and 2006 consisted of the following:

	Depreciable Lives in Years	2007	2006
Land	—	$ 16,921	$ 15,516
Buildings and improvements	3 – 40	36,248	33,855
Machinery and equipment	3 – 16	103,950	86,538
Software	3 – 5	13,465	11,353
		170,584	147,262
Less-Accumulated depreciation		(82,193)	(67,302)
		$ 88,391	$ 79,960

Depreciation expense, including the amortization of assets recorded under capital leases, for the years ended December 31, 2007, 2006 and 2005, was approximately $11.8 million, $9.8 million and $8.9 million, respectively. These amounts include depreciation expense related to software for the years ended December 31, 2007, 2006 and 2005 of $2.6 million, $1.8 million and $1.5 million, respectively.

8. Goodwill and Intangible Assets

Goodwill and other intangibles as of December 31, 2007 and 2006 consisted of the following:

	Goodwill
Balance December 31, 2005	$ 138,472
Impact of changes in foreign exchange rates	5,995
Balance December 31, 2006	144,467
Attributable to 2007 acquisitions	17,073
Impact of changes in foreign exchange rates	7,419
Balance December 31, 2007	$ 168,959

	2007		2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Acquired customer relationships	$14,584	$ (5,084)	$10,018	$ (3,090)
Trade names-indefinite life	2,136	—	1,127	—
Acquired backlog of open orders	2,601	(2,601)	2,022	(2,022)
Acquired developed technology	5,620	(885)	1,990	(328)
Other intangibles	463	(440)	433	(386)
	$25,404	$ (9,010)	$15,590	$ (5,826)

Acquired customer relationships, acquired backlog of open orders, and acquired developed technology are amortized over their estimated useful lives. The weighted average estimated useful lives are summarized in the table below.

	Weighted Average Lives
Acquired customer relationships	7.6 years
Acquired backlog of open orders	1.3 years
Acquired developed technology	9.8 years
	7.5 years

Amortization expense for the years ended December 31, 2007, 2006 and 2005 was approximately $3.4 million, $1.7 million and $2.5 million, respectively. Amortization expense for the next five fiscal years is expected to be: 2008—$2.6 million, 2009—$2.5 million, 2010—$2.4 million, 2011—$2.3 million and 2012—$2.0 million.

9. Accrued Liabilities

Accrued liabilities as of December 31, 2007 and 2006 consisted of the following:

	2007	2006
Payroll	$19,902	$15,923
Taxes	9,707	7,739
Other litigation and environmental	6,356	8,258
Advance customer payments	5,952	2,131
Defense costs related to asbestos liability	5,423	7,953
Accrued payables	4,898	3,649
Commissions	3,552	3,155
Warranty	2,971	2,988
Asbestos liability insurance coverage litigation	1,775	3,603
Other	7,387	5,116
	$67,923	$60,515

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10. Income Taxes

Income taxes are provided for the Company's domestic corporations and foreign entities. Income from continuing operations before income taxes and the components of the provision for income taxes as of December 31, 2007, 2006 and 2005 was as follows:

	2007	2006	2005
Income (loss) from continuing operations before income tax expense:			
Domestic	$ 59,919	$(23,271)	$ (4,270)
Foreign	44,110	28,628	22,808
	$104,029	$ 5,357	$18,538
Provision for income taxes:			
Current income tax (benefit) expense:			
Federal	$ 444	$ (397)	$ 76
State	199	91	181
Foreign	16,318	10,380	10,094
	16,961	10,074	10,351
Deferred income tax (benefit) expense			
Domestic	24,257	(5,488)	(1,883)
Foreign	(2,071)	(720)	(1,561)
	22,186	(6,208)	(3,444)
	$ 39,147	$ 3,866	$ 6,907

U.S. income taxes for continuing operations at the statutory rate reconciled to the overall U.S. and foreign provision for income taxes were as follows:

	2007	2006	2005
Tax at U.S. federal income tax rate	$36,411	$1,875	$ 6,488
State taxes	2,098	(592)	611
Effect of international tax rates and refunds	(2,230)	309	962
Changes in valuation and tax reserves	853	128	(2,610)
Inclusion of foreign earnings	1,565	2,025	1,677
Other	450	121	(221)
Provision (benefit) for income taxes	$39,147	$3,866	$ 6,907

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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. Significant components of the deferred income tax assets and liabilities as of December 31, 2007 and 2006 were as follows:

	2007		2006	
	Current	Long-Term	Current	Long-Term
Deferred income tax assets:				
Post-retirement obligations	$ 305	$ 30,962	$ 1,209	$ 36,597
Expenses not currently deductible	12,032	35,230	8,922	41,254
Net operating loss carryover	—	14,958	227	31,768
Tax credit carryover	—	7,807	—	6,956
Other	—	992	265	2,859
Total deferred income tax assets	12,337	89,949	10,623	119,434
Valuation allowance for deferred income tax assets	(2,197)	(22,189)	(907)	(23,479)
Net deferred income tax assets	10,140	67,760	9,716	95,955
Net deferred income tax liabilities:				
Tax over book depreciation	—	9,447	—	12,845
Other	—	31,774	2,240	27,255
Total deferred income tax liabilities	—	41,221	2,240	40,100
Net deferred income tax assets	$10,140	$ 26,539	$ 7,476	$ 55,855

For purposes of the balance sheet presentation, the Company nets non-current deferred income tax assets and liabilities within each taxing jurisdiction. The above table is presented prior to the netting of the non-current deferred income tax items. Valuation allowances are established in accordance with the provisions of SFAS No. 109, *Accounting for Income Taxes*. The Company continually reviews the adequacy of the valuation allowance and is recognizing these benefits only as reassessment indicates that it is more likely than not the benefits will be realized. The valuation allowance was $24.4 million at December 31, 2007 and 2006.

The Company has U.S. net operating loss carryforwards of approximately $38.7 million expiring in years 2021 through 2026, and minimum tax credits of approximately $4.2 million, which may be carried forward indefinitely. Tax credit carryforwards include foreign tax credits that have substantially been offset by a valuation reserve. These carryforwards are generally available to offset federal taxable income, but may be subject to certain limitations under the tax law, including Internal Revenue Code Section 382, among other federal tax provisions, that could limit their ability to be utilized.

The Company has also recorded in tax expense the inclusion of certain foreign earnings in U.S. taxable income. This expense is offset by the deferred tax benefit recognized by a German subsidiary as a result of German tax rate reductions from approximately 38% to 29% which will be effective January 1, 2008.

For the year ending December 31, 2007, the Company intends that all undistributed earnings of its international subsidiaries will be reinvested and no tax expense has been recognized under APB 23 for these reinvested earnings. The amount of unremitted earnings from international subsidiaries, subject to local statutory restrictions, as of December 31, 2007 is approximately $76.7 million. It is not reasonably determinable as to the amount of deferred tax liability that would need to be provided if such earnings were not reinvested. For the years ending December 31, 2006 and 2005, the Company recognized deferred tax expense pursuant to APB 23 on earnings from its Swedish subsidiary that were eligible under local law to be repatriated. All other earnings of the Company's international subsidiaries were considered to be permanently reinvested for 2006 and 2005.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*. As a result of the implementation of Interpretation No. 48, the Company has recognized an increase in the net liability for unrecognized tax benefits of $6.7 million, which was accounted for as a decrease to the January 1, 2007 opening retained earnings. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

Balance at January 1, 2007	$9,116
Additions for tax positions in prior periods	543
Additions for tax positions in current period	413
Reductions for lapse of statute of limitations	(179)
Balance at December 31, 2007	$9,893

As of December 31, 2007, our unrecognized tax benefits, inclusive of interest of $0.8 million, totaled $10.7 million offset by tax benefits of approximately $1.0 million. The net liability for uncertain tax positions is $9.7 million and if recognized, would favorably impact the effective tax rate.

The Company records interest and penalties for post-adoption periods on uncertain tax positions as a component of income tax expense. The total amount of interest and penalties accrued as of the date of adoption was $0.5 million which was recorded as a reduction to retained earnings. The interest and penalty expense recorded in income tax expense attributed to uncertain tax positions for the year ending December 31, 2007 was $0.3 million.

The Company is subject to income tax in the U.S., state, and international locations. The Company's significant operations outside the U.S. are located in Germany and Sweden. In Sweden and Germany, tax years from 2002 to 2007 and from 2001 to 2007, respectively, remain subject to examination. Several tax years remain open in the U.S. due to tax attribute carry forwards from applicable tax years as tax authorities' have the ability to modify these attributes. Notably, tax years from 2003 and beyond generally remain open for examination by U.S. and state tax authorities as well as various tax years from 1994-2000 that have tax attributes carry forwards.

Due to the difficulty in predicting with reasonable certainty when tax audits will be fully resolved and closed, the range of reasonably possible significant increases or decreases in the liability for unrecognized tax benefits that may occur within the next 12 months is difficult to ascertain. Currently, the Company does not anticipate a significant increase or decrease to the liability for unrecognized tax benefits in 2008.

The American Jobs Creation Act of 2004 (the "AJCA") introduced a special one-time dividends received deduction on the repatriation of certain foreign earnings to the United States. The deduction results in an approximate 5.25% regular federal income tax rate or in certain circumstances a 3.0% alternative minimum tax rate on eligible repatriations of foreign earnings. In the fourth quarter of 2005, the Company's President approved a domestic reinvestment plan as required by the AJCA with subsequent approval by the Company's Board of Directors. During the fourth quarter of 2005, the Company repatriated $28.8 million from a foreign subsidiary of which a portion of this amount is considered eligible for the one-time dividend received deduction, and recognized $1.9 million of tax expense related to the eligible foreign earnings repatriation. All investments required by the dividend reinvestment plan have been made as of December 31, 2006.

11. Retirement and Benefit Plans

The Company sponsors various defined benefit plans, defined contribution plans and other post-retirement benefits plans, including health and life insurance, for certain eligible employees or former employees.

On December 31, 2006, the Company adopted the provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106*

and 132(R). SFAS No. 158 requires the Company to recognize the funded status of its pension and other post-employment plans in the December 31, 2006 consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive income, net of taxes. The adjustment to accumulated other comprehensive income at adoption represents the net unrecognized actuarial losses, unrecognized prior service costs, and unrecognized transition obligation remaining from the initial adoption of SFAS No. 87. These amounts will be subsequently recognized as net periodic pension cost pursuant to the Company's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods, will be recognized as a component of other comprehensive income. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated other comprehensive income at adoption of SFAS No. 158.

The following is detail of other changes in plan assets and benefit obligations recognized in other comprehensive income:

2007	
U.S. pension benefits:	
Current year actuarial gain	$ (4,767)
Amortization of net loss	(2,942)
Total recognized in other comprehensive income	$ (7,709)
Non-U.S. pension benefits:	
Current year actuarial gain	$ (4,202)
Amortization of net loss	(718)
Total recognized in other comprehensive income	$ (4,920)
Total pension benefits:	
Current year actuarial gain	$ (8,969)
Amortization of net loss	(3,660)
Total recognized in other comprehensive income	$(12,629)
Other post-employment benefits:	
Current year actuarial loss	$ 167
Amortization of net loss	(133)
Total recognized in other comprehensive income	$ 34

The actuarial loss included in accumulated comprehensive income and expected to be recognized in net periodic pension costs during the year ended December 31, 2008 is $2.7 million and $0.2 million for pension benefits and other post-employment benefits, respectively.

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The following table sets forth the defined benefit plans' funded status as of the most recent actuarial valuation using a measurement date of December 31.

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Change in benefit obligation:				
Projected benefit obligation at beginning of year	$324,471	$325,119	$ 8,276	$18,111
Service cost	1,170	1,009	—	—
Interest cost	17,974	17,130	445	540
Actuarial (gain) loss	(9,216)	(6,043)	—	207
Settlement/curtailment	—	—	167	(9,102)
Foreign exchange effect	7,797	7,885	—	—
Benefits paid	(21,427)	(20,629)	(1,584)	(1,480)
Projected benefit obligation at end of year	$320,769	$324,471	$ 7,304	$ 8,276
Accumulated benefit obligation at end of year	$317,712	$318,788	$ —	$ —
Change in plan assets:				
Fair value of plan assets at beginning of year	$249,525	$231,473	$ —	$ —
Actual return on plan assets	19,415	24,799	—	—
Employer contribution	5,135	9,532	1,584	1,480
Foreign exchange effect	2,361	2,533	—	—
Benefits paid	(19,400)	(18,812)	(1,584)	(1,480)
Fair value of plan assets at end of year	$257,036	$249,525	$ —	$ —
Funded status	$ (63,733)	$ (74,946)	$(7,304)	$(8,276)
Amounts recognized in the balance sheet consist of:				
Non-current assets	$ 2,793	$ 1,506	$ —	$ —
Current liabilities	(1,625)	(1,680)	(840)	(840)
Non-current liabilities	(64,901)	(74,772)	(6,464)	(7,436)
Total	$ (63,733)	$ (74,946)	$(7,304)	$(8,276)

	Pension Benefits			Other Benefits		
	2007	2006	2005	2007	2006	2005
Components of net periodic benefit cost:						
Service cost	$ 1,170	$ 1,009	$ 617	$—	$ —	$ —
Interest cost	17,974	17,130	17,556	445	540	1,203
Recognized net actuarial loss	3,660	5,337	3,903	—	—	—
Expected return on plan assets	(19,667)	(19,015)	(18,190)	—	—	—
Settlement/curtailment	—	—	—	—	(9,102)	(251)
Amortization	—	—	—	133	117	170
Net periodic benefit cost	$ 3,137	$ 4,461	$ 3,886	$578	$(8,445)	$1,122

The accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $302.1 million and $238.4 million, respectively, as of December 31, 2007 and $318.8 million and $246.8 million, respectively, as of December 31, 2006.

The projected benefit obligation and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets were $305.0 million and $238.4 million, respectively, as of December 31, 2007 and $321.7 million and $246.8 million, respectively, as of December 31, 2006.

In March 2006, the Company was able to settle a portion of its other post-employment benefits liability that it had retained as part of the sale of the Power Transmission business. As a result, a gain of $9.1 million was recorded in 2006 in selling, general and administrative expense.

The following table sets forth the foreign pension plans' funded status, included within the previous disclosure, as of the most recent actuarial valuation using a measurement date of December 31.

	Foreign Pension Benefits	
	2007	2006
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 79,867	$ 72,275
Service cost	1,170	1,009
Interest cost	3,738	3,312
Actuarial gain	(4,360)	(719)
Foreign exchange effect	7,796	7,884
Benefits paid	(4,562)	(3,894)
Projected benefit obligation at end of year	$ 83,649	$ 79,867
Accumulated benefit obligation at end of year	$ 80,592	$ 76,926
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 27,000	$ 24,530
Actual return on plan assets	1,257	1,275
Employer contribution	835	740
Foreign exchange effect	2,361	2,532
Benefits paid	(2,535)	(2,077)
Fair value of plan assets at end of year	$ 28,918	$ 27,000
Funded status	$(54,731)	$ (52,867)

	Foreign Pension Benefits		
	2007	2006	2005
Components of net periodic benefit cost:			
Service cost	$ 1,170	$ 1,009	$ 617
Interest cost	3,738	3,312	3,419
Recognized net actuarial loss	718	725	203
Expected return on plan assets	(1,538)	(1,389)	(1,254)
Net periodic benefit cost	$ 4,088	$ 3,657	$ 2,985

The key economic assumptions used in the measurement of the Company's benefit obligations at December 31, 2007 and 2006 are as follows:

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Weighted average discount rate:				
For all plans	6.0%	5.7%	6.3%	5.7%
For all foreign plans	4.7%	4.7%	—	—
Weighted average rate of increase in compensation levels for active foreign plans	2.2%	2.0%	—	—

The key economic assumptions used in the computation of net periodic benefit cost for the years ended December 31, 2007, 2006 and 2005 are as follows:

	Pension Benefits			Other Benefits		
	2007	2006	2005	2007	2006	2005
Weighted average discount rate:						
For all plans	5.9%	5.3%	6.1%	6.0%	6.0%	5.9%
For all foreign plans	5.4%	4.4%	5.5%	—	—	—
Weighted average expected return on plan assets:						
For all plans	8.4%	8.4%	8.5%	—	—	—
For all foreign plans	5.5%	5.6%	5.2%	—	—	—
Weighted average rate of increase in compensation levels for active foreign plans	2.6%	2.0%	2.0%	—	—	—

For measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of approximately 8.0% was assumed. The rate was assumed to decrease gradually to 5.0% by 2010 and remain at that level thereafter for benefits covered under the Plans.

The expected long-term rate of return on plan assets reflects management's expectations of long-term rates of return on funds invested to provide for benefits included in the projected benefit obligations. The Company has established the expected long-term rate of return assumptions for plan assets by considering historical rates of return over a period of time that are consistent with the long-term nature of the underlying obligations of these plans. The historical rates of return for each of the asset classes used by the Company to determine its estimated rate of return assumption at its December 31 measurement data were based upon the rates of return earned by investments in the equivalent benchmark market indices for each of the asset classes over consecutive ten year time periods. Capital market assumptions are re-evaluated annually to reflect the expected return over most 10 year economic cycles resulting in an expected rate of return for U.S. plans of 8.75%, 8.75% and 8.90% for 2007, 2006 and 2005, respectively. Expected contributions to the plans for 2008 are $3.2 million and relate primarily to the domestic plans.

Expected benefit payments during the years ending December 31 are:

	All Plans	Foreign Plans
2008	$ 22,110	$ 4,768
2009	22,184	4,812
2010	22,142	4,845
2011	22,334	4,968
2012	22,460	5,008
Years 2013 – 2017	112,633	26,320

The following is the actual allocation percentage and target allocation percentage for the pension plan assets at the measurement date:

	2007 Actual Allocation	2006 Actual Allocation	Target Allocation Range
United States Plans:			
Large cap equity securities	45%	44%	35% – 45%
Extended market equity securities	8	8	15% – 25%
Non-U.S. equity securities	14	15	0% – 10%
Fixed income securities	3	3	5% – 15%
Money market	2	3	0% – 5%
Other	28	27	15% – 25%
Foreign Plans:			
Large cap equity securities	24	25	0% – 20%
Fixed income	74	74	80% – 100%
Cash and cash equivalents	2	1	0% – 5%

The following post-retirement benefits are expected to be paid during the years ending December 31:

	Payments
2008	$ 840
2009	813
2010	781
2011	741
2012	706
Years 2013-2017	2,974

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

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of 2007 service and interest cost components	$ 25	$ (22)
Effect on 2007 post-retirement benefit obligation	431	(383)

The Company maintains defined contribution plans covering substantially all of their non-union domestic employees, as well as certain union domestic employees. Under the terms of the plans, eligible employees may generally contribute from 1 percent to 50 percent of their compensation on a pre-tax basis. The Company's contributions are based on 50 percent of the first 6 percent of each participant's pre-tax contribution. Additionally, the Company makes a unilateral contribution of 3 percent of all employees' salary (including non-contributing participants) to the defined contribution plans. The Company's expense for 2007, 2006 and 2005 was $2.0 million, $1.6 million and $1.7 million, respectively, related to these plans.

Long-Term Incentives. In each of 2001 and 2006, the Board of Directors implemented long-term cash incentive plans as a direct means to motivate senior management, or those most responsible for the overall growth and direction of the Company, with the purpose of growing and increasing the value of the Company and positioning it for an initial public offering or other liquidity event, such as a sale of the Company. Each of the named executive officers participates in the Colfax Corporation 2001 Employee Appreciation Rights Plan (the "2001 Plan") or 2006 Executive Stock Rights Plan (the "2006 Plan"). Initially, the Board of Directors approved the 2001 Plan as the Company was starting to grow. Accordingly, the 2001 Plan was designed to allow senior management to share in the growth of the Company and to attract new executive talent to the Company. More recently, the Board approved the 2006 Plan as a means of re-emphasizing this upside potential.

Generally, each of these plans provides the applicable named executive officers with the opportunity to receive a certain percentage, in cash (or, with respect to the 2001 Plan only, in equity, at the determination of the Board of Directors), of the increase in value of the Company from the date of grant of the award until the date of the liquidity event.

For the 2001 Plan, the percentage interest of participation for each participating named executive officer was determined solely in the discretion of the Board of Directors, based on their reasoned business judgment. For the 2006 Plan, while the Board determined the percentage interest for each named executive officer based on discretion, the Board also took into account, in their subjective judgment, the level of the officer's responsibility with the Company, his term of service with the Company and his contributions to date. The 2001 Plan rights fully vested on the third anniversary of the grant date, subject to the participating named executive officer's continued employment and thus each such named executive officer is fully vested in his percentage interest under the 2001 Plan. The 2006 Plan rights vest if a liquidity event occurs prior to the 10 year expiration of the term of the plan. Amounts are only payable upon the occurrence of a liquidity event. As a result, no liability or expense is recorded in the financial statements for these plans.

12. Debt

Long-term debt of the Company at December 31, 2007 and 2006 consisted of the following:

	2007	2006
Term B notes	$176,678	$123,463
Term C notes	28,606	35,277
Revolving lines of credit	—	28,500
Capital leases and other	1,209	1,480
Total debt	206,493	188,720
Less—current portion Term B	(1,785)	(1,790)
Less—current portion Term C	(397)	(356)
Less—current portion capital leases and other	(458)	(395)
Total long-term debt	$203,853	$186,179

The Credit Agreement, as amended, led by Merrill Lynch and administered by the Bank of Nova Scotia, is a senior secured structure with a $50.0 million revolver, a Term B Note of $176.7 million that bears interest at LIBOR plus 2.25 percent, or 7.1 percent at December 31, 2007, and a Term C note of €19.5 million that bears interest at EURIBOR plus 2.25 percent, or 7.0 percent at December 31, 2007.

The $50.0 million revolver contains a $25.0 million letter of credit sub-facility and a Euro sub-facility in which Euro borrowing capacity is limited to $30.0 million. The annual commitment fee on the revolver is 0.5 percent and the administrative agent receives a fee of $0.2 million per annum. Interest rate margins for the revolver are based on the Company's leverage ratio calculated at each quarter-end. At December 31, 2007, USD Prime and Swing Line based revolvers bear interest at Prime plus 1.50 percent, or 8.75 percent. At December 31, 2007, the USD LIBOR based revolver bears interest at LIBOR plus 2.50 percent, and the Euro revolver bears interest at EURIBOR plus 2.00 percent. There was no outstanding balance on the Euro, USD LIBOR, USD Prime and Swing Line based revolvers at December 31, 2007.

The Term B Note, as amended on January 3, 2007, has approximately $0.4 million due on a quarterly basis on the last day of each March, June, September and December beginning with March 31, 2007 and ending September 30, 2011, and one installment of approximately $170.0 million payable on December 19, 2011. The Term C Note, as amended on January 3, 2007, has approximately €0.1 million due on a quarterly basis on the last day of each March, June, September and December beginning with March 31, 2007 and ending September 30, 2011, and one installment of approximately €18.4 million payable on December 19, 2011.

On December 31, 2007, there was $205.3 million outstanding on the Term B and Term C loan facilities, no outstanding balance on the revolving lines of credit, and $18.7 million on the letter of credit sub-facility. The weighted-average interest rate at December 31, 2007 was 7.4 percent.

On January 3, 2007, the Company amended the Credit Agreement to increase its borrowings under the Term B facility by $55.0 million. Approximately $28.5 million of the proceeds were subsequently used to fund the acquisition of LSC, $24.5 million of the proceeds were used to pay down the Company's revolver debt, and the remaining proceeds were used for other general corporate purposes.

On August 10, 2007, the Company amended the Credit Agreement to extend the termination date of the Revolving Credit Facility, the Swing Line Facility and the Letter of Credit Facility for an additional two years to May 30, 2010.

The Company's loan agreements require the Company to comply with certain provisions. These provisions include submitting financial reports to the administrative agent, restrictions on payments of dividends, and the maintenance of minimum interest coverage, leverage and fixed charge coverage ratios, as defined in the credit agreements. The Company was in compliance with all such covenants at December 31, 2007. Substantially all assets and stock of the Company's domestic subsidiaries and 66% of the shares of certain European subsidiaries shares are pledged as collateral against borrowings under the facility. Certain European assets are pledged against borrowings directly made to European subsidiaries under the Term C Note and Euro sub-facility.

The term loans have required mandatory prepayments under certain conditions such as proceeds of asset sales, specified percentages of net proceeds of equity issuances and a percentage of excess cash flow. The mandatory prepayments will be applied to the Term B and Term C Notes at the Company's discretion, then to the repayment of the revolving lines of credit.

The future aggregate annual maturities of long-term debt and annual principal payments for capital leases and other at December 31, 2007 are:

	Debt	Capital Leases and Other	Total Debt
2008	$ 2,182	$ 458	$ 2,640
2009	2,182	422	$ 2,604
2010	2,182	189	$ 2,371
2011	198,738	140	$198,878
2012	—	—	$ —
Total	$205,284	$ 1,209	$206,493

13. Preferred Stock

The holders of the Preferred Stock are entitled to receive dividends in preference to any dividend on the common stock at the rate of LIBOR plus 2.50% per annum, when and if declared by the Board of Directors. Dividends of $14.4 million were declared on December 31, 2004 and paid on February 4, 2005. Dividends of $4.4 million were declared on April 8, 2005 and paid on April 11, 2005. Dividends of $12.2 million, $13.7 million and $9.2 million were declared on December 31, 2007, May 15, 2007 and December 31, 2005, respectively and classified as a long-term liability because payment is restricted by the Credit Agreement and management does not anticipate payment until after December 31, 2008, except in the event of certain future events, which are not considered probable at this time.

On April 11, 2005, 82,000 shares of preferred stock were redeemed for $82.0 million. The number of shares of preferred stock issued and outstanding prior to redemption was 256,785 and after redemption was 174,785.

The holders of the Preferred Stock do not have voting rights except in certain corporate matters involving the priority and payment rights of such shares.

The Preferred Stock will be automatically converted into shares of common stock upon the closing of a public offering, on a pro rata basis between the original issue price of the preferred shares and the issue price of the common shares at the offering date, subject to certain restrictions. These shares are not included in the calculation of earnings per share.

Upon any dissolution or liquidation, the holders of the Preferred Stock will be entitled to receive out of the assets of the Company legally available for distribution, after payments of all creditor claims and prior to the holders of the common stock, an amount equal to the original purchase price per share plus all accrued and unpaid dividends.

14. Financial Instruments

The carrying values of financial instruments, including accounts receivable, accounts payable and other accrued liabilities, approximate their fair values due to their short-term maturities. The fair value of long-term debt is estimated to approximate the carrying amount based on current interest rates for similar types of borrowings. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

As of December 31, 2004, the Company had a cross currency swap denominated in Euro with an aggregate notional value of approximately $23.2 million. During 2005, the U.S. dollar strengthened and the Company was able to exit the cross currency swap for zero cost. As a result, a gain of approximately $2.4 million was recorded in 2005, of which approximately $2.1 million was recorded as a reduction in selling, general and administrative expenses and approximately $0.3 million was recorded in income from discontinued operations.

On July 1, 2005, the Company entered into an interest rate collar with an aggregate notional value of $90.0 million, whereby the Company exchanged its LIBOR-based variable rate interest for a ceiling of 4.75% and a floor of approximately 3.40%. The LIBOR-based interest can vary between the ceiling and floor based on market conditions. The fair value of the collar agreement, based upon third-party quotes, was approximately $0.1 million and $0.8 million as of December 31, 2007 and 2006, respectively, and are recorded in “Deferred loan costs, pension and other assets” on the accompanying consolidated balance sheets. The Company has not elected hedge accounting for the collar agreement, and therefore movements in the fair value are recognized in income as a component of interest expense. The collar agreement expires on July 1, 2008.

As of December 31, 2007 and 2006, the Company had copper futures contracts with notional values of $3.1 million and $3.5 million, respectively. The fair value of the contracts was a liability of $0.2 million as of December 31, 2007 and 2006, and is recorded in “Accrued liabilities” on the accompanying consolidated balance sheets. The Company has not elected hedge accounting for the futures contract, and therefore movements in the fair value are recognized as a component of cost of sales. As of December 31, 2007, the Company had nickel futures contracts with a notional value of $1.1 million. The fair value of the contract was a liability of $0.2 million, as of December 31, 2007, and is recorded in “Accrued liabilities” on the accompanying consolidated balance sheets. The Company has not elected hedge accounting for the futures contract, and therefore movements in the fair value are recognized as a component of cost of sales.

In 2001, as part of the demutualization of Prudential Insurance Company, the Company received 20,416 shares of Prudential common stock. These shares, which are classified as available-for-sale, had a fair value of $1.8 million at December 31, 2006. The Company has recorded a gain of $0.7 million in selling, general and administrative expenses and unrecognized gains of $0.7 million, net of $0.4 million tax expense, in other comprehensive income at December 31, 2006. In 2007, the Company disposed of all shares for net proceeds of $1.8 million. A gain of $1.1 million was recorded in selling, general and administrative expenses in 2007.

15. Concentration of Credit Risk

In addition to interest rate swaps, financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable and marketable securities.

The Company performs credit evaluations of its customers prior to delivery or commencement of services and normally does not require collateral. Letters of credit are occasionally required for international customers when the Company deems necessary. Payments are typically due within thirty days of billing. The Company maintains an allowance for potential credit losses and losses have historically been within management's expectations.

The Company may be exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Counterparties to the Company's financial instruments represent, in general, international financial institutions or well-established financial institutions.

No one customer accounted for 10% or more of the Company's sales in 2007, 2006 or 2005 or accounts receivable at December 31, 2007 or 2006.

16. Related Party Transactions

During 2007, 2006 and 2005, the Company paid a management fee of $1.0 million to Colfax Towers in equal quarterly installments, a party related by common ownership, recorded in selling, general and administrative expenses.

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17. Operations by Geographical Area

The Company operates in a single business segment for the design, production and distribution of fluid handling products. The operations of the Company on a geographic basis are as follows:

	Year ended December 31,		
	2007	2006	2005
Net sales by origin:			
United States	$173,713	$136,978	$131,219
Europe	320,654	249,028	212,296
Asia	11,938	7,598	1,963
Total net sales	$506,305	$393,604	$345,478
Operating income:			
United States	$ 77,284	$ (12,297)	$ 4,254
Europe	44,494	32,807	25,607
Asia	1,195	(1,697)	(1,564)
Other	302	730	(733)
Total operating income	$123,275	$ 19,543	$ 27,564
Identifiable assets:			
United States	$622,889	$554,729	$518,407
Europe	247,887	220,788	166,023
Asia	25,208	20,496	15,910
Other	556	1,213	234
Total identifiable assets	$896,540	$797,226	$700,574
Net sales by final destination:			
United States	$119,455	$111,963	$108,144
Europe	239,556	192,430	162,953
Asia	81,443	51,310	42,554
Canada	10,946	8,898	9,189
Central and South America	17,394	9,427	6,987
Middle East and North Africa	29,883	13,508	7,982
Other	7,628	6,068	7,669
Total net sales	$506,305	$393,604	$345,478
Net sales by product:			
Pumps, including aftermarket parts and service	$441,692	$360,016	$313,224
Systems, including installation service	48,355	16,114	14,566
Valves	9,537	11,292	12,797
Other	6,721	6,182	4,891
Total net sales	$506,305	$393,604	$345,478

18. Commitments and Contingencies

Asbestos Liabilities and Insurance Assets

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

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

Claims activity related to asbestos is as follows[(1)]:

	Year ended December 31,		
	2007	2006	2005
Claims unresolved at the beginning of the period	50,020	59,217	65,165
Claims filed[(2)]	6,861	5,992	8,540
Claims resolved[(3)]	(19,327)	(15,189)	(14,488)
Claims unresolved at the end of the period	37,554	50,020	59,217
Average cost of resolved claims (4)	$ 5,232	$ 6,194	$ 8,896

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

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

(3) Claims resolved include asbestos claims that have been settled or dismissed or that are in the process of being settled or dismissed based upon agreements or understandings in place with counsel for the claimants.

(4) Average cost of settlement to resolve claims in whole dollars. These amounts exclude claims in Mississippi for which the majority of claims have historically been without merit and have been resolved for no payment. These amounts also exclude any potential insurance recoveries.

The Company has projected each subsidiary's future asbestos-related liability costs with regard to pending and future unasserted claims based upon the Nicholson methodology. The Nicholson methodology is the standard approach used by most experts and has been accepted by numerous courts. This methodology is based upon risk equations, exposed population estimates, mortality rates, and other demographic statistics. In applying the Nicholson methodology for each subsidiary the Company performed: 1) an analysis of the estimated population likely to have been exposed or claim to have been exposed to products manufactured by the subsidiaries based upon national studies undertaken of the population of workers believed to have been exposed to asbestos; 2) the use of epidemiological and demographic studies to estimate the number of potentially exposed people that would be likely to develop asbestos-related diseases in each year; 3) an analysis of the subsidiaries' recent claims history to estimate likely filing rates for these diseases; and 4) an analysis of the historical asbestos liability costs to develop average values, which vary by disease type, jurisdiction and the nature of claim, to determine an estimate of costs likely to be associated with currently pending and projected asbestos claims. The Company's projections based upon the Nicholson methodology estimates both claims and the estimated cash outflows related to the resolution of such claims for periods up to and including the endpoint of asbestos studies referred to in item 2) above. It is the Company's policy to record a liability for asbestos-related liability costs for the longest period of time that it can reasonably estimate.

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

The Company assessed the subsidiaries’ existing insurance arrangements and agreements, determined the applicability of insurance coverage for existing and expected future claims, analyzed publicly available information bearing on the current creditworthiness and solvency of the various insurers and employed such insurance allocation methodologies as the Company believed appropriate to ascertain the probable insurance recoveries for asbestos liabilities. The analysis took into account self-insurance reserves, policy exclusions, pending litigation, liability caps and gaps in the Company’s coverage, allocation agreements, indemnity arrangements with third-parties, existing and potential insolvencies of insurers as well as how legal and defense costs will be covered under the insurance policies. Each subsidiary has separate, substantial primary, excess and umbrella insurance coverage resulting from the independent corporate history of each entity. In its evaluation of the insurance asset, in addition to the criteria listed above, the Company used differing insurance allocation methodologies for each subsidiary based upon the state law that will or is likely to apply for that subsidiary.

For the one subsidiary, although presently no cost sharing or allocation agreement is in place with the Company’s excess insurers, the Company believes that based upon application of an insurance allocation methodology, which is used in certain states, including Florida and Massachusetts, and in accordance with prevailing law, that recovery is probable from such insurers for approximately 67% of the liability and defense costs after the exhaustion of primary and excess layers of insurance. The Company uses this allocation methodology because it is the most likely methodology based upon the corporate history of the subsidiary and that of its primary insurer which are domiciled in either Florida or Massachusetts. The primary and excess insurers historically have paid and continue to pay all liability and legal defense costs; however, during 2006, the primary insurer asserted that certain insurance policies contained deductibles. As a result, the Company established a reserve of $7.5 million as a reduction of its asbestos insurance asset at December 31, 2007 and as a reduction of its long-term asbestos insurance asset at December 31, 2006, for the probable and reasonably estimable liability the Company expects related to these deductibles under the primary insurance policies.

For the other subsidiary it was determined by court ruling in the fourth quarter of 2007, that the allocation methodology mandated by the New Jersey courts will apply, under which the loss is allocated to each policy year based on the proportion of the policyholder’s total triggered coverage that was purchased in that year. Based upon the ruling and upon a series of other favorable rulings regarding interpretation of certain policy provisions related to deductibles, the number of occurrences and the resulting calculation the Company increased its expected recovery percentage to 87.5% from 75% of all liability costs recorded after September 28, 2007 and revalued its insurance asset at that date. For the period between December 31, 2005 and September 28, 2007, the Company had estimated that recovery was probable for 75% of all liability costs paid and 85% of defense costs

paid. Prior to December 31, 2005, the Company had estimated that recovery was probable for two-thirds of all liabilities paid.

For this subsidiary, until June 2004, based upon an interim agreement, the subsidiary's primary insurers paid at least two-thirds of liability costs and all defense costs. In 2003, the subsidiary brought legal action against a large number of its insurers and its former parent to resolve a variety of disputes concerning insurance for asbestos bodily injury claims asserted against it. Although none of these defendant insurance companies contested coverage, they disputed the timing, reasonableness and allocation of payments. One of the primary insurers and one of the excess insurers stopped or severely reduced payments alleging that its policies were exhausted and the subsidiary began paying various amounts of its liability and defense costs during 2004. The Company historically had recorded a receivable for any amounts paid above the expected insurance recovery percent for that period which the Company considered recovery probable. As of December 31, 2007, based upon (i) application of the New Jersey allocation model, (ii) court records indicating the Court was likely to order insurers to reimburse the subsidiary for past costs and (iii) the receipt of $58.0 million in cash from certain insurers during the fourth quarter of 2007, the Company recorded a receivable for all past liability and defense cost for which it believes recovery is probable.

In 2007, certain insurance carriers agreed to settle with this subsidiary by reimbursing the subsidiary for amounts it paid for liability and defense costs as well as entering into formal agreements detailing the payments of future liability and defense costs in an agreed to allocation. In addition, a number of non-settling insurance carriers have paid significant amounts for liability and defense costs paid by the subsidiary in the past and continue to pay a share of costs as they are incurred. The subsidiary received approximately $65.5 million for the year ended December 31, 2007, of which approximately $49.4 million represents reimbursement of past cost, which reduced the Company's outstanding insurance receivables, and approximately $16.1 million represents settlement in full for future costs not yet incurred by the subsidiary. Of the $16.1 million, approximately $7.6 million relates to insurance policies which are triggered within the Company's 15 year-estimate of asbestos-related liability and as such were recorded as a reduction to the insurance asset, while, approximately $8.5 million relates to insurance policies which were not included in the Company's 15 year estimate of asbestos-related liability cost and, as such, were recorded as income in Legacy asbestos (income) expense. Subsequent to December 31, 2007, the subsidiary received an additional $1.7 million in reimbursement of past cost from an insurer and another $0.9 million from an insurer previously considered insolvent. Presently certain insurers are paying approximately 36.8% of costs for current asbestos-related liability and defense cost. Approximately 22% of excess insurance carriers are operating under coverage in place agreements for this subsidiary.

Based on the analysis referred to above, the Company has established reserves of $376.2 million and $388.9 million as of December 31, 2007 and 2006, respectively, for the probable and reasonably estimable asbestos-related liabilities it believes the subsidiaries will pay through the next 15 years, and has also established recoverables of $305.2 million and $297.1 million as of December 31, 2007 and 2006, respectively, for the insurance recoveries that are deemed probable during the same time period. Net of these recoverables, the subsidiaries' expected cash outlay on a non-discounted basis for asbestos-related bodily injury claims over the next 15 years was estimated to be $71.0 million and $91.8 million as of December 31, 2007 and 2006, respectively. The Company has recorded the reserves for the asbestos liabilities as "Accrued asbestos liability" and "Long-term asbestos liability" and the related insurance recoveries as "Asbestos insurance asset" and "Long-term asbestos insurance asset" in the accompanying consolidated balance sheets. In addition the Company has recorded a receivable for liability and defense costs it had previously paid in the amount of $44.7 million and $41.1 million as of December 31, 2007 and 2006, respectively, for which insurance recovery is deemed probable. These amounts are included in "Asbestos insurance receivable" in the accompanying consolidated balance sheets.

The (income) expense related to these liabilities and legal defense was $(65.2) million, $21.8 million and $14.3 million, net of estimated insurance recoveries, for the years ended December 31, 2007, 2006 and 2005, respectively. Legal costs related to the subsidiaries' action against their asbestos insurers were $14.9 million, $12.0 million and $3.8 million for the years ended December 31, 2007, 2006 and 2005, respectively. All of these amounts are included in the consolidated statements of operations and comprehensive income (loss) in "Legacy asbestos (income) expense."

Management's analyses are based on currently known facts and a number of assumptions. However, projecting future events, such as new claims to be filed each year, the average cost of resolving each claim, coverage issues among layers of insurers, the method in which losses will be allocated to the various insurance policies, interpretation of the effect on coverage of various policy terms and limits and their interrelationships, the continuing solvency of various insurance companies, the amount of remaining insurance available, as well as the numerous uncertainties inherent in asbestos litigation could cause the actual liabilities and insurance recoveries to be higher or lower than those projected or recorded which could materially affect our financial condition, results of operations or cash flow.

General Litigation

One of the Company's subsidiaries is a defendant in a lawsuit in the Supreme Court of British Columbia alleging breach of contract arising from the sale of a steam turbine delivered by the Company's former Delaval Turbine Division and claiming damages in excess of $6.0 million (Canadian). In 2002, the plaintiff amended its complaint to add claims for negligence. The Company believes that there are legal and factual defenses to the claim and intends to defend the action vigorously. A trial date has been set for November 2008.

On June 3, 1997, one of the Company's subsidiaries was served with a complaint in a case brought in the Superior Court of New Jersey which alleges damages in excess of $10.0 million incurred as a result of losses under a government contract bid transferred in connection with the sale of the Company's former Electro-Optical Systems business. The Electro-Optical Systems business was sold in a transaction that closed on June 2, 1995. The sales contract provided certain representations and warranties as to the status of the business at the time of sale. The complaint alleges that the subsidiary failed to provide notice of a "reasonably anticipated loss" under a bid that was pending at the time of the transfer of the business and therefore a representation was breached. In the third quarter of 2004 this case was tried and the jury rendered a verdict of $2.1 million for the plaintiffs. Plaintiffs have argued that they are entitled to a refund of their attorney's fees and costs of trial as a matter of law and contract. The subsidiary believes it is not obligated to pay these costs. In November 2006 the Court entered an Amended Final Judgment in favor of the plaintiffs in the amount of $8.9 million, including prejudgment interest. This amount is recorded in "Other liabilities" in the accompanying consolidated balance sheets. The judgment is secured by a letter of credit under the Company's existing credit facility. Both the subsidiary and the plaintiff appealed. On January 28, 2008, the Appellate Division of the New Jersey Superior Court affirmed the total award and ordered a new trial on certain portions of the plaintiffs' claim. The subsidiary petitioned for reconsideration of the decision which was denied on February 28, 2008. The subsidiary intends to seek certification from the Supreme Court of New Jersey for appeal. The subsidiary believes that there are legal and factual defenses to the claims and intends to continue to defend the action vigorously.

The Company was a defendant in an action brought by the landlord of one of its subsidiaries for rent. In March 2006, a jury found in part for the landlord, awarding the landlord $1.6 million for rent and $1.2 million in attorney's fees. The Company has appealed this judgment.

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

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Minimum Lease Obligations

The Company has the following minimum rental obligations under non-cancelable operating leases for certain property, plant and equipment. The remaining lease terms range from 1 to 6 years.

Year ended December 31,	
2008	$ 3,807
2009	2,765
2010	1,929
2011	840
2012	709
Thereafter	—
Total	$ 10,050

Net rental expense under operating leases was approximately $4.6 million, $3.3 million and $3.5 million in 2007, 2006 and 2005, respectively.

COLFAX CORPORATION
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(Dollars in thousands)

	Balance at Beginning of Period	Charged to Cost and Expenses	Charged to Other Accounts	Write offs, Write Downs & Deductions	Foreign Currency Translation	Balance at End of Period
Year Ended December 31, 2007						
Allowance for doubtful accounts	$ 1,650	964	(10)[a]	(909)	117	$ 1,812
Allowance for excess, slow-moving and obsolete inventory	$ 6,412	1,735	144(a)	(1,309)	607	$ 7,589
Valuation allowance for deferred tax assets	$ 24,386	—	—	—	—	$24,386
Year Ended December 31, 2006						
Allowance for doubtful accounts	$ 1,306	507	230(a)	(486)	93	$ 1,650
Allowance for excess, slow-moving and obsolete inventory	$ 5,562	620	—	(239)	469	$ 6,412
Valuation allowance for deferred tax assets	$ 24,506	—	—	(120)	—	$24,386
Year Ended December 31, 2005						
Allowance for doubtful accounts	$ 1,846	283	7(a)	(687)	(143)	$ 1,306
Allowance for excess, slow-moving and obsolete inventory	$ 5,385	3,289	366(a)	(2,958)	(520)	$ 5,562
Valuation allowance for deferred tax assets	$ 17,096	7,410	—	—	—	$24,506

(a) Amounts related to businesses acquired and related adjustments.

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Through and including , 2008 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

Colfax Corporation

Common Stock

PROSPECTUS

Merrill Lynch & Co.
Lehman Brothers
UBS Investment Bank
Robert W. Baird & Co.
Banc of America Securities LLC
Deutsche Bank Securities
KeyBanc Capital Markets

, 2008

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution***.

The following table sets forth the costs and expenses, other than the underwriting discount, payable by the Registrant in connection with the sale of common stock being registered. All amounts are estimates except the SEC registration fee and the FINRA filing fees.

SEC registration fee	$11,790
FINRA filing fee	$30,500
New York Stock Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses (including legal fees)	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	*

* To be filed by amendment.

The Registrant will bear all expenses shown above.

Item 14. ***Indemnification of Directors and Officers***.

Certificate of Incorporation. The certificate of incorporation of the Registrant provides as follows:

(a) The Registrant shall, to the fullest extent permitted by Section 145 of the Delaware General Corporation Law (the “DGCL”), as the same exists or may hereafter be amended (but, in the case of any such amendment, to the fullest extent permitted by law, only to the extent that such amendment permits the Registrant to provide broader indemnification rights than said law permitted the Registrant to provide prior to such amendment), indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Registrant) against any expenses (including attorneys’ fees), judgments, fines and amounts paid or to be paid in settlement, excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974, as amended, actually and reasonably incurred by such person in connection with such action, suit or proceeding (and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his heirs, executors and administrators) by reason of the fact that he, or a person of whom he is a legal representative, is or was an officer, director, employee or agent of the Registrant or is or was serving at the request of the Registrant as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Registrant, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that his conduct was unlawful; provided, however, that with certain exceptions, the Registrant shall indemnify any such person seeking indemnification in connection with a proceeding or part thereof initiated by such a person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Registrant. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not,

of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Registrant, and, with respect to any criminal action or proceedings, had reasonable cause to believe that his conduct was unlawful. The rights to indemnification pursuant to this section (including advancement of expenses) shall be a contract right.

(b) Any indemnification under subsection (a) above (unless ordered by a court) shall be made by the Registrant only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsection (a) above. Such determination shall be made (1) by a majority vote of the directors who are not parties to such action, suit or proceeding even though less than a quorum, or (2) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (3) by the stockholders.

(c) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Registrant in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking (to the extent required by the DGCL) by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Registrant as authorized in this section. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors of the Registrant deems appropriate.

(d) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(e) The Registrant shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Registrant, or is or was serving at the request of the Registrant as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Registrant would have the power to indemnify such person against such liability under this section.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executor and administrators of such a person. The indemnification and advancement of expenses provided by, or grants pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be an employee or agent (other than an officer or director), and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Registrant's certificate of incorporation also provides that a director of the Registrant shall not be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director for any act or omission, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. If the DGCL is hereafter amended to permit further elimination or limitation of the personal liability of directors, then the liability of a director of the Registrant shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended. Any repeal or modification of this section by the stockholders of the Registrant or otherwise shall not apply to or have any adverse effect on any right or protection of a director of the Registrant existing hereunder for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

Bylaws. The Registrant's amended and restated bylaws provide for the indemnification of the officers and directors of the Registrant to the fullest extent permitted by the DGCL. The bylaws provide that each person who was or is made a party to, or is threatened to be made a party to, any civil or criminal action, suit or proceeding by reason of the fact that such person is or was a director or officer of the Registrant shall be indemnified and held harmless by the Registrant to the fullest extent authorized by the DGCL against all expense, liability and loss, including, without limitation, attorneys' fees, incurred by such person in connection therewith, if such person acted in good faith and in a manner such person reasonably believed to be or not opposed to the best interests of the Registrant and had no reason to believe that such person's conduct was illegal.

Insurance. The Registrant maintains directors and officers liability insurance, which covers directors and officers of the Registrant against certain claims or liabilities arising out of the performance of their duties.

Indemnification Agreements. The Registrant intends to enter into agreements to indemnify its directors and executive officers. These agreements, a form of which is filed as Exhibit 10.4 hereto, will provide for indemnification of the Registrant's directors and executive officers to the fullest extent permitted by the DGCL against all expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any such person in actions or proceedings, including actions by the Registrant or in its right, arising out of such person's services as a director or executive officer of the Registrant, any subsidiary of the Registrant or any other company or enterprise to which the person provided services at the Registrant's request.

Purchase Agreements. The Registrant's purchase agreement with the underwriters will provide for the indemnification of the directors and officers of the Registrant against specified liabilities related to the prospectus under the Securities Act in certain circumstances.

Item 15. ***Recent Sales of Unregistered Securities.***

None.

Item 16. ***Exhibits and Financial Statement Schedules.***

(a) Exhibits

The exhibits to this registration statement are listed on the exhibit index, which appears elsewhere herein and is incorporated herein by reference.

(b) Financial Statement Schedules

Schedule II—Valuation and Qualifying Accounts (which schedule is included in the financial statements contained in the prospectus)

Item 17. ***Undertakings.***

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the purchase agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the

Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purpose of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) For the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Richmond, Virginia, on this 11th day of March, 2008.

COLFAX CORPORATION

By: /s/ JOHN A. YOUNG
John A. Young
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOHN A. YOUNG **John A. Young**	President and Chief Executive Officer (Principal Executive Officer)	March 11, 2008
/s/ G. SCOTT FAISON **G. Scott Faison**	Senior Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	March 11, 2008
* **Mitchell P. Rales**	Director	March 11, 2008
* **Steven M. Rales**	Director	March 11, 2008

*By: /s/ JOHN A. YOUNG
John A. Young
Attorney-in-fact

EXHIBIT INDEX

Exhibit No.	Description
1.1*	Form of Underwriting Agreement
3.1*	Restated Certificate of Incorporation
3.3*	Bylaws of the Registrant
4.1*	Specimen Common Stock Certificate
5.1*	Opinion of Hogan & Hartson LLP
10.1*	Colfax Corporation 2008 Omnibus Incentive Plan
10.2	Service Contract for Board Member, dated November 14, 2006, between the Company and Dr. Michael Matros.
10.3*	Form of Indemnification Agreement to be entered into between the Company and each of its directors and officers.
10.4	Registration Rights Agreement, dated as of May 30, 2003, between Colfax Corporation and certain stockholders named therein.
10.5*	Form of Employment Agreement between Colfax Corporation and certain of its executive officers.
10.6	Retirement Plan for salaried U.S. Employees of Imo Industries, Inc. and Affiliates
10.7	Colfax Corporation Excess Benefit Plan
10.8	Allweiler AG Company Pension Plan
21.1	Subsidiaries of the Registrant
23.1*	Consent of Hogan & Hartson LLP (included in Exhibit 5.1)
23.2	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
24.1**	Powers of Attorney
99.1	Consent of Patrick W. Allender to be named as a director nominee
99.2	Consent of C. Scott Braman to be named as a director nominee
99.3	Consent of Joseph O. Bunting III to be named as a director nominee
99.4	Consent of Thomas S. Gayner to be named as a director nominee
99.5	Consent of Clay Kiefaber to be named as a director nominee
99.6	Consent of Rajiv Vinnakota to be named as a director nominee

* To be filed by amendment.
** Previously filed

Exhibit 10.2

SERVICE CONTRACT FOR BOARD MEMBER

between

Allweiler AG, Allweilerstraße 1, 78315 Radolfzell, represented by the supervisory board, this in turn represented by Mr. John A. Young

- hereinafter: the Company -

and

Dr. Michael Matros, Rebsteig 4, 78315 Radolfzell

- hereinafter: Mr. Matros

Preamble

Mr. Matros has been appointed a member of the board of the Company with effect from November 14th, 2006 on the basis of the resolution passed by the supervisory board on November 14th, 2006. The appointment applies for a period of three years, until December 31, 2009. Unless it is revoked at the latest two months before the three years period is due to expire, it will be extended by one year, until December 31, 2010, without any need for a further resolution being passed by the supervisory board.

Now, therefore, the parties agree as follows:

§ 1
Representation

1. Mr. Matros shall represent the Company together with another member of the management board or a holder of a special power of attorney (*Prokurist*).

   Mr. Matros will have the title: Member of the board or *Vorstandsmitglied*.

2. Mr. Matros shall manage the Company in accordance with the law, the Articles of Association, the regulations for the management board in their respective valid versions and this service contract.

   Mr. Matros’s area of responsibility is shown in the respective business distribution plan for the management board and the valid organisational chart.

3. Mr. Matros shall carry out his duties at all times with the due care of a prudent businessman, taking care of the economic, financial and organisational interests of the Company.

4. The supervisory board may appoint other management board members at all times.

§ 2

Remuneration

1. As remuneration for his activities, Mr. Matros shall receive a fixed basic annual salary of Euro   gross. The salary shall be paid in twelve equal instalments (fixed basic monthly salaries) at the end of each calendar month.

2. In addition, Mr. Matros shall also receive a performance-related bonus pursuant to the bonus system he had at the time before he entered into this service contract. For 2006 his bonus target will be 25% of his annualized fixed basic salary on December 31. The bonus regulation is a component of this agreement. Effective January 1, 2007 his annual target bonus is 35% of the fixed basic annual salary.

3. Mr. Matros’ remuneration is reviewed annually in March of each calendar year, for the first time in March 2008.

§ 3

Continued Salary Payments in the event of Sickness and Death

1. Should Mr. Matros be temporarily prevented from carrying out his duties due to sickness or other reasons beyond his control, he shall continue to be paid his basic

salary pursuant to § 2.1 for a period of six months, but at the longest until the termination of this service contract. The claim to a bonus pursuant to § 2.2 shall continue unchanged; it shall, however, be reduced pro rata temporis if the inability to work continues for an unbroken period of more than three months.

2. If a third party is liable to compensate the inability to work on the part of Mr. Matros, Mr. Matros hereby assigns his claims against this third party in the first instance to the Company up to the amount of the remuneration paid; the Company hereby accepts the assignment.

3. If Mr. Matros dies during the term of this service contract, his dependent children shall be entitled to a claim as joint and several creditors to continued payment of the basic salary pursuant to § 2.1 for the month of the death and the three following months. Any claim the dependent children may have to payments from a company pension for Mr. Matros shall be cancelled for this time.

§ 4

Additional Benefits

1. Travel expenses and other expenses incurred by Mr. Matros whilst carrying out his duties within the scope of this service contract shall be reimbursed to him in accordance with the respective regulations in force in the Company.

2. The Company shall provide Mr. Matros with a car for carrying out his duties within the scope of this service contract pursuant to the valid version of the internal Company regulations (Company Car Policy). All costs incurred by the use of the vehicle shall be borne by the Company. Mr. Matros may also use the car privately (including on holiday). Mr. Matros shall bear the income tax incurred on the monetary advantage of private use. He will use his current company car until the end of the current lease period. Then he gets a car in line with the existing Company Car Policy at that point in time.

   Mr. Matros shall return the car immediately upon leaving the services of the Company or upon being released from his duty to serve the Company. Mr. Matros is not entitled to exercise a right of retention of the vehicle.

3. The Company shall conclude an accident insurance policy in favour of Mr. Matros for the duration of this service contract, providing the following cover:

in the event of death:	1 fixed basic annual salary
	Maximum Insurance amount Euro
in the event of disability:	2 fixed basic annual salaries
	Maximum Insurance amount Euro

4. Every two years the company will contribute to the cost of a medical check-up, in the form of the difference between the reimbursement received from Mr. Matros' health insurer and the actual cost. A medical check-up is not considered as a medical check-up performed in response to an acute condition or one requiring hospitalization.

§ 5

Vacation

1. Mr. Matros is entitled to paid annual leave of 30 working days (*Arbeitstage*). Vacation shall be taken in such a manner that the interests of the Company are not jeopardised.

2. The chairman of the supervisory board shall be notified of the vacation. If the annual leave cannot be taken during the course of the year, it must be taken at the latest by March 31 of the following calendar year in consultation with the chairman of the supervisory board. Untaken vacation after March 31st of the following calendar year will be cancelled without financial compensation.

3. Mr. Matros shall ensure that he can be reached at short notice even when on holiday.

§ 6

Pension

1. The current employers' pension commitment of Mr. Matros is modified as follows:

   - Mr. Matros shall retain his vested rights to future pension payments pursuant to the pension agreement, even if he leaves the Company before reaching retirement age.

- The company will set-up a “Joint Support Fund” via an insurance company, with an annual employers contribution of € p.a. starting as per 2007. The details of this support fund will be regulated in a separate contract.

2. Mr. Matros will be provided with a monthly sum of Euro net as compensation for loss of unemployment and pension insurance. This amount is based on a government calculation for year 2006. Each year the amount will be adjusted according to the calculation for that year.

§ 7

Secondary Occupation

1. Mr. Matros undertakes to provide the Company with his full capacity for work.

2. If so required by the supervisory board, Mr. Matros shall also act for other companies in which the Company has a shareholding or similar interests in a manner to be agreed in more detail. Mr. Matros shall cease to carry out such activities at the request of the supervisory board or upon leaving the Company.

3. A secondary occupation in return for payment or free of charge, a position on a supervisory board, advisory board or the like requires the prior written consent of the supervisory board, which consent can be revoked at any time. The chairman of the supervisory board is to be informed in writing of resignations from office. Any activity as an expert or arbitrator requires the prior written consent of the chairman of the supervisory board. The management board is to be notified in advance of publications and lectures of a public nature.

§ 8
Work results

1. The Company and Mr. Matros agree that all rights and claims to all performances and results of performances rendered by Mr. Matros for the Company within the scope of this service contract or in connection with it, by Mr. Matros alone or together with third parties, as well as results from no particular job order, to the extent that they are related to the business purposes or tasks of the Company as well as all further developments and processings thereof (collectively referred to as the “Results”) shall be owned by the Company to the greatest possible extent. Examples of such Results include, without limitation, inventions, technical suggestions for improvement, technical developments, know-how, documents, concepts, drafts, discoveries, processes, formulas, technologies, designs and designations, algorithms, software and databases.

2. Mr. Matros hereby transfers by way of assignment to the Company all transferable rights and claims to the Results with effect as of such time when the respective rights and claims come into existence, so that the Company will be the owner of all such Results without requiring a further act of transfer. Hence, the Company shall in particular be exclusively entitled to file applications for registration of IP rights in its own name and shall be the owner of all such applications and the protective rights ensuing therefrom. The Company hereby accepts the transfers described above.

3. If and to the extent Results are not transferable (in particular in the case of copyrights), Mr. Matros hereby grants the Company with effect as of such time when the respective rights come into existence on a worldwide, exclusive, irrevocable basis and without any limitation in scope and time for the duration of the underlying rights all rights and claims in the Results, in particular the right to use and exploit copyrighted Results without any limitation by all use and exploitation methods whether known or currently unknown. The granted rights and claims shall in particular, without limitation, cover the extent as stated in § 69b UrhG with respect to employees. The Company hereby accepts the granting of rights as described above. The Company shall also have the right to modify the Results to use them in their modified form to the same extent as in their original form. The Company shall be authorized to itself transfer these rights to third parties, in full or in part, or to grant exclusive or non-exclusive rights to third parties. The above granting of rights shall survive this Agreement.

4. Results, including the associated documents and data carriers, shall become the property of the Company upon creation, in their respective processing stages. Any documents and data carriers Mr. Matros has received from the Company shall remain the Company's property. They shall be surrendered at the Company's request, but at the latest after this service contract comes to an end, together with all other Results in Mr. Matros' possession. This obligation also extends to all copies. Mr. Matros shall not be entitled to receive an author's copy pursuant to § 25 of the German Copyright Act (UrhG). No right of retention on the items mentioned above shall exist.

5. The Parties agree that the remuneration set forth in the service contract covers the transfer/granting of the rights and claims transferred and granted under this service contract. This also applies to any rights and claims which arise in the future.

§ 9

Confidentiality and Obligation to Return Company Property

1. Mr. Matros shall maintain confidentiality regarding all business and company matters of the Company and its affiliates he learns of whilst carrying out his duties, in particular company and trade secrets. This confidentiality obligation shall also apply after the service relationship has been terminated.

2. Mr. Matros shall return to the Company or its respective affiliate all objects and documents in his possession belonging to the Company or its affiliates at any time upon request but at the latest upon the termination of the service relationship. Mr. Matros shall have no right of retention of these objects and documents.

§ 10

Prohibition of Competition

During the term of this service contract, Mr. Matros is not permitted to work in any way – be it as an employee or on a self-employed or any other basis – for an undertaking that competes directly or indirectly with the Company or with a business affiliated as a member of the group to the Company or maintains to a material extent business relationships to the Company or a company affiliated to it. In the same way, Mr. Matros is prohibited for the term of this service contract to set up, acquire or hold directly or indirectly

an interest in such a company. Mr. Matros shall inform the chairman of the supervisory board if a member of his family (next of kin in the sense of sect. 15 German Fiscal Code, (AO)) holds an interest in such an enterprise. A shareholding in such a company within in scope of private asset investment which does not have any influence on the bodies of the company concerned shall not be considered an interest in the sense of this provision.

§ 11

Term

1. This service contract shall commence on November 14, 2006. It is concluded for the duration of Mr. Matros's appointment to the position of a member of the Company's management board. It is automatically extended for the period for which the supervisory board, with Mr. Matros' consent, resolves on his reappointment as management board member of the Company. Should the appointment as management board member end, this service contract shall terminate as well.

2. The service contract shall end at the latest without any need for notice of termination at the end of the month in which Mr. Matros reaches the age of 65.

3. If Mr. Matros becomes permanently incapable of working during the term of this service contract, the service contract shall terminate upon the end of the third month after the establishment of the permanent incapacity to work. Permanent incapacity to work within the meaning of this service contract is present if it is anticipated that Mr. Matros, in the long run, will not be able to fulfil the tasks conferred on him in an unrestricted manner. It is considered to be established if the incapacity to work continues uninterrupted for more than twelve months, unless Mr. Matros proves, by means of a certificate of a doctor appointed by mutual agreement, that a restoration of the unrestricted capacity to work is expected within the next six months.

4. The right to terminate the agreement for cause is not affected. All notice of termination shall be given in writing.

5. In the event that the company makes Mr. Matros redundant he shall receive a settlement in the amount of 6 months of his last fixed basic monthly salary. For every additional completed year of service since the date of his employment, Mr. Matros has the right to a settlement that shall increase by 1 monthly salary up to a maximum of 12 monthly salaries.

   The right shall not arise

   - if cause for the termination of the appointment or of the service contract by the Company in the sense of section 84 (3) sentence 1 and 2 German Stock Corporation Act (AktG) or in the sense of section 626 (1) German Civil Code (BGB) is present or
   - if the Company offers Mr. Matros a renewed appointment as Member of the board and Mr. Matros does not accept such offer or
   - if Mr. Matros resigns form his office as Member of the board or terminates this service contract or
   - in the case of subsection 2.

   With this settlement all other salary and bonus payments that may occur due to the length of the contract are abolished.

§ 12

Final Provisions

1. The service relationship is regulated comprehensively and exclusively by this service contract. No ancillary agreements have been made. The existing employment relationship between the Company and Mr. Matros – with the exception of the Pension agreement– is hereby rescinded by mutual consent with effect from midnight on the day immediately preceding the day this service contract takes effect.

2. Amendments and additions to this service contract must be made in writing. This also applies for the removal of or any amendment to this written form clause. Oral agreements regarding the written form requirement are invalid.

3. Should individual provisions in this service contract be or become invalid, this shall not affect the remaining provisions. A suitable provision shall be agreed in place of the invalid provision or in order to fill in any omissions in the agreement which is as close as possible to what the parties intended on the basis of their economic aims.

4. This service contract is governed by German law. It shall also be signed at the same time in English by both parties. Only the German version of the agreement is binding, however.

Radolfzell, ...

/s/ John A. Young
Allweiler AG
Represented by
the chairman of the supervisory board
John A. Young

/s/ Dr. Michael Matros
Dr. Michael Matros

Exhibit 10.4

COLFAX CORPORATION

REGISTRATION RIGHTS AGREEMENT

May 30, 2003

COLFAX CORPORATION
REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of May 30, 2003, is made among Colfax Corporation, a Delaware corporation formerly known as "Constellation Pumps Corporation" (the "Company"), Colfax Capital Corporation, a Delaware corporation ("Colfax Capital"), Janalia Corporation, a Delaware corporation ("Janalia"), Equity Group Holdings, L.L.C., a Delaware limited liability company ("EGH"), and Mitchell P. Rales and Steven M. Rales (together, the "Rales Holders"). Colfax Capital, Janalia, EGH and the Rales Holders are collectively referred to herein as the "Stockholders."

RECITALS:

WHEREAS, immediately prior to the effectiveness of this Agreement, the Company and certain of its Affiliates effected a corporate restructuring;

WHEREAS, pursuant to the terms of that certain Constellation Pumps Corporation Contribution Agreement by and among the Company and the stockholder parties thereto (the "CPC Contribution Agreement"), the Stockholders contributed certain securities held thereby of Affiliates of the Company in exchange for such number of shares of common stock, par value $0.001 per share, of the Company (the "Common Stock") and Series A preferred stock, par value $0.001 per share of the Company (the "Preferred Stock") as set forth in the CPC Contribution Agreement;

WHEREAS, the Company filed a certificate of amendment to its amended and restated certificate of incorporation, with the Secretary of State of the State of Delaware changing its corporate name from "Constellation Pumps Corporation" to "Colfax Corporation," effective immediately prior to the effectiveness of this Agreement; and

WHEREAS, the Company has agreed to grant to the Stockholders the registration rights described in this Agreement with respect to the Registrable Shares (as defined herein) held thereby.

NOW, **THEREFORE**, in consideration of the premises and the mutual covenants and conditions hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Affiliate" has the meaning specified in Rule 12b-2 under the Exchange Act.

"Blackout Period" has the meaning specified in Section 7(a).

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or other governmental actions to close.

"Colfax Capital" has the meaning specified in the preamble of this Agreement.

"Common Stock" has the meaning specified in the recitals to this Agreement.

"Company" has the meaning specified in the preamble of this Agreement.

"CPC Contribution Agreement" has the meaning specified in the recitals to this Agreement.

"Demand Holders" has the meaning specified in Section 3(a).

"EGH" has the meaning specified in the preamble of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor federal statute, as the same shall be in effect from time to time. Reference to a particular section of the Exchange Act shall include reference to the comparable section, if any, of any such successor federal statute.

"Excluded Registration" means a registration of Common Stock under the Securities Act pursuant to a registration statement filed (i) on Form S-4 or Form S-8 or any successor registration forms that may be adopted by the SEC, or (ii) in connection with an exchange offer or an offering of securities solely to existing stockholders of the Company or employees of the Company or its subsidiaries, or (iii) a registration on any form which does not include substantially the same information as would be required to be included in a registration statement.

"Holders" means, collectively, the Stockholders and, subject to Section 14, each other Person to whom any such Stockholder has transferred Registrable Shares provided that such Person has agreed to become bound by the provisions of this Agreement in accordance with Section 14, and provided further that such Person shall only be a Holder for so long as such other Person holds Registrable Shares.

"Initiating Holder" has the meaning specified in Section 4(a).

"Janalia" has the meaning specified in the preamble of this Agreement.

"Losses" has the meaning specified in Section 11(a).

"NASD" means the National Association of Securities Dealers, Inc.

"Other Holders" has the meaning specified in Section 3(a).

"Person" means any individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or a political subdivision or an agency or instrumentality thereof.

"Preferred Stock" has the meaning specified in the recitals to this Agreement.

"Prospectus" means the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Shares covered by any Registration Statement, and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Qualified Public Offering" means a public offering of Common Stock, registered under the Securities Act (other than pursuant to an Excluded Registration), resulting in aggregate proceeds (before deducting expenses and underwriting discounts) to the Company of not less than $50 million.

"Rales Holders" has the meaning specified in the preamble to this Agreement.

"Registrable Shares" means, collectively, (i) the shares of Common Stock held by the Stockholders as of the date of this Agreement (including the shares of Common Stock issued to the Stockholders pursuant to the terms of the CPC Contribution Agreement), (ii) the shares of Common Stock issued to the Stockholders in exchange for, or upon conversion of the shares of Preferred Stock held by the Stockholders as of the date of this Agreement (including the shares of Preferred Stock issued to the Stockholders pursuant to the terms of the CPC Contribution Agreement), and (iii) any other shares of Common Stock or Preferred Stock issued as a dividend or other distribution with respect to, or in exchange for, or in replacement of, the shares of Common Stock or Preferred Stock described in clauses (i) and (ii) above. Such shares of Common Stock shall cease to be Registrable Shares as provided in Section 2.

"Registration Expenses" means any and all out-of-pocket expenses incident to the Company's performance of its registration obligations under this Agreement, including, without limitation, (i) all SEC registration and filing fees and expenses incurred in connection with the preparation, printing and distribution of the Registration Statement and Prospectus and any other document or amendment thereto and the mailing and delivery of copies thereof to the Holders and any dealers or underwriters, (ii) fees and disbursements of the Company, including, without limitation, fees and disbursements of counsel for the Company and of independent public accountants and other experts of the Company, (iii) fees and expenses in connection with the qualification of Registrable Shares for offering and sale under state securities laws (including fees and expenses incurred in connection with blue sky qualifications of the Registrable Shares),

(iv) fees and expenses incident to any filing with the NASD or to securing any required review by NASD of the terms of the sale of Registrable Shares, (v) the reasonable and customary expenses of one special counsel of the Stockholders; and (vi) all fees and expenses incurred in connection with the listing of Registrable Shares on each securities exchange or automated quotation system on which the Common Stock is then listed and, but excluding any underwriting discounts and fees, brokerage and sales commissions, and transfer and documentary stamp taxes, if any, relating to the sale or disposition of the Registrable Shares.

"Registration Rights Period" means for purposes of the registration rights granted under Section 3 and Section 5 hereof, the period commencing on such date that is 180 days from the closing date of a Qualified Public Offering and ending on the fifth anniversary thereof.

"Registration Statement" means any registration statement of the Company referred to in Section 3, 4 or 5, including any Prospectus, amendments and supplements to any such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in any such registration statement.

"Related Securities" means any securities of the Company similar or identical to any of the Registrable Shares, including, without limitation, the Common Stock and all other options, warrants, rights and other securities convertible into, or exchangeable or exercisable for, Common Stock.

"Requesting Holder" has the meaning specified in Section 4(a).

"Rule 144" means Rule 144 (or any similar provisions then in effect) promulgated by the SEC under the Securities Act.

"SEC" means the Securities and Exchange Commission.

"Section 8(e) Period" has the meaning specified in Section 8(e).

"Section 8(k) Period" has the meaning specified in Section 8(k).

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, as the same shall be in effect from time to time. Reference to a particular section of the Securities Act shall include reference to the comparable section, if any, of any such successor federal statute.

"Shelf Registration Statement" means a shelf registration statement of the Company filed pursuant to Section 5 which covers Registrable Shares on an appropriate form under Rule 415 of the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Stockholders" has the meaning specified in the preamble to this Agreement.

"Suspension Period" means any period during which the offering of Registrable Shares by any Holder under the Shelf Registration Statement shall be suspended as a result of the occurrence of a Blackout Period, a Section 8(e) Period or a Section 8(k) Period.

"Underwritten Offering" means an underwritten offering in which Common Stock is sold to an underwriter for reoffering to the public.

2. Securities Subject to this Agreement. The Registrable Shares are the sole securities entitled to the benefits of this Agreement. For the purposes of this Agreement, Registrable Shares held by any Holder shall cease to be Registrable Shares (and such Holder shall cease to have any registration rights with respect to such securities under this Agreement) on the date and to the extent that (i) a Registration Statement covering such Registrable Shares has been declared effective under the Securities Act and such Registrable Shares have been disposed of pursuant to such effective Registration Statement, (ii) such Registrable Shares have been sold or transferred in accordance with the requirements of Rule 144, (iii) such Registrable Shares have been otherwise transferred or disposed of, certificates therefor not bearing a legend restricting further transfer or disposition thereof shall have been delivered by the Company and, at such time, subsequent transfer or disposition of such securities shall not require registration of such securities under the Securities Act, (iv) all such Registrable Shares may be sold or transferred by such Holder without holding period, volume or manner of offering limitations under the Securities Act and the rules and regulations thereunder, or (v) such Registrable Shares have ceased to be outstanding.

3. Demand Registration Rights.

(a) During the Registration Rights Period, upon the written request of Holders of at least thirty percent (30%) of the then outstanding Registrable Shares (the "Demand Holders") that the Company effect the registration under the Securities Act of all or part of such Demand Holders' Registrable Shares (which written request shall specify the aggregate number of Registrable Shares requested to be registered and the proposed method of distribution thereof), the Company shall (i) within 30 Business Days after its receipt of such request file with the SEC a Registration Statement with respect to the requested registration (provided that, (x) if the Company is then legally prohibited from making such filing, it shall take such action contemplated by Section 3(a)(i) as soon thereafter as is legally permissible, or (y) if the registration requested by the Demand Holders shall result in the Company's initial registered public offering of Common Stock under the Securities Act, the Company shall have 120 Business Days to take such action contemplated by Section 3(a)(i)),and (ii) within five Business Days after its receipt of such request from the Demand Holders, notify in writing any other Holders (the "Other Holders") of such request and indicate in such notice the planned initial filing date of such Registration Statement. Such Registration Statement shall cover the Registrable

Shares requested by the Demand Holders to be registered and any Registrable Shares that the Other Holders request, by written notice to the Company given no later than ten Business Days prior to such planned initial filing date, to be registered. Notwithstanding the foregoing provisions of this Section 3(a), the Company shall not be required to take any action pursuant to this Section 3:

(i) if prior to the date of such request the Company shall have effected two registrations pursuant to this Section 3;

(ii) if the Company shall have effected a registration pursuant to this Section 3 within the 180-day period immediately preceding the date of such request;

(iii) if the Registrable Shares that the Company has been requested to register shall have a then-current market value of less than $5,000,000, unless such registration request is for all remaining Registrable Shares held by the Holders;

(iv) during the pendency of any Blackout Period; or

(v) if at the date of such request the Company shall have effective a Shelf Registration Statement pursuant to which the Demand Holders could effect the disposition of their Registrable Shares;

provided, however, that the Company shall be permitted to satisfy its obligations under this Section 3(a) by amending (to the extent permitted by applicable law) within 30 Business Days after a written request for registration from the Demand Holders, any Registration Statement previously filed by the Company under the Securities Act so that such Registration Statement (as amended) shall permit the disposition (in accordance with the intended methods of disposition specified as aforesaid) of all of the Registrable Shares for which a demand for registration has been made under this Section 3(a). If the Company shall so amend a previously filed Registration Statement, it shall be deemed to have effected a registration for purposes of this Section 3 and such registration shall count toward the number of Section 3 registrations permitted under Section 3(a)(i) hereof.

(b) The Holders delivering a request pursuant to Section 3(a) may distribute the Registrable Shares covered by such request by means of an Underwritten Offering or any other method of distribution, as determined by the Demand Holders holding a majority of the Demand Holders' Registrable Shares so requested to be registered.

(c) Subject to Section 3(d), a registration requested pursuant to Section 3(a) shall not be deemed to be effected for purposes of this Section 3 if it has not been declared effective by the SEC or become effective in accordance with the Securities Act and the rules and regulations thereunder.

(d) Holders holding a majority of the Registrable Shares to be included in a Registration Statement to be filed pursuant to this Section 3 may, at any time prior to the effective date of the Registration Statement relating to such registration, revoke such request by providing a written notice to the Company revoking such request. If a Registration Statement is so revoked, the Demand Holders and Other Holders requesting that Registrable Shares be included in such Registration Statement shall reimburse the Company for all of its Registration Expenses incurred in the preparation, filing and processing of the Registration Statement. In the case of any such revocation by the Demand Holders and Other Holders, the Company shall be deemed to have effected a registration pursuant to this Section 3 and such registration shall count toward the number of Section 3 registrations permitted under Section 3(a)(i).

(e) If the Company wishes, or any holder of Common Stock has the right, to include shares of Common Stock in a Registration Statement pursuant to this Section 3, there shall be included in such Registration Statement only that number of shares of Common Stock, if any, that the lead managing underwriter (if the offering covered by such Registration Statement is an Underwritten Offering) or the Demand Holders and Other Holders holding a majority of the Registrable Shares to be included in a Registration Statement to be filed pursuant to Section 3 (if the offering covered by such Registration Statement is not an Underwritten Offering) shall reasonably believe will not adversely affect the offering of all of the Registrable Shares that the Holders desire to sell for their own account. In such event, the shares of Common Stock to be included in such Registration Statement shall consist of (i) first, the Registrable Shares that the Holders propose to sell, (ii) second, the shares of Common Stock the Company proposes to sell for its own account, and (iii) third, the number, if any, of other shares of Common Stock requested to be included in such registration that, in the reasonable opinion of such lead managing underwriter or the Holders holding a majority of the Registrable Shares to be included in such Registration Statement pursuant to Section 3, as applicable, can be sold without jeopardizing the success of the offering of all the shares of Common Stock that each Holder or the Company, as the case may be, desires to sell for its own account, such other shares to be allocated among the holders thereof who have requested that their shares be so included in accordance with the provisions of their registration rights agreements with the Company.

(f) The Company shall not, without the prior written consent of the holders of 66 2/3% of the then outstanding Registrable Securities, grant to any Person, demand registration rights as contemplated by this Section 3.

4. Piggy-Back Registration Rights.

(a) If, the Company shall propose to file a Registration Statement (other than an Excluded Registration) under the Securities Act relating to the offering of Common Stock for the Company’s own account (including the Company’s initial public offering of Common Stock under the Securities Act) or for the account of any holder or holders of Common Stock (the “Initiating Holder”) and on a registration form and in a manner that would permit the registration of Registrable Shares for sale to the public

under the Securities Act, the Company shall (i) give written notice at least 15 Business Days prior to the filing thereof to each Holder, specifying the approximate date on which the Company proposes to file such Registration Statement and advising such Holder of its right to have any or all of the Registrable Shares of such Holder included among the securities to be covered thereby, and (ii) at the written request of any such Holder given to the Company within 10 Business Days after the Company's delivery of written notice to the Holders, include among the securities covered by such Registration Statement the number of Registrable Shares which such Holder (a "Requesting Holder") shall have requested be so included (subject, however, to reduction in accordance with Section 4(b)); provided, however, that the Company shall not be required to take any action pursuant to this Section 4(a) if the Company shall at the time have effective a Shelf Registration Statement pursuant to which such Requesting Holders could effect the disposition of such Holders' Registrable Shares in the manner requested.

(b) Each Holder wishing to participate in an offering pursuant to Section 4(a) may include Registrable Shares in any Registration Statement relating to an offering pursuant to Section 4(a) only to the extent that the inclusion of such Registrable Shares shall not reduce the number of shares of Common Stock to be offered and sold by the Company or any Initiating Holder pursuant thereto. If the lead managing underwriter for an Underwritten Offering pursuant to Section 4(a) determines that marketing factors require a limitation on the number of Registrable Shares to be offered and sold by Requesting Holders in such offering, there shall be included in such offering only that number of Registrable Shares, if any, that such lead managing underwriter reasonably believes will not adversely affect the offering of all of the shares of Common Stock that the Company wishes to sell for its own account or that any Initiating Holder wishes to sell for its own account. In such event, or otherwise in connection with any offering other than an Underwritten Offering in which the inclusion of Registrable Shares could adversely affect the offering of all of the shares of Common Stock that the Company or the Initiating Holder wishes to sell for its own account, as reasonably determined by the Company, the securities to be included in such offering shall consist of (i) first, the securities the Company or the Initiating Holder, as the case may be, proposes to sell, (ii) second, the number, if any, of Registrable Shares that are requested to be included in such registration that, (a) in an Underwritten Offering, in the opinion of the lead managing underwriter of such Underwritten Offering, can be sold without adversely affecting the offering of all of the securities that the Company and any Initiating Holder wish to sell for their own account, or (b) in an offering other than an Underwritten Offering, can be sold without adversely affecting the offering of all of the securities that the Company and any Initiating Holder wish to sell for their own account, as reasonably determined by the Company, such number of Registrable Shares to be allocated on a pro rata basis among the Holders who have requested that their Registrable Shares be so included based on the number of Registrable Shares that each Holder thereof has requested to be so included, and (iii) third, any other securities of the Company that are subject to registration rights with respect to such registration.

(c) The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 4 prior to the effectiveness of such

Registration Statement whether or not any Holder has elected to include Registrable Securities in such Registration Statement. Nothing in this Section 4 shall create any liability on the part of the Company to any Holder if for any reason the Company shall decide not to file, or to delay the filing of, a Registration Statement proposed to be filed under Section 4(a) or to withdraw such Registration Statement subsequent to its filing, regardless of any action whatsoever that a Holder may have taken, whether as a result of the issuance by the Company of any notice hereunder or otherwise, provided, however, that the Company shall not be relieved of its obligation hereunder to pay the Registration Expenses in connection with any such filing or proposed filing.

(d) The Company shall not, without the prior written consent of the holders of 66 2/3% of the then outstanding Registrable Securities, grant any Person piggy-back registration rights which afford such Person the rights to include shares held thereby in a Registration Statement of the Company, the Demand Holders or any Initiating Holder, other than pursuant to Section 4(b)(iii).

5. Shelf Registration Statement on Form S-3.

(a) Request for Registration. Registration Rights Period, in case the Company shall receive from the Holders of the then outstanding Registrable Shares a written request that the Company file a Shelf Registration Statement for a public offering of shares of Registrable Securities with reasonably anticipated aggregate proceeds of at least $750,000, and if the Company is a registrant entitled to use Form S-3 or any successor form thereto for use as a short-form Shelf Registration Statement to register the Registrable Securities for such an offering, the Company shall (i) within 20 Business Days after its receipt of such request file with the SEC a Shelf Registration Statement with respect to the registration requested under this Section 5, and (ii) within five Business Days after its receipt of such request, notify in writing any other Holders of such request and indicate in such notice the planned initial filing date of such Shelf Registration Statement. Such Registration shall include the Registrable Shares requested by the Holders to be included by written notice to the Company given no later than five Business Days prior to the initial filing date. The Company shall use its reasonable best efforts to cause such Registrable Securities to be registered for the offering on such form. In the event the registration is proposed to be part of a firm commitment Underwritten Offering, the substantive provisions of Section 3 shall be applicable to each such registration initiated under this Section 5.

(b) Notwithstanding the foregoing, the Company shall not be required to take any action Pursuant to this Section 5:

(i) if prior to the date of such request the Company shall have effected two registrations pursuant to this Section 5;

(ii) if the Company shall have effected a registration pursuant to Section 3 or Section 5 within the 180-day period immediately preceding the date of such request; or

(iii) during the pendency of any Blackout Period.

(c) The Company shall be permitted to satisfy its obligations under this Section 5 by amending (to the extent permitted by applicable law) within 20 Business Days after a written request for registration, any Shelf Registration Statement previously filed by the Company under the Securities Act so that such Shelf Registration Statement (as amended) shall permit the disposition (in accordance with the intended methods of disposition specified as aforesaid) of all of the Registrable Shares for which a demand for registration has been made under this Section 5. If the Company shall so amend a previously filed Shelf Registration Statement, it shall be deemed to have effected a registration for purposes of this Section 5 and such registration shall count toward the number of Section 3 registrations permitted under Section 5(b)(i).

(d) Subject to Section 5(e), a registration requested pursuant to Section 5(a) shall not be deemed to be effected for purposes of this Section 5 if it has not been declared effective by the SEC or become effective in accordance with the Securities Act and the rules and regulations thereunder.

(e) Holders holding a majority of the Registrable Shares to be included in a Shelf Registration Statement to be filed pursuant to this Section 5 may, at any time prior to the effective date of the Shelf Registration Statement relating to such registration, revoke such request by providing a written notice to the Company revoking such request. If a Shelf Registration Statement is so revoked, the Holders requesting that Registrable Shares be included in such Shelf Registration Statement shall reimburse the Company for all of its Registration Expenses incurred in the preparation, filing and processing of the Shelf Registration Statement. In the case of any such revocation, the Company shall be deemed to have effected a registration pursuant to this Section 5 and such registration shall count toward the number of Section 5 registrations permitted under Section 5(b)(i).

(f) If the Company wishes, or any holder of Common Stock has the right, to include shares of Common Stock in a Registration Statement pursuant to this Section 5, there shall be included in such Registration Statement only that number of shares of Common Stock, if any, that the lead managing underwriter (if the offering covered by such Shelf Registration Statement is an Underwritten Offering) or the Holders holding a majority of the Registrable Shares to be registered (if the offering covered by such Shelf Registration Statement is not an Underwritten Offering) shall reasonably believe will not adversely affect the offering of all of the Registrable Shares that the Holders desire to sell for their own account. In such event, the shares of Common Stock to be included in such Shelf Registration Statement shall consist of (i) first, the Registrable Shares that the Holders propose to sell, (ii) second, the shares of Common Stock the Company proposes to sell for its own account, and (iii) third, the number, if any, of other shares of Common Stock requested to be included in such registration that, in the reasonable opinion of such lead managing underwriter or the Holders holding a majority of the Registrable Shares to be registered, as applicable, can be sold without jeopardizing the success of the offering of all the shares of Common Stock that each Holder or the Company, as the case may be, desires to sell for its own account, such other

shares to be allocated among the holders thereof who have requested that their shares be so included in accordance with the provisions of their registration rights agreements with the Company.

(g) The Company shall not, without the prior written consent of the holders of 66 2/3% of the then outstanding Registrable Securities, grant any Person short-form or shelf registration rights on Form S-3, or such successor form, as contemplated by this Section 5.

6. Selection of Underwriters. In connection with any Underwritten Offering subject to registration rights hereunder, the Company shall have the right to select a lead managing underwriter or underwriters to administer such offering, which lead managing underwriter or underwriters shall be reasonably satisfactory to the Holders holding a majority of the Registrable Shares to be included in such Registration Statement.

7. Blackout Periods; Holdback.

(a) If the Company determines that the registration and distribution of Registrable Shares (i) would materially impede, delay, interfere with or otherwise adversely affect any pending financing, registration of securities, acquisition, corporate reorganization or other significant transaction involving the Company or (ii) would require disclosure of non-public material information that the Company has a bona fide business purpose for preserving as confidential, as determined by the Company's Board of Directors in good faith, the Company shall be entitled to postpone the filing or effectiveness of a Registration Statement, or to suspend the use of an effective Registration Statement, for the shortest period of time reasonably required, but in any event not to exceed 90 days (each such period, a "Blackout Period"). The Company shall not be entitled to obtain deferrals under this Section 7(a) for more than an aggregate of 120 days in any 12-month period without the prior written approval of a majority of the Holders of Registrable Shares. The Company shall notify each Holder, in writing, of the expiration or earlier termination of a Blackout Period. The Company shall not be required to file any Registration Statement or effect any registration of Registrable Securities under Sections 3,4 or 5 during any period in which such registration by the Company is legally prohibited. The pendency of any such period of legal prohibition shall not be deemed a Blackout Period.

(b) If requested by the managing underwriter of any Underwritten Offering of securities of the Company registered under the Securities Act, each Holder shall not, and shall use commercially reasonable efforts to ensure that its Affiliates do not, directly or indirectly, sell, offer, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, warrant or right to purchase, or otherwise dispose of or transfer, or enter into any swap or other agreement or any arrangement that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership in, any Registrable Shares or Related Securities held by such Holder or such Holder's Affiliates during the 90 days following the effective date of a Registration Statement of the Company filed under the Securities Act, except for

Registrable Shares included in such Registration Statement. If requested by such managing underwriter, each Holder shall enter, and shall use commercially reasonable efforts to ensure that all Affiliates of such Holder holding Registrable Shares or Related Securities enter, into a lock-up agreement with the applicable underwriters that is consistent with the agreement in the preceding sentence.

8. Registration Procedures. In connection with the registration obligations of the Company under Sections 3, 4 and 5, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a Registration Statement with respect to such Registrable Shares on any registration form adopted by the SEC for which the Company then qualifies or which counsel for the Company shall deem appropriate, and which form shall be available for the sale of the Registrable Shares in accordance with the intended methods of distribution thereof, and use reasonable efforts to cause such Registration Statement to become and remain effective;

(b) prepare and file with the SEC amendments and post-effective amendments to such Registration Statement and such amendments and supplements to the Prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration or as may be required by the rules, regulations or instructions applicable to the registration form utilized by the Company or by the Securities Act or rules and regulations thereunder necessary to keep such Registration Statement effective (i) in the case of any registration under Section 5, until the earlier of (x) the first anniversary of the date of initial effectiveness of the Shelf Registration Statement, plus any Suspension Periods (which shall be added to such one-year period), or (y) the date on which the securities covered by the Shelf Registration Statement cease to be Registrable Shares, (ii) in the case of an Underwritten Offering, until each underwriter has completed the distribution of all securities purchased by it, and (iii) in the case of any other registration, until the securities covered thereby cease to be Registrable Shares, and cause the Prospectus as so amended and supplemented to be filed pursuant to Rule 424 under the Securities Act, and otherwise use reasonable efforts to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until such time as is specified in clause (i), (ii) or (iii) above, as the case may be;

(c) furnish to each Holder of such Registrable Shares such number of copies of such Registration Statement and of each amendment and post-effective amendment thereto, any Prospectus or Prospectus supplement and such other documents as such Holder may reasonably request in order to facilitate the disposition of the Registrable Shares by such Holder (the Company hereby consenting to the use (subject to the limitations set forth in Section 9(b)) or the Prospectus or any amendment or supplement thereto in connection with such disposition);

(d) use reasonable efforts to register or qualify such Registrable Shares covered by such Registration Statement under such other securities or blue sky laws of

such jurisdictions as each Holder shall reasonably request, and to do any and all other acts and things which may be reasonably necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Shares owned by such Holder, except that the Company shall not be required for any such purpose to qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this Section 8(d), it would not be obligated to be so qualified, to subject itself to taxation in any such jurisdiction, or to consent to general service of process in any such jurisdiction;

(e) notify each Holder of any such Registrable Shares covered by such Registration Statement, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act within the applicable period referred to in Section 8(b), that the Company has become aware that the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing (the period during which the Holders are required in such case pursuant to Section 9(b) to refrain from effecting public sales or distributions of Registrable Shares referred to herein as a "Section 8(e) Period"), and prepare and furnish to such Holder, as soon as reasonably practicable, a reasonable number of copies of an amendment to such Registration Statement or supplement to such related Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Shares, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(f) notify each Holder of Registrable Shares covered by such Registration Statement at any time,

(i) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed and, with respect to the Registration Statement or any post-effective amendment, when the Registration Statement or such post-effective amendment has become effective;

(ii) of the issuance by the SEC of any stop order of which the Company is aware suspending the effectiveness of the Registration Statement or any order preventing the use of a related Prospectus, or the initiation of any proceedings for such purposes; and

(iii) of the receipt of the Company of any written notification of the suspension of the qualification of any of the Registrable Shares for sale in any jurisdiction or the initiation of any proceeding for such purpose;

(g) make available to its stockholders an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act, provided that the Company shall be deemed to have complied with this Section 8(g) if it has complied with Rule 158 under the Securities Act;

(h) if the registration involves an Underwritten Offering, enter into a customary underwriting agreement and in connection therewith:

(i) make such representations and warranties to the underwriters in form, substance and scope as are customarily made by issuers to underwriters in comparable Underwritten Offerings;

(ii) use reasonable efforts to obtain opinions of counsel to the Company (in form, scope and substance reasonably satisfactory to the managing underwriters), addressed to the underwriters, and covering the matters customarily covered in opinions requested in comparable Underwritten Offerings;

(iii) use reasonable efforts to obtain "cold comfort" letters and bring-downs thereof from the Company's independent certified public accountants addressed to the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters by independent accountants in connection with Underwritten Offerings; and

(iv) deliver such documents and certificates as may be reasonably requested by the managing underwriters to evidence compliance with any customary conditions contained in the underwriting agreement;

(i) cooperate with the Holders of Registrable Shares covered by such Registration Statement and the managing underwriter or underwriters or agents, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing the securities to be sold under such Registration Statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or underwriters or agents, if any, or such Holders may request;

(j) if reasonably requested by the managing underwriter or underwriters or a Holder of Registrable Shares being sold in connection with an Underwritten Offering, incorporate in a Prospectus supplement or post-effective amendment to the Registration Statement such information as the managing underwriters and the Holders of a majority of the Registrable Shares being sold agree should be included therein relating to the plan of distribution with respect to such Registrable Shares, including, without limitation, information with respect to the principal amount of Registrable Shares being sold to such underwriters, the purchase price being paid therefor by such underwriters and any other terms of the Underwritten Offering of the Registrable Shares to be sold in such offering and make all required filings of such Prospectus supplement or post-effective amendment upon being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(k) in the event of the issuance of any stop order of which the Company is aware suspending the effectiveness of the Registration Statement, or of any order suspending or preventing the use of any related Prospectus or suspending the qualification of any Registrable Shares included in the Registration Statement for sale in

any jurisdiction, use reasonable efforts promptly to obtain the withdrawal of such stop order or other order (the period between the issuance and withdrawal of any stop order or other order referred to herein as a "Section 8(k) Period"); and

(l) use reasonable efforts to cause all Registrable Shares covered by such Registration Statement to be listed on any securities exchange or automated quotation system on which the Common Stock is then listed, if such Registrable Shares are not already so listed and if such listing is then permitted under the rules of such securities exchange or automated quotation system.

9. Agreements of Holders.

(a) As a condition to the Company's obligation under this Agreement to cause Registrable Shares of any Holder to be included in a Registration Statement, such Holder shall timely provide the Company with all of the information required to be provided in the Registration Statement with respect to such Holder pursuant to Items 507 and 508 of Regulation S-K under the Securities Act or as otherwise may reasonably be required by the Company in connection with the Registration Statement.

(b) Each Holder shall comply with the Prospectus delivery requirements of the Securities Act in connection with the offer and sale of Registrable Shares made by such Holder pursuant to any Registration Statement. Upon receipt of any notice from the Company of the happening of any event of the kind described in Section 8(e) or Section 8(k), each Holder of Registrable Shares shall forthwith discontinue the disposition of Registrable Shares pursuant to the Prospectus or Registration Statement covering such Registrable Shares until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 8(e) or the withdrawal of any stop order or other order referred to in Section 8(k), and, if so directed by the Company, shall deliver to the Company all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Shares at the time of receipt of such notice.

(c) Each Holder shall effect all sales and distributions of such Holder's Registrable Shares made pursuant to the Shelf Registration Statement in a manner consistent with the terms of the Plan of Distribution.

(d) To the extent required by the Securities Act or rules or regulations thereunder, as reasonably determined by the Company, a Holder shall consent to disclosure in any Registration Statement to the effect that such Holder is or may be deemed to be an underwriter for purposes of the Securities Act in connection with the offering of Registrable Shares of such Holder included in such Registration Statement.

(e) Each Holder shall comply, and shall use commercially reasonable efforts to cause its Affiliates to comply, with Regulation M under the Exchange Act in connection with the offer and sale of Registrable Shares made by such Holder pursuant to any Registration Statement. Each Holder shall provide the Company with such

information about such Holder's offer and sale of Registrable Shares pursuant to any Registration Statement as the Company shall reasonably require to enable the Company and its Affiliates to comply with Regulation M under the Exchange Act in connection with any such offer and sale.

10. Registration Expenses. Except as otherwise provided in the Agreement, the Company shall pay all Registration Expenses in connection with all registrations pursuant to this Agreement. In connection with all such registrations, each Holder shall pay all underwriting discounts and fees, brokerage and sales commissions, and transfer and documentary stamp taxes, if any, relating to the sale or disposition of such Holder's Registrable Shares pursuant to the Registration Statement, and all fees and expenses of counsel to such Holder.

11. Indemnification; Contribution.

(a) The Company shall indemnify and hold harmless each Holder in any offering or sale of Registrable Shares, each Person, if any, who participates as an underwriter in any offering and sale of Registrable Shares, and each Person, if any, who controls such Holder or such underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and their respective directors, trustees, officers, partners, agents, employees and affiliates against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees, disbursements and expenses, as incurred) (collectively, "Losses") incurred by such party pursuant to any actual or threatened action, suit, proceeding or investigation arising out of or based upon any untrue or alleged untrue statement of a material fact contained in, or any omission or alleged omission of a material fact required to be stated in, the Registration Statement, Prospectus or preliminary Prospectus or any amendment or supplement to any of the foregoing or necessary to make the statements therein (in the case of a Prospectus or a preliminary Prospectus, in the light of the circumstances then existing) not misleading, except in each case insofar as such statements or omissions arise out of or are based upon (i) any such untrue statement or alleged untrue statement or omission or alleged omission made in reliance on and in conformity with information with respect to such Holder furnished in writing to the Company by such Holder or its counsel expressly for use therein, (ii) the use of any Prospectus after such time as the obligation of the Company to keep effective the Registration Statement of which such Prospectus forms a part has expired or (iii) the use of any Prospectus after such time as the Company has advised the Holders that the filing of an amendment or supplement thereto is required, except such Prospectus as so amended or supplemented.

(b) In connection with any Registration Statement filed pursuant hereto, each Holder of Registrable Shares to be covered thereby shall, severally and not jointly with any other Holders, indemnify and hold harmless the Company, each Person, if any, who participates as an underwriter in any offering and sale of Registrable Shares and each Person, if any, who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and their respective directors, trustees, officers, partners, agents, employees and affiliates, against

all Losses incurred by such party pursuant to any actual or threatened action, suit, proceeding or investigation arising out of or based upon any untrue or alleged untrue statement of a material fact contained in, or any omission or alleged omission of a material fact required to be stated in, the Registration Statement, Prospectus or preliminary Prospectus or any amendment or supplement to any of the foregoing or necessary to make the statements therein (in case of a Prospectus or preliminary Prospectus, in the light of the circumstances then existing) not misleading, but only to the extent that any such untrue statement or omission is made in reliance on and in conformity with information with respect to such Holder furnished in writing to the Company by such Holder or its counsel specifically for use therein; provided, however, that no Holder shall be required to indemnify the Company or any other indemnified party under this Section 11(b) with respect to any amount in excess of the amount of the total net proceeds received by such Holder from sales of the Registrable Shares of such Holder under such Registration Statement.

(c) Any Person entitled to indemnification hereunder agrees to give prompt written notice to the indemnifying party after the receipt by such indemnified party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which such indemnified party may claim indemnification or contribution pursuant to this Agreement, provided that failure to give such notification shall not affect the obligations of the indemnifying party pursuant to this Section 11 except to the extent the indemnifying party shall have been actually prejudiced as a result of such failure. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation, unless in the reasonable judgment of any indemnified party, based on the written opinion of counsel, a conflict of interest is likely to exist between the indemnifying party and such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall not be liable for the fees and expenses of (i) more than one counsel for all Holders of Registrable Shares who are indemnified parties, selected by the Holders of a majority of the Registrable Shares who are indemnified parties (which selection shall be reasonably satisfactory to the Company), (ii) more than one counsel for the underwriters in an Underwritten Offering or (iii) more than one counsel for the Company, in each case in connection with any one action or separate but similar or related actions. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, based on the written opinion of counsel, a

conflict of interest is likely to exist between an indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel, provided that the indemnifying party shall not be liable for the fees and expenses of (i) more than one counsel for all Holders of Registrable Shares who are indemnified parties, selected by the Holders of a majority of the Registrable Shares who are indemnified parties (which selection shall be reasonably satisfactory to the Company), (ii) more than one counsel for the underwriters in an Underwritten Offering or (iii) more than one counsel for the Company, in each case in connection with any one action or separate but similar or related actions. No indemnifying party, in defense of any such action, suit, proceeding or investigation, shall, except with the consent of each indemnified party, consent to the entry of any judgment or entry into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such action, suit, proceeding or investigation to the extent such liability is covered by the indemnity obligations set forth in this Section 11. No indemnified party shall consent to entry of any judgment or entry into any settlement without the consent of each indemnifying party.

(d) If the indemnification from the indemnifying party provided for in this Section 11 is unavailable to an indemnified party hereunder in respect to any Losses, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified party in connection with the actions which resulted in such Losses, as well as any other relevant equitable considerations; provided, however, that no Holder shall be required to contribute any amount in excess of the amount of the total net proceeds received by such Holder from sales of the Registrable Shares of the Holder under the applicable Registration Statement. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Losses referred to above shall be deemed to include, subject to the limitations set forth in Section 11(c), any legal or other fees and expenses reasonably incurred by such indemnified party in connection with any investigation or proceeding. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The parties agree that it would not be just and equitable if contribution pursuant to this Section 11(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the consideration referred to in this Section 11(d). If indemnification is available under this Section 11, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 11(a) or 11(b), as the case may be, without regard to the relative fault of such indemnifying parties or indemnified party or any other equitable consideration provided for in this Section 11(d).

(e) The provisions of this Section 11 shall be in addition to any liability which any indemnifying party may have to any indemnified party and shall survive the termination of this Agreement.

12. Participation in Underwritten Offerings. No Holder of Registrable Shares may participate in any Underwritten Offering pursuant to this Agreement unless such Holder (i) agrees to sell such Holder's Registrable Shares on the basis provided in any underwriting arrangements approved by the Company and (ii) completes and executes all questionnaires, powers of attorney, custody agreements, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

13. Reports Under the Exchange Act. To the extent required by the Securities Act or the Exchange Act, for so long as any Registrable Shares remain outstanding, the Company shall use its reasonable best efforts to file with the SEC in a timely manner all reports required to be filed by the Company pursuant to Section 13 or 15(d) of the Exchange Act and shall furnish to any Holder, upon request by such Holder, a written statement by the Company as to whether it has complied with the current public information requirements of Rule 144(c) under the Securities Act.

14. Assignment of Registration Rights. The right to cause the Company to register Registrable Shares pursuant to this Agreement may be assigned (but only with all related obligations hereunder) by any Holder in connection with a transfer of such Registrable Shares to any transferee who, after such transfer, holds at least 10% of the then-outstanding Registrable Shares, provided that, as a condition to the effectiveness of such assignment, such transferee shall be required to execute a counterpart of this Agreement. Upon such transferee's execution of such counterpart, such transferee shall be deemed to be a Holder for all purposes of this Agreement and shall be entitled to the benefits of, and shall be subject to the restrictions contained in, this Agreement as a Holder hereunder to the same extent as if such transferee had originally been included in the definition of a Holder and had originally been a party hereto.

15. Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto, any Holder and any successor, permitted assign, heir and legal representative thereof; provided, however, that, except as provided in Section 14, this Agreement and the provisions of this Agreement that are for the benefit of the Holders shall not be assignable by any Holder, and any such purported assignment shall be null and void. Except to the extent provided in Section 11, nothing in this Agreement, expressed or implied, is intended to confer upon any Person other than the Company, the Holders and their respective successors, permitted assigns, heirs and legal representatives any rights, remedies, obligations or liabilities under or by reason of this Agreement. No purchaser of Common Stock from a Holder shall be deemed to be a successor or assignee of such Holder merely by reason of such purchase.

16. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent thereto of Holders of a majority of the then outstanding Registrable Shares. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Shares whose securities are being included in a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Registrable Shares may be given by Holders of at least a majority of the Registrable Shares being included in such Registration Statement; provided that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the immediately preceding sentence. Each Holder of Registrable Shares outstanding at the time of any such amendment, modification, supplement, waiver or consent or thereafter shall be bound by any such amendment, modification, supplement, waiver or consent effected pursuant to this Section 16, whether or not any notice, writing or marking indicating such amendment, modification, supplement, waiver or consent appears on the Registrable Shares or is delivered to such Holder.

17. Notices; Designated Representative. All notices, demands, requests, consents or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when (i) delivered personally to the recipient, (ii) sent by confirmed facsimile or confirmed electronic mail transmission before 5:00 p.m. New York City time on a Business Day, and otherwise on the next Business Day, or (iii) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid). Such notices, demands, requests, consents and other communications shall be sent (i) if to the Company, to Colfax Corporation, c/o Equity Group Holdings, L.L.C., 2099 Pennsylvania Avenue, N.W., 12th Floor, Washington, D.C. 20006, Attention: Joseph O. Bunting, III, telecopy no.: (202) 419-7656, and (ii) if to any Holder, to such Holder at the address then on record with the Company, or to such other address of Holder designated in writing to the Company from time to time.

18. Headings. The headings contained in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

20. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

21. Termination. This Agreement shall terminate with respect to any Holder when such Holder no longer holds any Registrable Shares, except for any liabilities or obligations under Sections 10 and 11, which shall remain in effect in accordance with their terms. No termination of any provision of this Agreement shall relieve any party of any liability for any breach of such provision occurring prior to such termination.

22. Entire Agreement. This Agreement is intended by the parties to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Shares. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Shares. This Agreement supersedes all prior agreements and undertakings among the parties with respect to such registration rights. No party hereto shall have any rights, duties or obligations other than those specifically set forth in this Agreement.

23. Specific Performance. Without limiting the rights of each party hereto to pursue all other legal and equitable rights available to such party for any other parties' failure to perform their obligations under this Agreement, the parties hereto acknowledge and agree that the remedy at law for any failure to perform their obligations hereunder would be inadequate and that each of them, respectively, to the extent permitted by applicable law, shall be entitled to specific performance, injunctive relief or other equitable remedies in the event of any such failure.

24. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the parties shall negotiate in good faith with a view to the substitution therefor of a suitable and equitable solution in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid provision, provided, however, that the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date set forth in the first paragraph hereof.

COLFAX CORPORATION

By: /s/ John A. Young
Name: John A. Young
Title: President

COLFAX CAPITAL CORPORATION

By: /s/ Joseph O. Bunting III
Name: Joseph O. Bunting III
Title: Vice President

JANALIA CORPORATION

By: /s/ Joseph O. Bunting III
Name: Joseph O. Bunting III
Title: Vice President

EQUITY GROUP HOLDINGS, L.L.C.

By: /s/ Joseph O. Bunting III
Name: Joseph O. Bunting III
Title: Vice President

RALES HOLDERS

/s/ Mitchell P. Rales

Mitchell P. Rales

/s/ Steven M. Rales

Steven M. Rales

Exhibit 10.6

RETIREMENT PLAN FOR SALARIED U.S. EMPLOYEES OF IMO INDUSTRIES INC. AND AFFILIATES

January 1, 2007 Restatement

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PREAMBLE

The Retirement Plan for Salaried U.S. Employees of Imo Industries Inc. and Affiliates, originally effective as of January 1, 1987, is hereby amended and restated in its entirety. The Plan, as amended and restated hereby, is intended to qualify as a defined benefit pension plan under Code Section 401(a). The Plan is maintained for the exclusive benefit of eligible employees and their beneficiaries.

Except as otherwise specifically provided in the Plan, this amended and restated Plan shall be effective as of January 1, 2007, and the rights of any person who did not have an Hour of Service under the Plan on or after January 1, 2007, shall generally be determined in accordance with the terms of the Plan as in effect on the date for which he was last credited with an Hour of Service.

Notwithstanding any other provision of the Plan to the contrary, a Participant's vested interest in his Accrued Benefit under the Plan on and after the effective date of this amendment and restatement shall be not less than his vested interest in his Accrued Benefit on the day immediately preceding the effective date.

Effective January 1, 2002, assets and liabilities with respect to the employee groups identified below were spun off and transferred to the Retirement Plan for Power Transmission Employees of Imo Industries Inc.:

(a) All active employees at Boston Gear – Florence, Quincy, Louisberg and Charlotte; Morse Controls; and Fincor Electronics.

(b) All former employees at Varo Division; Controlex; Heim Bearings; Acme Chain; Air Maze; Delroyd Worm Gear; Incom; Luber Finer Filter; and Engine & Compressor.

ARTICLE I
DEFINITIONS

1.1 Plan Definitions

As used herein, the following words and phrases, when they appear with initial letters capitalized as indicated below, have the meanings hereinafter set forth:

(a) An **"Active Participant"** means a Participant who is accruing Credited Service under the Plan in accordance with the provisions of Article III.

(b) A Participant's **"Accrued Benefit"** as of any date means:

(1) for a Participant who is employed at the Imo Division and covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steel Workers of America, AFL-CIO-CLC Local Union 6061, the portion of his monthly normal retirement benefit accrued as of that date determined as provided in the applicable Addendum, based on his years of Credited Service determined as of that date.

(2) for a Participant who is employed (i) as a salaried employee at Warren Pump, (ii) as an hourly employee at Fincor, or (iii) as an hourly employee at Boston Gear Florence on January 31, 1999, and who is credited with an Hour of Service after January 31,1999, his benefit accrued as of January 31, 1999, determined as provided in the applicable Addendum, based on his years of Credited Service determined as of January 31, 1999, and increased by 20 percent.

(3) for any other Participant who is employed as an Employee on January 31,1999, and who is credited with an Hour of Service after January 31, 1999, his benefit accrued as of January 31,1999, determined under the terms of the Plan in effect on that date, plus an amount equal to 20 percent of his "base benefit" as determined under Section 5.2(a)(l) or 20 percent of his benefit determined under Section 5.2(b), as applicable.

(c) **"Accumulated Contributions"** as of any date means the total of an Employee's Mandatory Employee Contributions plus interest. Accumulated Contributions for Participants other than salaried employees at Warren Pump are listed in Schedule C. Interest on a Participant's Mandatory Employee Contributions shall be credited annually to the date of determination as follows:

(1) For Plan Years beginning prior to January 1, 1987 (January 1, 1988 for salaried employees at Warren Pump), at the interest rate specified in the Plan as in effect on the applicable date; and

(2) For Plan Years beginning on or after January 1, 1987 (January 1, 1988 for salaried employees at Warren Pump), at 120 percent of the Federal mid-term rate as in effect under Code Section 1274 for the first month of the Plan Year.

For purposes of determining the projected value of a Participant's Accumulated Contributions, interest shall be credited for the period from the date of determination to the Participant's Normal Retirement Date at the rate that would be used under Code Section 417(e)(3).

(d) The **"Actuarial Equivalent"** of a value means the actuarial equivalent determined using the following factors:

(1) For determining present value for purposes other than a single sum payment, (i) for Participants who are salaried employees at Warren Pump, hourly employees at Fincor, hourly employees at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061, the factors specified in the applicable Addendum and (ii) for Participants other than those described in clause (i), the 1983 Male Group Annuity Table with a two-year setback for Participants and a five-year setback for Beneficiaries and an interest rate equal to the Pension Benefit Guaranty Corporation interest rate for the valuation of immediate annuities for pension plans terminating on October 1 of the calendar year preceding the determination date.

(2) For determining present value for purposes of a single sum payment, (i) the "applicable mortality table" prescribed by the Secretary of the Treasury, which shall be based on the prevailing commissioners' standard table, described in Code Section 807(d)(5)(A), used to determine reserves for group annuity contracts issued on the date as of which present value is being determined (without regard to any other subparagraph of Code Section 807(d)(5)) and (ii) the annual rate of interest on 30-year Treasury securities for the second calendar month preceding the Plan Year in which the distribution is made. Effective December 31, 2002, the applicable mortality table is the table prescribed in Revenue Ruling 2001-62.

For a Participant who has reached Normal Retirement Date at the time present value is being determined, the present value of his Accrued Benefit shall be calculated based on the immediate annuity payable to the Participant as of his Annuity Starting Date. For a Participant who has not yet reached Normal Retirement Date at the time present value is being determined, the present value of his Accrued Benefit shall be calculated based on a deferred annuity payable commencing at Normal Retirement Date. For purposes of this paragraph, immediate and deferred annuities will be in the normal form applicable to unmarried Participants under Section 9.1 of the Plan.

(e) The **"Actuary"** means an independent actuary selected by the Sponsor, who is an enrolled actuary as defined in Code Section 7701(a)(35), or a firm or corporation of actuaries having such a person on its staff, which person, firm, or corporation is to serve as the actuarial consultant for the Plan.

(f) The **“Administrator”** means the Sponsor unless the Sponsor designates another person or persons to act as such.

(g) An **“Affiliated Company”** means any corporation or business, other than an Employer, which would be aggregated with an Employer for a relevant purpose under Code Section 414.

(h) A Participant’s, or Beneficiary’s, if the Participant has died, **“Annuity Starting Date”** means the first day of the first period for which an amount is paid as an annuity or, in the case of a single sum payment, the first day on which all events have occurred which entitle the Participant, or his Beneficiary, if applicable, to such benefit.

If a Participant whose Annuity Starting Date has occurred is reemployed by an Employer or an Affiliated Company resulting in a suspension of benefits in accordance with the provisions of Section 11.1, for purposes of determining the form of payment of such Participant’s benefit upon his subsequent retirement, such prior Annuity Starting Date shall apply to benefits accrued prior to the Participant’s reemployment. Such prior Annuity Starting Date shall also apply to benefits accrued following the Participant’s reemployment if such prior Annuity Starting Date occurred on or after the Participant’s Normal Retirement Date. Such prior Annuity Starting Date shall not apply to benefits accrued following the Participant’s reemployment if such prior Annuity Starting Date occurred prior to the Participant’s Normal Retirement Date.

(i) A Participant’s **“Average Annual Earnings”** means his highest average annual Earnings received for any 60 consecutive Earnings Computation Periods (or the Participant’s period of employment, if shorter) during the 120 consecutive Earnings Computation Periods immediately preceding the date the Participant’s employment terminates (or the Participant’s period of employment, if shorter). Notwithstanding the foregoing, in no event shall more than five years of non-basic compensation be counted in any 60 consecutive Earnings Computation Periods used to determine Average Annual Earnings. If there are more than five years of non-basic compensation in any 60 consecutive Earnings Computation Periods, only the most recent five years of non-basic compensation shall be included in such averaging period.

Notwithstanding any other provision of the Plan to the contrary, Earnings for employment on and after January 31,1999 shall not be included in determining a Participant’s Average Annual Earnings.

(j) A Participant’s **“Beneficiary”** means any beneficiary who is entitled to receive a benefit under the Plan upon the death of the Participant.

(k) A Participant’s **“Benefit Service”** means the period of his Credited Service for purposes of determining the amount of his benefit under Section 5.2(a), as computed in accordance with the provisions of Article III.

(l) A **“Break in Service”** with respect to any Employee means any Service Computation Period during which he completes fewer than 501 Hours of Service, except that no Employee shall incur a Break in Service solely by reason of temporary absence from work not exceeding 12 months resulting from illness, layoff, or other cause if authorized in advance by an Employer pursuant to its uniform leave policy, if his employment is not otherwise terminated during the period of such absence.

(m) The **“Code”** means the Internal Revenue Code of 1986, as amended from time to time. Reference to a Code section shall include (i) such section and any comparable section or sections of any future legislation that amends, supplements, or supersedes such section and (ii) all rulings, regulations, notices, announcements, and other pronouncements issued by the U.S. Treasury Department, the Internal Revenue Service, and any court of competent jurisdiction that relate to such section.

(n) A Participant’s **“Covered Compensation”** means the average, without indexing, of the taxable wage bases under Section 230 of the Social Security Act in effect for each calendar year during the 35-year period ending on the last day of the calendar year in which the employee attains (or will attain) Social Security retirement age, as determined under Code Section 415(b)(8). In determining a Participant’s Covered Compensation, the following shall apply:

(1) For calendar years within the 35-year period, the taxable wage base in effect for future calendar years shall be assumed to be the same as the taxable wage base in effect as of the beginning of the Plan Year in which the determination is being made.

(2) For calendar years after the 35-year period ends, a Participant’s Covered Compensation means his Covered Compensation for the Plan Year in which the 35-year period ends.

(3) For calendar years before the 35-year period begins, a Participant’s Covered Compensation means the taxable wage base in effect as of the beginning of the Plan Year in which the determination is being made.

A Participant’s Covered Compensation shall be adjusted each Plan Year.

A Participant’s Covered Compensation for purposes of calculating his retirement benefit under the Plan shall be his Covered Compensation determined as of the date his retirement benefit is being calculated or, if earlier, as of the date the Participant ceased to accrue benefits under the Plan.

(o) A Participant's **"Credited Service"** means his period of service for purposes of determining the amount of any benefit for which he is eligible under the Plan, as computed in accordance with the provisions of Article III.

(p) The **"Delaval Plans"** means the four retirement plans in effect immediately prior to January 1, 1984, which include the following: (i) the Retirement Plan for Salaried Employees of Transamerica Delaval Inc., Contract 8280-Q, (ii) the Retirement Plan for Salaried Employees of Transamerica Delaval Inc., Contract 7454-N, (iii) the Pension Plan for Salaried Employees of Transamerica Delaval Inc., Wiggins Connectors Division, and (iv) the Pension Plan for Salaried Employees of Transamerica Delaval Inc., Tait Pump Division Plan C.

(q) The **"Earnings"** of a Participant for any Earnings Computation Period means the regular basic rate of cash compensation paid to him, determined as of January 1 of the calendar year in which such Earnings Computation Period occurs, for services as an Employee without regard to any deductions for income tax, Social Security, or group insurance, and excluding any amount not required to be reported to the Participant in a written statement under Code Sections 604l(d) and 6051(a)(3) (tax form W-2), any retirement or profit-sharing contributions or benefits, retainers, payment for temporary employment, bonuses, commissions, pay for overtime hours, incentive compensation, premiums for overseas Field Service, Foreign Service or shift differential, or Lead Pay Incentives. In addition to the foregoing, Earnings include any amount that would have been included in the foregoing description, but for the Participant's election to defer payment of such amount under Code Section 125 or 402(e)(3). The basic Earnings of a disabled Participant shall be deemed to be the basic rate of cash compensation in effect for the Earnings Computation Period immediately preceding the Earnings Computation Period in which he became disabled.

In addition to the foregoing, Earnings also includes the non-basic amounts paid to or earned by him as of such Earnings Computation Period for services as an Employee, including bonuses and incentive compensation payments earned in the Plan Year (even if such bonuses and incentive compensation payments are paid in the subsequent Plan Year), commissions paid during the Plan Year, payments for overtime hours paid during the Plan Year, Foreign Service premiums paid during the Plan Year up to 15 percent of the base salary in effect on January 1 of the Plan Year but in no event more than $7,500, shift differential premiums paid during the Plan Year, and Lead Pay Incentives paid during the Plan Year. A Participant will be deemed to have received no non-basic compensation for a calendar year until the final Earnings Computation Period of the calendar year and shall be deemed to have earned all his non-basic compensation for the calendar year in the final Earnings Computation Period of the calendar year. Notwithstanding the foregoing, no non-basic compensation earned during an Earnings Computation Period shall be included in a Participant's Earnings if the Participant did not accrue a month of Credited Service for such Earnings Computation Period.

For purposes of determining a Participant's Earnings hereunder, services as an Employee include services rendered as an Employee even if such Employee was not a Participant under the Plan and months in which he was a participant in the Pension Plan for Salaried Employees of Imo Industries (Canada) Inc., or any Predecessor Plan.

In no event, however, shall the Earnings of a Participant taken into account under the Plan for any 12-month consecutive Earnings Computation Periods (the "limitation period") exceed the following: (1) $150,000 for limitation periods beginning before January 1, 1997, (2) $160,000 for limitation periods beginning in 1997, 1998, or 1999, (3) $170,000 for limitation periods beginning in 2000 and 2001, and (4) for limitation periods beginning on or after January 1, 2002, the limit in effect for such limitation year under Code Section 401(a)(17).

(r) An **"Earnings Computation Period"** means each calendar month.

(s) An Employee's **"Eligibility Service"** means his period of service for purposes of determining his eligibility to participate in the Plan, as computed in accordance with the provisions of Article IV.

(t) An **"Employee"** means any employee of an Employer who is (1) employed at the Imo Division, the Incom Division, or the Varo Division, (2) working in a salaried or hourly position, and (3) on an Employer's United States payroll.

Notwithstanding the foregoing, the term "Employee" shall not include any person who is (1) covered by a collective bargaining agreement and is accruing benefits under another pension, annuity, or retirement plan maintained by his Employer, (2) covered by a collective bargaining agreement under which the Employer has not agreed to have the Plan apply to employees covered by the agreement, or (3) covered by the Retirement Plan for Power Transmission Employees of Imo Industries Inc.

Any "leased employee," other than an excludable leased employee, shall be treated as an employee of an Employer or any other Affiliated Company for all purposes of the Plan, including benefit accrual; provided, however, that contributions to a qualified plan made on behalf of a leased employee by the leasing organization that are attributable to services for the Employer shall be treated as having been made by the Employer and there shall be no duplication of benefits under this Plan.

A "leased employee" means any person who performs services for an Employer or an Affiliated Company (the "recipient") (other than an employee of the recipient) pursuant to an agreement between the recipient and any other person (the "leasing organization") on a substantially full-time basis for a period of at least one year, provided that such services are performed under the primary direction or control of the recipient. An "excludable leased employee" means any leased employee of the recipient who is covered by a money purchase pension plan maintained by the leasing organization which provides for (i) a nonintegrated employer contribution on behalf of each participant in the

plan equal to at least ten percent of compensation, (ii) full and immediate vesting, and (iii) immediate participation by employees of the leasing organization (other than employees who perform substantially all of their services for the leasing organization or whose compensation from the leasing organization in each plan year during the four-year period ending with the plan year is less than $1,000); provided, however, that leased employees do not constitute more than 20 percent of the recipient's nonhighly compensated work force. For purposes of this Section, contributions or benefits provided to a leased employee by the leasing organization that are attributable to services performed for the recipient shall be treated as provided by the recipient.

(u) A Participant's **"Employee Derived Benefit"** as of any date means an amount equal to the Participant's Accumulated Contributions expressed as a monthly benefit commencing at Normal Retirement Date determined using the mortality table and interest rate that would be used for determining present value for purposes of a lump sum payment under Code Section 417(e)(3).

(v) An **"Employer"** means the Sponsor and any entity which has adopted the Plan as may be provided under Article XV.

(w) A Participant's **"Employer Derived Benefit"** as of any date means the excess, if any, of his Accrued Benefit as of such date over his Employee Derived Benefit as of such date.

(x) An Employee's **"Employment Commencement Date"** means the date he first completes an Hour of Service or, in the case of an Employee who has incurred an Employment Severance Date, the first date following his Employment Severance Date on which he again completes an Hour of Service.

(y) An Employee's **"Employment Severance Date"** means the earlier of (a) the date on which he retires, dies, or his employment as an Employee is otherwise terminated or (b) the first anniversary of the date on which he is absent from work with all Employers as an Employee for any other reason; provided, however, that his Employment Severance Date shall not occur if he is absent from work with his Employer on account of service with the armed forces of the United States, he is eligible for reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994, and he returns to work with an Employer within the period during which he retains such reemployment rights, but, if he does not return to work within such period, his Employment Severance Date shall be the earlier of the date which is one year after his absence commenced or the last day of the period during which he retains such reemployment rights; and provided, further, that his Employment Severance Date shall not occur if he is absent from work because of disability for which he is eligible for or receiving disability benefits under a non-governmental benefit program funded by his Employer, provided that if he ceases to be eligible for or to collect disability benefits under such program prior to his Normal Retirement Date, he returns promptly to work with an Employer. Notwithstanding the foregoing, if a person retires, dies, or his employment as an Employee is otherwise terminated during a period in which he is

absent from work with all Employers for any reason other than service with the armed forces of the United States, his Employment Severance Date shall be the date of such retirement, death, or other termination of employment.

(z) An **"Entry Date"** means the first day of each calendar month.

(aa) **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended from time to time. Reference to a section of ERISA shall include such section and any comparable section or sections of any future legislation that amends, supplements, or supersedes such section.

(bb) The **"Funding Agent"** means the person or persons which at the time shall be designated, qualified, and acting under the Funding Agreement and shall include (i) any trustee for a trust established pursuant to the Funding Agreement, (ii) any insurance company that issues an annuity or insurance contract pursuant to the Funding Agreement, or (iii) any person holding assets in a custodial account pursuant to the Funding Agreement. The Sponsor may designate a person or persons other than the Funding Agent to perform any responsibilities of the Funding Agent under the Plan, other than trustee responsibilities as defined in ERISA Section 405(c)(3), and the Funding Agent shall not be liable for the performance of such person in carrying out such responsibilities except as otherwise provided by ERISA. The term Funding Agent shall include any delegate of the Funding Agent as may be provided in the Funding Agreement.

(cc) The **"Funding Agreement"** means the agreement entered into between the Sponsor and the Funding Agent relating to the holding, investment, and reinvestment of the assets of the Plan, together with all amendments thereto and shall include any agreement establishing a trust, a custodial account, an annuity contract, or an insurance contract (other than a life, health or accident, property, casualty, or liability insurance contract) for the investment of assets; provided, however, that any custodial account or contract established hereunder meets the requirements of Code Section 401(f).

(dd) A **"Highly Compensated Employee"** means any Employee or former Employee who is a highly compensated active employee or a highly compensated former employee as defined hereunder.

A "highly compensated active employee" includes any Employee who performs services for an Employer or any Affiliated Company during the Plan Year and who (i) was a five percent owner at any time during the Plan Year or the look back year or (ii) received compensation from the Employers and Affiliated Companies during the look back year in excess of $80,000 (subject to adjustment annually at the same time and in the same manner as under Code Section 415(d)) and was in the top paid group of employees for the look back year. The dollar amount in (ii) shall be pro-rated for any Plan Year of fewer than 12 months. An Employee is in the top paid group of employees if he is in the top 20 percent of the employees of his Employer and all Affiliated Companies when ranked on the basis of compensation paid during the look back year.

A "highly compensated former employee" includes any Employee who (i) separated from service from an Employer and all Affiliated Companies (or is deemed to have separated from service from an Employer and all Affiliated Companies) prior to the Plan Year, (ii) performed no services for an Employer or any Affiliated Company during the Plan Year, and (iii) for either the separation year or any Plan Year ending on or after the date the Employee attains age 55, was a highly compensated active employee, as determined under the rules in effect under Code Section 414(q) for such year.

The determination of who is a Highly Compensated Employee hereunder, including, if applicable, determinations as to the number and identity of employees in the top paid group, shall be made in accordance with the provisions of Code Section 414(q) and regulations issued thereunder.

For purposes of this definition, the following terms have the following meanings:

(1) An employee's "compensation" means his "415 compensation" as defined in Section 12.1(c).

(2) The "look back year" means the 12-month period immediately preceding the Plan Year.

(ee) An **"Hour of Service"** with respect to any Employee means an hour which is determined and credited as such in accordance with the provisions of Article II.

(ff) An **"Imo Division"** means any one of the following operating divisions, subsidiaries, or affiliates of Imo Industries Inc: (i) Adel Fasteners, (ii) Aeroproducts, (iii) Airfoil, (iv) Baird Corporation, (v) Barksdale Controls, (vi) Boston Gear, Charlotte, (vii) CEC Instruments, (viii) CentriMarc, (ix) Delaval Condenser, (x) Delaval Turbine, (xi) Delroyd Worm Gear, (xii) Deltex, (xiii) Gems Sensors, (xiv) Imo Pump, (xv) Miller-Holzwarth, (xvi) Pro Mac, (xvii) Quabbin, or (xviii) Wiggins Connectors.

(gg) An **"Incom Division"** means any one of the following operating division, subsidiaries, or affiliates of Imo Industries Inc; (i) Boston Gear, Florence; (ii) Boston Gear, Quincy; (iii) Boston Gear, Louisburg; (iv) Controlex; (v) Fincor Electronics; (vi) Heim Bearings; or (vii) Morse Controls.

(hh) A Participant's **"Mandatory Employee Contributions"** mean the after-tax contributions made by the Participant to the Plan prior to October 1, 1976 (January 1, 1976 for salaried employees at Warren Pump).

(ii) A Participant's **"Normal Retirement Date"** for purposes of benefit eligibility means the following:

(1) for employees at the Imo Division who are covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steel Workers of America, AFL-CIO-CLC Local Union 6061 and hourly employees at Fincor and Boston Gear Florence, the date specified in the applicable Addendum; and

(2) for all other employees, the date the Participant attains age 65.

A Participant's Normal Retirement Date for all other purposes means the first day of the month coinciding with or immediately following the date determined above.

(jj) A **"Participant"** means any person who becomes eligible to participate in the Plan in accordance with the provisions of Article IV and who retains an Accrued Benefit under the Plan.

(kk) The **"Pension Fund"** means the fund or funds maintained under the Funding Agreement for purposes of accumulating contributions made by the Employers and paying benefits under the Plan.

(11) The **"Plan"** means this Retirement Plan for Salaried U.S. Employees of Imo Industries Inc. and Affiliates, established effective January 1, 1987, as amended and restated by this instrument, with all amendments, modifications, and supplements hereafter made.

(mm) A **"Plan Year"** means the 12-consecutive-month period ending each December 31.

(nn) The **"Predecessor Plans"** means the following retirement plans: (1) the Pension Plan for Hourly-Paid Employees of Imo Industries Inc., Imo Pump Division; (2) the Pension Plan for Hourly-Paid Employees of Imo Industries Inc., Gems Sensors Division; (3) the Pension Plan for Hourly-Paid Employees of Imo Industries Inc., Aeroproducts Division; (4) the Pension Plan for Hourly-Paid Employees of Imo Industries Inc., CEC Instruments Division; (5) the Incom International, Inc. Retirement Plan for Salaried Employees; (6) the Varo, Inc. Employees' Retirement Plan; (7) the Pension Plan for Hourly Employees of Imo Industries Inc. Airfoil Division; (8) the Pension Plan for Hourly Employees of AHU Corporation; (9) the Pension Plan for Hourly Paid Employees of Imo Industries Inc., Pumptron Division; (10) the Hourly Payroll Retirement Plan Florence Distribution Center Boston Gear Division Imo Industries Inc.; (11) the Hourly Payroll Retirement Income Plan Imo Industries Inc. Fincor Division; (12) the Retirement Plan for Salaried Employees of Warren Pump; (13) the Pension Plan for Members of the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers, and Helpers, AFL-CIO, and its Local Lodge No. 661, Imo Industries Inc., Condensor and Filter Division; (14) the Delaval Turbine Hourly Pension Plan; and (15) the Boston Gear Delroyd Hourly Pension Plan.

(oo) A **"Qualified Joint and Survivor Annuity"** is an immediate annuity payable to the Participant for his life with a survivor benefit payable upon the death of the Participant to the Participant's Spouse (determined as of his Annuity Starting Date) for the remainder of

such Spouse’s lifetime. The amount of the survivor benefit payable under a Qualified Joint and Survivor Annuity shall be equal to at least 50 percent of the amount the Participant was receiving on his date of death.

(pp) A **“Qualified Preretirement Survivor Annuity”** is an annuity payable to the surviving Spouse of a Participant for such Spouse’s life as provided in Article X.

(qq) A Participant’s **“Required Beginning Date”** means the April 1 following the calendar year in which occurs the later of the Participant’s (i) attainment of age 70 1/2 or (ii) the date the Participant retires; provided, however, that clause (ii) shall not apply to a Participant who is a five percent owner, as defined in Code Section 416(i), with respect to the Plan Year ending with or within the calendar year in which the Participant attains age 70 1/2. The Required Beginning Date of a Participant who is a five percent owner hereunder shall not be redetermined if the Participant ceases to be a five percent owner with respect to any subsequent Plan Year.

(rr) A Participant’s **“Service”** means his period of service for purposes of determining his eligibility for a benefit under the Plan, as computed in accordance with the provisions of Article III.

(ss) A **“Service Computation Period”** means the 12-month period used for determining an Employee’s years of Eligibility Service and years of Service.

The Service Computation Period for determining an Employee’s years of Eligibility Service is the 12-consecutive month period beginning on the first date he completes an Hour of Service and anniversaries of that date.

The Service Computation Period for determining an Employee’s years of Service is the 12-consecutive month period beginning on the date he first completes an Hour of Service and anniversaries of that date.

(tt) The **“Sponsor”** means Imo Industries Inc., and any successor thereto.

(uu) A Participant’s **“Spouse”** means the person who is the Participant’s lawful spouse.

(vv) The **“Transamerica Plan”** means the Retirement Plan for Salaried U.S. Employees of Transamerica Corporation and Affiliates, as in effect on December 31, 1986.

(ww) A **“Varo Division”** means any one of the following operating divisions, subsidiaries, or affiliates of Imo Industries Inc: (i) Varo, Inc, or (ii) Optic-Electronic Corporation.

1.2 Construction

Where required by the context, the noun, verb, adjective, and adverb forms of each defined term shall include any of its other forms. Wherever used herein, the masculine pronoun shall include the feminine, the singular shall include the plural, and the plural shall include the singular.

ARTICLE II
HOURS OF SERVICE

2.1 Crediting of Hours of Service

An Employee shall be credited with an Hour of Service under the Plan for:

(a) Each hour for which he is paid, or entitled to payment, for the performance of duties for an Employer as an Employee; provided, however, that hours paid for at a premium rate shall be treated as straight-time hours.

(b) Each hour for which he is paid, or entitled to payment, by an Employer on account of a period of time during which no duties as an Employee are performed (irrespective of whether he remains an Employee) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence, up to a maximum of eight hours per day and 40 hours per week; provided, however, that no more than 501 Hours of Service shall be credited to an Employee on account of any single continuous period during which he performs no duties (whether or not such period occurs in a single Service Computation Period); provided, further, that no Hours of Service shall be credited for payment which is made or due under a program maintained solely for the purpose of complying with applicable Workers' Compensation, unemployment compensation, or disability insurance laws; and provided, further, that no Hours of Service shall be credited to an Employee for payment which is made or due solely as reimbursement for medical or medically related expenses incurred by him.

(c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer; provided, however, that the crediting of Hours of Service for back pay awarded or agreed to with respect to periods of employment or absence from employment described in any other paragraph of this Section shall be subject to the limitations set forth therein and, if applicable, in Section 2.4.

(d) Each hour for which he would have been scheduled to work for an Employer during the period of time that he is absent from work because of service with the armed forces of the United States, up to a maximum of eight hours per day and 40 hours per week, but only if he is eligible for reemployment rights under the Uniformed Services Employment and Reemployment Rights Act of 1994 and he returns to work with an Employer within the period during which he retains such reemployment rights.

(e) Each hour for which he would have been scheduled to work for an Employer during the period of time that he is absent from work because of disability for which he is eligible for or receiving disability benefits under a non-governmental benefit program funded by his Employer; provided that if he ceases to be eligible for or to collect disability benefits under such program prior to his Normal Retirement Date he returns promptly to work with an Employer.

(f) Each hour for which he would have been scheduled to work for an Employer during the period of time that he is absent from work because of an approved leave of absence, provided that he returns to work at the end of such leave.

(g) Solely for purposes of determining whether he has incurred a Break in Service, each hour for which he would have been scheduled to work for an Employer during the period of time that he is absent from work because of the birth of a child, pregnancy, the adoption of a child, or the caring for a child for the period beginning following the birth or adoption of such child, up to a maximum of eight hours per day and 40 hours per week so that, when added to Hours of Service credited under any other paragraph of this Section, he shall be credited with not fewer than 501 total Hours of Service under the Plan for the Service Computation Period in which his absence commenced or the immediately following Service Computation Period; provided, however, that he shall be credited with Hours of Service under this paragraph for the Service Computation Period in which his absence from employment commenced only if necessary to prevent a Break in Service; and provided, further, that he shall be credited with Hours of Service under this paragraph for the Service Computation Period immediately following the Service Computation Period in which his absence from employment commenced only if he is not credited with Hours of Service under this paragraph for the Service Computation Period in which his absence from employment commenced.

(h) Solely for purposes of determining whether he has incurred a Break in Service, each hour for which he would be scheduled to work for an Employer during the period of time that he is absent from work on an approved leave of absence pursuant to the Family and Medical Leave Act of 1993; provided, however, that Hours of Service shall not be credited to an Employee under this paragraph if the Employee fails to return to employment with an Employer following such leave.

Notwithstanding anything to the contrary contained in this Section, no more than one Hour of Service shall be credited to an Employee for any one hour of his employment or absence from employment.

2.2 Hours of Service Equivalencies

Notwithstanding any other provision of the Plan to the contrary, if an Employer does not maintain records that accurately reflect actual hours of service with respect to an Employee, such Employee shall be credited with 190 Hours of Service for each month in which he performs an Hour of Service.

2.3 Determination of Non-Duty Hours of Service

In the case of a payment which is made or due from an Employer on account of a period during which an Employee performs no duties, and which results in the crediting of Hours of Service, or in the case of an award or agreement for back pay, to the extent that such award or agreement is made with respect to a period during which an Employee performs no duties, the number of Hours of Service to be credited shall be determined as follows:

(a) In the case of a payment made or due which is calculated on the basis of units of time, such as hours, days, weeks, or months, the number of Hours of Service to be credited shall be the number of regularly scheduled working hours included in the units of time on the basis of which the payment is calculated.

(b) In the case of a payment made or due which is not calculated on the basis of units of time, the number of Hours of Service to be credited shall be equal to the amount of the payment divided by the Employee’s most recent hourly rate of compensation immediately prior to the period to which the payment relates.

(c) Notwithstanding the provisions of paragraphs (a) and (b), no Employee shall be credited on account of a period during which no duties are performed with a number of Hours of Service that is greater than the number of regularly scheduled working hours during such period.

(d) If an Employee is without a regular work schedule, the number of “regularly scheduled working hours” shall mean the average number of hours worked by Employees in the same job classification during the period to which the payment relates, or if there are no other Employees in the same job classification, the average number of hours worked by the Employee during an equivalent, representative period.

For the purpose of crediting Hours of Service for a period during which an Employee performs no duties, a payment shall be deemed to be made by or due from an Employer (i) regardless of whether such payment is made by or due from an Employer directly, or indirectly through (among others) a trust fund or insurer to which the Employer contributes or pays premiums, and (ii) regardless of whether contributions made or due to such trust fund, insurer, or other entity are for the benefit of particular persons or are on behalf of a group of persons in the aggregate.

2.4 Allocation of Hours of Service to Service Computation Periods

Hours of Service credited under Section 2.1 shall be allocated to the appropriate Service Computation Period as follows:

(a) Hours of Service described in paragraph (a) of Section 2.1 shall be allocated to the Service Computation Period in which the duties are performed.

(b) Hours of Service credited to an Employee for a period during which an Employee performs no duties shall be allocated as follows:

(1) Hours of Service credited to an Employee on account of a payment which is calculated on the basis of units of time, such as hours, days, weeks, or months, shall be allocated to the Service Computation Period or Periods in which the period during which no duties are performed occurs, beginning with the first unit of time to which the payment relates.

(2) Hours of Service credited to an Employee on account of a payment which is not calculated on the basis of units of time shall be allocated to the Service Computation Period or Periods in which the period during which no duties are performed occurs, or, if such period extends beyond one Service Computation Period, such Hours of Service shall be allocated equally between the first two such Service Computation Periods.

(3) Hours of Service credited to an Employee for a period of absence during which the Employee performs no duties and for which no payment is due from his Employer shall be allocated to the Service Computation Period or Periods during which such absence occurred.

(4) Hours of Service credited to an Employee because of an award or agreement for back pay shall be allocated to the Service Computation Period or Periods to which the award or agreement for back pay pertains, rather than to the Service Computation Period in which the award, agreement, or payment is made.

2.5 Department of Labor Rules

The rules set forth in paragraphs (b) and (c) of Department of Labor Regulation Section 2530.200b-2, which relate to determining Hours of Service attributable to reasons other than the performance of duties and crediting Hours of Service to Service Computation Periods, are hereby incorporated into the Plan by reference.

ARTICLE III
SERVICE & CREDITED SERVICE

3.1 Service, Credited Service, and Benefit Service Prior to January 1, 2007

Each person who is an Employee on or after January 1, 2007, shall be credited with Service, Credited Service, and Benefit Service for purposes of the Plan for periods prior to such date equal to the Service, Credited Service, and Benefit Service with which he had been credited in accordance with the Plan provisions in effect immediately prior to such date.

3.2 Service, Credited Service, and Benefit Service On or After January 1, 2007

Each person who is an Employee on or after January 1, 2007, and who is a salaried employee at Warren Pump or an hourly employee at Fincor or Boston Gear Florence, shall be credited with Service, Credited Service, and Benefit Service as provided in the applicable Addendum.

Each other person who is an Employee on or after January 1, 2007, shall be credited with Service, Credited Service, and Benefit Service with respect to periods of employment on or after such date, for purposes of the Plan as follows:

(a) He shall be credited with a year of Service for each Service Computation Period for which he is credited with at least 1,000 Hours of Service.

(b) Notwithstanding the foregoing, no Service shall be credited to an Employee for periods before his attainment of age 18.

(c) Subject to any limitations set forth in Article V, he shall be credited with Credited Service for the period beginning on the later to occur of (i) January 1, 1999 or (ii) his Employment Commencement Date and ending on his Employment Severance Date. Credited Service shall be computed in completed full years and fractions of years treating each calendar month in which he is credited with Credited Service as $^{1}/_{12}$th year of Credited Service, even if he is only credited with Credited Service for a portion of such calendar month.

(d) He shall be credited with a month of Benefit Service for each month he is credited with a month of Credited Service.

(e) Notwithstanding the foregoing, no Benefit Service shall be credited to an Employee for the following periods:

   (1) Periods before his attainment of age 21.

   (2) Periods for which he is on an approved leave of absence without pay.

(f) Notwithstanding the foregoing, except for an Employee covered by the collective bargaining agreement between the Delroyd Worm Gear Division and the United Steelworkers of America, AFL-CIO-CLC Local Union 6061, there shall be no further Benefit Service credited under the Plan on and after January 31,1999.

3.3 Transfers

Notwithstanding the foregoing, Service and Credited Service credited to a person shall be subject to the following:

(a) Any person who transfers or retransfers to employment with an Employer as an Employee directly from other employment (i) with an Employer in a capacity other than as an Employee or (ii) with any other Affiliated Company, shall be credited with Service, but not Credited Service, for such other employment as if such other employment were employment with an Employer as an Employee.

(b) Any person who transfers from employment with an Employer as an Employee directly to other employment (i) with an Employer in a capacity other than as an Employee or (ii) with any other Affiliated Company, or (iii) with any organization of which an interest of 50 percent of more is owned directly or indirectly by the Sponsor, shall be deemed by such transfer not to lose his Service or Credited Service, and shall be deemed not to retire or otherwise terminate his employment as an Employee until such time as he is no longer in the employment of an Employer or any other Affiliated Company, at which time he shall become entitled to benefits if he is otherwise eligible therefore under the provisions of the Plan and he shall receive credit for Service and Credited Service, for such other employment as if such other employment were employment with an Employer as an Employee.

(c) Any person who transfers from employment with an Employer as an Employee directly to other employment with a joint venture in which one or more Employers owns at least 50 percent interest, shall be deemed by such transfer not to lose his Service or Credited Service, and shall be deemed not to retire or otherwise terminate his employment as an Employee until such time as he is no longer in employment of an Employer or such joint venture, at which time he shall become entitled to benefits if he is otherwise eligible therefore under the provisions of the Plan; provided however, that up to such time he shall receive no credit for Service or Credited Service for such other employment as if such other employment were employment with an Employer as an Employee unless he transfers to employment with an Employer directly from employment with such joint venture within ten years after his transfer to such joint venture.

3.4 Retirement or Termination and Reemployment

If an Employee retires or otherwise terminates employment with the Employers and all Affiliated Companies, his eligibility for and the amount of any benefit to which he may be entitled under the Plan shall be determined based upon the Service, Benefit Service, and Credited Service with which he is credited at the time of such retirement or other termination of employment. If such retired or former Employee is reemployed by an Employer or any Affiliated Company, the Service, Benefit Service, and Credited Service with which he was credited at the time of such prior retirement or other termination of employment shall be aggregated with the Service, Benefit Service, and Credited Service with which he is credited following his reemployment for purposes of determining his eligibility for and the amount of any benefit to which he may be entitled under the Plan upon his subsequent retirement or other termination of employment if:

(a) he had a vested interest in his Employer Derived Benefit at the time of his previous retirement or other termination of employment; provided, however, that if the Participant received a single sum payment of the present value of his vested Accrued Benefit as provided in Section 11.5 because of such retirement or termination of employment, his prior Benefit Service and Credited Service shall be lost and shall not be reinstated unless he meets the requirements of the following Section; or

(b) he terminated his employment before satisfying the conditions of eligibility for any retirement benefit under the Plan and either (i) the aggregate number of his years of Service (not including any years of Service not required to be aggregated because of previous Breaks in Service) is greater than the number of his consecutive one-year Breaks in Service or (ii) the number of his consecutive one-year Breaks in Service is less than five.

Notwithstanding any other provision of this Section, if a retired or former Employee returns to employment in a capacity other than as an Employee, his period of employment shall be treated for the purposes of the Plan solely in accordance with the transfer provisions of this Article III.

3.5 Repayment of Distributed Benefits

If a former Participant who received a single sum payment of the present value of his vested Accrued Benefit as provided in Section 11.5 because of his prior retirement or termination of employment is reemployed by an Employer or an Affiliated Company, the Benefit Service and Credited Service with which he was credited at the time of his prior retirement or other termination of employment shall be reinstated and aggregated with the Benefit Service and Credited Service credited to him following his reemployment only if the Participant meets the requirements of this Section. Payment of the present value of a Participant's vested Accrued Benefit is deemed to be made because of his prior retirement or termination of employment if it is made before the end of the second Plan Year following the Plan Year in which such retirement or termination occurred. Such Participant must:

(a) be reemployed by an Employer or an Affiliated Company prior to incurring five- consecutive Breaks in Service following the date of the single sum payment;

(b) resume employment covered under the Plan; and

(c) repay to the Plan the full amount of the distribution with interest before the earlier of (i) the date he incurs five-consecutive Breaks in Service following the date of the single sum payment or (ii) the date which is five years after his reemployment date. For purposes of this paragraph, interest shall accrue annually, beginning on the date of the single sum payment, at the rate provided in Code Section 41l(c)(2)(C), as in effect on the date of repayment.

3.6 Finality of Determinations

All determinations with respect to the crediting of Service, Benefit Service, and Credited Service under the Plan shall be made on the basis of the records of the Employers, and all determinations so made shall be final and conclusive upon Employees, former Employees, and all other persons claiming a benefit interest under the Plan. Notwithstanding anything to the contrary contained in this Article, there shall be no duplication of Service, Benefit Service, and Credited Service.

ARTICLE IV
ELIGIBILITY FOR PARTICIPATION

4.1 Participation

Each Employee who was an Active Participant immediately prior to January 1, 1999, shall continue as an Active Participant hereunder. Each other person shall become an Active Participant as follows:

(a) A person who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL- CIO-CLC local Union 6061, shall become an Active Participant as provided in the applicable Addendum.

(b) Any other person shall become an Active Participant as of the Entry Date coinciding with or immediately following the latest of (i) the date he becomes an Employee, (ii) the date he attains age 21, or (iii) the date he completes one year of Eligibility Service.

Except with respect to an Employee who is covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steel Workers of America, AFL-CIO-CLC Local Union 6061, the Plan shall be frozen effective January 31, 1999. Any Employee who is a Participant on that date shall continue as a Participant hereunder. No other Employee, except an Employee who is covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steel Workers of America, AFL-CIO-CLC Local Union 6061, shall become a Participant hereunder after that date.

Notwithstanding the foregoing, an Employee who is employed as a part-time Employee working in a salaried position, once having become eligible for participation in the Plan, shall have a onetime right to waive such participation in the event that such participation would prevent the Employee from being permitted to make tax-deductible contributions to an individual retirement account established pursuant to Section 219 of the Code. Each election to waive participation shall be made in writing on a form provided by the Administrator and shall be delivered to the Administrator by no later than the last day of the Employee’s waiver election period. For purposes of Section 4.1, an Employee’s waiver election period shall be the period of 60 days following the later of January 1, 1988 or the date on which the Employee commences participation in the Plan. No election to waive participation may be made by an eligible Employee after the end of the Employee’s waiver election period.

(a) Each election to waive participation shall remain in effect and cannot be revoked. The Administrator may, if necessary, revoke any waiver of participation in order that the Plan may satisfy minimum coverage requirements of Section 410 of the code or the minimum accrual requirements of Section 416 of the Code.

(b) No benefits, other than the crediting of Vesting Service, shall ever be earned for any period during which an election to waive participation in the Plan is in effect. Any Employee who waives participation shall be deemed to have bound his beneficiaries, heirs, personal representatives and assignees by such waiver.

4.2 Crediting Eligibility Service

An Employee shall be credited with a year of Eligibility Service for each Service Computation Period for which he is credited with at least 1,000 Hours of Service.

For purposes of determining an Employee's Eligibility Service hereunder, employment with an Employer in a capacity other than as an Employee or with an Affiliated Company shall be treated as employment with an Employer as an Employee.

4.3 Loss of Eligibility Service

Except as otherwise specifically provided in the Plan, an Employee's Eligibility Service shall be lost if he retires or if his employment with an Employer terminates for any other reason, and, subject to applicable Plan provisions for the reinstatement of Eligibility Service, if he thereafter returns to employment as an Employee, he shall be treated for Plan purposes as a new Employee.

4.4 Reinstatement of Eligibility Service

A retired or former Employee who returns to employment with an Employer or with any other Affiliated Company shall be reinstated with the Eligibility Service with which he was credited at the time of his prior retirement or other termination of employment if:

(a) he had a vested interest in his Employer Derived Benefit at the time of his previous retirement or other termination of employment; or

(b) he terminated his employment before satisfying the conditions of eligibility for any retirement benefit under the Plan and either (i) the aggregate number of his years of Eligibility Service (not including any years of Eligibility Service not required to be taken into account because of previous Breaks in Service) is greater than the number of his consecutive one-year Breaks in Service or (ii) the number of his consecutive one-year Breaks in Service is less than five.

4.5 Termination of Participation

A Participant shall remain an Active Participant as long as he continues in employment as an Employee. A person shall remain a Participant as long as he retains an Accrued Benefit under the Plan.

4.6 Participation Upon Reemployment

If a former Employee who was a Participant hereunder is reemployed as an Employee, he shall again become an Active Participant hereunder as of his reemployment date if his Eligibility Service is reinstated in accordance with the provisions of Section 4.4. If such former Employee's Eligibility Service is not reinstated in accordance with the provisions of Section 4.4., such former Employee shall be treated as a new Employee for purposes of participation in the Plan and he shall again become an Active Participant in accordance with and subject to the requirements of Section 4.1.

If a former Employee who was not a Participant hereunder is reemployed as an Employee, he shall become an Active Participant hereunder as follows:

(a) If such former Employee had satisfied the Eligibility Service requirement in Section 4.1 at the time of his prior termination of employment and his Eligibility Service is reinstated as provided in Section 4.4, he shall become an Active Participant as of the later of (1) the Entry Date as of which he would have become an Active Participant if he had continued employment as an Employee or (2) his reemployment date.

(b) If such former Employee had not satisfied the Eligibility Service requirement in Section 4.1 at the time of his prior termination of employment, or his Eligibility Service is not reinstated as provided in Section 4.4, he shall become an Active Participant in accordance with and subject to the requirements of Section 4.1.

4.7 Finality of Determinations

All determinations with respect to the eligibility of an Employee to become a Participant under the Plan shall be made on the basis of the records of the Employers, and all determinations so made shall be final and conclusive for all Plan purposes. Each Employee who becomes a Participant shall be entitled to the benefits, and be bound by all the terms, provisions, and conditions of the Plan and the Funding Agreement.

ARTICLE V
NORMAL RETIREMENT

5.1 Eligibility

Each Participant who retires from employment with his Employer and all Affiliated Companies on or after his Normal Retirement Date shall be eligible for a normal retirement benefit.

5.2 Amount

The monthly normal retirement benefit of a Participant who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061 shall be equal to the amount determined as provided in the applicable Addendum. The monthly normal retirement benefit of any other Participant shall be equal to $^{1}/_{12}$th of his Employee Derived Benefit as listed in Schedule C, plus the greater of (a), (b), or (c) as follows:

(a) The sum of (1), (2), and (3) as follows

(1) his base benefit, which is the sum of (i) and (ii) as follows:

(i) the product of:

(I) 1.15 percent of the Participant's Average Annual Earnings for his years of Benefit Service as an Employee of an Imo Division; plus

(II) .85 percent of the Participant's Average Annual Earnings for his years of Benefit Service as an Employee of an Incom Division

multiplied by

(III) his number of years of Benefit Service at retirement, not in excess of 25 years;

plus,

(ii) the product of:

(I) .40 percent of the Participant's Average Annual Earnings

multiplied by,

(II) his number of years of Benefit Service at retirement in excess of 25 years, but not in excess of 35 years;

(2) his excess benefit, which is the sum (i) and (ii) as follows:

(i) the product of:

(I) .65 percent of the Participant's Average Annual Earnings in excess of Covered Compensation

multiplied by

(II) his number of years of Benefit Service at retirement, not in excess of 25 years;

plus;

(ii) the product of:

(I) .40 percent of the Participant's Average Annual Earnings in excess of Covered Compensation

multiplied by

(II) his number of years of Benefit Service at retirement in excess of 25 years, but not in excess of 35 years;

(3) the Participant's benefit, if any, listed in Schedule A or Schedule B.

(b) The applicable dollar amount below:

(1) for an Employee of an Imo Division,

(i) if he retires or otherwise terminates employment on or after January 1, 1972, but prior to June 30,1975, $7.00 multiplied by his number of years of Credited Service at his Normal Retirement Date;

(ii) if he retires or otherwise terminates employment on or after July 1, 1975, but prior to November 30, 1977, $10.00 multiplied by his number of years of Credited Service at his Normal Retirement Date;

(iii) if he retires or otherwise terminates employment on or after December 1, 1977, but prior to December 31, 1980, $12.00 multiplied by his number of years of Credited Service at his Normal Retirement Date;

(iv) if he retires or otherwise terminates employment on or after January 1, 1981, but prior to May 31, 1982, $15.00 multiplied by his number of years of Credited Service at his Normal Retirement Date;

(v) if he retires or otherwise terminates employment on or after June 1,1982, $16.00 multiplied by his number of years of Credited Service at his Normal Retirement Date;

(2) for an Employee of an Incom Division, $16.50 multiplied by his number of years of Benefit Service at his Normal Retirement Date, excluding Benefit Service rendered while an hourly employee of the Controlex division;

(3) for an hourly Employee of the Controlex division, $15.50 multiplied by his number of years of Benefit Service at his Normal Retirement Date;

(4) for an Employee of a Varo Division, $0.00;

(5) for an Employee of one of the above divisions who renders less than 40 hours per week, the applicable rate shall be the rate as listed above multiplied by the ratio of his regularly scheduled hours to 40.

Notwithstanding the above, the Participant’s retirement benefit shall be reduced by the retirement benefit, if any, payable to the Participant under any other pension benefit plan of an Employer to the extent that such benefit is attributable to any period of Credited Service credited hereunder; provided, however, that this reduction shall not apply to benefits paid from the Transamerica Plan, any Delaval Plan, any Predecessor Plan, or any profit sharing plan of which the account values have not been distributed to the Participant.

In no event shall a Participant’s Benefit Service include Credited Service in excess of 35 years.

(c) His benefit, if any, as calculated in accordance with Appendix II.

Notwithstanding any other provision of the Plan, except for an Employee covered by the collective bargaining agreement between the Delroyd Worm Gear Division and the United Steel Workers of America, AFL-CIO-CLC Local Union 6061, no years of Credited Service earned after January 31, 1999 shall be taken into account in determining this benefit.

In no event will a reduction in a Participant’s Average Annual Earnings reduce the normal retirement benefit payable to him below the amount that would have been payable to him under the same form of payment had he retired prior to his Normal Retirement Date when eligible for an early retirement benefit.

5.3 401(a)(17) Fresh Start Adjustments

The monthly normal retirement benefit of a Participant whose Earnings exceeded the limitations in effect under Code Section 401(a)(17) prior to the effective date of such limitations shall be the greatest of: (i) the Participant's Accrued Benefit determined as of the end of the 1988 limitation period, using the Plan formula in effect on that date (without regard to any amendments made after that date), as if the Participant terminated employment on that date; (ii) the Participant's Accrued Benefit determined as of the end of the 1993 limitation period, using the Plan formula in effect on that date (without regard to any amendments made after that date), as if the Participant terminated employment on that date, but applying the $200,000 Earnings limitation; or (iii) the Participant's Accrued Benefit determined under the Plan formula in effect thereafter, but applying the $150,000 Earnings limitation.

5.4 Minimum Benefits

Notwithstanding any other provision of the Plan to the contrary, in no event will the monthly normal retirement benefit payable to a Participant be less than the greater of (a) his Employee Derived Benefit as listed in Schedule C or (b) his benefit amount payable in accordance with the minimum vesting provisions applicable in the Delaval Plans.

5.5 Adjustment to Normal Retirement Benefit for Late Retirement

(a) The monthly normal retirement benefit payable with respect to a Participant who is a salaried employee at Warren Pump and who continues in employment with his Employer or an Affiliated Company after his Normal Retirement Date shall be determined as provided in paragraph (1), and, if applicable, (2).

(1) For the period beginning on the Participant's Normal Retirement Date and ending on the April 1 following the calendar year in which he reaches age 70 $^1/_2$, his "adjusted normal retirement benefit" shall be the greater of:

(i) the Participant's Accrued Benefit as of the date such benefit is being determined; or

(ii) the Participant's Accrued Benefit as of his Normal Retirement Date, multiplied by the appropriate late retirement adjustment factor as provided in the applicable Addendum, based on the number of months his Annuity Starting Date follows his Normal Retirement Date (but no later than the April 1 following the calendar year in which the Participant attains age 70 $^1/_2$).

(2) For the period beginning on the April 1 following the calendar year in which he reaches age 70 $^1/_2$, the Participant's monthly retirement benefit shall be adjusted as of each "determination date" (as defined in this Section). His "adjusted normal retirement benefit" shall be the greater of:

(i) the Participant's Accrued Benefit as of the "determination date"; or

(ii) the Actuarial Equivalent on the "determination date" of the Participant's "adjusted normal retirement benefit" determined under this Section for the prior "determination date" (as defined in this Section).

(b) The monthly normal retirement benefit payable with respect to each other Participant who continues in employment with his Employer or an Affiliated Company after age 70 $^1/_2$ shall be adjusted as of each "determination date" (as defined in this Section). A Participant's "adjusted normal retirement benefit" shall be equal to the greater of the following:

(1) the Participant's Accrued Benefit as of the "determination date"; or

(2) the Actuarial Equivalent on the "determination date" of the Participant's "adjusted normal retirement benefit" determined under this Section for the prior "determination date" (as defined in this Section).

For purposes of this Section, a "determination date" means the last day of each calendar year during the period beginning with the calendar year following the calendar year in which the Participant attains age 70 $^1/_2$ and ending on the earlier of (i) the date the Participant retires from employment with his Employer and all Affiliated Companies, or (ii) his Annuity Starting Date, except that the first "determination date" is the April 1 following the calendar year in which the Participant attains age 70 $^1/_2$.

No further adjustments shall be made to a Participant's monthly normal retirement benefit after the earlier of (i) the date the Participant retires from employment with his Employer and all Affiliated Companies, or (ii) his Annuity Starting Date, and, if he continues to accrue benefits under the Plan, such continued accruals shall be reduced as provided in Section 11.9.

5.6 Payment

A monthly normal retirement benefit shall be paid to an eligible Participant commencing as of the first day of the month following the month in which he retires but not later than the date specified in Section 11.7.

5.7 Reduction of Normal Retirement Benefit for Benefits Payable Under Other Plans

Notwithstanding any other provision of the Plan to the contrary, if a benefit is payable with respect to a Participant under the provisions of the Transamerica Plan to which his Employer has made contributions with respect to such Participant, the benefit payable to the Participant under the Plan shall be reduced by an amount equal to the portion of the benefit payable, or paid, under such other plan with respect to the Participant which is not attributable to the Participant's own

contributions and which is based upon any period of service for which the Participant receives Credited Service under the Plan; provided, however, that in no event shall such Participant receive a benefit under the Plan that is less than the Actuarial Equivalent of his Accrued Benefit under the Plan attributable to the Participant's years of Credited Service under the Plan other than such years upon which the benefit payable, or paid, under such other plan is based.

5.8 Additional Retirement Benefits for Non-Highly Compensated Former Employees

Effective July 1, 1997, nonhighly compensated former Employees who are listed in Schedule D shall receive additional retirement benefits in the amount and payment form specified in Schedule D.

ARTICLE VI
EARLY RETIREMENT

6.1 Eligibility

Each Participant who retires from employment with his Employer and all Affiliated Companies prior to his Normal Retirement Date and who:

(a) For Participants who are salaried employees at Warren Pump, hourly employees at Fincor, hourly employees at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061, satisfy the requirements specified in the applicable Addendum; or

(b) For any other Participant, retires at or after age 55 and either:

(1) who has at least ten years of Credited Service or

(2) whose years of Credited Service plus his age, expressed in years and completed months, total at least 75 years,

shall be eligible for an early retirement benefit.

6.2 Amount

An eligible Participant’s monthly early retirement benefit shall be equal to the following:

(a) for a Participant who is eligible for early retirement under Section 6.1(a), the amount specified in the applicable Addendum;

(b) for a Participant who is eligible for early retirement benefits under Section 6.1(b)(l), his vested Accrued Benefit on the date of his early retirement; provided, however, that the amount of such benefit shall be reduced by multiplying such amount by the appropriate early commencement factor determined as provided in the Adjustment Factors Addendum;

(b) for a Participant who is eligible for early retirement benefits under Section 6.1(b)(2) on his date of termination from employment, the amount of his Employee Derived Benefit as listed in Schedule C reduced by .0025 for each month by which his Annuity Starting Date precedes his attainment of age 62, minus any amount payable from the Transamerica Plan (to the extent such benefit is attributable to contributions by the Sponsor or to any period of Benefit Service or Credited Service credited under the Plan) plus the greater of the amount determined under (1), (2), or (3) below.

(1) The sum of (i), (ii), and (iii)

(i) the amount of the Participant’s base benefit as determined in Section 5.2(a)(l), reduced by .0025 for each full calendar month by which his Annuity Starting Date precedes his Normal Retirement Date; plus

(ii) the amount of the Participant’s excess benefit as determined in Section 5.2(a)(2), reduced by multiplying such amount by the appropriate early commencement factor determined as provided in the Adjustment Factors Addendum; plus

(iii) his amount, if any, listed on Schedule A or Schedule B reduced by .0025 for each full calendar month by which his Annuity Starting Date precedes his attainment of age 62.

(2) His benefit determined in accordance to 5.2(b) reduced by .0025 for each full calendar month by which his Annuity Starting Date precedes his Normal Retirement Date.

(3) His benefits, if any, as calculated in accordance with Appendix II.

An eligible Participant may elect to receive a separate distribution of his Employee Derived Benefit as provided in Section 7.4, in which case his early retirement benefit shall be adjusted as provided therein.

A Participant’s vested interest in his Accrued Benefit shall be determined in accordance with the schedule provided in Section 7.1.

6.3 Payment

A monthly early retirement benefit shall be paid to an eligible Participant commencing as of the first day of the month following the later of the month in which he retires or the month in which he makes written application for the benefit, but not later than his Normal Retirement Date.

ARTICLE VII
VESTED RIGHTS

7.1 Vesting

A Participant's vested interest in his Employee Derived Benefit shall be at all times 100 percent.

A Participant's vested interest in his Employer Derived Benefit shall be determined in accordance with the following schedule, based upon the number of full years of Service credited to him; provided, however, that a Participant's vested interest in his Employer Derived Benefit shall be 100 percent if he is employed by an Employer or an Affiliated Company on his Normal Retirement Date, regardless of whether he has completed the number of years of Service required under the schedule for 100 percent vesting.

Years of Service	Vested Interest
less than 5	0%
5 or more	100%

7.2 Eligibility for Deferred Vested Retirement Benefit

Each Participant who terminates employment with his Employer and all Affiliated Companies, who has a vested interest in his Employer Derived Benefit, and who is not eligible for a normal or early retirement benefit under the Plan shall be eligible for a deferred vested retirement benefit.

7.3 Amount of Deferred Vested Retirement Benefit

An eligible Participant's monthly deferred vested retirement benefit shall be equal to his vested Accrued Benefit on the date of his termination of employment; provided, however, that if the Participant is eligible to elect to begin benefit payments before his Normal Retirement Date as provided in Section 7.5, the amount of such benefit shall be adjusted as follows:

(a) For Participants who are salaried employees at Warren Pump, hourly employees at Fincor, hourly employees at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061, as provided in the applicable Addendum.

(b) For all other Participants such benefit shall be equal to the sum of (1), (2), and (3), as follows:

(1) his benefit as determined in Section 5.2(a), reduced by the appropriate early commencement factor as provided in the Adjustment Factors Addendum; plus

(2) his benefit as determined in Section 5.2(b), reduced by the appropriate early commencement factor as provided in the Adjustment Factors Addendum; plus

(3) his benefits, if any, calculated in accordance with Appendix II.

In no event shall the Participant's retirement benefit be less than his Employee Derived Benefit, as listed in Schedule C, reduced by the appropriate early commencement factor as provided in the Adjustment Factors Addendum.

Notwithstanding the foregoing, the Participant's benefit shall be reduced by his early retirement benefit, if any, payable from the Transamerica Plan, to the extent that such benefit is attributable to any period of Benefit Service or Credited Service on which the Participant's benefit in the Plan is based.

7.4 Distribution of Employee Derived Benefit

A Participant who terminates employment for reasons other than death may elect to receive distribution of his Employee Derived Benefit beginning at any time prior to the date payment of his retirement benefit begins (or, if the Participant is not eligible for a deferred vested retirement benefit, at the time such benefit could begin under the Plan, as elected by the Participant).

A Participant's Employee Derived Benefit shall be paid in the normal form provided under Section 9.1; provided, however, that, a married Participant may waive the normal form applicable to him and elect to receive payment of his Employee Derived Benefit under the normal form applicable to unmarried Participants; and provided, further, that the Participant may elect instead to receive payment of such benefit in an Actuarially Equivalent single sum payment. A Participant's election of the optional single sum payment provided hereunder is subject to the requirements of Sections 9.4, 9.5, and 9.6, concerning the valid election of a form of payment other than the normal form provided in Section 9.1.

If a Participant elects to receive payment of his Employee Derived Benefit, his Accrued Benefit shall be reduced by such Employee Derived Benefit.

If a Participant whose Employer Derived Benefit is forfeited as provided herein returns to employment with an Employer or an Affiliated Company, his Employer Derived Benefit shall be restored if he meets all of the following requirements:

(a) he is reemployed by an Employer or an Affiliated Company prior to incurring five consecutive one-year Breaks in Service following the date payment of his Employee Derived Benefit was made;

(b) he resumes employment covered under the Plan; and

(c) he repays to the Plan the full amount of the distribution he received, with interest, before the earlier of (i) the date he incurs five consecutive one-year Breaks in Service following the date payment of his Employee Derived Benefit was made or (ii) five years from the date of his reemployment. For purposes of this paragraph, interest shall accrue annually, beginning on the date the Participant receives distribution of his Employee Derived Benefit, at the rate provided in Code Section 41l(c)(2)(C), as in effect on the date of repayment.

7.5 Payment

A monthly deferred vested retirement benefit shall be paid to an eligible Participant commencing as of his Normal Retirement Date; provided, however, that the following early commencement provisions shall apply:

(a) A Participant who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061 may elect to begin benefit payments as of the first day of the month following the month in which he would have been eligible for early retirement if he had continued in employment, but based on his years of Credited Service on his termination date.

(b) Any other Participant who has ten years of Credited Service may elect to begin benefit payments as of the first day of any month following the month in which he attains age 55.

7.6 Election of Former Vesting Schedule

In the event the Sponsor adopts an amendment to the Plan that changes the vesting schedule under the Plan, including any amendment which directly or indirectly affects the computation of the nonforfeitable interest of Participants' rights to Accrued Benefits, any Participant with three or more years of Service shall have a right to have his nonforfeitable interest in his Accrued Benefit continue to be determined under the vesting schedule in effect prior to such amendment rather than under the new vesting schedule, unless the nonforfeitable interest of such Participant in his Accrued Benefit under the Plan, as amended, at any time is not less than such interest determined without regard to such amendment. Such Participant shall exercise such right by giving written notice of his exercise thereof to the Administrator within 60 days after the latest of (i) the date he receives notice of such amendment from the Administrator, (ii) the effective date of the amendment, or (iii) the date the amendment is adopted. Notwithstanding the foregoing provisions of this Section, the vested interest of each Participant on the effective date of such amendment shall not be less than his vested interest under the Plan as in effect immediately prior to the effective date thereof.

ARTICLE VIII
DISABILITY RETIREMENT BENEFIT

8.1 Eligibility

A Participant may be eligible for a disability benefit as follows:

(a) Each Participant who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061 and who satisfies the requirements specified in the applicable Addendum shall be eligible for a disability benefit.

(b) Each other Participant who, prior to January 1, 1981, was a participant in the Pension Plan for Salaried Employees of Transamerica Delaval Inc., Wiggins Connectors Division, may be eligible for disability benefits under the provisions of that plan applicable to such Participants.

8.2 Governing Provisions

The governing provisions with respect to a disability benefit payable hereunder shall be as follows:

(a) For each Participant who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061, disability benefits shall be provided as specified in the applicable Addendum.

(b) For each other Participant, disability benefits shall be governed by the provisions of the Pension Plan for Salaried Employees of E.B. Wiggins, Inc., including the ninth amendment to that plan (the "Wiggins Plan"), except that:

    (1) a Participant's disability benefit shall be equal to his accrued benefit as listed for the Participant in Schedule C of this Plan, and

    (2) "years of service" as referenced in the Wiggins Plan shall be deemed to mean years of Credited Service as defined in this Plan.

ARTICLE IX
FORMS OF PAYMENT

9.1 Normal Form of Payment

A Participant who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061 and who is eligible to receive any retirement benefit under Section 5.1, 6.1, or 7.2 of the Plan shall receive payment in the normal form specified in the applicable Addendum. Any other Participant who is eligible to receive any retirement benefit under Section 5.1, 6.1, or 7.2 of the Plan shall receive payment of such benefit in accordance with one of the following normal forms of payment:

(a) A Participant who is not married on his Annuity Starting Date shall receive such benefit in the form of a single life annuity. Such Participant shall receive a monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. Notwithstanding the foregoing, a Participant who is not married on his Annuity Starting Date shall receive his Employee Derived Benefit, as listed on Schedule C, in the form of a ten-year certain and life annuity. Such Participant shall receive a monthly retirement benefit attributable to his Employee Derived Benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant’s death occurs prior to the end of the ten-year period commencing with his Annuity Starting Date, his Beneficiary shall receive a continued monthly benefit equal to such amount for the remainder of such ten-year period. If the Participant’s Beneficiary dies after becoming eligible to receive a benefit hereunder, but prior to the end of the ten-year period, the unpaid monthly benefit shall be paid to the Beneficiary designated by the Participant to receive payment in such event, or, if none, in accordance with the provisions of Section 9.3.

(b) A Participant who is married on his Annuity Starting Date shall receive such benefit in the form of a 50 percent Qualified Joint and Survivor Annuity. Such Participant shall receive a monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant’s Spouse survives him, then commencing with the month following the month in which the Participant’s death occurs, his Spouse shall receive a monthly benefit for his or her remaining lifetime equal to one-half of the amount payable during the Participant’s lifetime, the last payment being for the month in which the Spouse’s death occurs. A married Participant may elect to increase the survivor benefit payable to his Spouse under the Qualified Joint and Survivor Annuity to 100 percent or 66 $^{2}/_{3}$ percent of the amount payable during the Participant’s lifetime. Any such election must be made during the election period described in Section 9.5.

To receive a benefit under the Qualified Joint and Survivor Annuity form of payment described in paragraph (b) above, a Participant's Spouse must be the same Spouse to whom the Participant was married on his Annuity Starting Date. Once a Participant's Annuity Starting Date occurs and retirement benefit payments commence under one of the normal forms of payment, the form of payment will not change even if the Participant's marital status changes; provided, however, that if the Participant is reemployed by an Employer or an Affiliated Company, any benefits he accrues under the Plan following such reemployment with respect to which a separate Annuity Starting Date occurs shall be payable in the form elected by the Participant as of such separate Annuity Starting Date.

Subject to the requirements of Section 9.6, a Participant may waive the normal form of payment applicable to him and elect to receive payment of his benefit in one of the optional forms of payment provided in Section 9.2.

9.2 Optional Forms of Payment

Within the election period described in Section 9.5, a Participant who is eligible to receive a normal, early, or deferred vested retirement benefit may elect to receive payment of such benefit in accordance with any one of the following options; provided, however, that a Participant who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061 only elect among the optional forms of payment specified in the applicable Addendum. A married Participant who is not eligible to receive a retirement benefit under the Plan, but who receives distribution of his Employee Derived Benefit under the Plan or who is eligible to receive a retirement benefit under the Plan, but who elects to receive his Employee Derived Benefit separately from his Employer Derived Benefit may elect to receive payment of such benefit in accordance with the normal form of payment applicable to unmarried Participants. If a Participant is married on his Annuity Starting Date, any such election must satisfy the requirements of Section 9.6.

If the Participant's Beneficiary under an optional form of payment dies prior to the Participant's Annuity Starting Date, the election shall become inoperative and ineffective, and benefit payments, if any, shall be made under the normal form of payment provided in Section 9.1, unless the Participant elects another optional form of payment provided under the Plan prior to his Annuity Starting Date. Once a Participant's Annuity Starting Date occurs, however, the optional form of payment elected by the Participant will not change even if the Participant's marital status changes or his Beneficiary predeceases him; provided, however, that if the Participant is reemployed by an Employer or an Affiliated Company, any benefits he accrues under the Plan following his reemployment with respect to which a separate Annuity Starting Date occurs shall be payable in the form elected by the Participant as of such separate Annuity Starting Date.

The monthly payments made under any optional form of payment hereunder shall be the Actuarial Equivalent of the monthly benefit otherwise payable to the Participant in the normal form of payment applicable to unmarried Participants, as provided in Section 9.1.

(a) **Single Life Annuity.** The Participant shall receive a monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs.

(b) **100% Joint and Survivor Annuity. The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month** in which his death occurs. If the Participant's Beneficiary survives him, then commencing with the month following the month in which the Participant's death occurs, his Beneficiary shall receive a monthly benefit for his or her remaining lifetime equal to the reduced amount payable during the Participant's lifetime, the last monthly payment being for the month in which the Beneficiary's death occurs.

(c) **66 $^{2}/_{3}$% Joint and Survivor Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's Spouse survives him, then commencing with the month following the month in which the Participant's death occurs, his Spouse shall receive a monthly benefit for his or her remaining lifetime equal to 66 $^{2}/_{3}$rds percent of the reduced amount payable during the Participant's lifetime, the last monthly payment being for the month in which the Spouse's death occurs.

(d) **15-Year Certain and Life Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's death occurs prior to the end of the 15-year period commencing with his Annuity Starting Date, his Beneficiary shall receive a continued monthly benefit equal to such reduced amount for the remainder of such 15- year period. If the Participant's Beneficiary dies after becoming eligible to receive a benefit hereunder, but prior to the end of the 15-year period, the unpaid monthly benefit shall be paid to the Beneficiary designated by the Participant to receive payment in such event or, if none, in accordance with the provisions of Section 9.3. Notwithstanding the foregoing, if the Participant's death occurs prior to the end of the 15-year period commencing with his Annuity Starting Date, his Beneficiary may elect to receive the commuted value of such remaining payments in a single sum, as determined under the group pension contract or contracts between an insurance company selected by the Sponsor to provide contracts of insurance or annuity contracts for the purpose of funding benefits under the Plan, and the Sponsor.

(e) **Ten-Year Certain and Life Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's death occurs prior to the end of the ten-year period commencing with his Annuity Starting Date, his Beneficiary shall receive a continued monthly benefit equal to such reduced amount for the remainder of such ten-year period. If the Participant's Beneficiary dies after becoming eligible to receive a

benefit hereunder, but prior to the end of the ten-year period, the unpaid monthly benefit shall be paid to the Beneficiary designated by the Participant to receive payment in such event or, if none, in accordance with the provisions of Section 9.3. Notwithstanding the foregoing, if the Participant's death occurs prior to the end of the ten-year period commencing with his Annuity Starting Date, his Beneficiary may elect to receive the commuted value of such remaining payments in a single sum, as determined under the group pension contract or contracts between an insurance company selected by the Sponsor to provide contracts of insurance or annuity contracts for the purpose of funding benefits under the Plan, and the Sponsor.

(f) **Five-Year Certain and Life Annuity.** The Participant shall receive a reduced monthly retirement benefit payable for his lifetime, the last monthly payment being for the month in which his death occurs. If the Participant's death occurs prior to the end of the five-year period commencing with his Annuity Starting Date, his Beneficiary shall receive a continued monthly benefit equal to such reduced amount for the remainder of such five-year period. If the Participant's Beneficiary dies after becoming eligible to receive a benefit hereunder, but prior to the end of the five-year period, the unpaid monthly benefit shall be paid to the Beneficiary designated by the Participant to receive payment in such event or, if none, in accordance with the provisions of Section 9.3. Notwithstanding the foregoing, if the Participant's death occurs prior to the end of the five-year period commencing with his Annuity Starting Date, his Beneficiary may elect to receive the commuted value of such remaining payments in a single sum, as determined under the group pension contract or contracts between an insurance company selected by the Sponsor to provide contracts of insurance or annuity contracts for the purpose of funding benefits under the Plan, and the Sponsor.

(g) **Social Security Adjustment Annuity.** The Participant shall receive an increased monthly retirement benefit prior to a specified date and a reduced monthly retirement benefit thereafter, so that the adjusted benefit, when combined with the Primary Insurance Benefits under the Federal Social Security Act expected to become payable as of such specified date, will produce, as nearly as practicable, a level monthly income, the last monthly payment being for the month in which the Participant's death occurs. Notwithstanding any other provision of the Plan to the contrary, only a Participant who retires in accordance with Article VI and prior to his attainment of age 62 is eligible to elect to receive payment of such benefit in accordance with this option. For purposes of calculating the Actuarially Equivalent benefit payable in this form, the mortality and interest rate factors specified in Section l.l(d)(l) or Section l.l(d)(2) will be used, whichever provides the greater benefit.

Notwithstanding any other provision of the Plan to the contrary, distribution under an optional form of payment shall be made in accordance with Code Section 401(a)(9) and regulations issued thereunder, including the minimum distribution incidental benefit requirement. If a Participant designates a person other than his Spouse as his Beneficiary under an optional form of payment, and if payments under the optional form elected would not meet the minimum distribution incidental benefit requirement, the election shall be ineffective and benefit payments,

if any, shall be made under the normal form of payment provided in Section 9.1, unless the Participant elects another optional form of payment provided under the Plan prior to his Annuity Starting Date.

9.3 Designation of Beneficiary and Beneficiary in Absence of Designated Beneficiary

A Participant's Beneficiary may be any individual or, in the case of a Beneficiary to receive payments for the remainder of a period-certain under the form of payment elected by the Participant, any individuals, trust, or estate, selected by the Participant. A Participant's designation of a Beneficiary is subject to the spousal consent requirements of Section 9.6.

If payment is to be made to a Participant's surviving Beneficiary for the remainder of a period-certain under the form of payment elected by the Participant and no Beneficiary survives or the Participant has not designated a Beneficiary, the Participant's Beneficiary shall be the Participant's surviving Spouse or, if none, the Participant's surviving children in equal shares or, if none, the Participant's estate.

9.4 Notice Regarding Forms of Payment

The Administrator shall provide a Participant with a written description of (i) the terms and conditions of the normal forms of payment provided in Section 9.1, (ii) the optional forms of payment provided in Section 9.2, (iii) the Participant's right to waive the normal form of payment provided in Section 9.1 and to elect an optional form of payment and the effect thereof, (iv) the rights of the Participant's Spouse with respect to the Qualified Joint and Survivor Annuity form of payment, and (v) the Participant's right to revoke a waiver of the normal form of payment or to change his election of an option and the effect thereof. The explanation shall notify the Participant of his right to defer payment of his retirement benefit under the Plan until his Normal Retirement Date, or such later date as may be provided under the Plan. The Administrator shall provide such explanation no fewer than 30 days and no more than 90 days before a Participant's Annuity Starting Date.

Notwithstanding the foregoing, a Participant's Annuity Starting Date may occur fewer than 30 days after receipt of such explanation if the Administrator clearly informs the Participant:

(a) of his right to consider his form of payment election for a period of at least 30 days following his receipt of the explanation;

(b) the Participant, after receiving the explanation, affirmatively elects an early Annuity Starting Date, with his Spouse's written consent, if necessary;

(c) the Participant's Annuity Starting Date occurs after the date the explanation is provided to him;

(d) the election period described in Section 9.5 does not end until the later of his Annuity Starting Date or the expiration of the seven-day period beginning the day after the date the explanation is provided to him; and

(e) actual payment of the Participant's retirement benefit does not begin to the Participant before such revocation period ends.

9.5 Election Period

A Participant may waive or revoke a waiver of the normal form of payment provided in Section 9.1 and elect, modify, or change an election of an optional form of payment provided in Section 9.2 by written notice delivered to the Administrator at any time during the election period; provided, however that no waiver of the normal form of payment and election of an optional form of payment shall be valid unless the Participant has received the written explanation described in Section 9.4. Subject to the provisions of Section 9.4 extending a Participant's election period under certain circumstances, a Participant's "election period" means the 90-day period ending on his Annuity Starting Date.

The form in which a Participant shall receive payment of his retirement benefit shall be determined upon the later of his Annuity Starting Date or the date his election period ends, based upon any waiver and election in effect on such date. Except as otherwise specifically provided in the Plan, in no event shall the form in which a Participant's retirement benefit is paid be changed on or after such date.

9.6 Spousal Consent Requirements

A married Participant's waiver of the normal Qualified Joint and Survivor Annuity form of payment and his election, modification, or change of an election of an optional form of payment must include the written consent of the Participant's Spouse, if any. A Participant's Spouse shall be deemed to have given written consent to the Participant's waiver and election if the Participant establishes to the satisfaction of a Plan representative that such consent cannot be obtained because of any of the following circumstances:

(a) the Spouse cannot be located,

(b) the Participant is legally separated or has been abandoned within the meaning of local law, and the Participant has a court order to that effect, or

(c) other circumstances set forth in Code Section 401(a)(11) and regulations issued thereunder.

Notwithstanding the foregoing, written spousal consent shall not be required if the Participant elects an optional form of payment that is a Qualified Joint and Survivor Annuity.

Any written spousal consent given pursuant to this Section shall acknowledge the effect of the waiver of the Qualified Joint and Survivor Annuity form of payment and of the election of an optional form of payment, shall specify the optional form of payment selected by the Participant and that such form may not be changed (except to a Qualified Joint and Survivor Annuity) without written spousal consent, shall specify any Beneficiary designated by the Participant and that such Beneficiary may not be changed without written spousal consent, and shall be witnessed by a Plan representative or a notary public. Any written consent given or deemed to be given by a Participant's Spouse shall be irrevocable and shall be effective only with respect to such Spouse and not with respect to any subsequent Spouse.

9.7 Death Prior to Annuity Starting Date

Notwithstanding any other provision of the Plan to the contrary, should a Participant die prior to his Annuity Starting Date neither he nor any person claiming under or through him shall be entitled to any retirement benefit under the Plan; and no benefit shall be paid under the Plan with respect to such Participant except any survivor benefit payable under the provisions of Article X.

9.8 Effect of Reemployment on Form of Payment

Notwithstanding any other provision of the Plan, if a former Employee is reemployed, his prior election of a form of payment hereunder shall become ineffective, except to the extent that the Participant's Annuity Starting Date occurred prior to such reemployment and such prior Annuity Starting Date is preserved with respect to a portion or all of the Participant's retirement benefit.

ARTICLE X
SURVIVOR BENEFITS

10.1 Eligibility for Qualified Preretirement Survivor Annuity

If a Participant dies before his Annuity Starting Date, his surviving Spouse shall be eligible for a Qualified Preretirement Survivor Annuity if all of the following requirements are met on the Participant's date of death:

(a) The Participant has a Spouse as defined in Section 1.1.

(b) Such Spouse has been married to the Participant throughout the one-year period immediately preceding his date of death; provided, however, the Administrator shall waive this requirement if the Participant's death occurs within 12 months of his marriage and the Administrator determines that the Participant's death was accidental.

(c) The Participant has not waived the Qualified Preretirement Survivor Annuity and designated a death beneficiary to receive payment of his Employee Derived Benefit as provided in Section 10.8.

(d) The Participant has a vested Accrued Benefit.

10.2 Amount of Qualified Preretirement Survivor Annuity

Except as otherwise specifically provided in the applicable Addendum with respect to a Participant who is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061, the monthly amount of the Qualified Preretirement Survivor Annuity payable to a surviving Spouse shall be equal to the survivor benefit that would have been payable to the Spouse if the Participant had:

(a) separated from service on the earlier of his actual separation from service date or his date of death;

(b) survived to the date as of which payment of the Qualified Preretirement Survivor Annuity to his surviving Spouse commences;

(c) elected to commence retirement benefits as of the date described in paragraph (b) above in the form of a 50 percent Qualified Joint and Survivor Annuity; and

(d) died on his Annuity Starting Date.

Notwithstanding the foregoing, if prior to a Participant's death the Participant elected an optional form of payment in accordance with the provisions of Article IX that is a Qualified Joint and Survivor Annuity, for purposes of determining the amount of the Qualified Preretirement Survivor Annuity, the optional form of payment elected by the Participant shall be substituted for the 50 percent Qualified Joint and Survivor Annuity in paragraph (c) above.

10.3 Enhanced Qualified Preretirement Survivor Annuity

The Spouse of a Participant may be eligible for an enhanced Qualified Preretirement Survivor Annuity as follows:

(a) If a Participant is a salaried employee at Warren Pump, an hourly employee at Fincor, an hourly employee at Boston Gear Florence, or covered by the collective bargaining agreement between Delroyd Worm Gear and the United Steelworkers of America, AFL-CIO-CLC local Union 6061, his Spouse shall be eligible for an enhanced Qualified Preretirement Survivor Annuity in the amount specified in the applicable Addendum if the Participant dies after satisfying the requirements specified in the applicable Addendum.

(b) If any other Participant dies after becoming eligible for an early retirement benefit under the provisions of Section 6.1, but while employed as an Employee, the monthly amount of the Qualified Preretirement Survivor Annuity payable to his surviving shall be equal to 50 percent of the Participant's Accrued Benefit, provided that such Spouse is not more than three years younger than the Participant. If the surviving Spouse of such Participant is more than three years younger than the Participant, the monthly amount of the Qualified Preretirement Survivor Annuity payable to the surviving Spouse shall be equal to the amount that would have been payable to the surviving Spouse as a survivor benefit under the 50 percent Qualified Joint and Survivor Annuity form of payment, provided that no reduction shall be made for commencement prior to the date the Participant would have attained Normal Retirement Date.

10.4 Payment of Qualified Preretirement Survivor Annuity

Payment of a Qualified Preretirement Survivor Annuity to a Participant's surviving Spouse shall commence as of the first day of the month following the later of (i) the month in which the Participant dies or (ii) the month in which the Participant would have attained earliest retirement age (as defined herein) under the Plan. Notwithstanding the foregoing, a Participant's surviving Spouse may elect to defer commencement of payment of the Qualified Preretirement Survivor Annuity to a date no later than the Participant's Normal Retirement Date. If a Participant's surviving Spouse dies before the date as of which payment of the Qualified Preretirement Survivor Annuity is to commence to such Spouse, no Qualified Preretirement Survivor Annuity shall be payable hereunder.

Payment of a Qualified Preretirement Survivor Annuity shall continue to a Participant's surviving Spouse for such Spouse's lifetime, the last monthly payment being for the month in which the Spouse's death occurs.

For purposes of this Article, a Participant's "earliest retirement age" means the earliest age at which the Participant could have elected to commence retirement benefits under the Plan if he had survived and had continued employment as an Employee.

10.5 Waiver of Qualified Preretirement Survivor Annuity

Notwithstanding any other provision of this Article to the contrary, at any time during the applicable election period (as defined herein), a Participant who has an Employee Derived Benefit, may waive the Qualified Preretirement Survivor Annuity or revoke a prior waiver of the Qualified Preretirement Survivor Annuity. A Participant's waiver or revocation of a waiver of the Qualified Preretirement Survivor Annuity must be by written notice delivered to the Administrator, in such form as the Administrator shall require.

The "applicable election period" means, if the Participant has an Employee Derived Benefit, the period beginning on the earlier of the first day of the Plan Year in which the Participant attains age 35 or the date he terminates employment and ending on the earlier of the date of his death or his Annuity Starting Date. Notwithstanding the foregoing, the applicable election period with respect to a Participant shall not include any period prior to the date the Participant receives the notice described in Section 10.7.

10.6 Spousal Consent to Waiver of Qualified Preretirement Survivor Annuity

A Participant's waiver of the Qualified Preretirement Survivor Annuity must include the written consent of his Spouse. A Participant's Spouse will be deemed to have given written consent to the Participant's waiver if the Participant establishes to the satisfaction of a Plan representative that such consent cannot be obtained because of any of the following circumstances:

(a) the Spouse cannot be located,

(b) the Participant is legally separated or has been abandoned within the meaning of local law, and the Participant has a court order to that effect, or

(c) other circumstances set forth in Code Section 401(a)(l1) and regulations issued thereunder.

Any written spousal consent given pursuant to this Section shall acknowledge the effect of the waiver of the Qualified Preretirement Survivor Annuity and shall be witnessed by a Plan representative or a notary public.

In addition, if a Participant with an Employee Derived Benefit elects to waive the Qualified Preretirement Survivor Annuity hereunder, the written spousal consent must specify any death beneficiary designated to receive the death benefit provided in Section 10.8 and that such death beneficiary may not be changed without written spousal consent.

10.7 Notice Regarding Qualified Preretirement Survivor Annuity

The Administrator shall provide each Participant with a written explanation of (i) the terms and conditions of the Qualified Preretirement Survivor Annuity, (ii) the Participant's right to waive the Qualified Preretirement Survivor Annuity and the effect thereof, (iii) the rights of the Participant's Spouse with respect to the Qualified Preretirement Survivor Annuity, and (iv) the Participant's right to revoke a waiver and the effect thereof. Such explanation shall be consistent with regulations issued under Code Section 401(a)(11). The Administrator shall provide such notice to a Participant who has an Employee Derived Benefit within the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending on the last day of the Plan Year preceding the Plan Year in which the Participant attains age 35 or if the Participant separates from service prior to attaining age 35, within the period beginning 12 calendar months before the Participant's separation from service and ending 12 calendar months after his separation from service.

10.8 Special Death Benefit for Participants with an Employee Derived Benefit

If a Participant who has an Employee Derived Benefit hereunder should die, his death beneficiary may elect to receive a death benefit, payable in a single sum, that is the Actuarially Equivalent present value of the Participant's Employee Derived Benefit. A Participant's Employee Derived Benefit shall be determined as of the date of the Participant's death.

Each Participant who has an Employee Derived Benefit may designate in writing any one or more persons as his death beneficiary to receive payment of the death benefit provided under this Section. Such designation shall be filed with the Administrator and shall be in such form as the Administrator shall require. A Participant at any time and from time to time, whether before or after his retirement or other termination of employment, may change the death beneficiary previously designated by him by filing with the Administrator a new designation in such form as it shall require.

Notwithstanding the foregoing, a married Participant's designation of a death beneficiary to receive the death benefit provided hereunder shall not be given effect unless either (i) the Participant's designation meets the requirements of Sections 10.5 and 10.6 or (ii) the Participant has not been married to his Spouse throughout the one-year period ending on his date of death, provided that the Participant's death did not occur within 12 months of his marriage or the Administrator determines that the Participant's death was not accidental. Spousal consent shall be required to a Participant's designation of a death beneficiary hereunder.

If no death beneficiary shall have been designated by a Participant, or if all persons designated by him as death beneficiary shall die before becoming entitled to a death benefit hereunder, then such Participant's death beneficiary shall be his surviving Spouse or, if none, his surviving children in equal shares or, if none, his estate. A death beneficiary designation under this Section shall be separate from any Beneficiary designation under the provisions of Article IX.

Notwithstanding any other provision of the Plan to the contrary, if the surviving Spouse of a Participant who was covered under the Wiggins Plan receives a death benefit payable under this Section 10.8, such Spouse's Qualified Preretirement Survivor Annuity payable under this Article 10, shall be reduced by the monthly annuity which is the Actuarial Equivalent value of the Participant's Employee Derived Benefit.

ARTICLE XI
GENERAL PROVISIONS & LIMITATIONS
REGARDING BENEFITS

11.1 Suspension of Benefits

Except as otherwise provided in Sections 11.2, 11.7, and 11.8, if a Participant continues employment with an Employer or an Affiliated Company after reaching his Normal Retirement Date or a retired or former Employee is reemployed by an Employer or an Affiliated Company, any benefits payable to such Participant or retired or former Employee under the Plan shall be suspended during the period of such employment or reemployment, as applicable, provided that the notice requirements of Department of Labor Regulations Section 2530.203-3(b)(4) are met. If a retired or former Employee whose Annuity Starting Date occurred prior to reemployment again becomes eligible to receive benefits under the Plan, the amount of benefit payable to the Participant shall be reduced to its Actuarial Equivalent to reflect the value of any benefit payments made to the Participant prior to his Normal Retirement Date.

11.2 Exception to Suspension of Benefits Rule

Notwithstanding any other provision of the Plan to the contrary, a Participant who continues in employment with his Employer or any Affiliated Company or who is reemployed by an Employer or an Affiliated Company after reaching his Normal Retirement Date shall be eligible for a retirement benefit for any month in which he is employed for fewer than 40 hours or such other amount of time that does not constitute ERISA Section 203(a)(3)(B) service.

11.3 Non-Alienation of Retirement Rights or Benefits

Except as provided in Code Section 401(a)(l3)(B) (relating to qualified domestic relations orders), Section 1.40l(a)-13(b)(2) of the Treasury Regulations (relating to Federal tax levies), or as otherwise required by law, no benefit under the Plan at any time shall be subject in any manner to anticipation, alienation, assignment (either at law or in equity), encumbrance, garnishment, levy, execution, or other legal or equitable process; and no person shall have the power in any manner to anticipate, transfer, assign (either at law or in equity), alienate or subject to attachment, garnishment, levy, execution, or other legal or equitable process, or in any way encumber his benefits under the Plan, or any part thereof, and any attempt to do so shall be void.

11.4 Payment of Benefits to Others

If any person to whom a retirement benefit is payable is unable to care for his affairs because of illness or accident, any payment due (unless prior claim therefor shall have been made by a duly qualified guardian or other legal representative) may be paid to the Spouse, parent, brother or sister, or any other individual deemed by the Administrator to be maintaining or responsible for the maintenance of such person. The monthly payment of a retirement benefit to a person for the month in which he dies shall, if not paid to such person prior to his death, be paid to his Spouse,

parent, brother, sister, or estate as the Administrator shall determine. Any payment made in accordance with the provisions of this Section shall be a complete discharge of any liability of the Plan with respect to the benefit so paid.

11.5 Payment of Small Benefits; Deemed Cashout

If the Actuarially Equivalent present value of any retirement benefit payable under Section 5.1, 6.1, or 7.2 or any survivor benefit is $5,000 or less, such Actuarially Equivalent present value shall be paid to the Participant, or his Beneficiary, if applicable, in a single sum payment, in lieu of all other benefits under the Plan, as soon as practicable following the date of the Participant's retirement, death, or other termination of employment and he shall cease to be a Participant under the Plan as of the date of such payment. The foregoing provisions shall only apply to a Participant who is an hourly employee at Boston Gear Florence, or his Beneficiary, if applicable, if the monthly benefit payable to such Participant or Beneficiary, as applicable, is less than $50. In addition, if the monthly benefit payable with respect to a Participant who is an hourly employee at Boston Gear Florence, or his Beneficiary, if applicable, is less than $50, the Participant, or his Beneficiary, as applicable, may elect to receive a single sum payment in lieu of any other benefit under the Plan. If the Actuarially Equivalent present value of such benefit is greater than $5,000, a married Participant's Spouse must consent to the single sum payment as provided in Section 9.6.

If the nonforfeitable Accrued Benefit of a Participant is zero, such Participant shall be deemed to have received distribution of his entire vested Accrued Benefit under the Plan, in lieu of all other benefits under the Plan, as of the date of his termination of employment with his Employer and all Affiliated Companies and he shall cease to be a Participant under the Plan as of such date.

In the event of a "mandatory distribution" greater than $1,000 made in accordance with the provisions of this Section, if the Participant does not elect to have such distribution paid in a direct rollover to an eligible retirement plan specified by the Participant or to receive the distribution directly, then the Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the Administrator. A "mandatory distribution" means any distribution made to a Participant without the Participant's consent that is made before the Participant attains the later of age 62 or Normal Retirement Date. Distribution to a Participant's surviving spouse or to an alternate payee under a qualified domestic relations order is not a "mandatory distribution" for purposes of this paragraph.

A former Participant who received a distribution hereunder, other than a deemed distribution, because of his retirement or other termination of employment shall lose the Credited Service with which he was credited at the time of his prior termination of employment or retirement. If such former Participant is reemployed, such prior Credited Service shall not be reinstated unless the former Participant satisfies the requirements of Section 3.5.

A distribution hereunder is deemed to be made because of a Participant's retirement or termination of employment if it is made before the end of the second Plan Year following the Plan Year in which such retirement or termination occurred.

11.6 Direct Rollovers

Notwithstanding any other provision of the Plan to the contrary, in lieu of receiving a single sum payment as provided in Section 11.5, a “qualified distributee” may elect in writing, in accordance with rules prescribed by the Sponsor, to have any portion or all of such payment that is an ‘eligible rollover distribution” paid directly by the Plan to the “eligible retirement plan” designated by the “qualified distributee”; provided, however, that this provision shall not apply if the total distribution is less than $200 and that a “qualified distributee” may not elect this provision with respect to any partial distribution that is less than $500. Any such payment by the Plan to another “eligible retirement plan” shall be a direct rollover. For purposes of this Section, the following terms have the following meanings:

(a) An “eligible retirement plan” means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified trust described in Code Section 401(a) that accepts rollovers, an annuity contract described in Code Section 403(b) that accepts rollovers, and an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. An eligible retirement plan for purposes of a direct rollover of Mandatory Employee Contributions includes only an individual retirement account or annuity described in Code Section 408(a) or (b) or a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(b) An “eligible rollover distribution” means any distribution of all or any portion of a Participant’s Accrued Benefit or a distribution of all or any portion of a survivor benefit under Article X; provided, however, that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments made not less frequently than annually for the life or life expectancy of the qualified distributee or the joint lives or joint life expectancies of the qualified distributee and the qualified distributee’s designated beneficiary, or for a specified period of ten years or more; and any distribution to the extent such distribution is required under Code Section 401(a)(9).

(c) A “qualified distributee” means a Participant, his surviving Spouse, or his Spouse or former Spouse who is an alternate payee under a qualified domestic relations order, as defined in Code Section 414(p).

11.7 Limitations on Commencement

Notwithstanding any other provision of the Plan to the contrary, payment of a Participant's retirement benefit shall commence not later than the earlier of:

(a) the 60th day after the end of the Plan Year in which occurs the Participant's Normal Retirement Date, the tenth anniversary of the date on which he first became a Participant, or the Participant's retirement or other termination of employment, whichever is latest; or

(b) his Required Beginning Date.

Distributions required to commence under this Section shall be made in accordance with Code Section 401(a)(9) and regulations issued thereunder. If payment of a Participant's retirement benefit does not commence until his Required Beginning Date, his Required Beginning Date shall be considered his Annuity Starting Date for all purposes of the Plan.

If the Participant dies after his Annuity Starting Date, but prior to distribution of his entire interest, the remaining portion of such interest shall be distributed to his Beneficiary in a method which is at least as rapid as the method being used at the date of the Participant's death. If the Participant dies prior to his Annuity Starting Date, the entire interest attributable to the Participant shall be distributed within five years after the date of his death, unless such interest is payable to a designated beneficiary (as defined in Code Section 401(a)(9)) for a period which does not exceed the life or life expectancy of such designated beneficiary, in which event distribution of such interest shall commence no later than the date the Participant would have attained age 70 $^{1}/_{2}$ if the designated beneficiary is the surviving Spouse of such Participant, or the date which is one year after the date of such Participant's death if the designated beneficiary is not the surviving Spouse of such Participant.

Subject to the requirements of Code Sections 401(a)(9) and 411(d)(6), no benefit payments shall commence under the Plan until the Participant, or his surviving Spouse, if applicable, makes written application therefor on a form satisfactory to the Administrator. If the amount of a monthly retirement benefit payable to a Participant cannot be determined for any reason (including lack of information as to whether the Participant is still living or his marital status) on the date payment of such benefit is to commence under this Section, payment shall be made retroactively to such date no later than 60 days after the date on which the amount of such monthly retirement benefit can be determined.

11.8 Post Age 70 $^{1}/_{2}$ Payments

A Participant who is receiving retirement benefits under the Plan while employed by an Employer or an Affiliated Company because his required beginning date occurred under the provisions of Code Section 401(a)(9) as in effect prior to January 1, 1997, shall continue to receive retirement benefits hereunder.

A Participant who is a five percent owner (as defined in Code Section 416(i)) with respect to the Plan Year ending with or within the calendar year in which he attains age 70 1/2 and who continues employment with an Employer or any Affiliated Company shall receive distribution of his retirement benefit beginning as of the April 1 of the calendar year following the calendar year in which he attains age 70 1/2.

11.9 Offset to Accrual After Normal Retirement Date

The amount of benefit accrued by an Employee for each year of Credited Service that he completes after the date retirement income becomes payable to him by reasons other than his retirement or termination of employment shall be reduced (but not below zero) by the Actuarial Equivalent of the retirement benefits paid to the Employee for the period for which he accrues such year of Credited Service.

ARTICLE XII
MAXIMUM RETIREMENT BENEFITS

12.1 Definitions

For purposes of this Article, the following terms have the following meanings.

(a) An **“affiliated employer”** means any corporation or business, other than an Employer, which would be aggregated with an Employer for a relevant purpose under Code Section 414 as modified by Code Section 415(h).

(b) A Participant’s **“annual retirement benefit”** means the amount of retirement benefit attributable to Employer contributions which is payable to him annually under the Plan. A Participant’s “aggregate annual retirement benefit” includes his “annual retirement benefit” and his annual retirement benefit, if any, under any and all other defined benefit plans (whether or not terminated) maintained by an Employer or any “affiliated employer”.

(c) The **“defined benefit compensation limitation”** means 100 percent of a Participant’s average “415 compensation” for his high three years. A Participant’s “415 compensation” for any “limitation year” means his wages, salaries, fees for professional service, and all other amounts received for personal services actually rendered in the course of employment paid to him for the “limitation year”, but excluding (i) contributions made by the Participant’s employer to a plan of deferred compensation to the extent that, before application of the limitations of Code Section 415 to such plan, the contributions are not includible in the gross income of the Participant for the taxable year in which contributed, (ii) contributions made by the employer to a simplified employee pension described in Code Section 408(k), (iii) any distributions from a plan of deferred compensation (except amounts received pursuant to an unfunded non-qualified plan in the year such amounts are includible in the gross income of the Participant), (iv) amounts received from the exercise of a non-qualified stock option or when restricted stock held by the Participant becomes freely transferable or is no longer subject to substantial risk of forfeiture, (v) amounts received from the sale, exchange or other disposition of stock acquired under a qualified or incentive stock option, (vi) any other amounts which receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the Participant), and (vii) contributions made by the employer (whether or not pursuant to a salary reduction agreement) towards the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are excludable from the gross income of the Participant). A Participant’s compensation includes amounts not includable in a Participant’s taxable income pursuant to Code Section 125, 132(f)(4), 402(e)(3), 402(h), or 403(b).

“415 compensation” includes amounts paid within 2 $^{1}/_{2}$ months of a Participant’s termination of employment if such amounts (1) would otherwise have been paid to the

Participant in the course of his employment and are regular compensation for services during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or shift differential pay), commissions, bonuses, or other similar compensation or (2) are payments for accrued bona fide sick, vacation or other leave, but only if the Participant would have been able to use such leave if his employment had continued.

In no event, however, shall the "415 compensation" of a Participant taken into account under the Plan for any "limitation year" exceed the limit in effect under Code Section 401(a)(17) ($220,000 for "limitation years" beginning in 2006, subject to adjustment annually as provided in Code Sections 401(a)(l7)(B) and 415(d); provided, however, that the dollar increase in effect on January 1 of any calendar year, if any, is effective for "limitation years" beginning in such calendar year). If the "415 compensation" of a Participant is determined over a period of time that contains fewer than 12 calendar months, then the annual compensation limitation described above shall be adjusted with respect to that Participant by multiplying the annual compensation limitation in effect for the Plan Year by a fraction the numerator of which is the number of full months in the period and the denominator of which is 12; provided, however, that no proration is required for a Participant who is covered under the Plan for fewer than 12 months.

(d) The "defined benefit dollar limitation" means $160,000, as adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary shall prescribe, and payable in the form of a straight life annuity. A limitation as adjusted under Code Section 415(d) will apply to "limitation years" ending with or within the calendar year for which the adjustment applies.

If a Participant has fewer than 10 years of participation in the Plan, the "defined benefit dollar limitation" shall be multiplied by a fraction, (i) the numerator of which is the number of years (or part thereof) of participation in the plan and (ii) the denominator of which is 10. In the case of a participant who has fewer than 10 years of service with the employer, the defined benefit compensation limitation shall be multiplied by a fraction, (i) the numerator of which is the number of years (or part thereof) of service with the employer and (ii) the denominator of which is 10.

(e) "Defined benefit plan" has the meaning given such term in Code Section 415(k).

(f) The "limitation year" means the Plan Year.

(g) The "maximum permissible benefit" is the lesser of the "defined benefit dollar limitation" or the "defined benefit compensation limitation" adjusted to its actuarial equivalent using the factors prescribed in the following paragraph if such benefit is to be paid (1) in a manner other than to the Participant for his life only or as a qualified joint and survivor annuity as defined in Code Section 417, (2) prior to the Participant attaining age 62, or (3) after the Participant attains age 65.

(1) If (1) the Participant's retirement benefit includes contributions made by the Participant or rollover contributions (as described above) or (2) payment is to be made in a form other than to the Participant for his life only or as a qualified joint and survivor annuity, and such form is not subject to the requirements of Code Section 417(e)(3), the following factors shall be used: (I) the "applicable mortality table" and (II) an interest rate equal to the greater of five percent or the interest rate otherwise used under the Plan for purposes of determining Actuarial Equivalence of optional forms not subject to the requirements of Code Section 417(e)(3).

(2) If payment is to be made to the Participant in a form that is subject to the requirements of Code Section 417(e)(3), the following factors shall be used: (I) the "applicable mortality table" and (II) an interest rate equal to the greater of the "applicable interest rate" or the interest rate otherwise used under the Plan for purposes of determining Actuarial Equivalence of such optional form. Notwithstanding the foregoing, for Plan Years beginning in 2004 and 2005, 5.5 percent shall be substituted for the "applicable interest rate" in (II) above; provided, however, that for a Participant receiving a distribution after December 31, 2003 and before January 1, 2005, such substitution shall not reduce the benefit payable to the Participant below the amount determined using the "applicable interest rate" in effect as of the last day of the last Plan Year beginning before January 1, 2004.

(3) If payment is to be made to the Participant beginning before the Participant attains age 62, the following factors shall be used: (I) the "applicable mortality table" and (II) an interest rate equal to the greater of five percent or the interest rate otherwise used under the Plan for purposes of determining Actuarial Equivalence of optional forms not subject to the requirements of Code Section 417(e)(3).

(4) If payment is to be made to the Participant beginning after the Participant attains age 65, the following factors shall be used: (I) the "applicable mortality table" and (II) an interest rate equal to the lesser of five percent or the interest rate otherwise used under the Plan for purposes of determining Actuarial Equivalence of optional forms not subject to the requirements of Code Section 417(e)(3).

For purposes of this paragraph (g), the following terms have the following meanings:

(5) The "applicable mortality table" means the table prescribed by the Secretary of the Treasury, which shall be based on the prevailing commissioners' standard table, described in Code Section 807(d)(5)(A), used to determine reserves for group annuity contracts issued on the date as of which present value is being determined (without regard to any other subparagraph of Code Section 807(d)(5)). Effective December 31, 2002, the "applicable mortality table" is the table specified in Revenue Ruling 2001-62.

(6) The “applicable interest rate” means the annual rate of interest on 30-year Treasury securities as in effect for the distribution date, determined as provided in Section 1.1(c) of the Plan.

12.2 Maximum Limitation on Annual Benefits

The “aggregate annual retirement benefit” accrued or payable to a Participant may not at any time within any “limitation year” exceed the “maximum permissible benefit”. For purposes of applying the “defined benefit compensation limitation”, a Participant’s “aggregate annual retirement benefit” shall not include the Participant’s accrued benefit under a multiemployer plan, if any.

12.3 Manner of Reduction

If the Participant’s “aggregate annual retirement benefit” exceeds the limitations specified in this Article, the reduction in the amount of his “annual retirement benefit” shall be equal to the amount by which his “aggregate annual retirement benefit” exceeds the limitations of this Article multiplied by a fraction, the numerator of which is his “aggregate annual retirement benefit” (determined without regard to the limitations of this Article or any corresponding limitation in any other defined benefit plan maintained by an Employer or nay affiliated employer).

ARTICLE XIII
PENSION FUND

13.1 Pension Fund

The Pension Fund is maintained by the Funding Agent for the Plan under a Funding Agreement with the Sponsor. Subject to the provisions of Title IV of ERISA, benefits under the Plan shall be only such as can be provided by the assets of the Pension Fund, and no liability for payment of benefits shall be imposed upon the Employers or any Affiliated Company, or any of their officers, employees, directors, or stockholders.

13.2 Contributions by the Employers

So long as the Plan continues, contributions will be made by the Employers at such times and in such amounts as the Sponsor in its sole discretion shall from time to time determine, based on the advice of the Actuary and consistent with the funding policy for the Plan. Subject to the provisions of Section 13.5, all such contributions shall be delivered to the Funding Agent for deposit in the Pension Fund. Participants shall make no contributions under the Plan.

13.3 Expenses of the Plan

The expenses of administration of the Plan, including the expenses of the Administrator and fees of the Funding Agent and any investment advisor, shall be paid from the Pension Fund, unless the Sponsor or an Employer elects to make payment.

13.4 No Reversion

The Pension Fund shall be for the exclusive benefit of Participants and persons claiming under or through them. All contributions pursuant Section 13.2 hereof shall be based on the facts then understood by the Sponsor, shall be conditioned upon the initial qualification of the Funding Agreement and Plan under Code Sections 401 and 501(a), and, unless otherwise specified by the Sponsor, shall be conditioned upon deductibility of the contributions under Code Section 404 in the year for which such contributions were made. All such contributions shall be irrevocable and such contributions as well as the Pension Fund, or any portion of the principal or income thereof, shall never revert to or inure to the benefit of the Employers or any Affiliated Company except that:

(a) the residual amounts specified in Article XVI may be returned to the Employers;

(b) any contributions which are made under a mistake of fact may be returned to the Employers within one year after the contributions were made;

(c) any contributions made for years during which the Funding Agreement and Plan were not initially qualified under Code Sections 401 and 501(a) may be returned to the Employers

within one year after the date of denial of initial qualification, but only if an application for determination was filed within the period of time prescribed under ERISA Section 403(c)(2)(B); and

(d) any contributions, which are not, in whole or in part, deductible under Code Section 404 for the year for which they were made, may to the extent such contributions were not so deductible, be returned to the Employers within one year after the disallowance of the deduction.

The Sponsor shall determine, in its sole discretion, whether the contributions described above, other than the residual amounts described in paragraph (a), shall be returned to an Employer. If any such contributions are to be returned, the Sponsor shall so direct the Funding Agent, in writing, no later than ten days prior to the last day upon which they may be returned.

13.5 Forfeitures Not to Increase Benefits

Any forfeitures arising from the termination of employment or death of an Employee, or for any other reason, shall be used to reduce Employer contributions to the Pension Fund, and shall not be applied to increase the benefits any Participant otherwise would receive under the Plan at any time prior to the termination of the Plan.

13.6 Change of Funding Medium

The Sponsor shall have the right to change at any time the means through which benefits under the Plan shall be provided. No such change shall constitute a termination of the Plan or result in the diversion to the Employers of any funds previously contributed in accordance with the Plan.

ARTICLE XIV
ADMINISTRATION

14.1 Authority of the Sponsor

The Sponsor, which shall be the administrator for purposes of ERISA and the plan administrator for purposes of the Code, shall have all the powers and authority expressly conferred upon it herein and further shall have the sole discretionary right, authority, and power to interpret and construe the Plan, and to determine any disputes arising thereunder, subject to the provisions of Section 14.3. In exercising such powers and authority, the Sponsor at all times shall exercise good faith, apply standards of uniform application, and refrain from arbitrary action. The Sponsor may employ such attorneys, agents, and accountants as it may deem necessary or advisable to assist it in carrying out its duties hereunder. The Sponsor shall be a “named fiduciary” as that term is defined in ERISA Section 402(a)(2). The Sponsor may:

(a) allocate any of the powers, authority, or responsibilities for the operation and administration of the Plan (other than trustee responsibilities as defined in ERISA Section 405(c)(3)) among named fiduciaries; and

(b) designate a person or persons other than a named fiduciary to carry out any of such powers, authority, or responsibilities;

except that no allocation by the Sponsor of, or designation by the Sponsor with respect to, any of such powers, authority, or responsibilities to another named fiduciary or a person other than a named fiduciary shall become effective unless such allocation or designation shall first be accepted by such named fiduciary or other person in a writing signed by it and delivered to the Sponsor.

14.2 Action of the Sponsor

Any act authorized, permitted, or required to be taken by the Sponsor under the Plan, which has not been delegated in accordance with Section 14.1, may be taken by a majority of the members of the board of directors of the Sponsor, either by vote at a meeting, or in writing without a meeting or by the employee or employees of the Sponsor designated by the board of directors to carry out such acts on behalf of the Sponsor. All notices, advice, directions, certifications, approvals, and instructions required or authorized to be given by the Sponsor under the Plan shall be in writing and signed by either (i) a majority of the members of the board of directors of the Sponsor, or by such member or members as may be designated by an instrument in writing, signed by all the members thereof, as having authority to execute such documents on its behalf, or (ii) the employee or employees of the Sponsor who have the authority to act on behalf of the Sponsor.

14.3 Claims Review Procedure

Except to the extent that the provisions of any applicable collective bargaining agreement provide another method of resolving claims for benefits under the Plan, the provisions of this Section shall control with respect to the resolution of such claims.

Whenever the Administrator decides for whatever reason to deny, whether in whole or in part, a claim for benefits filed by any person (hereinafter referred to as the "claimant"), the Administrator shall transmit to the claimant a written notice of its decision, which notice shall be written in a manner calculated to be understood by the claimant and shall contain a statement of (i) the specific reasons for the denial of the claim, (ii) specific reference to pertinent Plan provisions on which the denial is based, and (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such information is necessary. The notice shall also include a statement advising the claimant that, within 60 days of the date on which he receives such notice, he may obtain review of the decision of the Administrator in accordance with the procedures hereinafter set forth.

The Administrator shall provide such notice to the Participant within 90 days of the date his claim for benefits was filed with the Administrator (or, if special circumstances require an extension, within 180 days of that date; provided that the delay and the reasons for the delay are communicated to the claimant within the initial 90-day period).

Within the 60-day period beginning on the date the claimant receives notice regarding disposition of his claim, the claimant or his authorized representative may request that the claim denial be reviewed by filing with the Administrator a written request therefore, which request shall contain the following information:

(a) the date on which the claimant's request was filed with the Administrator provided that the date on which the claimant's request for review was in fact filed with the Administrator all control in the event that the date of the actual filing is later than the date stated by the claimant pursuant to this paragraph;

(b) the specific portions of the denial of his claim which the claimant requests the Administrator to review;

(c) a statement by the claimant setting forth the basis upon which he believes the Administrator should reverse its previous denial of his claim for benefits and accept his claim as made; and

(d) any written material (offered as exhibits) which the claimant desires the Administrator to examine in its consideration of his position as stated pursuant to paragraph (c) of this Section.

Within 60 days of the date determined pursuant to paragraph (a) of this Section (or, if special circumstances require an extension, within 120 days of that date; provided that the delay and the

reasons for the delay are communicated to the claimant within the initial 60-day period), the Administrator shall conduct a full and fair review of its decision denying the claimant's claim for benefits and shall render its written decision on review to the claimant. The Administrator's decision on review shall be written in a manner calculated to be understood by the claimant and shall specify the reasons and Plan provisions upon which the Administrator's decision was based.

14.4 Qualified Domestic Relations Orders

The Administrator shall establish reasonable procedures to determine the status of domestic relations orders and to administer distributions under domestic relations orders which are deemed to be qualified orders. Such procedures shall be in writing and shall comply with the provisions of Code Section 414(p) and regulations issued thereunder.

14.5 Indemnification

In addition to whatever rights of indemnification the members of the board of directors of the Sponsor or any employee or employees to whom any power, authority, or responsibility is delegated pursuant to Section 14.2, may be entitled under the articles of incorporation, regulations, or bylaws of the Sponsor, under any provision of law, or under any other agreement, the Sponsor shall satisfy any liability actually and reasonably incurred by any such person or persons, including expenses, attorneys' fees, judgments, fines, and amounts paid in settlement (other than amounts paid in settlement not approved by the Sponsor), in connection with any threatened, pending, or completed action, suit, or proceeding which is related to the exercise or failure to exercise by such person or persons of any of the powers, authority, responsibilities, or discretion as provided under the Plan and the Funding Agreement, or reasonably believed by such person or persons to be provided thereunder, and any action taken by such person or persons in connection therewith, unless the same is judicially determined to be the result of such person's or persons' gross negligence or willful misconduct.

14.6 Actions Binding

Subject to the provisions of Section 14.3, any action taken by the Sponsor which is authorized, permitted, or required under the Plan shall be final and binding upon the Employers, the Funding Agent, all persons who have or who claim an interest under the Plan, and all third parties dealing with the Employers or the Funding Agent

ARTICLE XV
ADOPTION BY OTHER ENTITIES

15.1 Adoption by Affiliated Companies

An Affiliated Company that is not an Employer may, with the consent of the Sponsor, adopt the Plan and become an Employer hereunder by causing an appropriate written instrument evidencing such adoption to be executed in accordance with the requirements of its organizational authority. Any such instrument shall specify the effective date of the adoption. Unless otherwise specified in the adoption instrument, for purposes of computing the Service and Average Annual Earnings of an Employee who is in the employ of the Employer on the effective date of the adoption, employment with and compensation from the Employer before the effective date of the adoption shall be treated as employment with and Earnings from an Employer. Unless otherwise specifically provided in the adoption instrument, for purposes of computing the Credited Service of an Employee, only employment with the Employer for periods on or after the effective date of the adoption shall be treated as employment with an Employer. Any Employer shall undertake to contribute its appropriate share, as determined by the Sponsor, of any contributions made to the Funding Agent hereunder. Notwithstanding the foregoing, however, any adoption of the Plan by an Employer shall be subject to the receipt of a determination from the Internal Revenue Service to the effect that with respect to such Employer the Plan meets the requirements for qualification under Code Section 401(a), and, should an adverse determination be issued by the Internal Revenue Service, the adoption of the Plan by said Employer shall be null and void and of no effect whatsoever.

15.2 Effective Plan Provisions

An Employer who adopts the Plan shall be bound by the provisions of the Plan in effect at the time of the adoption and as subsequently in effect because of any amendment to the Plan.

ARTICLE XVI
AMENDMENT & TERMINATION OF PLAN

16.1 Sponsor's Right of Amendment

The Sponsor reserves the right at any time and from time to time, by means of a written instrument executed in the name of the Sponsor by its duly authorized representatives, to amend or modify the Plan and, to the extent provided therein, to amend or modify the Funding Agreement. No pension or other benefit granted prior to the time of any amendment or modification of the Plan shall be reduced, suspended, or discontinued as a result thereof, except to the extent necessary to enable the Plan to meet the requirements for qualification under the Code or the requirements of any governmental authority. Moreover, no such action shall operate to recapture for the Employers any contributions made to the Pension Fund, except as provided in Section 13.4 or Section 16.7.

16.2 Termination of the Plan

The Sponsor reserves the right, by means of a written instrument executed in the name of the Sponsor by its duly authorized representatives, at any time to terminate the Plan. In the event of termination, no further benefits shall accrue, no further contributions shall be made, except as may be required under Title IV of ERISA or Code Section 412, and all assets remaining in the Pension Fund, after provision has been made for payment of the expenses of administration and liquidation in connection with the termination, shall be allocated by the Funding Agent upon the advice of the Actuary, among the Participants and Beneficiaries of the Plan, in the following manner and order of precedence:

(a) First to that portion of a Participant's or Beneficiary's Accrued Benefit that is derived from the Participant's Mandatory Employee Contributions.

(b) In the case of benefits payable as an annuity,

(1) in the case of the benefit of a Participant or Beneficiary which was in pay status as of the beginning of the three-year period ending on the termination date of the Plan, to each such benefit, based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such benefit would be the least; and

(2) in the case of a Participant's or Beneficiary's benefit (other than a benefit described in subparagraph (1) of this paragraph) which would have been in pay status as of the beginning of such three-year period if the Participant had retired prior to the beginning of such three-year period and if his benefits had commenced (in the normal form of annuity under the Plan) as of the beginning of such period, to each such benefit based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such benefit would be the least.

For purposes of subparagraph (1) of this paragraph, the lowest benefit in pay status during a three-year period shall be considered the three-year benefit in pay status for such period.

(c) Next,

(1) to all other benefits, if any, of individuals under the Plan guaranteed under Title IV of ERISA (determined without regard to ERISA Section 4022(b)(5)); and

(2) to the additional benefits, if any, which would be determined under subparagraph (1) of this paragraph if ERISA Section 4022(b)(6) did not apply.

For purposes of this paragraph, ERISA Section 4021 shall be applied without regard to subsection (c) thereof.

(d) Next, to all nonforfeitable benefits under the Plan.

(e) Last, to all other benefits under the Plan.

Notwithstanding any other provision of the Plan to the contrary, other than Sections 16.3 through 16.8, the amount allocated to any Participant under this Section 16.2 shall be fully vested and nonforfeitable. The Sponsor shall furnish all information reasonably required for the purposes of making such allocations. The Funding Agent shall implement the allocations determined under this Section among the persons for whose benefit such allocations are made through distribution of the assets of the Pension Fund, through application of the amounts allocated to the purchase from an insurance company of immediate or deferred annuities, or through creation of one or more new funds for the purpose of distributing the assets of the Pension Fund (to the extent so allocated), or by a combination of the foregoing.

16.3 Adjustment of Allocation

The amount allocated under any paragraph of Section 16.2 with respect to any benefit shall be properly adjusted for any allocations of assets with respect to that benefit under a prior paragraph of Section 16.2.

16.4 Assets Insufficient for Allocation

If the assets available for allocation under any paragraph of Section 16.2 (other than paragraphs (d) and (e)) are insufficient to satisfy in full the benefits of all individuals which are described in that paragraph, the assets shall be allocated pro rata among such individuals on the basis of the present value (as of the date of termination of the Plan) of their respective benefits described in that paragraph.

16.5 Assets Insufficient for Allocation Under Paragraph (d) of Section 16.2

This Section applies if the assets available for allocation under paragraph (d) of Section 16.2 are not sufficient to satisfy in full the benefits of individuals described in such paragraph.

(a) If this Section applies, except as provided in paragraph (b), the assets shall be allocated to the benefits of individuals described in paragraph (d) of Section 16.2 on the basis of the benefits of individuals which would have been described in such paragraph under the Plan as in effect at the beginning of the five-year period ending on the date of termination of the Plan.

(b) If the assets available for allocation under paragraph (a) of this Section are sufficient to satisfy in full the benefits described in such paragraph (without regard to this paragraph (b)), then for purposes of paragraph (a), benefits of individuals described in such paragraph shall be determined on the basis of the Plan as amended by the most recent Plan amendment effective during such five-year period under which the assets available for allocation are sufficient to satisfy in full the benefits of individuals described in paragraph (a), and any assets remaining to be allocated under such paragraph (a) on the basis of the Plan as amended by the next succeeding Plan amendment effective during such period.

16.6 Allocations Resulting in Discrimination

If the Secretary of the Treasury determines that the allocation made pursuant to this Article (without regard to this Section) results in discrimination prohibited by Code Section 401(a)(4), then the assets allocated under paragraphs (c)(2), (d), and (e) of Section 16.2 shall be reallocated to the extent necessary to prevent the disqualification of the Plan (or any trust or annuity contract under the Plan) under Code Section 401(a).

16.7 Residual Assets

Subject to the provisions of Section 16.10 and of any applicable collective bargaining agreement, any residual assets of the Plan shall be distributable to the Employers if:

(a) all liabilities of the Plan to Participants and their beneficiaries have been satisfied; and

(b) the distribution does not contravene any provision of law.

16.8 Meanings of Terms

The terms used in Sections 16.2 through 16.7 shall have, where required, the same meaning as the same terms have as used in ERISA Section 4044; provided, however, that any term specifically defined in the Plan shall retain its meaning as defined thereunder.

16.9 Payments by the Funding Agent

The Funding Agent shall make the payments specified in a written direction of the Sponsor in accordance with the provisions of Section 16.2 until the same shall be superseded by a further written direction. The obligation of the Funding Agent to make any payment hereunder in all events shall be limited to the amount of the Pension Fund at the time any such payment shall become due.

16.10 Residual Assets Distributable to the Employers

Upon written notice from the Sponsor that any residual assets of the Plan are distributable to the Employers in accordance with the provisions of Section 16.7, then the Funding Agent shall pay over such residual assets, or an amount equal to the fair market value of that portion of such residual assets which are not so paid, to the Employers; provided, however, that, under no circumstances or conditions other than as set forth in this Section 16.10 and in Section 13.4, shall any contribution of the Employers, or any portion of the proceeds or avails thereof, ever revert, be paid, or inure to the benefit, directly or indirectly, of the Employers or any Affiliated Company; nor shall any portion of the principal or the income from the Pension Fund ever be used for or diverted to any purpose other than for the exclusive benefit of Participants and persons claiming under or through them pursuant to the Plan.

16.11 Withdrawal of an Employer

Each Employer shall have the right to withdraw from the Plan by action in accordance with its organizational authority, and by filing with the Sponsor written notice thereof, in which event the Employer shall cease to be an Employer for purposes of the Plan. An Employer shall be deemed automatically to withdraw from the Plan in the event it completely discontinues contributions to the Plan or it ceases to be an Affiliated Company.

If such withdrawal is for the purpose of establishing or merging with a separate plan which meets the requirements for qualification under applicable provisions of the Code, the portion of the assets of the Pension Fund which is applicable to the withdrawing Employer, as determined by the Sponsor upon the advice of the Actuary, on a fair and equitable basis, taking into account the contributions made by the Employer, benefit payments made with respect to its Employees and retired and former Employees, and other relevant factors, shall be transferred to and become a part of the trust fund or other financing medium maintained in connection with the separate plan, subject to the limitations on merger, consolidation, or transfers of Plan assets set forth in Section 17.5.

ARTICLE XVII
MISCELLANEOUS

17.1 No Commitment as to Employment

Nothing contained herein shall be construed as a commitment or agreement on the part of any person to continue his employment with his Employer, or as a commitment on the part of his Employer to continue the employment, compensation, or benefits of any person for any period, and all employees of an Employer shall remain subject to discharge, layoff, or disciplinary action to the same extent as if the Plan had never been put into effect.

17.2 Claims of Other Persons

Nothing in the Plan or Funding Agreement shall be construed as giving any Participant or any other person, firm, or corporation, any legal or equitable right as against the Employers, their officers, employees, or directors, or as against the Funding Agent, except such rights as are specifically provided for in the Plan or Funding Agreement or hereafter created in accordance with the terms and provisions of the Plan.

17.3 Governing Law

Except as provided under Federal law, the provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New Jersey.

17.4 Nonforfeitability of Benefits Upon Termination or Partial Termination

Notwithstanding any other provision of the Plan, in the event of the termination or a partial termination of the Plan, including the complete discontinuation of contributions to the Plan, the rights of all Employees who axe affected by such termination to benefits accrued to the date of such termination, to the extent funded as of such date, shall be nonforfeitable.

17.5 Merger, Consolidation, or Transfer of Plan Assets

The Plan shall not be merged or consolidated with any other plan, nor shall any of its assets or liabilities be transferred to another plan, unless, immediately after such merger, consolidation, or transfer of assets or liabilities, each Participant in the Plan would receive a benefit under the Plan which is at least equal to the benefit he would have received immediately prior to such merger, consolidation, or transfer of assets or liabilities (assuming in each instance that the Plan had then terminated).

If another qualified plan merges or consolidates with the Plan, notwithstanding any other provision of the Plan to the contrary, the forms of payment and other provisions that were available with respect to benefits accrued immediately prior to the transfer or merger under such other qualified plan and that may not be eliminated under Code Section 411(d)(6) shall continue to be available under the Plan with respect to the benefit that the Participant would have received immediately prior to such merger, consolidation or transfer of assets or liabilities.

17.6 Funding Agreement

The Funding Agreement and the Pension Fund maintained thereunder shall be deemed to be a part of the Plan as if fully set forth herein and the provisions of the Funding Agreement are hereby incorporated by reference into the Plan.

17.7 Benefit Offsets for Overpayments

If a Participant or Beneficiary receives benefits hereunder for any period in excess of the amount of benefits to which he was entitled under the terms of the Plan as in effect for such period, such overpayment shall be offset against current or future benefit payments, as applicable, until such time as the overpayment is entirely recouped by the Plan.

17.8 Internal Revenue Requirements

Notwithstanding any other provision of the Plan to the contrary, to conform to the requirements of U.S. Treasury Regulations, the benefit payable under the Plan shall be subject to the following limitations:

(a) If the Plan is terminated, the benefit of any Highly Compensated Employee shall be limited to a benefit that is nondiscriminatory under Code Section 401(a)(4).

(b) The annual payments in any one year to any of the 25 Highly Compensated Employees with the greatest compensation (hereinafter referred to as a "restricted employee") in the current or any prior year shall not exceed an amount equal to the payments that would be made on behalf of the restricted employee under (1) a straight life annuity that is the Actuarial Equivalent of the restricted employee's Accrued Benefit and other benefits to which the restricted employee is entitled under the Plan (other than a Social Security supplement), and (2) the amount of the payments the restricted employee is entitled to receive under a Social Security supplement. For purposes of this paragraph, "benefit" includes, among other benefits, loans in excess of the amounts set forth in Code Section 72(p)(2)(A), any periodic income, any withdrawal values payable to a living employee, and any death benefits not provided for by insurance on the restricted employee's life. The foregoing provisions of this paragraph shall not apply, however, if:

  (1) After payment to a restricted employee of all benefits payable to the restricted employee under the Plan, the value of Plan assets equals or exceeds 110 percent of the value of "current liabilities" as defined in Code Section 412(1)(7), (each value being determined as of the same date in accordance with applicable Treasury regulations);

(2) The value of the benefits payable under the Plan to or for a restricted employee is less than one percent of the value of current liabilities before distribution; or

(3) The value of benefits payable under the Plan to or for a restricted employee does not exceed the amount described in Code Section 41l(a)(1l)(A).

17.9 Overall Permitted Disparity Limits

If an Employer or an Affiliated Company maintains another qualified plan, in no event shall the “overall permitted disparity limits” of Internal Revenue Service regulations Section 1.401(1)-5 be exceeded. The “annual” overall disparity limit of Section 1.401(1)-5(b) shall not be exceeded if the “total annual disparity fraction” determined as of the end of the Plan Year for each Participant who accrues a benefit under the Plan for the Plan Year does not exceed one. An Employee’s “total annual disparity fraction” is the sum of the Employee’s annual disparity fractions under all qualified plans maintained by an Employer or an Affiliated Company as determined under Internal Revenue Service regulations Sections 1.401(1)-5(b)(3) through 1.401(1)-5(b)(8) for the plan year ending in the current Plan Year.

The “cumulative” permitted disparity limit of Internal Revenue Service regulations Section 1.401(1)-5(c) shall not be exceeded if a Participant’s “cumulative disparity fraction” does not exceed 35. A Participant’s “cumulative disparity fraction” is the sum of the Participant’s “total annual disparity fractions” attributable to the Participant’s total years of service under all plans maintained by an Employer or an Affiliated Company.

17.10 Veterans Reemployment Rights

Notwithstanding any other provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u).

ARTICLE XVIII
TOP-HEAVY PROVISIONS

18.1 Top-Heavy Plan Definitions

For purposes of this Article, the following terms have the following meanings.

(a) The “compensation” of an Employee means his “415 compensation” as defined in Section 12.l(c).

(b) The “determination date” with respect to any Plan Year means the last day of the immediately preceding Plan Year.

(c) A “key employee” means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the determination date was an officer of an Employer or an Affiliated Company having annual compensation greater than $130,000 (as adjusted under Code Section 416(i)(l) for Plan Years beginning after December 31, 2002), a five-percent owner of an Employer or an Affiliated Company, or a one-percent owner of an Employer or an Affiliated Company having annual compensation of more than $150,000. The determination of who is a key employee will be made in accordance with Code Section 416(i)(l) and the applicable regulations and other guidance of general applicability issued thereunder.

(d) A “non-key employee” means any Employee who is not a key employee.

(e) A “permissive aggregation group” means those plans included in an Employer’s required aggregation group together with any other plan or plans of the Employer or an Affiliated Company so long as the entire group of plans would continue to meet the requirements of Code Sections 401(a)(4) and 410.

(f) A “required aggregation group” means the group of tax-qualified plans maintained by an Employer or an Affiliated Company consisting of each plan in which a key employee participates and each other plan which enables a plan in which a key employee participates to meet the requirements of Code Section 401(a)(4) or Code Section 410, including any plan that terminated within the five-year period ending on the relevant determination date.

(g) A “super top-heavy group” with respect to a particular Plan Year means a required or permissive aggregation group that, as of the determination date, would qualify as a top-heavy group under the definition in paragraph (j) of this Section with “90 percent” substituted for “60 percent” each place where “60 percent” appears in the definition.

(h) A “super top-heavy plan” with respect to a particular Plan Year means a plan that, as of the determination date, would qualify as a top-heavy plan under the definition in

paragraph (k) of this Section with “90 percent” substituted for “60 percent” each place where “60 percent” appears in such definition. A plan is also a super top-heavy plan if it is part of a super top-heavy group.

(i) The “testing period” means the period of consecutive years of service, not in excess of five, during which an Employee has the greatest aggregate compensation from his Employer, excluding, however, any year which ends in a Plan Year beginning prior to January 1, 1984, as well as any Plan Year which begins after the close of the last Plan Year in which the Plan was a top-heavy plan.

(j) A “top-heavy group” with respect to a particular Plan Year means a required or permissive aggregation group if the sum, as of the determination date, of the present value of the cumulative accrued benefits for key employees under all defined benefit plans included in such group and the aggregate of the account balances of key employees under all defined contribution plans included in such group exceeds 60 percent of a similar sum determined for all employees covered by the plans included in such group.

(k) A “top-heavy plan” with respect to a particular Plan Year means (i) in the case of a defined benefit plan, a plan for which, as of the determination date, the present value of the cumulative accrued benefits under the plan (within the meaning of Code Section 416(g) and the regulations and rulings thereunder) for key employees exceeds 60 percent of the present value of the cumulative accrued benefits under the plan for all employees, with the present value of the cumulative accrued benefits to be determined under the accrual method uniformly used under all plans maintained by his Employer or, if no such method exists, under the slowest accrual method permitted under the fractional accrual rate of Code Section 411(b)(l)(c), (ii) in the case of a defined contribution plan, a plan for which, as of the determination date, the aggregate of the accounts (within the meaning of Code Section 416(g) and the regulations and rulings thereunder) of key employees exceeds 60 percent of the aggregate of the accounts of all participants covered under the plan, with the accounts valued as of the most recent valuation date coinciding with or preceding the determination date, and (iii) any plan included in a required aggregation group that is a top-heavy group. The present values of accrued benefits and the amounts of an account balance as of a determination date shall be increased by the distributions made under the Plan, any plan aggregated with the Plan under Code Section 416(g)(2)(A)(i), and any terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code Section 416(g)(2)(A)(i), during the one-year period ending on the determination date (or the five-year period ending on the determination date in the case of a distribution made for a reason other than separation from service, death, or disability). For purposes of this paragraph, the accounts and accrued benefits of any employee who has not performed services for an Employer or an Affiliated Company during the one-year period ending on the determination date shall be disregarded. Notwithstanding the foregoing, if a plan is included in a required or permissive aggregation group which is not a top-heavy group, such plan shall not be a top-heavy plan. For purposes of this Article, the present value of the cumulative accrued benefits under the Plan shall be determined as of the date Plan costs for minimum

funding purposes are computed, and shall be calculated using the actuarial assumptions otherwise employed under the Plan for actuarial valuations, except that the same actuarial assumptions shall be used for all plans within a required or permissive aggregation group.

18.2 Applicability of Top-Heavy Plan Provisions

Notwithstanding any other provision of the Plan to the contrary, if the Plan is deemed to be a top-heavy plan for any Plan Year, the provisions contained in this Article with respect to vesting and benefit accrual shall be applicable with respect to such Plan Year. If the Plan is determined to be a top-heavy plan and upon a subsequent determination date is determined no longer to be a top-heavy plan, the benefit accrual provisions specified elsewhere in the Plan shall again become applicable as of such subsequent determination date; provided, however, that the vesting provisions contained in this Article shall continue to apply to the Plan for all Plan Years occurring after the top-heavy Plan Year.

18.3 Top-Heavy Vesting

If the Plan is determined to be a top-heavy plan, an Employee's nonforfeitable right to a percentage of the accrued portion of his monthly normal retirement benefit shall be determined no less rapidly than in accordance with the following vesting schedule.

Years of Service	Vested Interest
less than 2	0%
2, but less than 3	20%
3, but less than 4	40%
4, but less than 5	60%
5, but less than 6	80%
6 or more	100%

18.4 Minimum Top-Heavy Benefit

If the Plan is determined to be a top-heavy plan, the annual normal retirement benefit of an Employee who is a non-key employee and who is eligible therefor, payable in the form of a single life annuity beginning at his Normal Retirement Date, shall not be less than such Employee's average compensation for years in the testing period multiplied by the lesser of:

(a) Two percent multiplied by his years of Service; or

(b) 20 percent.

For purposes of this Article, “years of Service” shall only include years of Service completed after December 31, 1983, but shall not include any such year of Service with an Employer if the Plan was not a top-heavy plan with respect to the Plan Year ending within such year of Service and shall not include years of Service with an Employer or an Affiliated Company to the extent that such Service occurs during a Plan Year when the Plan benefits (within the meaning of Code Section 410(b)) no key employee or former key employee. Any minimum benefit required by this Section 18.4 shall be made without regard to the number of Hours of Service credited to an Employee for a Plan Year and without regard to any Social Security contribution made by his Employer on behalf of the Employee and without regard to whether the non-key employee was employed on a specific date. In the event the Plan is part of a required aggregation group in which another top-heavy plan is included, non-key employees who are also covered under such other top-heavy plan shall not receive minimum top-heavy benefits under both top-heavy plans. Such non-key employees shall receive the minimum top-heavy benefit provided under the Plan in lieu of the minimum top-heavy benefit or allocation provided under such other top-heavy plan.

18.5 Exclusion of Collectively-Bargained Employees

Notwithstanding any other provision of this Article, employees who are included in a unit covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers shall not be included in determining whether or not the Plan is a top-heavy plan. In addition, such employees shall not be entitled to a minimum benefit under Section 18.4 or accelerated vesting under Section 18.3, unless otherwise provided in the collective bargaining agreement.

* * *

EXECUTED AT Richmond, VA, this 5th day of January, 2007.

IMO INDUSTRIES INC.

By: ______________________

Title: SVP, Human Resources

IMPORTANT NOTE

Connecticut General Life Insurance Company, its contractors, and any employees of Connecticut General Life Insurance Company or its contractors cannot provide you with legal advice in connection with the execution of this document. Prior to execution of this document, you should consult your attorney on whether this document is appropriate for you.

ADJUSTMENT FACTORS ADDENDUM

Re: Adjustment Factors

Age at Annuity Starting Date and Percentage Reduction

Age	Percent
65	100.00
64	92.30
63	84.60
62	76.39
61	73.10
60	69.20
59	65.40
58	61.50
57	57.70
56	52.90
55	48.60

For ages other than whole years, the Adjustment Factors shall be interpolated.

ADDENDUM

SPECIAL PROVISIONS

A. Application: The provisions of this Addendum will apply only to those Participants under the Plan who were employed by a Company as of the applicable Closing Date specified below and were employed by a Successor Company on the day immediately after the Closing Date and who satisfied any other conditions specified below.

Company and Successor Company Name	Closing Date
For the Enterprise Engine Division of Imo Delaval, Inc., "Company" is Imo Industries Inc. before November 18, 1988 and "Successor Company" is Cooper Industries, Inc. after November 17, 1988.	November 18, 1988

B. Crediting of Service After Closing Date: In the case of a Participant described in Section A, any service with a Successor Company after the Closing Date will be credited in the same manner as determined for any Employee in accordance with this Plan for the following purposes:

(1) Credited Service will be credited for all purposes other than Benefit Service.

(2) Hours of Service will be credited in the same manner as if the Successor Company was a Company.

(3) Vesting Service will be credited using Credited Service determined in accordance with Section A above. Such Vesting Service will be subject to the Break in Service rules described in Section 1.1(k).

(4) Eligibility and benefit determination for Early Retirement under Article VI.

(5) Qualification for the Surviving Spouse Benefit described in Article X.

C. Accrued Benefit for Participants Described in Section A: The Accrued Benefit for each Participant described in Section A who is not subsequently reemployed as an Active Employee by a Company will be determined as described below:

(1) Such Participant's Average Annual Earnings will be determined as of the Closing Date.

(2) Such Participant will not accrue any Benefit Service after the Closing Date; and

(3) For the purpose of determining the Social Security amount of such Participant who elects an Early Retirement Date in accordance with Article VI subsequent to the Closing Date, the Participant will be deemed to receive constant wages during the period from the Closing Date to his Early Retirement Date, and no wages thereafter. In the case of such a Participant who is not eligible for Early Retirement as of his termination of employment with the Successor Company subsequent to the Closing Date, the Participant will be deemed to receive constant wages during the period form the Closing Date to his Normal Retirement Date. For purposes of this paragraph, constant wages will mean wages at the same rate as his Earnings in effect on the plan anniversary coinciding with, or immediately preceding the Closing Date.

In the event such a Participant is reemployed by a Company after the Closing Date, his Accrued Benefit will be determined in accordance with Article VII or XI, whichever is applicable.

D. Commencement of Benefits for Participants Described in Section A: A Participant described in Section A who is in the employ of a Successor Company after the Closing Date may not in any event, commence benefits prior to the date such Participant severs employment with the Successor Company.

E. Suspension of Benefits: In the event that a Participant described in Section A remains in the employment of a Successor Company after his Normal Retirement Date, or retires in accordance with the provisions of this Plan and commences receiving benefits, and who is subsequently reemployed by either a Successor Company or an Employer, Article XI will apply to such Participant.

F. Special Vesting for Certain Employees of Imo Industries Inc: Notwithstanding any other provision of the Plan to the contrary, a Participant described in Section A will have a 100% vested interest in his Accrued Benefit as of the Closing Date.

G. Special Early Retirement benefit for Certain Employees of Imo Industries Inc: A Participant described in Section A who has attained age 50 as of the Closing Date and who becomes eligible for Early Retirement under Article VI within five years of the Closing Date while still employed by the Successor Company, will receive

upon actual Early Retirement and early commencement under Article VI an additional retirement benefit equal to the difference between the amount actually paid by the Transamerica Plan and the amount which would have been paid by the Transamerica Plan if service with the Successor Company had been recognized by the Transamerica Plan as service under the Transamerica Plan for purposes of determining eligibility for subsidized Early Retirement Benefits.

H. Definitions and Construction: The following definitions apply to terms used in the provisions of the Addendum. The Plan contains other provisions and definitions which affect the operation of the special provisions or this Addendum. Whenever necessary or appropriate, these other provisions and definitions and the special provisions and definitions of this Addendum must be construed together to effectuate the intent of the Plan.

(1) Closing Date is the applicable Closing Date determined in accordance with Section A.

(2) Successor Company is any company designated as a Successor Company in Section A or any of its affiliates. Successor Company, in the case of Participants described in the second sentence of the first paragraph of Section A means the Successor Company with respect to the Company which employed the Participant immediately before his termination date.

ADDENDUM I

Fincor Hourly (036/046)—merged into the Plan December 31, 1996 ***Benefits frozen January 31, 1999***

A.1 Plan Eligibility

An hourly employee at Fincor becomes an Active Participant upon his date of hire.

A.2 Service Definitions

(a) Credited Service

Prior to January 1, 1976 based on prior plan.

On and after January 1, 1976, for any Plan Year in which an Employee is credited with 1800 Hours or more, he will earn one year of Credited Service. For Plan Years in which an Employee is credited with fewer than 1800 hours, he will earn a partial year of Credited Service equal to the ratio of his actual Hours of Service for the Plan Year to 1800 hours rounded to the nearest $^{1}/_{10}$th. Any Participant who has been excluded from participation, due to commencing employment after age 60 and who shall complete one Hour of Service on or after January 1, 1988, shall receive Credited Service only from the date upon which he becomes a Participant in this Plan.

(b) Service—prior to January 1, 1976, a year of Service is earned for each Plan Year in which an employee earned 55 percent of a year of Credited Service.

Service after January 1, 1976, a year of Service is earned for each Plan Year in which an Employee is credited with 1000 Hours of Service or more. For Plan Years in which an Employee is credited with fewer than 1000 hours of Service, he shall earn a partial year of Service equal to $^{1}/_{12}$th of a year for each 80 Hours of Service credited to the Employee for the Plan Year, rounded to the nearest $^{1}/_{12}$th.

A.3 Vesting Schedule

Five years of Service equals 100 percent vesting. Participants will be 100 percent vested as of Normal Retirement Date.

A.4 Retirement Ages

(a) Normal Retirement Date

Age 65 or, if the Participant was first employed after age 60, the fifth anniversary of his participation in the Plan.

(b) Early Retirement

First day of the month following age 60 with at least 15 years of Service.

(c) Disability Retirement

At least 10 years of Service and the Participant becomes disabled while employed at Fincor.

(d) Deferred Vested Retirement

Meet vesting requirements upon termination.

(e) Late Retirement

Retirement after Normal Retirement Date.

A.5 Benefit Formula

(a) Normal Retirement

The monthly normal retirement benefit equals the fixed monthly dollar amount below based on the Participant's date of retirement, multiplied by the Participant's years of Credited Service up to a maximum of 30 years.

Retirement Date	Fixed Dollar Amount
On or after May 1,1986	$ 12
On or after May 1,1984, but before May 1, 1986	$ 11
On or before April 30, 1984	$ 10

(b) Early Retirement

The monthly early retirement benefit equals the monthly normal retirement benefit reduced 0.5 percent for each month that the Participant's Annuity Starting Date precedes his Normal Retirement Date.

(c) Disability Retirement

The monthly disability retirement benefit equals the monthly normal retirement benefit based on an eligible Participant's years of Credited Service on the date he became disabled.

(d) Deferred Vested Retirement

Accrued benefit calculated upon termination date. If benefit payments begin before Normal Retirement Date, the amount of the Participant's benefit will be reduced in the same way as provided for early retirees.

(e) Late Retirement

Benefit based on service to late retirement date.

Credited Service is maximized at 30 years.

A.6 Forms of Annuity

(a) Normal Form

(1) Five year certain and life annuity for unmarried Participants.

(2) 50 percent Qualified Joint and Survivor Annuity for married Participants. Actuarially Equivalent to normal form described in A.6(a)(l) above.

(b) Optional Forms—Actuarially Equivalent to normal form described in A.6(a)(l) above.

(1) 50 percent joint and survivor annuity.

(2) 100 percent joint and survivor annuity.

(3) Designated percent joint and survivor with a five-year certain.

A.7 Qualified Preretirement Survivor Annuity

Equal to the survivor benefit payable under the 50 percent Qualified Joint and Survivor Annuity form of payment if the Participant had survived to the date payment begins to his surviving Spouse, commenced benefits on that date, and died the day after benefits commenced. If the Participant elected the optional 100 percent joint and survivor annuity with his Spouse as Beneficiary thereunder within the period described in Section 9.5, his surviving Spouse will receive the survivor benefit payable under such annuity form. If the Participant was eligible to retire upon death or was disabled, the death benefit is payable to the joint annuitant immediately, otherwise it is payable the first day of the month following the vested Participant's earliest retirement date.

A.8 Actuarial Basis

(a) Forms of Annuity

UP84 Mortality Table, 5.5 percent interest.

ADDENDUM II

Warren Pump Salaried (036/056)
Benefits frozen January 31, 1999

A.1 Plan Eligibility

A non-union, salaried employee becomes an Active Participant on the first day of the month coinciding with or following his date of hire.

A.2 Service Definitions

(a) Credited Service

Prior to January 1, 1976, based on prior plan provisions. On or after January 1, 1976, Credited Service is calculated based on elapsed time from date of hire, where $^{1}/_{12}$th of a year is earned for each month worked.

(b) Service

Service is calculated based on elapsed time from date of hire measured in full years. Service includes:

(1) time that an Employee was not employed if he returns to work within 12 months.

(2) time that an Employee was on a company approved leave of absence provided he returns to work upon the expiration of the leave.

(3) time an Employee was on a military leave provided he returns to work within the time limits his reemployment rights are guaranteed by law.

(4) time an Employee was on a company approved leave of absence and was receiving workers compensation benefits for up to five years, or if earlier, the date workers compensation benefits stopped if the Employee received payments for more than one year.

A.3 Vesting Schedule

The earlier of five years of Service upon termination or age 65 equals 100 percent vesting.

A.4 Retirement Ages

(a) Normal Retirement Date

Age 65.

(b) Early Retirement

Age 55 and five years of Service.

(c) Disability Retirement

Totally and permanently disabled while actively at work with the company after the Employee has completed at least ten years of Service.

(d) Deferred Vested Retirement

Meet vesting requirements upon termination.

(e) Late Retirement

Retirement after Normal Retirement Date.

A.5 Benefit Formula

(a) Normal Retirement

The sum of (l) plus (2), but not less than (3):

(1) 1.59 percent of the first $1,450 of Average Monthly Compensation PLUS two percent of Average Monthly Compensation in excess of $1,450 TIMES years of Credited Service prior to January 1, 1992.

Average Monthly Compensation is defined as the lesser of the average of the Participant’s monthly compensation for the last five consecutive plan years prior to January 1, 1992 OR the Monthly Compensation calculated as of January 1, 1992.

(2) 1.59 percent of the first $1,450 of Monthly Compensation PLUS two percent of Monthly Compensation in excess of $1,450 TIMES each year of Credited Service on or after January 1, 1992.

Monthly Compensation is defined as the amount of the Participant’s monthly base compensation (exclusive of payments for shift premiums and all compensation for overtime work or other compensation in excess of the Participant’s regular salary rate) as of each January 1.

(3) $12.00 per month times all years of Credited Service.

(b) Early Retirement

If age in years and whole calendar months and total Service is at least 75, and the Participant has at least 20 years of total Service, the early retirement factor is 100 percent minus (1) plus (2):

(1) 0.25 percent for each month by which his Annuity Starting Date precedes age 65, up to the first day of the month coinciding with or next following age 60.

(2) 0.4167 percent for each month by which his Annuity Starting Date precedes the first day of the month coinciding with or next following age 60.

If age in years and whole calendar months and total Service is less than 75, but the Participant is at least age 55 and has at least five years of Service, the early retirement factor is 100 percent minus (1) plus (2):

(1) 0.5 percent for each month by which his Annuity Starting Date precedes age 65, up to the first day of the month coinciding with or next following age 60.

(2) 0.4 percent for each month by which his Annuity Starting Date precedes the first day of the month coinciding with or next following age 60.

(c) Disability Retirement

Accrued benefit based on service and compensation as of date of disability payable on the first day of the month following the later of the date the required proof of disability is received by the Administrator or the completion of six months of total disability.

(d) Deferred Vested Retirement

Accrued benefit calculated upon termination date. If benefit payments begin before Normal retirement Date, the amount of the Participant's benefit will be reduced in the same way as provided for early retirees.

(e) Late Retirement

The Benefit is the greater of continued accrual to actual retirement date OR the normal retirement benefit actuarially increased from normal retirement date based on the following:

Number of Months Benefit Commences after Normal Retirement Date	**Percent Increase in Accrued Monthly Benefit**	**Number of Months Benefit Commences after Normal Retirement Date**	**Percent Increase in Accrued Monthly Benefit**
1	1.0	25	27.8
2	2.0	26	29.2
3	3.0	27	30.6
4	4.0	28	32.0
5	5.0	29	33.4
6	6.0	30	34.8
7	7.0	31	36.2
8	8.0	32	37.6
9	9.0	33	39.0
10	10.0	34	40.4
11	11.0	35	41.8
12	12.0	36	43.2
13	13.2	37	44.8
14	14.4	38	46.4
15	15.6	39	48.0
16	16.8	40	49.6
17	18.0	41	51.2
18	19.2	42	52.8
19	20.4	43	54.4
20	21.6	44	56.0
21	22.8	45	57.6
22	24.0	46	59.2
23	25.2	47	60.8
24	26.4	48	62.4

Subject to the provisions of Section 5.5(b) with respect to periods after age 70 $^{1}/_{2}$, if a benefit commences more than 48 months after Normal Retirement Date, the percent increase shall be 62.4 percent plus 1.8 percent for each month more than 48.

A.6 Forms of Annuity

(a) Normal Form

(1) Five year certain and life annuity for unmarried Participants.

(2) 50 percent Qualified Joint and Survivor Annuity for married Participants. The amount of this benefit shall be determined using the factors specified in A.6(c)(1).

(b) Optional Forms

(1) 50 percent joint and survivor annuity.

(2) 100 percent joint and survivor annuity, alternatively the Participant may designate a dependent child or children to receive monthly payments in equal shares for 60 months after death.

(3) 10 year certain and life.

(4) 90-55 percent Spouse option

A Participant may elect to receive 90 percent of the amount payable under the five year certain and life annuity form of payment, with 55 percent continuation to his surviving Spouse upon death.

(5) Single life annuity

(6) Social Security Adjustment Option at age 62.

(c) Adjustment Factors

(1) 50 Percent Joint and Survivor Annuity

91 percent increased by 0.2 percent for each 12 months by which the Participant's Annuity Starting Date precedes the Participant's attainment of age 65. The 91 percent shall be decreased by 0.25 percent for each 12 months by which the Participant's Annuity Starting Date is after the Participant's attainment of age 65. These percentages shall be increased by 0.4 percent for each 12 months by which the Spouse's age exceeds the Participant's age or shall be decreased by 0.4 percent for each 12 months by which the Spouse's age is less than the Participant's age. The age of the Participant or the Spouse for determining these factors is the age on the last birthday.

(2) 100 Percent Joint and Survivor Annuity

81 percent increased by 0.7 percent for each 12 months by which the Participant's Annuity Starting Date precedes the Participant's attainment of age 65. The 81 percent shall be decreased by 0.7 percent for each 12 months by which the Participant's Annuity Starting Date is after the Participant's attainment of age 65. These percentages shall be increased by 0.7 percent for each 12 months by which the Beneficiary's age exceeds the Participant's age or shall be decreased by 0.7 percent for each 12 months by which the Beneficiary's age is less than the Participants age. The age of the Participant or the Beneficiary for determining these factors is the age on the last birthday.

(3) Ten Year Certain and Life

95 percent increased by 0.3 percent for each 12 months by which the Participant's Annuity Starting Date precedes the Participant's attainment of age 65. The 95 percent shall be decreased by 0.3 percent for each 12 months by which the Participant's Annuity Starting Date precedes the Participant's attainment of age 65.

(4) 90-55 percent Spouse Option

90 percent increased by 0.5 percent for each 12 months by which the Spouse's age is more than five years more than the Participant's age. 90 percent shall be decreased by 0.5 percent for each 12 months by which the Spouse's age is more than five years less than the Participant's age.

(5) Single Life Annuity

102 percent increased by 0.1 percent for each 12 months by which the Participant's Annuity Starting Date is after the Participant's attainment of age 65. The 102 percent shall be decreased by 0.1 percent for each 12 months by which the Participant's Annuity Starting Date is before the Participant's attainment of age 65.

A.7 Pre-Retirement Death

(a) If a vested Participant dies while actively employed or on an approved leave of absence:

(1) Qualified Retirement Survivor Annuity

The benefit is equal to 50 percent of the Accrued Benefit calculated as of date of death. For disabled Participants, the surviving Spouse's benefit is equal to 50 percent of the benefit accrued as of the Participant's disability retirement date. These amounts will be reduced by two percent for each year by which the Spouse is more than five years younger than the Participant. These death benefits are payable on the first day of the month coinciding with or next following date of death. In no event will the benefit payable to a Participant's surviving Spouse be less than the benefit payable under Section 10.2 of the Plan.

(2) Dependent Child(ren) Death Benefit

If the Participant dies without a Spouse and has a dependent child or children, a death benefit will be payable on the first day of the month coinciding with or next following date of death. The monthly benefit will continue until age 18 or age 22, if the dependent child is continuing his education. The benefit is equal to 50 percent of the Participant's Accrued Benefit calculated as of date of death. For disabled Participants, the surviving child(ren)'s benefit is equal to 50 percent of the benefit accrued as of disability retirement date. The benefits will be equally distributed among the children.

(b) If a Participant dies after terminating with a vested benefit and:

(1) Death occurs after age 55

The surviving Spouse will receive 50 percent of the vested Accrued Benefit payable in the form of a Qualified Joint and Survivor Annuity. The benefit will be payable on the first day of the month coinciding with or next following date of death.

(2) Death occurs before age 55

The surviving Spouse will receive 50 percent of the vested Accrued Benefit reduced by multiplying the benefit by 46 percent minus 0.25 percent for each month by which the Participant's date of death precedes age 55. The benefit will commence on the first day of the month in which the Participant would have reached age 55.

A.8 Employee Contributions Prior to January 1, 1976

Prior to January 1, 1976, employees were required to make contributions to the Plan. Upon termination of employment, these employees may elect to receive a lump sum equal to their Accumulated Contributions. If this refund is elected, the vested Accrued Benefit will be reduced by the amount attributable to the refund. Effective January 1, 1988, interest is credited at 120 percent of the federal midterm rate. Prior to January 1, 1988, interest was credited on a fixed percent in accordance with the Plan.

ADDENDUM III

Boston Gear Florence Hourly (045/036)
Benefits frozen January 31, 1999

A.1 Plan Eligibility

An hourly employee at Boston Gear Florence becomes an Active Participant upon his date of hire.

A.2 Service

(a) Credited Service

Prior to January 1, 1981, Credited Service equals any service earned under any Prior Plans.

On or after January 1, 1981, any Plan Year in which an Employee is credited with 1700 Hours of Service or more, he will earn one year of Credited Service. For Plan Years in which an Employee is credited with fewer than 1700 hours, he will earn a partial year of Credited Service equal to the ratio of his actual Hours of Service for the Plan Year to 1700 hours rounded to the nearest $^1/_{10}$th. Any Participant who has been excluded from participation due to commencing employment after age 60 and who completed one Hour of Service on or after January 1, 1988, shall receive Credited Service only from the date upon which he or she becomes a Participant in this Plan.

(b) Service

Prior to January 1, 1981, a year of Service is earned for each Plan Year in which an employee earned 60 percent of a year of Credited Service.

Service after January 1, 1981, a year of Service is earned for each Plan Year in which an Employee is credited with 1000 Hours of Service or more. For Plan Years in which an Employee is credited with fewer than 1000 Hours of Service, he shall earn a partial year of Service equal to $^1/_{12}$th of a year for each 80 Hours of Service credited to the Employee for the Plan Year, rounded to the nearest $^1/_{12}$th.

A.3 Vesting Schedule

Five years of Vesting Service upon termination equals 100 percent vesting. Participants will be 100 percent vested as of Normal Retirement Date.

A.4 Retirement Ages

(a) Normal Retirement Date

Age 65 or, if the Participant was first employed after age 60, the fifth anniversary of his participation in the Plan.

(b) Early Retirement

Age 55 and ten years of Service.

(c) Disability Retirement

Ten years of Service and the Participant becomes totally disabled on or after January 1, 1981 prior to Normal Retirement Date and is disabled for at least six consecutive months.

(d) Deferred Vested Retirement

Meet vesting requirements upon termination.

(e) Late Retirement

Retirement after Normal Retirement Date.

A.5 Benefit Formula

(a) Normal Retirement

The monthly normal retirement benefit is the monthly multiplier below based on the Participant's date of retirement multiplied by the Participant's years of Credited Service up to a maximum of 35 years.

Retirement Date	Monthly Multiplier
after January 1, 1993	$ 15.00
between January 1, 1990 and December 31, 1992	$ 13.00
between October 1, 1986 and December 31, 1989	$ 11.00
prior to October 1, 1986	$ 10.00

(b) Early Retirement

The monthly early retirement benefit equals the Participant's monthly normal retirement benefit reduced by 0.5 percent for each complete month that the Participant's Annuity Starting Date precedes his 65th birthday.

(c) Disability

Accrued benefit payable upon date of disability without actuarial reduction for commencement prior to Normal Retirement Date.

(d) Deferred Vested

Accrued benefit calculated upon termination date. If benefit payments begin before Normal Retirement Date, the amount of the Participant's benefit will be reduced in the same way as provided for early retirees.

(e) Late Retirement

Normal retirement benefit based on Credited Service as of the Participant's late retirement date.

A.6 Forms of Annuity

(a) Normal Form

(1) Single life annuity for unmarried Participants

(2) 50 percent Qualified Joint and Survivor Annuity for married Participants. Actuarially Equivalent to normal form described in A.6(a)(l) above.

(b) Optional Forms—Actuarially Equivalent to normal form described in A.6(a)(l) above.

(1) 50 percent joint and survivor annuity.

(2) 75 percent joint and survivor annuity.

(3) 100 percent joint and survivor annuity.

A.7 Qualified Preretirement Survivor Annuity

Equal to the survivor benefit payable under the 50 percent Qualified Joint and Survivor Annuity form of payment if the Participant had survived to the date payment begins to his surviving Spouse, commenced benefits on that date, and died the day after benefits commenced. If the Participant elected the optional 100 percent or 75 percent joint and survivor annuity with his Spouse as Beneficiary

thereunder within the period described in Section 9.5, his surviving Spouse will receive the survivor benefit payable under such annuity form. If the participant was eligible to retire upon death or was permanently disabled, the death benefit is payable to the surviving Spouse immediately, otherwise it is payable the first day of the month following the vested Participant’s earliest retirement date.

A.8 Actuarial Basis

(a) Forms of Annuity

UP84 Mortality Table, 5.5 percent interest.

ADDENDUM IV

Boston Gear Delroyd Wormgear Union
Local 6061 AFL-CIO
(036 / 017 on December 31, 1997)

A.1 Plan Eligibility

An Employee becomes an Active Participant upon his date of hire as a member of the bargaining unit.

A.2 Service Definitions

(a) Credited Service

If hired before January 1, 1976, Credited Service begins with seniority date or adjusted seniority date as maintained under the basic labor agreement. Credited Service is calculated on elapsed time measured to exact days for all dates of hire.

(b) Service

A year of Service is earned for each Plan Year in which an Employee is credited with at least 1000 Hours of Service.

A.3 Vesting Schedule

Effective January 1, 1989, five years of Vesting Service upon termination equals 100 percent vesting. Participants will be 100 percent vested as of Normal Retirement Date.

A.4 Retirement Ages

(a) Normal Retirement Date

Later of age 65 or the fifth anniversary of his participation in the Plan.

(b) Early Retirement

Age 55 and sum of age plus full years of Credited Service equals at least 75.

(c) Disability Retirement

Ten years of Credited Service, Participant must have been employed in the bargaining unit when he became disabled, must be on total disability for at least 26 weeks, then disability benefit payments will begin after the Participant's disability has continued for 180 calendar days.

(d) Deferred Vested Retirement

Meet vesting requirements upon termination.

(e) Late Retirement

Retirement after Normal Retirement Date.

A.5 Benefit Formula

(a) Normal Retirement

The monthly normal retirement benefit equals the monthly dollar multiplier below based on the Participant's last day of service in the bargaining unit multiplied by the Participant's Credited Service:

If his Last Day of Credited Service in the Bargaining Unit Was:	The Dollar Multiplier Is:
On or after September 25, 1993	$ 24.00
On or after October 1, 1990 and before September 25, 1993	$ 21.00
On or after September 19, 1988 and before October 1, 1990	$ 19.00
On or after October 13, 1986 and before September 19, 1988	$ 18.00
On or after October 13, 1985 and before October 13, 1986	$ 17.00
On or after October 9, 1983 and before October 13, 1985	$ 16.00
On or after October 10, 1982 and before October 9, 1983	$ 15.00
On or after October 10, 1981 and before October 10, 1982	$ 14.00

(b) Early Retirement

If attain at least age 62 OR have accrued at least 30 years of Credited Service, there is no reduction for early retirement. Otherwise, the normal retirement benefit is reduced by 0.00333 for each month by which the Participant's Annuity Starting Date precedes the month in which the Participant attains age 62.

(c) Disability Benefit

The monthly ancillary disability benefit equals the Participant's normal retirement benefit calculated as of his date of termination because of disability payable while the Participant is disabled from date of disability termination to Normal Retirement Date. If a Participant should die while receiving disability benefits, a 50 percent Qualified Preretirement Survivor Annuity is applicable.

(d) Deferred Vested Retirement

Accrued benefit calculated upon termination date. If benefit payments begin before Normal Retirement Date, the amount of the Participant's benefit will be reduced in the same was as for early retirees.

(e) Late Retirement

Normal retirement benefit based on Credited Service as of the Participant's late retirement date.

A.6 Forms of Annuity

(a) Normal Form

(1) Single life annuity.

(2) 50 percent Qualified Joint and Survivor Annuity for married Participants. No reduction is made in the amount of a Participant's benefit for payment in this form.

(b) Optional Forms

(1) Social Security Level Income option.

(2) 50 percent joint and survivor annuity.

A.7 Qualified Preretirement Survivor Annuity

If a Participant dies after meeting the early or normal retirement requirements as an active employee, his surviving Spouse will receive 50 percent of the Participant’s early retirement or normal retirement benefit.

The Qualified Preretirement Survivor Annuity payable to the surviving Spouse of any other Participant shall be determined in accordance with the provision of Article X.

A.8 Actuarial Basis

(a) Optional Forms of Annuity

1971 Group Annuity Mortality Table for male lives and a seven percent interest rate.

APPENDIX I

SOCIAL SECURITY AMOUNT

The Social Security Amount for use in Appendix II is the monthly unreduced Primary Insurance Amount which the Participant could expect to receive commencing on the first day of the month next following his 65th birthday under the Federal Social Security Act as in effect on the Participant's Computation Date. The Social Security Amount will be determined as of the Participant's Computation Date in the manner described below, based on an estimate of the Participant's earnings history prior to the Computation Date; provided, however, that the Social Security Amount will be based on the Participant's actual earnings history prior to the Computation Date if the Participant provides documentation of such history, obtained from the Social Security Administration, to the Committee or its designate. Such documentation must be furnished by a Participant within a reasonable period of time, as determined by the Committee or its designate, after the later of the date the Participant separates from service or the date he is notified of the benefit to which he is entitled based on an estimate of his earnings history. The Social Security Amount determined hereunder will not be affected by subsequent changes in the Federal Social Security Act. The Participant's accrued benefit will be determined using the estimated or actual Social Security earnings, whichever one gives the greater benefit.

The Social Security Amount of each Participant will be based on the following determination by the Plan, unless the Participant supplies documentation of his actual earnings history as provided above:

1. A Participant's Total Monthly Compensation (as defined in Article 1.3 9 of the Plan as in effect on December 31, 1988) effective for the Plan Year in which his date of participation falls will be multiplied by 12, and the product thereof will be considered the Participant's estimated wages for that year. Such estimated wages will be discounted by 6% for each year prior thereto, until the later of 1951 or the year in which the Participant attained age 20; provided, however, that in no year may the Participant's estimated wages exceed the taxable wage base for that year under Section 3121 (a) of the Code.
2. For each year after the year in (1), above, in which a Participant was a Participant, his estimated wages will be the product of his Total Monthly Compensation on January 1 of such year multiplied by 12; provided, however, that his estimated wages may not exceed the taxable wage base for that year under Section 3121 (a) of the Code.
3. If a Participant terminates his employment before he becomes eligible for early retirement, in accordance with Article 3.2 of the plan in effect on January 1, 1994 (hereinafter referred to as the Prior Plan when referenced in Appendix I and II), it will be assumed in determining his estimated wages that he will receive constant wages during the period from his date of termination to his Normal Retirement Date at the same rate as his Total Monthly Compensation in effect on the Plan Anniversary coinciding with, or immediately preceding, his date of termination.

4. If a Participant retires early, in accordance with Article 3.3 of the Prior Plan, it will be assumed in determining his estimated wages that he will not receive any wages during the period from his Early Retirement Date to this Normal Retirement Date which would be considered as wages for purposes of the Federal Social Security Act.

APPENDIX II

MINIMUM BENEFITS

Subject to Article XII, the following minimum benefits will be payable under the Plan with respect to Participant who became participants in the Plan prior to the Transition Date (as defined herein), in the amounts and under the terms specified.

With respect to those Participants who were participants in the Plan or a Predecessor Plan on the Transition Date in no event will any such Participant receive a benefit at his Normal Retirement Date, Early Retirement Date or upon his termination of employment which is less than the benefit determined in accordance with the provisions of this Appendix II, as applicable.

1. Definitions. The words or phrases defined in Article 1 will have the same meaning when used in this Appendix II unless, and to the extent, modified herein. The following phrases as used herein will have the following meanings:

   Imo Participant shall mean a Participant who was a participant in the Plan or an Imo Predecessor Plan other than the Aeroproducts Plan on December 31, 1988.

   Aeroproducts Participant shall mean a Participant who was a participant in the Aeroproducts Plan on December 31, 1989.

   Incom Participant shall mean a Participant who was a participant in an Incom Predecessor Plan on December 31, 1988.

   Varo Participant shall mean a Participant who was a participant in the Varo Plan on April 30, 1989.

   Transition Date shall mean December 31, 1988 for Imo and Incom Participants, December 31, 1989 for Aeroproducts Participants, and April 30, 1989 for Varo Participants.

   Average Total Monthly Compensation shall mean (a) for an Incom or a Varo Participant, the Participant’s Average Total Monthly Compensation as defined in Article 1.6 of the Prior Plan as in effect on the Participant’s Computation Date, and (2) for an Imo or Aeroproducts Participant, the Participant’s Average Total Monthly Compensation as defined in Article 1.6 of the Prior Plan as in effect on the Transition Date, without regard to the changes in the definition of Average Total Monthly Compensation, and its various components, made in item 12 of Amendment No. 7 to the Prior Plan, or any subsequent changes.

Prior Retirement Benefit for an Imo Participant shall mean the greater of (a), (b), or (c), where (a), (b) and (c) are as follows:

(a) a benefit equal to (1) minus (2), with the resulting difference multiplied by (3), and added to (4), where (1), (2), (3), and (4) are as follows:

(1) 2% of the Participant's Average Total Monthly Compensation determined as of December 31, 1988.

(2) 2% of the Participant's Social Security Amount, as defined in Appendix I, determined as of December 31, 1988.

(3) The number of years and fractions of a year of Benefit Service (not in excess of 25) rendered by the Participant to December 31, 1988.

(4) The amount, if any, listed with respect to the Participant on Schedule A or Schedule B.

(b) a benefit equal to the amount determined as of the Transition Date under Article I.l(b) of the Prior Plan.

(c) a benefit equal to the amount determined as of December 31, 1988 under Appendix II of the Plan as in effect on the Transition Date.

Prior Retirement Benefit for an Aeroproducts, Incom or Varo Participant shall mean the Participant's Accrued Benefit as of the Transition Date under the Predecessor Plan as in effect on the Transition Date.

Prior Early Retirement Factor for an Imo Participant shall mean the factor from the following table which is applicable to the Participant's age at his Early Retirement Date, where age is expressed in years and complete months. Such factor for any Participant whose age is not shown below will be determined by interpolation.

Age at which Benefits are Scheduled to Commence	**Prior Early Retirement Factor**
65	1.0000
64	1.0000
63	1.0000
62	1.0000
61	.9700
60	.9400
59	.9100
58	.8800
57	.8500
56	.8200
55	.7900

Prior Early Retirement Factor for an Aeroproducts, Incom, or Varo Participant shall mean the factor, as defined in the Predecessor Plan, which is applied to the Participant's Accrued Benefit to determine the benefit which is payable commencing prior to the Participant's Normal Retirement Date. Such factor is determined based on the Predecessor Plan as in effect on the Transition Date, as would be applicable to the Participant's age at his Early Retirement Date.

Compensation Ratio for an Imo Participant shall mean the ratio of the Participant's Average Total Monthly Compensation (as defined in this Appendix II) determined as of the Participant's Computation Date, divided by the Participant's Average Total Monthly Compensation determined as of the Transition Date, except that:

(a) for any portion of the Prior Retirement Benefit for in Imo Participant which is determined under sections (a)(4), (b) or (c) of the definition of Prior Retirement Benefit, the Compensation Ratio shall be 1.000.

(b) for any portion of the Prior Retirement Benefit for an Incom or Varo Participant which, under the terms of the Predecessor Plan as in effect on the Transition Date, is determined without regard to the Participant's Average Monthly Earnings (for the Incom Plans) or his Final Average Earnings (for the Varo Plan), the Compensation Ratio shall be 1.0000.

(c) for an Aeroproducts Participant, the Compensation Ratio shall be 1.0000.

2. Benefit at Normal Retirement Date The minimum amount of monthly retirement annuity payable to a Participant at his Normal Retirement Date will be equal to the sum of (a), and (b), where (a) and (b) are as follows:

(a) The amount of Prior Retirement Benefit credited to the Participant multiplied by the Participant's Compensation Ratio.

(b) The greater of (i) and (ii), where (i) and (ii) are as follows:

(i) The amount of Accrued Benefit credited to the Participant in accordance with Articles l.l(a)(l) and l.l(a)(2) of the Prior Plan, minus the amount

of Accrued Benefit which would be credited to the Participant in accordance with Articles l.l(a)(l) and l.l(a)(2) of the Prior Plan based on the number of whole and fractional years of Benefit Service rendered by the Participant prior to the Transition Date.

(ii) The amount of Accrued Benefit credited to the Participant in accordance with Article 1.1(b) of the Prior Plan, based on the number of whole and fractional years of Credited Service rendered by the Participant after the Transition Date.

3. Early Retirement Benefit Payable Before Normal Retirement Date. The minimum amount of monthly retirement annuity payable to a Participant who elects an Early Retirement Date in accordance with Article 4.4 of the Prior Plan will be equal to the sum of (a) and (b) where (a) and (b) are as follows:

(a) The amount of Prior Retirement Benefit credited to the Participant multiplied by the Participant's Compensation Ratio, and reduced by his Prior Early Retirement Factor.

(b) The greater of (i) and (ii), where (i) and (ii) are as follows:

(i) The amount of Accrued Benefit credited to the Participant in accordance with Articles l.l(a)(l) and l.l(a)(2) of the Prior Plan, minus the amount of Accrued Benefit which would be credited to the Participant in accordance with Articles l.l(a)(l) and l.l(a)(2) of the Prior Plan based on the number of whole and fractional years of Benefit Service rendered by the Participant prior to January 1, 1989. Amounts determined under Article l.l(a)(l) of the Prior Plan are reduced by .0025 for each month by which his Early Retirement Date precedes his attainment of age 65, while amounts determined under Article l.l(a)(2) of the Prior Plan are reduced by the applicable IRS Early Retirement Factor.

(ii) The amount of Accrued Benefit credited to the Participant in accordance with Article 1.1(b) of the Prior Plan, based on the number of whole and fractional years of Credited Service rendered by the Participant after the Transition Date, reduced by .0025 for each month by which his Early Retirement Date precedes his attainment of age 65.

4. Termination Benefit Payable Before Normal Retirement Date. The minimum amount of monthly retirement annuity payable to a Participant who terminates his employment, is entitled to a deferred annuity, and whose retirement annuity payments are to commence before his Normal Retirement Date in accordance with Article 6.6 of the Prior Plan, will be equal to the sum of (a) and (b), plus (c), where (a), (b) and (c) are as follows:

(a) For Imo Participants, the Actuarial Equivalent of the amount of Prior Retirement Benefit credited to the Participant, multiplied by the Participant's Compensation Ratio.

(b) For Aeroproducts, Incom and Varo Participants, the amount of Prior Retirement Benefit credited to the Participant, multiplied by the Participant's Compensation Ratio, and reduced by his Prior Early Retirement Factor applicable to Participants who separate from service prior to attaining eligibility for immediate commencement of benefits.

(c) The greater of (i) and (ii), where (i) and (ii) are as follows:

(i) The amount of Accrued Benefit credited to the Participant in accordance with Articles l.l(a)(l) and l.l(a)(2) of the Prior Plan, minus the amount of Accrued Benefit which would be credited to the Participant in accordance with Articles l.l(a)(l) and l.l(a)(2) of the Prior Plan based on the number of whole and fractional years of Benefit Service rendered by the Participant prior to January 1, 1989, all reduced by the applicable IRS Early Retirement Factor.

(ii) The amount of Accrued Benefit credited to the Participant in accordance with Article 1.1 (b) of the Prior Plan, based on the number of whole and fractional years of Credited Service rendered by the Participant after the Transition Date, reduced by the applicable IRS Early Retirement Factor.

APPENDIX III

LIST OF EFFECTIVE DATES OF PARTICIPATION AND ACQUISITION

Division or Affiliate of Imo Industries Inc.	Effective Date of Participation	Delaval Plan
Adel Fasteners Division	January 1, 1962	7454
Aeroproducts Division	October 1, 1964	7454
Delaval Condenser Division	July 1, 1965	8280
Corporate Division	July 1, 1965	8280
Delroyd Worm Gear Division	July 1, 1965	8280
Imo Pump Division	July 1, 1965	8280
Delaval Turbine Division	July 1, 1965	8280
Barksdale Controls Division	October 1, 1965	7454
Deltex Division	January 1, 1969	8280
Gems Sensors Division	January 1, 1970	7454
Wiggins Connectors Division	October 1, 1976	Wiggins
Airfoil Division	July 1, 1978	7454

"8280" indicates the Retirement Plan for Salaried Employees of Transamerica Delaval Inc. Contract 8280-Q.

"7454" indicates the Retirement Plan for Salaried Employees of Transamerica Delaval Inc. Contract 7454-N.

"Wiggins" indicates the Pension Plan for Salaried Employees of Transamerica Delaval Inc. Wiggins Connectors Division.

Division or Affiliate of Imo Industries Inc.	Effective Date of Participation	Date of Acquisition
CEC Division	July 1, 1983	July 1, 1983
Baird Corporation	July 1, 1988	November 16, 1987
CentriMarc Division	January 1, 1989	March 1, 1988
Boston Gear, Charlotte Division	January 1, 1990	December 1, 1989
Miller-Holzwarth Division	May 1, 1990	November 16, 1987
Quabbin Division	April 1, 1991	July 2, 1990
Pro Mac Division	July 1, 1991	July 2, 1990

APPENDIX IV

CODE SECTION 401(a)(9) COMPLIANCE

This Appendix to the Plan is intended to comply with final and temporary regulations issued under Code Section 401(a)(9).

SECTION I
DEFINITIONS

1.1 Definitions

For purposes of this Appendix the following terms have the following meanings. Except as otherwise specifically provided herein, any term defined in Section 1.1 of the Plan has the meaning given such term in such Section.

A Participant’s **“designated beneficiary”** means the individual who is designated as the Participant’s Beneficiary under the Plan and is the designated beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-l, Q&A-4, of the Treasury regulations.

A **“distribution calendar year”** means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first “distribution calendar year” is the calendar year immediately preceding the calendar year which contains the Participant’s Required Beginning Date. For distributions beginning after the Participant’s death, the first “distribution calendar year” is the calendar year in which distributions are required to begin under Section 3.2 of this Appendix.

A Participant’s or Beneficiary’s **“life expectancy”** means his life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

SECTION II
GENERAL RULES

2.1 Effective Date

The provisions of this Appendix will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

2.2 Precedence

The requirements of this Appendix will take precedence over any inconsistent provisions of the Plan.

2.3 Requirements of Treasury Regulations Incorporated

All distributions required under this Appendix will be determined and made in accordance with the Treasury regulations under Code Section 401(a)(9).

SECTION III
TIME AND MANNER OF DISTRIBUTION

3.1 Required Beginning Date

A Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

3.2 Death of Participant Before Distributions Begin

If a Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the Participant's surviving Spouse is the Participant's sole "designated beneficiary", then, except as elected by the Sponsor in Section VII of this Appendix, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 $^{1}/_{2}$, if later.

(b) If the Participant's surviving Spouse is not the Participant's sole "designated beneficiary", then, except as elected by the Sponsor in Section VII of this Appendix, distributions to the "designated beneficiary" will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no "designated beneficiary" as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving Spouse is the Participant's sole "designated beneficiary" and the surviving Spouse dies after the Participant but before distributions to the surviving Spouse begin, this Section 3.2, other than Section 3.2(a), will apply as if the surviving Spouse were the Participant.

For purposes of this Section 3.2 and Section VI of this Appendix, distributions are considered to begin on the Participant's Required Beginning Date (or, if Section 3.2(d) of this Appendix applies, the date distributions are required to begin to the surviving Spouse under Section 3.2(a) of this Appendix). If annuity payments irrevocably commence to a Participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 3.2(a) of this Appendix), the date distributions are considered to begin is the date distributions actually commence.

3.3 Form of Distribution

Unless a Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first "distribution calendar year", distributions will be made in accordance with Sections IV, V and VI of this Appendix. If a Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury regulations. Any part of a Participant's interest that is in the form of an individual account described in Code Section 414(k) will be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and the Treasury regulations that apply to individual accounts.

SECTION IV
DETERMINATION OF AMOUNT TO BE DISTRIBUTED EACH YEAR

4.1 General Annuity Requirements

If a Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(a) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(b) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section V or VI of this Appendix;

(c) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(d) payments will either be nonincreasing or increase only as follows:

 (1) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

 (2) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in Section V of this Appendix dies or is no longer the Participant's Beneficiary pursuant to a qualified domestic relations order within the meaning of Code Section 414(p);

(3) to provide cash refunds of Accumulated Contributions upon the Participant’s death; or

(4) to pay increased benefits that result from a Plan amendment.

4.2 Amount Required to be Distributed by Required Beginning Date

The amount that must be distributed on or before a Participant’s Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under Section 3.2(a) or (b) of this Appendix) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant’s benefit accruals as of the last day of the first “distribution calendar year” will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant’s Required Beginning Date.

4.3 Additional Accruals After First Distribution Calendar Year

Any additional benefits accruing to a Participant in a calendar year after the first “distribution calendar year” will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

SECTION V
REQUIREMENTS FOR ANNUITY DISTRIBUTIONS THAT COMMENCE DURING PARTICIPANT’S LIFETIME

5.1 Joint Life Annuities Where the Beneficiary Is Not the Participant’s Spouse

If a Participant’s interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a non-Spouse Beneficiary, annuity payments to be made on or after the Participant’s Required Beginning Date to the “designated beneficiary” after the Participant’s death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of Section 1.401(a)(9)-6 of the Treasury regulations; provided, however, that the table in Q&A-2 of Section 1.401(a)(9)-6T of the Treasury Regulations may be used for calendar years 2003, 2004 and 2005. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a non-Spouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the “designated beneficiary” after the expiration of the period certain.

5.2 Period Certain Annuities

Unless the Participant's Spouse is the sole "designated beneficiary" and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's Spouse is the Participant's sole "designated beneficiary" and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Section 5.2, or the joint life and last survivor expectancy of the Participant and the Participant's Spouse as determined under the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the calendar year that contains the Annuity Starting Date.

SECTION VI
REQUIREMENTS FOR MINIMUM DISTRIBUTIONS WHERE PARTICIPANT DIES BEFORE DATE DISTRIBUTIONS BEGIN

6.1 Participant Survived by Designated Beneficiary

Except as elected by the Sponsor in Section VII of this Appendix, if a Participant dies before the date distribution of his or her interest begins and there is a "designated beneficiary", the Participant's entire interest will be distributed, beginning no later than the time described in Section 3.2(a) or (b) of this Appendix, over the life of the "designated beneficiary" or over a period certain not exceeding:

(a) unless the Annuity Starting Date is before the first "distribution calendar year", the "life expectancy" of the "designated beneficiary" determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(b) if the Annuity Starting Date is before the first "distribution calendar year", the "life expectancy" of the "designated beneficiary" determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

6.2 No Designated Beneficiary

If a Participant dies before the date distributions begin and there is no "designated beneficiary" as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

6.3 Death of Surviving Spouse Before Distributions to Surviving Spouse Begin

If a Participant dies before the date distribution of his or her interest begins, the Participant's surviving Spouse is the Participant's sole "designated beneficiary", and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section VI will apply as if the surviving Spouse were the Participant, except that the time by which distributions must begin will be determined without regard to Section 3.2(a) of this Appendix.

SECTION VII
SPECIAL RULES

7.1 Election to Apply 5-Year Rule to Distributions to Designated Beneficiaries

If a Participant dies before distributions begin, there is a "designated beneficiary", and the benefit payable to such "designated beneficiary" is to be made in a lump sum pursuant to the cashout provisions of Section 11.5 of the Plan, distribution to the "designated beneficiary" is not required to begin by the date specified in Section 3.2 of the Appendix, but the Participant's entire interest will be distributed to the "designated beneficiary" by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

Exhibit 10.7

COLFAX CORPORATION

EXCESS BENEFIT PLAN

Effective December 1, 2005

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COLFAX CORPORATION EXCESS BENEFIT PLAN

Effective December 1, 2005

Purpose

This Colfax Corporation Excess Benefit Plan (the “Plan”) is established to provide specified benefits to a select group of management and highly compensated Employees of Colfax Corporation for the purpose of providing maximum compensation deferrals, matching contributions and a three percent (3%) company contribution to enhance retirement savings. The Plan is hereby adopted effective December 1, 2005, with respect to pay received on or after January 1, 2006. The Plan is intended to provide benefits similar, but in addition, to benefits under the Colfax Corporation 401(k) Savings Plan Plus (the “401(k) Plan”). The Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

ARTICLE 1
Definitions

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

1.1 **“Account Balance”** shall mean, with respect to a Participant, a credit on the records of the Company equal to the sum of (i) the Deferral Account balance (ii) the Three Percent Company Contribution Account balance and (iii) the Company Matching Contribution Account balance. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her Beneficiary, pursuant to the Plan.

1.2 **“Annual Installment Method”** shall be an annual installment payment over the number of years selected by the Participant in accordance with the Plan, calculated as follows: (i) for the first annual installment, the vested Account Balance of the Participant shall be calculated as of the close of business on or around the last business day of the month preceding the month in which distribution commences, and (ii) for remaining annual installments, the vested Account Balance of the Participant shall be calculated on or around each applicable anniversary date thereafter. Each annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a ten (10) year Annual Installment Method, the first payment shall be 1/10 of the vested Account Balance, calculated as described in this definition. The following year, the payment shall be 1/9 of the vested Account Balance, calculated as described in this definition.

1.3 **“Beneficiary”** shall mean the person or persons, designated in accordance with Article 6, that are entitled to receive benefits under the Plan upon the death of a Participant.

1.4 **“Beneficiary Designation Form”** shall mean the form established from time to time by the Company that a Participant completes, signs and returns to the Company to designate one or more Beneficiaries.

1.5 **“Bonus Compensation”** shall mean, with respect to a Participant, (i) the Participant’s annual incentive bonus payable during the calendar year with respect to services as an Employee during the prior year or (ii) the Participant’s long-term incentive bonus, if applicable, payable during the calendar year with respect to services as an Employee during a prior period longer than a year.

1.6 **“Change in Control”** shall mean an event that constitutes a “Change of Control Event” for purposes of Code Section 409A.

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

1.8 **“Company”** shall mean Colfax Corporation, a Delaware Corporation, and any successor to all or substantially all of the Company’s assets or business.

1.9 **“Company Matching Contribution Account”** shall mean Company Matching Contribution Amounts, plus (i) amounts credited in accordance with all the applicable crediting provisions of the Plan that relate to the Participant’s Company Matching Contribution Account, less (ii) all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to the Participant’s Company Matching Contribution Account.

1.10 **“Company Matching Contribution Amount”** shall mean, with respect to each Plan Year, the Company’s contribution to a Participant’s Company Matching Contribution Account equal to the amount determined by applying the rate of matching contribution applied under the 401(k) Plan to the Participant’s Net Deferral Amount under the Plan for such year, and reducing that amount by the matching contribution to be credited to the Participant under the 401(k) Plan. Notwithstanding any provision to the contrary herein, the Company reserves the right to adjust the rate of matching contribution to be applied under the Plan for subsequent years, without notice.

1.11 **“Compensation”** shall be defined in the same manner as it is under Article 1.1, "Compensation," in the 401(k) Plan, but excluding any Bonus Compensation.

1.12 **“Deferral Account”** shall mean (i) the sum of all of a Participant’s Net Deferral Amounts, plus (ii) amounts credited in accordance with all the applicable crediting provisions of the Plan that relate to the Participant’s Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to his or her Deferral Account.

1.13 **“Disability Benefit”** shall mean the benefit set forth in Section 5.3.

1.14 **“Disabled”** shall mean a Participant can no longer continue in the service of his of her employer because of a mental or physical condition that is likely to result in death or is expected to continue for a period of at least twelve (12) months. A Participant shall be considered Disabled only if he or she meets one or more of the following criteria:

(a) He or she is eligible to receive a disability benefit under the terms of the Social Security Act.

(b) He or she is eligible to receive a benefit under his or her employer's long term disability plan.

(c) The Company determines he or she is Disabled based on a written certificate of a physician acceptable to it.

1.15 **“Election Form”** shall mean the form established from time to time by the Company that a Participant completes, signs and returns to the Company to make a deferral election with respect to Compensation or Bonus Compensation under the Plan.

1.16 **“Employee”** shall mean a person who is an employee of the Company.

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

1.18 **“401(k) Plan”** shall mean the Colfax Corporation 401(k) Savings Plan Plus.

1.19 **“Key Employee”** shall mean, in the event that the Company has stock which is publicly traded on an established securities market or otherwise, “key employee” within the meaning of Code Section 409A, unless otherwise stated in this Plan.

1.20 **“Net Deferral Amount”** shall have the meaning set forth in Section 3.3.

1.21 **“Participant”** shall mean any Employee (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs an Election Form and a Beneficiary Designation Form, (iv) whose signed Election Form and Beneficiary Designation Form are accepted by the Company, and (v) who commences participation in the Plan. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an account balance under the Plan, even if he or she has an interest in the Participant’s benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

1.22 **“Plan”** shall mean the Colfax Corporation Excess Benefit Plan, as amended from time to time.

1.23 **“Plan Benefit”** shall mean the benefit set forth in Section 5.1.

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

1.25 **“Pre-Retirement Survivor Benefit”** shall mean the benefit set forth in Section 5.2.

1.26 **“Regular Separation from Service”** means a Separation from Service for a reason other than death or becoming Disabled.

1.27 **“Separation from Service”** means termination of a Participant’s employment with the Company by reason of death, Retirement, becoming Disabled, resignation or discharge. Transfer to employment with an affiliate shall not be treated as a Separation from Service.

1.28 **“Short-Term Payout”** shall mean the payout set forth in Section 4.1.

1.29 **“Termination Date”** means the date the Participant has a Separation from Service.

1.30 **“Three Percent Company Contribution Account”** shall mean Three Percent Company Contribution Amounts, plus (i) amounts credited in accordance with all the applicable crediting provisions of the Plan that relate to the Participant’s Three Percent Company Contribution Account, less (ii) all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to the Participant’s Three Percent Company Contribution Account.

1.31 **“Three Percent Company Contribution Amount”** shall mean, with respect to each Plan Year, the Company’s contribution to a Participant’s Three Percent Company Contribution Account equal to (i) three percent (3%) of the amount of the Participant’s Compensation and Bonus Compensation payable during such year, minus (ii) the amount credited for the year to the Participant’s account under Article VI of the 401(k) Plan as a non-elective employer contribution.

1.32 **“Total Deferral Amount”** shall mean that portion of a Participant’s Compensation and Bonus Compensation, if any, that a Participant elects to have deferred under the Plan and the 401(k) Plan for any one Plan Year. The Total Deferral Amount shall equal the sum of all amounts of Compensation and Bonus Compensation to be deferred under the Plan and the 401(k) Plan for a Plan Year.

1.33 **“Trust”** shall mean one or more rabbi trusts established by the Company in accordance with Article 12 of the Plan as amended from time to time.

1.34 **“Unforeseeable Financial Emergency”** shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, or a dependent (as defined in Code Section 152(a)) of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

ARTICLE 2
Selection, Enrollment, Eligibility

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

2.2 **Enrollment Requirements**. As a condition to participation, each selected Employee shall complete, execute and return to the Company, an Election Form and a Beneficiary Designation Form, all within 30 days (or such shorter time as the Company may determine) after he or she is selected to participate in the Plan, in accordance with the requirements of this Article 2 and Section 3.1(a). In addition, the Company shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.

2.3 **Eligibility; Commencement of Participation**. Provided an Employee selected to participate in the Plan has met all enrollment requirements set forth in the Plan and required by the Company, including returning all required documents to the Company within thirty (30) days (or such shorter time as the Company may determine) after he or she is selected to participate in the Plan, in accordance with the requirements of this Article 2 and Section 3.1(a), that Employee shall commence participation in the Plan on the first day of the month following the month in which the Employee completes all enrollment requirements. If an Employee fails to meet all such requirements within the period required, that Employee shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Company of the required documents.

2.4 **Termination of Deferrals**. If the Company determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Company shall have the right, in its sole discretion, to prevent the Participant from making future deferral elections.

ARTICLE 3
Deferral Elections

3.1 **Elections to Defer Compensation**.

(a) **Deferral Election for Compensation**. In connection with a Participant's commencement of participation in the Plan, a Participant may elect to defer Compensation by filing with the Company an Election Form that conforms with the requirements of Article 2 within the time period specified in Section 2.3. If a Participant does not make a deferral election with respect to the first Plan Year with respect to which the Participant is eligible to participate in the Plan, the Participant may elect to defer Compensation for any subsequent Plan year by filing with the Company an Election Form that conforms with the requirements of Article 2 before the start of that Plan Year.

(b) **Amount of Deferral**. Subject to Section 3.3, the amount of Compensation that a Participant may elect to defer is such Compensation received after the date on which the deferral election is effective, and may be an integral percentage, as selected by the Participant, which shall not exceed fifty percent (50%) of the Participant's Compensation; provided that the total amount deferred by a Participant shall be limited in any calendar year, if necessary, to satisfy FICA, income tax, and employee benefit plan withholding requirements as determined in the sole and absolute discretion of the Company.

(c) **Duration of Compensation Deferral Election**. A Participant's election to defer Compensation is effective only with respect to Compensation earned after the date on which the election is effective and is irrevocable with respect to Compensation earned in the Plan Year for which the election is made. A Participant's election to defer Compensation shall remain in effect for subsequent Plan Years until the election is changed or revoked. A Participant may change or revoke a deferral election for any subsequent Plan Year by filing a new Election Form with the Company prior to the beginning of such Plan Year, at such time as the Company may require, which election shall be effective on the first day of the next following Plan Year.

3.2 **Elections to Defer Bonus Compensation**. Subject to Section 3.3, in connection with a Participant's commencement of participation in the Plan, and subject to the final sentence of this Section 3.2, a Participant may elect to defer up to fifty percent (50%) of his or her Bonus Compensation payable during a calendar year, by completing and filing an Election Form with the Company during the enrollment period established by the Company for deferral of that Bonus Compensation; provided that the total amount deferred by a Participant shall be limited in any calendar year, if necessary, to satisfy FICA, income tax, and employee benefit plan withholding requirements as determined in the sole and absolute discretion of the Company. For any performance-based Bonus Compensation (within the meaning of Code Section 409A), the enrollment period shall end no later than six (6) months prior to the end of the performance measurement period and, to the extent required by Code Section 409A, deferral elections for Bonus Compensation that is not performance-based shall be made no later than the year prior to the year in which the services relating to the Bonus Compensation are performed. Furthermore, pursuant to transition relief provided in Notice 2005-1 (December 20, 2004) and the preamble to the proposed Treasury Department regulations under Section 409A of the Code published in the Federal Register on October 4, 2005, and subject to the next sentence hereof, a deferral election in place as of December 31, 2005 shall apply to any Bonus Compensation payable during 2006 on or prior to March 15, 2006, and a deferral election in place as of December 31, 2006, shall apply to any Bonus Compensation payable during 2007 on or prior to March 15, 2007.

A Bonus Compensation deferral election made by a Participant shall become irrevocable as of the close of the enrollment period applicable to such Bonus Compensation and established by the Company in accordance with the preceding paragraph. The Bonus Compensation deferral election may be revoked in writing up to the end of the applicable enrollment period by completing and submitting a revocation prior to the enrollment-period close.

3.3 **Net Deferral Amount**. Notwithstanding anything to the contrary in this Article 3, the actual amount that will be deferred from a Participant's Compensation and Bonus Compensation, if any, under the Plan in any Plan Year is the Participant's Net Deferral Amount. The Net Deferral Amount for any Plan Year shall be equal to the Total Deferral Amount that a Participant elects to defer for such year, reduced by the amount of elective deferrals credited to the Participant's account under the 401(k) Plan for such year. In the event of a Participant's Separation from Service prior to the end of a Plan Year, such year's Net Deferral Amount shall be the actual amount withheld prior to such event.

3.4 **Withholding of Net Deferral Amounts**. For each Plan Year, the Net Deferral Amount shall be withheld from each regularly scheduled payroll in equal amounts, as adjusted from time to time for increases and decreases in Compensation, and from each payment of Bonus Compensation for which an Election Form has been filed with the Company. In accordance with Sections 3.1 and 3.2, a Participant must complete separate Election Forms for the deferral of Compensation and Bonus Compensation, except with respect to amounts payable in 2006 and 2007, for which separate elections for the deferral of Compensation and Bonus Compensation may be made, in the Company's sole discretion, on the same Election Form, or as otherwise provided by the Company.

3.5 **Annual Company Contributions**. For each Plan Year, the Company will credit (a) each Participant's Company Matching Contribution Account with the Company Matching Contribution Amount and (b) each Participant's Three Percent Company Contribution Account with the Three Percent Company Contribution Amount.

3.6 **Vesting**.

(a) A Participant shall at all times be 100% vested in his or her Deferral Account.

(b) A Participant's benefit under his or her Three Percent Company Contribution Account shall at all times be 100% vested.

(c) A Participant's benefit under his or her Company Matching Contribution Account shall vest in accordance with the following schedule based on his or her years of vesting service under the 401(k) Plan:

Years of Vesting Service	Vested Percentage
Less than 2	0%
At least 2, but less than 3	20%
At least 3, but less than 4	40%
At least 4, but less than 5	60%
5 or more	100%

However, if a Participant was hired on or before February 28, 1999, his or her vested interest in his or her Company Matching Contribution Account shall be at all times 100%.

(d) Notwithstanding the foregoing, if a Participant is employed by the Company on his or her Normal Retirement Date as defined under the 401(k) Plan, the date he or she becomes Disabled, or the date he or she dies, his or her vested interest in his or her Company Matching Contribution Account shall be 100%.

(e) Notwithstanding anything to the contrary contained in this Section, in the event of a Change in Control, a Participant's Company Matching Contribution Account shall immediately become 100% vested (if not already vested in accordance with the above vesting schedule).

(f) Notwithstanding the previous subsections, the vesting schedule for a Participant's Company Matching Contribution Account shall not be accelerated to the extent that the Company determines that such acceleration would cause the deduction limitations of Code Section 280G to become effective. In the event that all of a Participant's Company Matching Contribution Account is not vested pursuant to such a determination, the Participant may request independent verification of the Company's calculations with respect to the application of Code Section 280G. In such case, the Company must provide to the Participant within fifteen (15) business days of such a request an opinion from a nationally recognized accounting firm selected by the Participant (the "Accounting Firm"). If the Accounting Firm's opinion is in agreement with the Company's determination, the opinion shall state that any limitation in the vested percentage hereunder is necessary to avoid the limits of Code Section 280G and contain supporting calculations. The cost of such opinion shall be paid for by the Company.

3.7 **Deferral Accounts and Company Contribution Accounts**. The Company shall establish a Deferral Account, a Three Percent Company Contribution Account and a Company Matching Contribution Account for each Participant under the Plan. Each Participant's Deferral Account, Three Percent Company Contribution Account and Company Matching Contribution Account shall be further divided into separate subaccounts ("investment fund subaccounts"), each of which corresponds to an investment fund elected by the Participant. A Participant's Deferral Account, Three Percent Company Contribution Account and Company Matching Contribution Account shall be credited as follows:

(a) After amounts are withheld and deferred from a Participant's Compensation and/or Bonus Compensation, the Company shall credit the investment fund subaccounts of the Participant's Deferral Account with an amount equal to the amount of Compensation and/or Bonus Compensation deferred by the Participant as of the date that the Compensation or Bonus Compensation would have been paid to the Participant, and the portion of the Participant's deferred Compensation and/or Bonus Compensation that the Participant has deemed to be invested in a certain type of investment fund shall be credited to the investment fund subaccount corresponding to that investment fund.

(b) The Company shall credit the investment fund subaccounts of the Participant's Three Percent Company Contribution Account and Company Matching Contribution Account with the amounts equal to the Three Percent Company Contribution Amount and Company Matching Contribution Amount, respectively, if any, for that Participant, on the date or dates to be determined by the Company in its sole discretion, and the portion of such amounts so credited that the Participant has deemed to be invested in a certain type of investment fund shall be credited to the investment fund subaccount corresponding to that investment fund.

(c) Each business day, each of the Participant's investment fund subaccounts shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance credited to such investment fund subaccount as of the prior day plus contributions allocated to the investment fund subaccount that day by the rate of net gain or loss for the corresponding investment fund for that day.

(d) Each of the Participant's investment fund subaccounts shall be reduced pro rata by the amount of any distributions made to the Participant, as of the date of the distribution.

3.8 **Investment Elections**.

(a) The Company shall select from time to time, in its sole and absolute discretion, commercially available investment funds to be used to determine the amount of earnings or losses to be credited to the Participant's Accounts under Section 3.7.

(b) At the time of making a deferral election, a Participant shall designate, on a form provided by the Company, the investment fund or funds in which the Participant's Deferral Account attributable to deferrals of Compensation and/or Bonus Compensation and the Participant's Three Percent Company Contribution Account and Company Matching Contribution Account attributable to the annual Three Percent Company Contribution Amount and Company Matching Contribution Amount, if any, for the Plan Year to which the deferral election relates will be deemed to be invested for purposes of determining the amount of earnings or losses to be allocated to that Account. The Participant may specify the deemed

investment, in whole percentage increments, in one or more of the investment Funds as communicated from time to time by the Company. A Participant may change this investment designation by filing a change of election and making a new designation with the Company at such time as provided by the Company and in accordance with the procedures established by the Company from time to time.

(c) Notwithstanding any other provision of the Plan that may be interpreted to the contrary, the investment funds selected by the Company or designation of investment funds by a Participant shall not be considered or construed in any manner as an actual investment of the Participant. In the event that the Company or the Trustee, in its sole and absolute discretion, shall invest funds in any or all of the selected investment funds, no Participant shall have any rights in or to such investments. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall remain at all times an unsecured creditor of the Company.

3.9 **FICA and Other Taxes**.

(a) **Deferral Amounts**. For each Plan Year in which a Net Deferral Amount is being withheld from a Participant, the Company shall withhold from that portion of the Participant's Compensation and Bonus Compensation that is not being deferred, in a manner determined by the Company, the Participant's share of FICA and other employment taxes on such Net Deferral Amount. If necessary, the Company may reduce the Net Deferral Amount in order to comply with this subsection (a).

(b) **Company Contributions**. When a Participant becomes vested in a portion of his or her Three Percent Company Contribution Account or Company Matching Contribution Account, the Company shall withhold from the Participant's Compensation and Bonus Compensation that is not deferred, in a manner determined by the Company, the Participant's share of FICA and other employment taxes. If necessary, the Company may reduce the vested portion of the Participant's Three Percent Company Contribution Account or Company Matching Contribution Account in order to comply with this subsection (b).

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

ARTICLE 4
Short-Term Payout; Unforeseeable Financial Emergencies

4.1 **Short-Term Payout**. In connection with each deferral election under the Plan, a Participant may elect to receive a Short-Term Payout from the Plan with respect to all or a portion of the Net Deferral Amount. The Short-Term Payout shall be a lump sum payment in an amount that is equal to the portion of the Net Deferral Amount that the Participant elected to have distributed as a Short-Term Payout, plus amounts credited or debited in the manner provided in Section 3.7 above on that amount, calculated as of the close of business on or around the date on which the Short-Term Payout becomes payable, as determined by the Company in its sole discretion. Subject to the terms and conditions of the Plan, each Short-Term Payout elected shall be paid out during a sixty (60) day period commencing immediately after the last day of any Plan Year designated by the Participant. The Plan Year designated by the Participant must be at least five (5) Plan Years after the Plan Year in which the Net Deferral Amount is actually deferred. By way of example, if a Short-Term Payout is elected for Net Deferral Amounts that are deferred in the Plan Year commencing January 1, 2006, the Short-Term Payout would become payable during a sixty (60) day period commencing January 1, 2011.

4.2 **Other Benefits Take Precedence Over Short-Term**. Should an event occur that triggers a benefit under Article 5, any Net Deferral Amount, plus amounts credited or debited thereon, that is subject to a Short-Term Payout election under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with Article 5.

4.3 **Payout/Cancellation for Unforeseeable Financial Emergencies**. If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Company to receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant’s Account Balance, calculated as if such Participant were receiving a Plan Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the payout, after taking into account the extent to which such Unforeseeable Financial Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant’s assets (to the extent such liquidation would not itself cause severe financial hardship). A Participant experiencing an Unforeseeable Financial Emergency may also petition for a cancellation of his or her deferral election in effect under the Plan. If, subject to the sole discretion of the Company, the petition for a cancellation and/or payout is approved, cancellation shall take effect upon the date of approval and any payout shall be made within sixty (60) days of the date of approval. In the event of any such cancellation, the deferral election under the Plan made by the Participant next following the cancellation of his or her deferral election due to an Unforeseeable Financial Emergency shall be treated as an initial deferral election, subject to Article 3 and Article 5.

ARTICLE 5
Benefits

5.1 **Plan Benefit**. A Participant who experiences a Regular Separation from Service shall receive, as the Plan benefit, his or her Account Balance (the "Plan Benefit").

(a) **Payment Commencement Date for a Regular Separation from Service**. A Participant, in connection with his or her commencement of participation in the Plan, shall designate on an Election Form the time as of which payment of his or her Plan Benefit is to commence in the event of a Regular Separation from Service as one of the following alternatives. The Participant either may select:

(1) The last day of the month following the Participant's Termination Date, except that, in the case of a Key Employee, that date shall be the last day of the month in which occurs the six (6) month anniversary of his or her Termination Date; or

(2) January 31 of any of the five (5) calendar years following the year that includes the Participant's Termination Date, except that, in the case of a Key Employee, the first payment shall be made as of the later of (x) the selected January 31, or (y) the last day of the month in which occurs the six (6) month anniversary of his or her Termination Date.

In addition, if a payment commencement date under this Section is not established at the time a Participant submits the initial deferral Election Form, his or her Plan Benefit shall be paid as a lump sum as of the last day of the month in which occurs the six (6) month anniversary of the Participant's Termination Date.

(b) **Form of Benefit for a Regular Separation from Service**. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Plan Benefit with respect to the compensation deferred pursuant to such Election Form in a lump sum or pursuant to an Annual Installment Method over 2 years to 10 years. If a Participant does not make any election with respect to the payment of the Plan Benefit, then such benefit shall be payable in a lump sum.

(c) **Death Prior to Completion of Benefit Payment**. If a Participant dies after his or her Regular Separation from Service but before the Plan Benefit is paid in full, the Participant's unpaid Plan Benefit payments shall continue and shall be paid to the Participant's Beneficiary over the remaining number of years and in the same amounts as that benefit would have been paid to the Participant had the Participant survived.

(d) **Small Plan Benefit**. Notwithstanding any provision to the contrary in this Plan, if the Participant's Account Balance at the time of his or her Regular Separation from Service is less than $10,000, payment of his or her Plan Benefit shall be paid in a lump sum on or before the later of (i) December 31 of the calendar year in which occurs the Participant's Separation from Service or (ii) the date 2-1/2 months after the Participant's Separation from Service.

5.2 **Pre-Retirement Survivor Benefit**. The Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's Account Balance if the Participant dies before he or she experiences a Regular Separation from Service or becomes Disabled. A Participant's Beneficiary shall receive the Pre-Retirement Survivor Benefit in a lump sum. The lump sum payment shall be made no later than 60 days after the last day of the Plan Year in which the Company is provided with proof that is satisfactory to the Company of the Participant's death.

5.3 **Disability Benefit**. A Participant who is deemed Disabled shall, for benefit purposes under the Plan, be deemed to have experienced a Separation from Service as soon as practicable after such Participant is determined to be Disabled, in which case the Participant shall receive a Disability Benefit equal to his or her Account Balance. The Disability Benefit shall be paid in a lump sum within sixty (60) days of the Participant's deemed Separation from Service, or, if the Participant is a Key Employee, as of the last day of the month in which occurs the six (6) month anniversary of the date of the Participant's Separation from Service.

5.4 **Change in Time or Form of Payment**. Notwithstanding the method of payment for the Plan Benefit elected by a Participant on an Election Form with respect to the Compensation or Bonus Compensation deferred pursuant to such Election Form, the Participant may elect to change the time or form of such payment under a subsequent election that meets the following requirements:

(a) The subsequent election may not take effect until at least twelve (12) months after the date on which the subsequent election is made.

(b) The subsequent election may not be made less than twelve (12) months prior to the date of the first scheduled payment under the current election.

(c) The first payment with respect to which the subsequent election is made must be deferred for a period of not less than five (5) years from the date such payment would otherwise have been made.

(d) The subsequent election may not accelerate the time of any payment.

The form of payment elected in a subsequent election also must be an election of the form and timing of payment that could have been made under Section 4.1 or Section 5.1 by the Participant at the time of original election. For purposes of this Section 5.4, installment payments elected by a Participant under the Plan shall be treated as a single payment to be made on the payment date for the first installment payment.

5.5 **Limitation on Key Employees**. Notwithstanding any other provision of the Plan to the contrary, the payment of a Plan Benefit or Disability Benefit with respect to a "key employee" of the Company, within the meaning of Code Section 416(i)(1), if at that time any stock of the Company is publicly traded on an established securities market or otherwise, shall not be made within six (6) months following his or her Separation from Service with the Company, except in the event of death.

ARTICLE 6
Beneficiary Designation

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

6.2 **Beneficiary Designation; Change**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Company. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Company's rules and procedures, as in effect from time to time. Upon the acceptance by the Company of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Company shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Company prior to his or her death.

6.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Company.

6.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 6.1, 6.2 and 6.3 above or, if all Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the Participant's estate.

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

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

ARTICLE 7
Leave of Absence

7.1 **Paid Leave of Absence**. If a Participant is authorized by the Company for any reason to take a paid leave of absence from the employment of the Company, the Participant shall continue to be considered employed by the Company and the Net Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Sections 3.1 and 3.2.

7.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Company for any reason to take an unpaid leave of absence from the employment of the Company, the Participant shall continue to be considered employed by the Company and the Participant shall be excused from making deferrals until the Participant returns to a paid employment status. Upon such return, deferrals shall resume for the remaining portion of the Plan Year in which the return occurs, based on the deferral election, if any, made for that Plan Year. If no election was made for that Plan Year, no deferral shall be withheld.

ARTICLE 8
Termination, Amendment or Modification

8.1 **Termination**. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, the Company reserves the right to terminate the Plan, in its sole discretion, in whole or in part, and for any reason, by action of the Company. The Company may terminate the Plan with respect to the Participants employed or formerly employed by the Company, as follows:

(a) **Partial Termination**. The Company, in its sole discretion, may partially terminate the Plan by not accepting any additional deferral elections under this Plan. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to deferral elections properly completed and filed prior to the effective date of such partial termination.

(b) **Complete Termination**. The Company, in its sole discretion, may completely terminate the Plan by not accepting any additional deferral elections, and by terminating all existing Plan deferrals. In the event of complete termination, the Plan shall cease to operate and, to the extent permitted by Section 409A of the Code, the Company shall distribute each Account Balance to the appropriate Participant.

8.2 **Amendment**. The Company may, at any time, amend or modify the Plan in whole or in part by the action of the Company; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant’s Account Balance in existence at the time the amendment or modification is made, calculated as if

the Participant had experienced a Regular Separation from Service as of the effective date of the amendment or modification, except that the Company may change the investment funds to be applied prospectively, and (ii) no amendment or modification of this Section 8.2 of the Plan shall be effective. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification. The Company specifically reserves the right to amend the Plan to conform the provisions of the Plan to the guidance issued by the Secretary of the Treasury with respect to Code Section 409A, in accordance with such guidance.

8.3 **Effect of Payment**. The full payment of the applicable benefit under Articles 4 or 5 of the Plan shall completely discharge all obligations to a Participant and his or her Beneficiaries under the Plan.

ARTICLE 9
Administration

9.1 **Administrative Duties**. To the extent that ERISA applies to the Plan, the Company shall be the “named fiduciary” of the Plan and the “plan administrator” of the Plan. The Company shall be responsible for the general administration of the Plan. The Company will, subject to the terms of the Plan, have the authority to: (i) approve for participation employees who are recommended for participation by the President and Chief Executive Officer of the Company, (ii) adopt, alter, and repeal administrative rules and practices governing the Plan, (iii) interpret the terms and provisions of the Plan, and (iv) otherwise supervise the administration of the Plan. All decisions by the Company will be made with the approval of not less than a majority of the members of its Board of Directors. The Company may delegate any of its authority to any other person or persons that it deems appropriate.

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

9.3 **Binding Effect of Decisions**. All decisions by the Company, and by any other person or persons to whom the Company has delegated authority, shall be final and conclusive and binding upon all persons having any interest in the Plan.

9.4 **Indemnity of Company**. The Company shall indemnify and hold any Employee to whom the duties of the Company may be delegated against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to the Plan, except in the case of willful misconduct by the Company or any such Employee.

9.5 **Information**. To perform its functions, any person or persons who the Company has deemed appropriate to administer the Plan shall supply full and timely information on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, the Disabled status, death or other Separation from Service of its Participants, and such other pertinent information as the Company may reasonably require.

ARTICLE 10
Other Benefits and Agreements

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

ARTICLE 11
Claims Procedures

11.1 **Initial Claim**. If a Participant believes he or she is entitled to payments under the Plan which have not been paid or have been paid in a lesser amount, the Participant may submit a written claim to the Senior Vice President of Human Resources for the Company. If the Senior Vice President of Human Resources determines that the claim should be denied, written notice of the decision will be furnished to the Participant within a reasonable period of time. This notice will set forth in clear and precise terms the specific reasons for the denial, specific reference to pertinent Plan provisions on which the denial is based, a description of additional material or information necessary for the Participant to perfect the claim, and an explanation of the Plan's review procedure. The written notice shall be given to the Participant within ninety (90) days after receipt of the claim, unless special circumstances require an extension of time for processing the claim, in which case a decision will be rendered and written notice furnished within one hundred eighty (180) days after receipt of the claim. A written notice of such extension of time indicating the special circumstances and expected date of decision will be furnished to the Participant within the initial ninety (90) day period.

11.2 **Claims Appeal**. The Participant may, within sixty (60) days after receiving notice denying the claim, request a review of the decision by written application to the committee established by the Company to review appeals under this Plan (the "Review Panel"). The Participant may also review pertinent documents and submit issues and comments in writing. A written decision on the appeal will be made by the Review Panel not later than sixty (60) days after receipt of the appeal, unless special circumstances require an extension of time, in which case a decision will be rendered within a reasonable period of time, but in no event later than one hundred twenty (120) days after receipt of the appeal. A written notice of such extension of time will be furnished to the Participant before such extension begins. The decision will include the specific reason(s) for the decision and the specific reference(s) to the pertinent plan provisions on which the decision is based. The decision will be final. The Participant's Beneficiary also may use the claim procedures set forth in Section 11.1 and this Section.

ARTICLE 12
Trust

12.1 **Establishment of the Trust**. The Company may establish one or more irrevocable Trusts to which the Company may transfer such assets as the Company determines in its sole discretion to assist in meeting its obligations under the Plan.

12.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Company, Participants and the creditors of the Company to the assets transferred to the Trust.

12.3 **Distributions from the Trust**. The Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Company's obligations under the Plan.

ARTICLE 13
Miscellaneous

13.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

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

13.3 **Company's Liability**. The Company's liability for the payment of benefits shall be defined only by the Plan. The Company shall have no obligation to a Participant under the Plan except as expressly provided in the Plan.

13.4 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall,

prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

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

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

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

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

13.9 **Governing Law**. Subject to ERISA, the provisions of the Plan shall be construed and interpreted according to the internal laws of the State of Delaware without regard to its conflicts of laws principles.

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

Colfax Corporation
8730 Stony Point Parkway
Suite 150
Richmond, VA 23235
Attn: Senior Vice President of Human Resources

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

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

13.11 **Successors**. The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant's Beneficiaries.

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

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

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

13.15 **Court Order**. The Company is authorized to make any payments directed by court order in any action in which the Plan or the Company has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Company, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.

13.16 **Insurance**. The Company, on its own behalf or on behalf of the trustee of the Trust, and, in its sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Company or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Company shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Company has applied for insurance.

13.17 **No Acceleration of Benefits**. The acceleration of the time or schedule of any payment under the Plan is not permitted, except as provided in regulations by the Secretary of the Treasury.

13.18 **Compliance with Code Section 409A**. The Plan is intended to provide for the deferral of compensation in accordance with Code Section 409A for compensation earned, vested, or deferred after December 31, 2004. Notwithstanding any provisions of the Plan or any Election Form to the contrary, no otherwise permissible election under the Plan shall be given effect that would result in the taxation of any amount under Code Section 409A.

IN WITNESS WHEREOF, the Company has signed this Colfax Corporation Excess Benefit Plan, effective December 1, 2005, on December 21, 2005.

COLFAX CORPORATION

By: /s/ Steven Weidenmuller

Title: Senior Vice President, Human Resources

Exhibit 10.8

ALLWEILER AG Company Pension Plan

Company-wide Agreement
No. 02/2001

The following company-wide agreement regarding the company pension plan is hereby executed between ALLWEILER AG (hereinafter referred to as "Company") and the ALLWEILER AG Central Works Council.

Based on the company pension plan, company employees and former company employees at all locations within the Federal Republic of Germany as well as their relatives are granted one-time and ongoing pension payments according to the following provisions in the event of certain types of emergencies, disability, age, or death, provided there is nothing regulated that deviates therefrom based on other agreements.

§ 1 Types of pension payments

1) The following is provided:

a) Retirement pensions (§ 6)

b) Early retirement pensions (§ 7)

c) Disability pensions (§ 8)

d) Widow/widower pensions (§ 9)

e) Orphan pensions (§ 10)

f) One-time payments for emergencies (§ 19)

2) The pension payments are financed according to the provisions of § 16 and paid directly by the Company, with the exception of one-time payments for emergencies according to §19.

§ 2 Qualifying period

1) The granting of all pensions requires that the company employee be employed by the Company for a qualifying period of at least 10 years. Once this qualifying period has been satisfied, the amount of the pension is calculated according to §§ 3, 4, and 5.

2) If the occurrence of the support case is based on a work-related accident in terms of the provisions of statutory accident insurance, the qualifying period is 5 years.

§ 3 Allowable service years

1) Applicable allowable service years include those times that the company employee has worked at the Company, after attainment of age 16 up to attainment of age 63, without any interruptions.

   If early retirement pension is applied for according to § 7, the date of the employee's retirement/exit from the Company is used instead of age 63.

2) Time periods that are considered to be applicable for company employment by statute are counted within the scope of the statutory provisions.

3) If the length of service is interrupted for other reasons, an earlier service period can be counted if the respectively valid company agreements permit the inclusion using earlier service periods.

4) In the event of discrepancies, the company employee shall provide verification regarding the existence of allowable service years.

5) A fractional part of a service year that is more than 6 months long shall be calculated as a complete service year.

§ 4 Allowable retirement income

1) Applicable allowable retirement income is the monthly average of the regular gross employment income that the company employee was paid by the Company in the last allowable year of service (§ 3). The allowable income is limited to the amount of the respectively applicable upper income limit for statutory pension insurance.

2) Overtime pay, vacation and end-of-year bonus pay, asset-forming payments, one-time bonuses and allowances, premiums, commissions and profit-based bonuses, and other payments that are compensation for work performed are not included in the determination of allowable retirement income.

3) If a bonus payment/profit-based bonus/premium granted during the last 3 allowable years of service represents more than 50% of the total emolument without Section 2, the basic income and bonus payment/profit-based bonus/premium are added to the allowable income of the last 3 allowable service years, at half their value.

§ 5 Pension amount

1) The amount of pensions is based on the allowable years of service (§ 3) and the allowable income (§ 4); these amounts are calculated according to the same principle for both wage and salaried employees.

2) The amount of the monthly pensions is 0.17% of the allowable retirement income multiplied by the allowable years of service.

   For disability pensions (§ 8), the years of service still outstanding up to age 55 are counted to increase the pension.

3) Odd amounts less than one euro (cents) are round up or down to 0.50 euro for the pensions.

§ 6 Retirement pensions

Retirement pensions are granted to company employees who have attained age 63 and have retired from the Company.

§ 7 Early retirement pensions

1) Early retirement pensions are granted to company employees who have retired from company service before attaining age 63 based on the election of early retirement as full retirement in the statutory pension insurance, provided the other prerequisites for payment are met.

2) The amount of the early retirement pension is based on the claims acquired according to § 5 in the granting of the social security pension. The resulting early retirement pension shall be reduced by 0.5% for each month remaining until the employee has attained age 63. However, this reduction shall not exceed 12% in total.

§ 8 Disability pensions

1) Disability pensions are granted to company employees who are totally occupationally disabled in terms of §43 SBG *[Social Security Code]* VI, as a result of illness or disability, and who have left the Company, if and as long as the company employees are receiving a corresponding pension from Social Security.

2) A disability pension must be applied for in writing with enclosure of the ruling on the pension application from the social insurance carrier. If the company employee is not subject to compulsory social insurance, a medical certificate indicating total occupational disability in terms of SBG VI must be enclosed

3) Any person who intentionally causes his/her own total occupational disability shall not receive any pension. § 103 SGB VI applies accordingly.

4) If there is any doubt whether the employee is completely occupationally disabled, the Company can require that the employee be examined by an independent physician; the costs for the examination shall be covered by the Company.

   Any change in the determination of total occupational disability must be reported immediately; otherwise, the pension can be withdrawn and/or repayment required.

5) If the social insurance carrier or independent physician determines that total occupational disability is no longer indicated, the payment of the disability pension shall cease at the end of the month in which the corresponding determination was made. The entitlement to a pension then remains in existence up to the occurrence of the final support case as long as the person concerned remains employed by the Company.

§ 9 Widow/widower pensions

1) Widows/widowers of company employees or of those receiving company pensions shall receive a widow's/widower's pension provided that the marriage was valid at the time of death of the spouse.

2) The widow's/widower's pension is 60% of the pension that the former company employee received at the time of death or that the employee would have received if disabled.

3) The widow's/widower's pension shall cease at the end of the month in which the widow/widower dies or remarries.

4) No claim to widow's/widower's pension shall exist in the following cases:

   a) If the marriage to the company employee is less than one year old and if the marriage was entered into after attainment of age 60 for the company employee,

   b) If the marriage took place after the occurrence of the support case, or

   c) If one spouse has lived separately from the other spouse without an alimony claim.

§ 10 Orphan pensions

1) Orphan pensions shall be granted to marital children (and those children having the same the legal standing) of company employees and pensioners who have died.

2) The orphan's pension is 20% of the pension that the former company employee received at the time of death or that the employee would have received if disabled.

3) The orphan's pension shall cease at the end of the month in which the orphan turns age 18; if the orphan is undergoing further education, the pension shall continue until no later than the attainment of age 25.

4) The orphan pensions combined with the widow's/widower's pension cannot exceed the pension upon which they are based. In this case, a proportional reduction shall be applied.

5) If no widow's/widower's pension is paid in addition to the orphan's pension, the orphan's pension will be 30% of the pension that the former company employee received at the time of death or that the employee would have received if disabled.

§ 11 Granting of pensions

1) The appropriate rulings on pension applications from the Social Security Department and/or the life insurance policy must be presented for a pension to be granted.

2) All pensions are paid monthly. They are paid out on the last day of each month. The notification regarding granting of pensions occurs in writing. Pensions are granted at the end of the month in which their prerequisites are met, provided all documents required for payment are submitted within 3 months. They are then paid no sooner than the time at which the documents for calculation are presented. If entitlement to benefits ceases, the payments shall be set for the first of the following calendar month.

§ 12 Adjusting ongoing pensions

Every 3 years, the Company makes a decision regarding an adjustment to the ongoing pensions in compliance with § 16 BetrAVG *[Company-provided Pension Act]* according to what is right and good.

§ 13 Non-forfeitable benefits

1) If a company employee ends employment with the Company, the employee retains a non-forfeitable entitlement to pension payments as long as the employee meets the requirements of statutory non-forfeitable benefits according to the respectively valid provisions of the law on improving company pension plans.

2) A former company employee (who left the Company before the support case occurred) and the employee's heirs shall retain an entitlement amounting to at least that benefit to which they would have been receiving without the early resignation and which corresponds to the ratio of the length of employment at the time the company employee started up to the attainment of age 63 (§2 Section 1 BetrAVG).

§ 14 Pledging and transfer

The benefits cannot be pledged or transferred to third parties unless statutory provisions permit this.

§ 15 Part-time employees

For company employees who were employed part-time for more than 6 months of the allowable service period (§3), the average gross employment income that would have resulted from full-time employment for an assumed full-time position in the last allowable year of service, reduced in proportion to the actual work time during the entire allowable service time for the full fixed work time during the same timeframe, shall be considered the allowable retirement income in terms of § 4.

§ 16 Financing

1) All of the pension benefits for the company employee shall be paid directly by the Company, with the exception of the one-time payments for certain emergencies (§ 19).

2) A legal claim to the benefits exists.

§ 17 Data protection

In connection with the pension plan, the Company and/or the pension association transfers protected data to third parties provided it is required for proper execution of the plan. The regulations of the Federal Data Protection Act on Data Transmission are observed with respect to data transmission. The addresses of the respective data recipients will be provided, upon request, by the Company's Human Resources Department.

§ 18 Insurance policies

The Company shall be authorized to take out life insurance policies on company employees to secure the benefits provided for in this pension plan. Company employees are required to provide their written permission for this in accordance with § 159 VVG [Insurance Policy Act], which is enclosed as an appendix to this pension plan document. Failure to provide this permission will mean that the company employee in question will lose the entitlement to the corresponding benefits if such an insurance policy is executed.

§ 19 One-time payments for certain emergencies

1) Company employees who have worked for the Company for at least two 2 years as well as former company employees who are receiving a pension payment from the Pension Association or the Company and their widows/widowers can be granted a one-time support payment in the event of certain emergencies.

   The amount of the support payment is at the discretion of the Pension Association Board, but it should normally not exceed €160.00 per company employee/relative.

2) All employees who meet the qualifying time according to § 2, shall receive a one-time payment for accidents as follows:

€1,600.00	In case of death
€3,100.00	In case of total occupational disability according to § 43 SGB VI
€6.00	Per diem starting on the 43rd day of the occupational disability due to workplace injury up to the end of the year after which the accident occurs.

§ 20 Provisos

The Company or the Pension Association reserves the right to reduce or adjust payments in the following cases:

1) The financial situation of the Company subsequently becomes significantly worse to the extent that it can no longer reasonably maintain the benefits promised;

2) The group of beneficiaries, the contributions, the benefits, or the retirement age for the statutory social insurance or other support institutions where a legal claim exists significantly change;

3) The legal, particularly with respect to the tax situation, treatment of expenses incurred by the Company or that have been incurred by the Company for the planned financing of the benefits has changed so significantly that the Company can no longer reasonably maintain the promised benefits; or

4) The party entitled to a pension engages in practices that grossly infringe upon the requirements of good faith or that would justify immediate termination from the Company.

§ 21 Regulation on vested rights (addendum to company-wide agreement of 30 June 1989)

The addendum to the company-wide agreement of 30 June 1989 also becomes inapplicable once the company-wide agreement of 30 June 1989 is no longer valid. The addendum is worded as follows:

1) This addendum applies to all company employees who became employed at ALLWEILER AG before 30 June 1989, and who are covered by the scope of regulation of the company-wide agreement of 6 December 1982 as well as the addendums from 3 June 1986, 29 December 1987, and 19 May 1988, as well as those who are considered to be actively employed at the time the company-wide agreement takes effect.

2) The company-wide agreement of 30 June 1989 also supersedes the aforementioned benefits plan for these company employees for the future with the following provisions:

3) To maintain the vested rights achieved by the company employees as of 31 December 1988, the following benefits will be granted for a support case:

3.1) The retirement pension is calculated from the retirement pension achievable according to the benefits plan of 28 October 1976 and the addendums based on the allowable retirement income in terms of the aforementioned benefits plan upon occurrence of the support case, multiplied by the factor resulting from the ratio of the period of company employment up to 30 June 1982 and the period of company employment up to attainment of age 65 (men)/60 (women) (= pension part A) plus the part of the retirement pension that was obtained based on the number of service years worked starting from 30 June 1982 subject to the company-wide agreement of 6 December 1982 up to 31 December 1988 (= pension part B) as well as the part of the retirement pension that is achieved based on the years of service worked starting from 1 January 1989 subject to the company-wide agreement of 18 December 2001 (= pension part C).

3.2) For men who elect early retirement in relation to pension part A, the reduction occurs according to §7 of the benefits plan of 28 October 1976 (wording from 28 October 1976: "The resulting early retirement pension shall be reduced by an actuarial amount of 0.5% for each month before attainment of age 65. For severely disabled persons who have already left employment by virtue of law at age 62, the actuarial deduction shall be limited to the attainment of age 63."); with respect to pension parts B and C, §7 Section 2 of this company-wide agreement shall apply. For the election of early retirement pension, women who started employment before 1 July 1982 shall receive pension part A calculated according to Item 3.1. plus the claim to pension part B and C based on the allowable service years worked up to the time of retirement, without any reduction.

In the determination of disability pension, the aforementioned Item 3.1. applies accordingly, wherein the pension-increasing years of service still outstanding according to §5 Section 2, last paragraph of the company-wide agreement, up to age 55 are assessed at 0.17% of the allowable retirement income per year of service.

3.3) For the employees at the Aschaffenburg and Bottrop plants, the following addendums, B and C, to the company-wide agreement from 6 December 1982 up to 31 December 1988 apply.

Part B: Aschaffenburg plant (formerly Allweiler Gentil Maschinenfabrik GmbH)

1) The company-wide agreement of 6 December 1982 replaces the agreement for the company employees of the Aschaffenburg plant (formerly: ALLWEILER GENTIL MASCHINENFABRIK GMBH) who were covered by the scope of regulation of "Public Support and Pensions Regulations of A. Gentil Maschinenfabrik" and who were actively employed on the day that the company-wide agreement took effect, with the following provisions:

1.1) The retirement pension is the total from pension part A and pension part B.

Pension part A is calculated according to the promised fixed pension in the amount of DM 200.00 in accordance with the "Public Support and Pensions Regulations of A. Gentil Maschinenfabrik" multiplied by the factor resulting from the ratio of the period of company employment up to 30 June 1982 and the period of company employment up to attainment of age 65 (men)/60 (women), multiplied by the factor resulting from the ratio of the

allowable retirement income in terms of §4 of the company-wide agreement of 6 December 1982 for a support case occurring for the allowable retirement income in terms of the aforementioned §4 as of 30 June 1982. Pension part B is the part of retirement pension that is acquired based on the years of service worked starting on 30 June 1982 subject to the company-wide agreement of 6 December 1982.

1.2) For men who elect early retirement only in relation to pension part B, the reduction occurs according to §7 Section 2 of the company-wide agreement. Pension part A, on the other hand, is not reduced. With the election of an early retirement pension, women shall receive pension part A calculated according to Item 1.1. plus the claim to pension part B based on the allowable service years worked up to the time of retirement, without any reduction.

2) Disability and survivors' benefits are only acquired based on the years of service worked starting from 30 June 1982 subject to the company-wide agreement of 6 December 1982.

3) For those company employees who are covered by the scope of regulation of the Public Support and Pensions Regulations listed in Item 1 but whose work relationship ended on the date the company-wide agreement took effect, they shall continue to be subject to the regulation previously definitive for them with the proviso that any benefits that may be due after the support case occurred shall be transferred to the Association and paid by the Association.

4) On the other hand, pensions already being paid and pension benefits from entitlements that are non-forfeitable by statute according to §§ 1 and 2 BetrAVG shall (continue) to be paid directly by Allweiler AG provided that the years of service ended before the merger.

Part C: Bottrop plant (formerly Allweiler Seeberg Pumpen GmbH)

The provisions of the addendum to the company agreement of 30 June 1989, which are specified in Items 1 through 3.2, are accordingly applicable in relation to company employees at the Bottrop plant (formerly: ALLWEILER SEEBERG PUMPEN GMBH), as is the "Pension directive of Seeberg Pumpen GmbH dated 23 December 1975."

The claims acquired due to years of service worked as of 1 January 1989 are based on the company-wide agreement of 30 June 1989.

Disability and survivors' benefits are determined as is described in Item 3.2 of this addendum.

4) For employees who currently have a commitment based on § 5 Section 2b of the company-wide agreement of 6 December 1982, these commitments shall remain in effect. (Wording of § 5 Section 2b dated 6 December 1982: "For years of service in which the allowable retirement income was in excess of the respective upper income limit, the amount of the annual pensions is an additional 1.2% of the total of the ratios from the part of the respective allowable retirement income that exceeds the respective upper income limit, added to the respective allowable retirement income, multiplied by the last allowable retirement income.")

5) Hardship cases resulting from this company-wide agreement shall be regulated by the association board.

§ 22 Effective date

1) This company-wide agreement shall take effect on 1 January 2002 and replaces the company-wide agreement regarding the company pension plan of 30 June 1989 as well as the addendums from 30 June 1989, 19 December 1997, and 16 September 1998.

2) All retirement, disability, widow, widower, and orphan pensions that are already being paid at the time this company-wide agreement takes effect will continue to be paid, in their entirety, according to the guidelines of the previous company-wide agreement of 30 June 1989 and the addendums from 30 June 1989, 19 December 1997, and 16 September 1998.

3) This company-wide agreement is valid for an unlimited period of time and can be canceled with a notification period of 3 months before the end of the year.

Radolfzell, 18 December 2001

ALLWEILER AG		ALLWEILER AG
- On behalf of the Management Board -		- On behalf of the Central Works Council -
/s/ Dr. R. Niemeyer	/s/ K. Stahlmann	/s/ H. Buhl
Dr. R. Niemeyer	K. Stahlmann	H. Buhl

Appendix 1

§ 159 VVG (Insurance Policy Act)

Insured party

1) The life-insurance policy can be taken out on the policyholder or on someone else.
2) If the policy is taken out to cover the death of another person and the benefit amount exceeds that which would be required for normal burial costs, the written permission of the other party is required for the policy to have validity. If the other party is occupationally disabled or partially occupationally disabled and the policyholder has power of attorney, then the policyholder cannot represent the other party in granting the permission.
3) If the father or mother takes out an insurance policy on a minor child, the permission of the child is only required if, according to the policy, the insurance provider will be obligated to pay out the benefit even if death occurs before attainment of age 7 and the amount of the benefit in this case exceeds the amount required for normal burial costs.
4) If the regulatory authorities have specified a certain maximum amount for normal burial costs, this amount shall be definitive.

Appendix 2

§1b BetrAVG (act regarding the improvement of company-provided pensions)

Non-forfeiture and implementation of company-provided pensions

(applies to commitments that have been granted after 1 January 2001)

(1) An employee who has been promised benefits from the company-provided pension plan shall retain the entitlement if the work relationship ended before the support case occurred but after attainment of age 30 and the support commitment has been in existence for at least five years at that point in time (non-forfeitable entitlement). An employee also retains his/her entitlement if the employee leaves the Company due to an early retirement plan and would have been able to meet the qualifying time and the other prerequisites for the payment of benefits from the company-provided retirement plan without the early retirement. A change in the support commitment or its transfer to another party shall not interrupt the qualifying periods according to Clause 1. The obligation based on a support commitment is the same as support obligations that are based on company practice or the principle of equal treatment. The sequence of a planned qualifying time is not affected by the ending of the work relationship after the prerequisites of Clauses 1 and 2 are met. If an employee changes from the scope of application of this law by moving to another member state of the European Union, the entitlement shall remain in the same scope as it would be for persons who remain within the scope of application of this law after the work relationship ends.

§30 f BetrAVG (act regarding the improvement of company-provided pensions)

If company-provided retirement pension benefits have been committed before 1 January 2001, §1b Section 1 shall be applicable with the proviso that the entitlement shall remain in effect if the work relationship ends before the support case occurs but after the attainment of age 35 and the support commitment at this time has been existence for

1. at least 10 years or

2. at least three years for company employees who have been with the Company at least 12 years

(non-forfeitable entitlement); in these cases, the entitlement also remains in effect if the commitment has been in existence for 5 years starting with 1 January 2001 and the employee has reached age 30 when the work relationship ends. § 1b Section 5 is not applicable to entitlements from these commitments.

Exhibit 21.1

Subsidiary	Jurisdiction of Organization
CLFX LLC	Delaware
IMO Holdings Inc.	Delaware
CLFX Sub Holding LLC	Delaware
Constellation Pumps Corporation	Delaware
Roscoe Property LLC	Delaware
Fairmount Automation, Inc.	Pennsylvania
Portland Valve LLC	Delaware
CLFX Sub Ltd.	United Kingdom
Lubrication Systems Company of Texas LLC	Texas
IMO Industries, Inc.	Delaware
Imovest Inc.	Delaware
Warren Pumps LLC	Delaware
INCOM Transportation, Inc.	Delaware
IMO Industries (Canada) Inc.	Canada
IMO AB	Sweden
Imo Gresham Pumps (India) Ltd.	India
CPC International LLC	Delaware
Allweiler Group GmbH	Germany
Constellation Verwaltungs GmbH	Germany
Allweiler International AG	Switzerland
Colfax Pumpen GmbH	Germany
Allweiler AG	Germany
Houttuin B.V.	Netherlands
Allweiler Belgium S.A.	Belgium
Colfax-Imo Pompes SAS	France
Colfax Pompes S.p.A	Italy
Allweiler A/S	Norway
Allweiler Finland Oy Ab	Finland
Rapid Allweiler Pump & Co. Pty.	South Africa
Allweiler Al-Farid Pumps Co.	Egypt
Tushaco Pumps Private Limited	India
VHC Inc.	Texas
Baird Corporation	Massachusetts
VARO Technology Center, Inc.	Texas
Applied Optics Center Corporation	Massachusetts
Turbobdel Inc.	Texas
Kei Laser, Inc.	Maryland
Optic-Electric International, Inc.	Texas
ITT and Varo, a joint venture	Texas
Labtest Equipment Company	California
VARO Technology Center Joint Venture	Texas
Tripower Venture	Texas
IMO-Pumpen GmbH	Germany
Bombas IMO De Venezuela C.V.	Venezuela
Boston Gear Limited	United Kingdom
Boston Gear Industries of Canada, Inc.	Canada
Baird Atomic Ltd.	United Kingdom
Sistemas Centrales De Lubracion, SA de CV	Mexico

Lubrication Systems (Beijing) Company, Ltd.	China
Colfax (Wuxi) Pump Company Ltd.	China

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 7, 2008, in Amendment No. 1 to the Registration Statement (Form S-1) and related Prospectus of Colfax Corporation dated March 11, 2008.

/s/ Ernst & Young LLP

Richmond, Virginia
March 7, 2008

Exhibit 99.1

Consent of Proposed Director

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form S-1, and in all subsequent amendments and post-effective amendments or supplements thereto, including the prospectus contained therein and any free writing prospectuses, as a nominee for director of Colfax Corporation, a Delaware corporation, and to all references to me in that connection.

March 7, 2008

/s/ Patrick W. Allender

Patrick W. Allender

Exhibit 99.2

Consent of Proposed Director

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form S-1, and in all subsequent amendments and post-effective amendments or supplements thereto, including the prospectus contained therein and any free writing prospectuses, as a nominee for director of Colfax Corporation, a Delaware corporation, and to all references to me in that connection.

January 10, 2008

/s/ C. Scott Brannan

C. Scott Brannan

Exhibit 99.3

Consent of Proposed Director

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form S-1, and in all subsequent amendments and post-effective amendments or supplements thereto, including the prospectus contained therein and any free writing prospectuses, as a nominee for director of Colfax Corporation, a Delaware corporation, and to all references to me in that connection.

January 14, 2008	/s/ Joseph O. Bunting III
	Joseph O. Bunting III

Exhibit 99.4

Consent of Proposed Director

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form S-1, and in all subsequent amendments and post-effective amendments or supplements thereto, including the prospectus contained therein and any free writing prospectuses, as a nominee for director of Colfax Corporation, a Delaware corporation, and to all references to me in that connection.

January 14, 2008

/s/ Thomas S. Gayner

Thomas S. Gayner

Exhibit 99.5

Consent of Proposed Director

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form S-1, and in all subsequent amendments and post-effective amendments or supplements thereto, including the prospectus contained therein and any free writing prospectuses, as a nominee for director of Colfax Corporation, a Delaware corporation, and to all references to me in that connection.

January 14, 2008

/s/ Clay Kiefaber

Clay Kiefaber

Exhibit 99.6

Consent of Proposed Director

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form S-1, and in all subsequent amendments and post-effective amendments or supplements thereto, including the prospectus contained therein and any free writing prospectuses, as a nominee for director of Colfax Corporation, a Delaware corporation, and to all references to me in that connection.

March 3, 2008

/s/ Rajiv Vinnakota

Rajiv Vinnakota

March 11, 2008

BY EDGAR AND HAND DELIVERY

United States Securities and Exchange Commission
Peggy Fisher, Assistant Director
Division of Corporation Finance
Mail Stop 6010
100 F Street, N.E.
Washington, DC 20549

Re: **Colfax Corporation**
Registration Statement on Form S-1
Filed January 4, 2008
File No. 333-148486

Dear Ms. Fisher:

On behalf of Colfax Corporation (“Company”), this letter is in response to the staff’s letter of comment dated February 1, 2008 to John A. Young, with respect to the above-referenced Registration Statement on Form S-1 (the “Registration Statement”).

In response to your letter, set forth below are the staff’s comments in italics followed by the Company’s responses to the staff’s comments. Where indicated below, the Company has included changes to the disclosure in Amendment No. 1 to the Registration Statement, which the Company is filing contemporaneously with this response letter.

We have sent to your attention for delivery on March 11, 2008, courtesy copies of this letter (including exhibits) and Amendment No. 1 to the Registration Statement (excluding exhibits) blacklined to show changes against the Registration Statement.

General

1. ***Please confirm that any preliminary prospectus you circulate will include all non-Rule 430A information. This includes the price range and related information based on a bona fide estimate of the public offering price within that range. We may have further comments when you include pricing information and related disclosure.***

The Company hereby confirms that any preliminary prospectus circulated will include all non-Rule 430A information including the price range and related information based on a bona fide estimate of the public offering price within that range.

2. Please note that we may have additional comments when you complete the disclosure by filling in the numerous blanks throughout the filing.

The Company acknowledges the staff's comment.

<u>Prospectus Summary</u>

3. See our comments below regarding your use of Adjusted EBITDA, and make appropriate revisions throughout the filing.

The Company acknowledges the staff's comment and has revised the disclosure in the filing as noted in our responses to Comment 6 below.

4. Provide independent support for your statement on page 1 regarding manufacturing leadership.

The Company has enclosed supplemental material, marked as Exhibits 4-1 and 4-2, as support for its statement on pages 1, 2, 25 and 45 that it is a leading manufacturer of rotary positive displacement pumps. As shown in Exhibit 4-1, *Profile of the International Pump Industry* by Elsevier, the Company was the 14th largest pump manufacturer in the world in 2004. Although the Company is unaware of any independent reports or statistics on the rotary positive displacement pump segment of the industry, the Company believes that it is one of the top two manufacturers of rotary positive displacement pumps in the world. The Company bases its belief on its extensive commercial experience, its knowledge of the industry, its large installed base of rotary positive displacement pumps and the fact that sales of rotary positive displacement pumps comprised approximately 68% of the Company's 2007 revenues. As support for the Company's belief, shown in Exhibit 4-2 are the Company's estimates of rotary positive displacement pump revenues derived from the 22 largest manufacturers of rotary positive displacement pumps.

<u>Summary and Selected Financial Data, pages 7 and 25</u>
<u>Management Discussion and Analysis—Adjusted EBITDA, page 40</u>

5. Please revise to clarify whether Adjusted EBITDA is used to monitor your compliance with debt covenants. If this measure is being presented in response to material debt covenants tell us the specific debt agreements that include these covenants. In addition, the discussion of this measure should be moved to the liquidity section of MD&A and you should provide all the disclosures required by Question 10 included in Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures dated June 13, 2003.

The Company does not currently use Adjusted EBITDA, as presented, to monitor its compliance with debt covenants. As a result, the additional disclosure required by the staff's response to Question 10 of the Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures in June 2003 (the "FAQs") is not relevant to the Company. In addition, the Company uses and presents Adjusted EBITDA as a performance measure rather than as a measure of liquidity. Therefore, the Company believes that its presentation of Adjusted EBITDA should not be moved to the liquidity section of the MD&A.

6. If Adjusted EBITDA is not included in response to material debt covenants, please tell us how this presentation complies with the requirements of Item 10(e) of Regulation S-K. Clarify your basis for each of the adjustments to arrive at this measure. Under Item 10(e), registrants are not permitted to adjust a non-GAAP performance measure to eliminate or smooth items identified as non-recurring, infrequent or unusual if the nature of the item is such that it is reasonably likely to recur within two years or there was a similar charge in the prior two years. Please note that Adjusted EBITDA is not exempt from the prohibition in Item 10(e)(1)(ii)(A) of Regulation S-K. Please refer to SAB Topic 14G, Item 10(e) and Questions 8 and 10 included in Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures in June 2003

As noted above, the Company does not currently use Adjusted EBITDA, as presented, to monitor its compliance with debt covenants. The Company has considered all of the requirements of Item 10(e) of Regulation S-K, including those under Item 10(e)(1)(ii) and (B), and has revised the presentation of Adjusted EBITDA in the Amendment to remove the following items:

- legacy legal expenses
- other post-employment benefit settlement
- cross-currency swap
- environmental indemnification
- write-off of loan costs
- management fees

Specifically, the Company has revised the disclosure on pages 1, 7, 24 and 29 to define Adjusted EBITDA as “net income before the effects of interest expense, taxes, depreciation, amortization, discontinued operations and legacy asbestos (income) expense.” With respect to the exclusion of discontinued operations, we believe this impact to be of a non-recurring nature, which has not occurred in the prior two years and is not reasonably likely to recur within two years, and therefore acceptable as an adjustment to EBITDA.

Additionally, the revised presentation of Adjusted EBITDA is presented as a performance measure, and as such, the exclusion of “legacy asbestos (income) expense”(a recurring item), is not precluded by Item 10(e)(1) so long as the Company is able to demonstrate its usefulness as such a measure and the proper explanatory disclosure and reconciliation accompany the presentation. As noted in the staff’s response to Question 8 of the FAQs: “while there is no *per se* prohibition against removing a recurring item, companies must meet the burden of demonstrating the usefulness of any measure that excludes recurring items, especially if the non-GAAP financial measure is used to evaluate performance.”

While legacy asbestos (income) expense is a recurring item on the Company's consolidated income statement, the item is not indicative of the Company's principal operating performance. The Company's management uses EBITDA, adjusted to remove the impact of discontinued operations and legacy asbestos (income) expense, in order to conduct and evaluate the business. This measure is used by management as a way of comparing the principal operating performance of the business across periods and is used for planning purposes, as described below. While the Company's management also reviews EBITDA adjusted to exclude other items from time to time not related to its principal operating activities (such as the six items listed above that the Company has removed from its revised definition of Adjusted EBITDA), the Company determined that the presentation of EBITDA excluding the effects of discontinued operations and legacy asbestos (income) expense is the most relevant disclosure for investors that is consistent with Item 10(e) of Regulation S-K. In addition to using Adjusted EBITDA to evaluate operating performance, management considers Adjusted EBITDA for internal budgeting purposes and as an element of determining executive compensation. The Company believes that a consideration of Adjusted EBITDA, as revised, together with net income reported under GAAP, is the most informed method of analyzing the Company.

The Company recorded a legacy asbestos (income) expense of $(50.3) million, $33.8 million and $18.1 million for 2007, 2006 and 2005, respectively. As a result of these large fluctuations (*both positive and negative to net income*), the Company's management believes that it is necessary when analyzing the Company's operating performance across periods to review EBITDA excluding the impact of the legacy asbestos (income) expense item. The Company is not attempting to "smooth" earnings by eliminating this item, but rather the Company is attempting to provide relevant supplementary disclosure used by management to evaluate the principal operating performance of the business by presenting EBITDA without the income and the expense associated with the legacy asbestos litigation and related insurance recoveries.

Further, we note that the Company's disclosure surrounding its use of Adjusted EBITDA in the Registration Statement addresses the items set forth in the staff's response to Question 8 of the FAQs, including the following:

- information about how management uses Adjusted EBITDA to conduct and evaluate its business;
- the economic substance behind management's decision to use Adjusted EBITDA;
- the material limitations associated with the use of Adjusted EBITDA as compared to net income, the most directly comparable GAAP financial measure;
- the manner in which management compensates for these limitations when using the non-GAAP financial measures; and
- the substantive reasons why the Company's management believes Adjusted EBITDA provides useful information to investors.

Please refer to the disclosure on pages 1, 7, 8, 24 and 29.

<u>Risk Factors, page 10</u>

<u>Acquisitions have formed …. page 11</u>

7. ***We note on the first paragraph on page 12 the risk of undiscovered liabilities. If material, please briefly cite illustrative examples of your historical experience with this risk. Please apply this comment to provide illustrative examples to other risk factors where your historical experience is material.***

Although the Company has not experienced any material undiscovered liabilities in connection with acquisitions, the Company has revised the disclosure on pages 10 and 11 to provide additional information concerning its historical experience with risks associated with asbestos liabilities that were known but underestimated at the time of the acquisitions. The Company does not believe that its historical experience is relevant to the other risk factors.

<u>Our foreign subsidiaries have done and may continue to do business …. page 13</u>

8. ***You state in this risk factor that certain of your foreign subsidiaries from time to time do business in "countries, including Iran," that "are or previously have been identified by the State Department as terrorist-sponsoring states." Please revise the disclosure to make clear that Iran currently is identified by the State Department as a state sponsor of terrorism, and to make clear that Sudan and Syria, the other countries you specifically identify in the risk factor as countries subject to U.S. sanctions and embargoes, also currently are identified by the State Department as state sponsors of terrorism.***

In response to the staff's comment, the Company has revised the disclosure on page 13 to clarify that Iran and Syria are currently identified by the State Department as state sponsors of terrorism. The Company has also revised the disclosure on page 13 to remove Sudan from the list of countries as the Company's foreign subsidiaries do not do business within Sudan.

9. ***Please clarify for us whether the state sponsors of terrorism, other than Iran, in which your foreign subsidiaries do business from time to time include Cuba and North Korea.***

The Company hereby confirms that its foreign subsidiaries have not previously done business in North Korea. As noted below in the response to comment 10, the Company will supplementally provide the requested information for Cuba under separate cover.

10. ***Please describe for us your past, current, and anticipated operations in, or other contacts with, the five countries currently identified by the State Department as state sponsors of terrorism. Your response should include descriptions of your referenced contacts through foreign subsidiaries, as well as any contacts through distributors or through other indirect arrangements. Describe in reasonable detail the nature and scope of any products, technologies, equipment, components, and services you have provided in each of the five countries, as well as any agreements, commercial arrangements or other contacts with the government, or entities controlled by the government, of any of the five countries.***

Iran and Syria

As explained in more detail below, the Company has limited contacts with Iran and Syria that result exclusively from the provision by the Company's foreign subsidiaries of non-U.S. origin products to customers located in the those countries. As explained in more detail below, the Company believes that its activities either are not subject to, or are not prohibited under, U.S. law, including the applicable regulations promulgated by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and the export control regulations promulgated by the Commerce Department's Bureau of Industry and Security ("BIS").

The types of products that the Company's foreign subsidiaries provide to customers in Iran and Syria are comprised of lube oil and fuel oil transfer fluid handling systems designed by the Company's foreign subsidiaries. None of these products are of U.S. origin and none contain parts that are of U.S. origin. In addition, none of these products are designed for military use.

Other than the sale of the products as described above, neither the Company nor any of its subsidiaries has any agreements, commercial arrangements or other contacts with the government, or entities controlled by the government, of either Iran or Syria. In addition, none of the Company or any of its subsidiaries maintains any offices, assets or employees in either Iran or Syria.

The following is a summary of the Company's contacts with Iran and Syria through its foreign subsidiaries:

Iran

- The Company does not maintain any offices, assets or employees in Iran.
- The Company's foreign subsidiaries sell products directly to end-use customers in Iran. The Company does not sell products to any distributors in Iran.
- In 2007, the Company generated revenues of approximately $2,123,000 from products sold in Iran through its foreign subsidiaries.

Syria

- The Company does not maintain any offices, assets or employees in Syria.
- The Company's foreign subsidiaries sell products directly to end-use customers in Syria and through one independent distributor (Riad Tali Co.) located within Syria. The Company is not provided with information concerning this distributor's end-use customers.

- In 2007, the Company generated revenues of approximately $355,000 from customers in Syria through its foreign subsidiaries, which includes revenues derived from sales to Riad Tali Co, our independent distributor.

In addition to these contacts, the Company's foreign subsidiaries have a number of indirect contacts with Iran resulting from the Company's sale of products through an independent distributor located in Germany (Europars GmbH). All products that are sold to Europars are sold in accordance with applicable German laws and regulations.

The Company believes that these activities are not subject to, or are not prohibited under, U.S. law and are in compliance with the applicable regulations promulgated by OFAC and BIS. Moreover, the Company's foreign subsidiaries are not engaged in the export or re-export of U.S.-origin products and services to Iran and Syria, nor are the Company's foreign subsidiaries prohibited under OFAC and BIS regulations from exporting or importing non-U.S.-origin products and services to and from Iran or Syria *(as noted above, neither the Company nor any of its subsidiaries is engaged in transactions involving North Korea or Sudan).* Accordingly, the Company believes that its foreign subsidiaries' limited contacts with Iran and Syria do not violate applicable U.S. economic sanctions and export control laws.

Cuba

The Company will supplementally provide the requested information for Cuba under separate cover.

11. Discuss whether any goods you have provided into the five state sponsors of terrorism, including component parts, have military uses. Discuss also whether, and the extent to which, the governments of those countries, or persons or entities controlled by those governments, receive cash or act as intermediaries in connection with your operations.

As discussed above, none of the products sold to customers in Iran and Syria are designed for military use. In addition, none of the products sold to customers in Iran and Syria are sold to military or intelligence agencies in those countries. None of the governments of these countries, or persons or entities controlled by those governments, receive cash or act as intermediaries in connection with the sales of the Company's foreign subsidiaries in Iran and Syria.

12. Please advise us of the approximate dollar amounts of revenues, assets, and liabilities associated with the operations and other contacts described in response to the foregoing comments, for the past three fiscal years.

The Company received the following approximate amounts in the form of revenues associated with the operations and other contacts described in response to the foregoing comments from the following countries over the last three years (in thousands):

	2007	2006	2005
Iran	$2,123	$2,113	$2,382
North Korea	—	—	—
Sudan	—	—	—
Syria	$ 335	$ 113	$ 149

The Company does not have any assets or liabilities associated with its activities in these countries, other than accounts receivables resulting from, and the corresponding commercial obligations (e.g., product delivery and warranty obligations) associated with, such sales. As noted above, the Company will supplementally provide the requested information for Cuba under separate cover.

We intend to use a large portion …. page 16

13. Please reconcile the caption and the discussion as to whether unpaid dividends are undeclared or declared. If undeclared, explain why you plan to pay them.

In response to the staff's comment, the Company has revised the disclosure on page 16 to clarify that the dividends referenced in the caption were declared but unpaid.

14. Please quantify the "large portion" of proceeds you will apply to the noted purposes.

In response to the staff's comment, the Company has revised the disclosure on page 16 to quantify the proceeds to be applied to the repayment of indebtedness and the payment of dividends. The Company hereby confirms that it will further revise the disclosure to quantify the amount of proceeds to be applied to the bonuses to be paid to certain executives when such amounts are available. Such amounts are expected to be available when a price range is determined.

Industry and Market Data, page 19

15. Please provide us copies of the sources of market data cited throughout the prospectus. Please mark the relevant information and cross-reference to the exact locations in the prospectus where you reference the data.

The Company has enclosed supplemental material, marked as Exhibit 15, representing the sources of market data cited throughout the prospectus, cross-referenced to exact locations in the prospectus where the data is referenced.

Use of Proceeds, page 20

16. We note the discussion of the use of proceeds on page 20 to pay dividends to existing preferred stockholders. Please note that if a distribution to shareholders is to be paid out of proceeds of the offering rather than from current year's earnings, historical per share data should be deleted and pro forma per share data should be presented (for the latest year and interim period only) giving effect to the number of shares whose proceeds would be necessary to pay the dividend. Please refer to See SAB Topic 1.B.3 and revise the financial statements or tell us why this disclosure is not necessary.

The Company acknowledges the staff's comment and will replace the historical per share data with pro forma per share data when a price range has been determined.

17. Disclose specifically the amount of proceeds that will be paid to affiliates, including Mitchell Rales and Steven Rales and corporate officers.

In response to the staff's comment, the Company has revised the disclosure on page 19 to disclose that Mitchell Rales and Steven Rales will receive $35.1 million of the proceeds by way of payment of declared and unpaid dividends. The Company hereby confirms that it will further revise the disclosure to quantify the amount of proceeds to be paid as bonuses to certain executives when such amounts are available. Such amounts are expected to be available when a price range is determined.

Capitalization, page 21

18. Revise to remove the caption relating to cash and cash equivalents from your presentation of capitalization.

The Company has revised the capitalization table on page 20 in response to the staff's comment.

19. Please revise the capitalization table to separately disclose the effects of the conversion of the preferred stock and the estimated net proceeds of the offering. The conversion of the preferred stock should be included in a "pro forma" column. The estimated net proceeds from the offering should be in a separate "pro forma as adjusted" column.

The Company has revised the capitalization table on page 20 in response to the staff's comment.

Unaudited Pro Forma Condensed Consolidated Financial Information, page 27

20. Please tell us the reason that you have provided the pro forma financial information on pages 27 through 30 and how this information complies with the requirements of Article 11 of Regulation S-X. Please remove the estimated proceeds from this offering since it is not appropriate to reflect the receipt or application of the estimated offering proceeds in this pro forma financial information. In addition, tell us the basis for the elimination of the management fee included in your historical financial statements and how this meets the requirements of Article 11.

The Company has removed the Unaudited Pro Forma Condensed Consolidated Financial Information in response to the staff's comment.

<u>Management's Discussion of Financial Condition and Results of Operations</u>

<u>Results of Operations, pages 36-38</u>

21. We note the discussion on pages 58-60 of your three primary product groups. Please expand your discussion in MD&A to discuss sales for all significant products or services for each period, including sales of replacement parts, spare parts and maintenance services, if amounts are material. In addition, provide similar disclosures of your product groups in the footnotes to your financial statements as required by paragraph 37 of FAS 131.

The Company has revised the disclosure on pages 30 and 31 in response to the staff's comments by providing disclosure of the Company's principal products groups, which are pumps, valves and systems. Determining whether the sale of a product is a replacement product is not practicable for the Company. As a result, the Company reports replacement and spare part sales as part of the sales of the applicable product group (i.e., replacement and spare parts for pumps are reported in the pump group). Service revenues typically comprise less than 2% of the Company's total revenue and is not viewed by the Company as material.

<u>Legacy Asbestos (Gain) Expense, page 39</u>

22. Please revise to further explain the significant decrease in legacy asbestos expense during the nine months ended September 28, 2007 caused of the revaluation of your insurance asset based on a series of favorable rulings. The specific revaluation of your insurance asset should be discussed along with any significant changes in assumptions or valuation methodologies.

The Company has revised the disclosure on page 32 in response to the staff's comment.

<u>Liquidity and Capital Resources, page 42</u>

23. Please revise disclosure at page 44 to include expected capital expenditures for fiscal 2008.

The Company has revised the disclosure on page 37 in response to the staff's comment.

<u>Environmental Matters, page 65</u>

24. We reference the discussion on page 65 that you and your subsidiaries have been identified in a number of instances as a "Potentially Responsible Party" with respect to the disposal of hazardous wastes at a number of facilities that have been targeted for clean-up pursuant to the Comprehensive Environmental Response Compensation and Liability Act or similar state law. We also note your disclosure that you believe that your liabilities will not have a material adverse effect on your financial condition and that the portion of the remediation costs that you will be responsible for will not be material. Please revise to provide the following:

- ***Disclose the specific sites where you have been named as a Potentially Responsible Party and why you believe that the impact of these matters will not be material at each of these sites. Provide the disclosures required by SAB Topic 5.Y. and SOP 96-1 or tell us why you believe that these disclosures are not required.***

- ***Revise your assessment of materiality to also address your expected impact of these matters on your results of operations and cash flows.***

The Company has revised the disclosure on page 58 to remove the section entitled "Environmental Matters" as a result of the Company having settled all such matters and having no further involvement in any proceedings where named as a "Potentially Responsible Party."

Board Composition, page 67

25. It is unclear whether the three directors identified on page 66 comprise the entire current board of directors. Please revise to provide to complete disclosure required by Reg. S-K Item 401, including the board members that historically made executive compensation determinations. If you intend to defer naming directors until after the public offering, so state, describe who will nominate and elect the board, and describe the principal selection criteria to be applied. Similarly, discuss how you will select members of the board committees.

The Company has revised the disclosure on pages 59 and 60 to name the additional directors who have agreed to join the Board upon the consummation of the offering. In this regard, the Company has filed consents for such director nominees as Exhibits 99.1—99.6 of the amendment. The Company has revised the disclosure on page 62 to specify that the full Board, including Mitchell Rales and Steven Rales, historically has made executive compensation determinations.

Named Executive Officers, Other Than Mr. Young, page 69

26. Expand to discuss how the 4% increase compared to the average expected base salary increases in the component company information Mr. Young considered.

The Company has revised and expanded the statement on page 63 of the amendment to set forth how the 4% base salary merit increase compared to the average base salary increase in the publicly-available survey information reviewed by Mr. Young and the board. In this regard, the Company has clarified that the percentage increase recommended by Mr. Young and approved by the board was based on the same percentage (i.e., 4%) of average expected base salary increases in the survey information reviewed by Mr. Young.

<u>Non-Equity Incentive Plan Compensation, page 74</u>

27. Please fill in the amounts in this column and the related narrative disclosure in the next amendment.

The Company hereby confirms that when the non-equity incentive plan payment amounts are determined for 2007 they will be included in the column and the related narrative disclosure will be included as required.

<u>Pension Benefits, page 83</u>

28. Please clarify whether the "Colfax Corporation Excess Benefits Plan" is the "enhanced defined contribution plan" that replaced the prior pension plan in January 1999. Further, describe any other retirement plans in which named executive officers may participate. For example, you refer to a 401(k) plan for all employees.

The Company has revised the disclosure on page 77 to clarify that the "enhanced defined contribution plan" which replaced the pension plan in January 1999 was the Company's 401(k) plan, with company match and contribution features. The Company match and contribution amounts under the enhanced 401(k) plan for each named executive officer during 2007 are set forth in the All Other Compensation column of the Summary Compensation Table. The Excess Benefit Plan, a non-qualified deferred compensation plan, was not adopted by the Company until 2005, as we disclose in the narrative to the Non-Qualified Deferred Compensation Table.

In addition, the Company has revised the Pension Benefits Table and accompanying narrative to include the pension arrangement in which Dr. Matros participates, according to German law. The Company hereby confirms that the frozen Imo Industries, Inc. and Affiliates pension plan and the German pension arrangement in which Dr. Matros participates are the only defined benefit retirement plans in which the Company's named executive officer participate. The 401(k) plan and the Excess Benefit Plan is a tax-qualified defined contribution plan and non-qualified defined contribution plan, respectively, and accordingly, pursuant to Instruction 1 to Item 402(h)(2) of Regulation S-K, are required to be discussed and disclosed in the All Other Compensation column of the Summary Compensation Table and the Non-Qualified Deferred Compensation Table and narrative, respectively. There are no other retirement plans in which the named executive officers participate.

<u>Potential Payments Upon Termination or Change of Controls, page 86</u>

29. Please file the 2001 Plan and the 2006 Plan as exhibits to the registration statement.

Regulation S-K Item 601(b)(10)(iii)(A) requires filing of, among other things, compensatory plans or bonus plans in which any director or named executive officer participates. Although the named executive officers identified in the registration statement will receive bonus payments under the 2001 Plan and the 2006 Plan, both plans will be terminated upon consummation of the offering. Unlike Regulation S-K Item 601(b)(10)(i), there is no two-year look-back concept in Regulation S-K Item 601(b)(10)(iii)(A). For this reason, the Company does not believe that the 2001 Plan and the 2006 Plan need to be filed as exhibits to the registration statement under Regulation S-K Item 601(b)(10)(iii)(A). Moreover, the Company does not believe that the plans are otherwise material under Regulation S-K Item 601(b)(10). As a result, the Company does not believe that the 2001 Plan and the 2006 Plan need to be filed as exhibits to the registration statement.

Certain Relationships .... page 89

30. Please file as an exhibit the management fee contract with Colfax Towers, Inc. or tell us why you believe it need not be filed. See Regulation S-K Item 601(b)(10)(ii)(A).

The Company believes that the management fee arrangement with Colfax Towers is immaterial in both amount and significance to the Company and need not be filed pursuant to Regulation S-K Item 601(b)(10)(ii)(A). As disclosed on page 84, the Company has historically paid a quarterly management fee of $250,000 to Colfax Towers, and such fee will be discontinued upon consummation of the offering. The Company believes that the dollar amount of the management fee is immaterial to the Company and that the agreement to pay the management fee is immaterial in significance due to the fact that it will be discontinued following the consummation of the offering. For these reasons, the Company does not believe the management fee arrangement with Colfax Towers is required to be filed pursuant to Regulation S-K Item 601(b)(10)(ii)(A).

Preferred Stock, page 93

31. Expand to disclose the number of shares of preferred stock that is outstanding and the number of shares of common that will be issued upon conversion.

The Company has revised the disclosure on page 88 to disclose the number of shares of preferred stock that is currently outstanding. Because the number of common shares to be issued upon conversion of outstanding preferred stock is dependent upon the offering price, the Company will not know such number until a price range is included. The Company hereby confirms that the number of shares of common stock that will be issued upon conversion will be included when a price range is included.

Financial Statements

General

32. Please update the financial statements when required by Rule 3-12 of Regulation S-X.

The Company has included updated financial statements in accordance with Rule 3-12 of Regulation S-X.

Note 2 Summary of Significant Accounting Policies

Stock-Based Compensation page F-7

33. We note the discussion on page 77 of your New Equity Plan that includes options and other stock-based awards. Please confirm to us that you have not issued any options, warrants, or other stock-based compensation during any of the periods.

The Company hereby confirms that no options, warrants or other stock-based compensation have been issued under the 2008 Omnibus Incentive Plan. As noted on page 81 of the registration statement, the Company's board of directors has determined to pay out a portion of the bonus payments to certain executive officers under the 2001 Plan in the form of restricted stock units that will be issued at the closing of the offering. The Company confirms that it has not issued any other stock-based awards under any plan.

Revenue Recognition, page F-7

34. Please revise to clarify your specific revenue recognition policy for all significant products and services, including the timing for recognition of revenue and the basis for this treatment. In addition, your policy should discuss, where significant, customer acceptance, post-shipment obligations, rights of return, credits, rebates, price protection and other pricing adjustments and how these affect revenue recognition. Please refer to the requirements of SAB No. 104.

The Company has revised the disclosure pages F-7 and F-8 in response to the staff's comments to clarify the Company's revenue recognition policy.

35. We note the discussion on page 61 of your significant use of independent representatives and distributors. Please revise your revenue recognition policy to clarify when you recognize revenue related to sales to distributors. Your policy should also describe the significant terms of your agreements with distributors, including payment terms, post-shipment obligations, rights of return, exchanges, price protection and other pricing adjustments and any other significant matters and indicate the impact that these have on revenue recognition.

The Company has revised the disclosure pages F-7 and F-8 in response to the staff's comments to clarify the Company's revenue recognition policy.

Impairment of Goodwill and Indefinite Lived Intangible Assets, page F-8

36. We note your discussion on page F-8 that you evaluate the recoverability of goodwill by reporting unit based upon historical and projected EDITDA multiplied by industry enterprise valuation multiples to determine their fair value. Please tell us how this value is consistent with fair value as defined in paragraphs 19 and 23-35 of SFAS 142. In addition, revise to clarify how you perform the two-step impairment test discussed in paragraphs 19-22. The specific month that the test is performed should also be disclosed.

The Company believes that, in accordance with SFAS 142, paragraph 25, EBITDA multiples of businesses with comparable operations and economic characteristics would approximate fair value of the Company's reporting units. This is based on the belief that in a transaction between willing parties, a potential buyer would likely use similar EBITDA multiples to value the Company's reporting units.

In response to the staff's comment concerning how the Company performs the two-step impairment test, the Company has revised the notes to the financial statements on page F-9 in response to the staff's comments. The Company has also included the specific month that the test is performed in the revised disclosure.

37. Please revise to separately present goodwill and intangible assets in your consolidated balance sheet as required by paragraphs 42 and 43 of SFAS 142.

The Company has revised the balance sheet on page F-3 in response to the staff's comments to separately present goodwill and intangible assets.

Self-Insurance, page F-9

38. Please revise to disclose your accounting treatment related to self-insurance, including the methodology and significant assumptions used to determine your liability. The amounts recorded in your financial statements each year related to your self-insurance program should also be disclosed. In addition, provide additional disclosure in your Critical Accounting Estimates on page 47.

The Company has revised the notes to the financial statements on page F-10 in response to the staff's comments. The Company does not believe the self insurance reserve is significant enough to warrant disclosure as a Critical Accounting Estimate.

Note 4. Acquisitions, page F-12

39. Please revise to disclose how you determined the value of each identifiable intangible asset and how this is consistent with the requirements of paragraphs 37 and 39 of SFAS 141.

The Company has revised the notes to the financial statements on page F-13 and F-14 in response to the staff's comments. Determination of the value of each identifiable intangible asset is consistent with paragraphs 37 and 39 of SFAS 141 because the intangible assets acquired are separable from goodwill and they were recorded at estimated fair values.

40. Please provide the pro forma information required by paragraph 54 of SFAS 141 or tell us why these disclosures are not required.

The Company has revised the notes to the financial statements on page F-14 in response to the staff's comments. The Company's acquisition of Tushaco in 2005 is not considered material for purposes of pro forma disclosure.

Note 18. Asbestos Litigation, pages F-28 to F-31 and F-43 to F-46
Asbestos Liabilities and Insurance Assets, pages 35 and 47-49

41. Please revise to further disclose the specific methodology and significant estimates and assumptions used to determine your future asbestos-related liability costs and the asbestos insurance assets recorded in your financial statements. Clarify the accounting literature you relied on and how this was applied in determining the asbestos-related liability and expected insurance recoveries.

The Company has revised the disclosure on pages 40, 41, 42, 43, F-31, F-32, F-33 and F-34 in response to the staff's comment.

The Company has specifically identified and described the methodology used to project asbestos-related liabilities. The text of the relevant disclosure from pages 40, 41, F-31 and F-32 is provided below for the staff's ease of review:

> "The Company has projected each subsidiary's future asbestos-related liability costs with regard to pending and future unasserted claims based upon the Nicholson methodology. The Nicholson methodology is the standard approach used by most experts and has been accepted by numerous courts. This methodology is based upon risk equations, exposed population estimates, mortality rates, and other demographic statistics. In applying the Nicholson methodology for each subsidiary the Company performed: 1) an analysis of the estimated population likely to have been exposed or claim to have been exposed to products manufactured by the subsidiaries based upon national studies undertaken of the population of workers believed to have been exposed to asbestos; 2) the use of epidemiological and demographic studies to estimate the number of potentially exposed people that would be likely to develop asbestos-related diseases in each year; 3) an analysis of the subsidiaries' recent claims history to estimate likely filing rates for these diseases; and 4) an analysis of the historical asbestos liability costs to develop average values, which vary by disease type, jurisdiction and the nature of claim, to determine an estimate of costs likely to be associated with currently pending and projected asbestos claims. The Company's projections based upon the Nicholson methodology estimates both claims and the estimated cash outflows related to the resolution of such claims for periods up to and including the endpoint of asbestos studies referred to in item 2) above. It is the Company's policy to record a liability for asbestos-related liability costs for the longest period of time that it can reasonably estimate.
>
> Projecting future asbestos-related liability costs is subject to numerous variables that are difficult to predict, including the number of claims that might be received, the type and severity of the disease alleged by each claimant, the latency period associated with asbestos exposure, dismissal rates, costs of medical treatment, the financial resources of other companies that are co-defendants in the claims, funds available in post-bankruptcy trusts, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, and the impact of potential changes in legislative or judicial standards, including potential tort reform. Furthermore, any projections with respect to these variables are subject to even greater uncertainty as the projection period lengthens. These trend factors have both positive and negative effects on the dynamics of asbestos litigation in the tort system and the related best estimate of the Company's asbestos liability, and these effects do not move in linear fashion but rather change over multiple year periods. Accordingly the Company's management monitors these trend factors over time and periodically assesses whether an alternative forecast period is appropriate. Taking these factors into account and the inherent uncertainties, the Company believes that it can reasonably estimate the asbestos-related liability for pending and future claims that will be resolved in the next 15 years and has recorded that liability as its best estimate. While it is reasonably possible that the subsidiaries will incur costs after this period, the Company does not believe the possible loss or range of possible loss are reasonably estimable at the current time. Accordingly, no accrual has been recorded for any costs which may be paid after the next 15 years. Defense costs associated with asbestos-related liabilities as well as costs incurred related to litigation against the subsidiaries' insurers are expensed as incurred."

The Company has also included on pages 41, 42, F-32 and F-33, descriptions of the specific insurance allocation methodologies used to value the insurance asset. As disclosed in the registration statement, the Company's insurance allocation methodologies are dependant upon relevant prevailing law in different jurisdictions.

The Company relied on FAS 5, SAB 92, and SOP 96-1 in determining the asbestos related liability and insurance asset. With regard to the liability the Company determined that a loss was probable and through the assistance of an expert, NERA, the Company recorded its best estimate in accordance with such guidance.

While the scope of Position 96-1: *Environmental Remediation Liabilities* does not specifically address the nature of the asbestos claim liability, it does address potential recoveries. Per this guidance, an asset relating to recoveries only can be recognized when realization of the claim for recovery is deemed probable. According to the SOP, if a claim for recovery is the subject of litigation, a rebuttable presumption exists that realization of the claim is not probable. For one subsidiary, the primary and excess insurer continues to pay all liability and defense cost. In addition, the Company has already established by court action that it has rights to the umbrella coverage. The litigation related to this subsidiary pertains to the future allocation of this umbrella coverage among the insurers and not if coverage exists.

For the other subsidiary, while the excess and umbrella carriers are parties to the lawsuit, there is no dispute that coverage exits. The lawsuit involves the choice of state law which determines allocation of the insurance asset, the interpretation of certain policy provisions concerning deductibles and number of occurrences, as well as damages against the subsidiaries' insurance carriers. The questions related to choice of state law and policy provisions have been determined. The New Jersey state court has appointed a special allocation master who will determine the various insurers' responsibilities for past and future costs under an insurance allocation model applied under New Jersey "Carter Wallace" legal doctrine. Under that model the loss is allocated to each policy year based on the proportion of the policyholder's total triggered coverage that was purchased in that year. The Company engaged an expert to assist it in applying the Carter Wallace model in order to calculate the past costs due from the various insurers as well as the future probable recovery percentage. Based upon this analysis, the court rulings to date, as well as the substantial amount of cash the Company received in the fourth quarter of 2007, the Company believes that it is probable that it will receive reimbursement for 87.5% of all past and future costs related to its asbestos liabilities of this subsidiary. While at present certain insurers are paying approximately 36.8% of the costs, this has no significance upon the valuation of the asset. Once the court calculates the amounts the various insurers are responsible for under Carter Wallace, the recovery amount will approximate 87.5%, and the Company expects the court to order reimbursement of past costs and payment of future costs.

The Company revised the disclosure on pages 41, F-32 and F-33 to more clearly describe the applicable insurance allocation methodology, the expected recovery percentage, as well as a description of the litigation for each subsidiary, which is included below for the staff's ease of review:

> "For the one subsidiary, although presently no cost sharing or allocation agreement is in place with the Company's excess insurers, the Company believes that based upon application of an insurance allocation methodology, which is used in certain states, including Florida and Massachusetts, and in accordance with prevailing law, that recovery is probable from such insurers for approximately 67% of the liability and defense costs after the exhaustion of primary and excess layers of insurance. The Company uses this allocation methodology because it is most likely methodology based upon the corporate history of the subsidiary and that of its primary insurer which are domiciled in either Florida or Massachusetts. The primary and excess insurers historically have paid and continue to pay all liability and legal defense costs; however, during 2006, the primary insurer asserted that certain insurance policies contained deductibles. As a result, the Company established a reserve of $7.5 million as a reduction of its asbestos insurance asset at December 31, 2007 and as a reduction of its long-term asbestos insurance asset at December 31, 2006, for the probable and reasonably estimable liability the Company expects related to these deductibles under the primary insurance policies.

For the other subsidiary it was determined by court ruling in the fourth quarter of 2007, that the allocation methodology mandated by the New Jersey courts will apply, under which the loss is allocated to each policy year based on the proportion of the policyholder's total triggered coverage that was purchased in that year. Based upon the ruling and upon a series of other favorable rulings regarding interpretation of certain policy provisions related to deductibles, the number of occurrences and the resulting calculation the Company increased its expected recovery percentage to 87.5% from 75% of all liability costs recorded after September 28, 2007 and revalued its insurance asset at that date. For the period between December 31, 2005 and September 28, 2007, the Company had estimated that recovery was probable for 75% of all liability costs paid and 85% of defense costs paid. Prior to December 31, 2005, the Company had estimated that recovery was probable for two-thirds of all liabilities paid."

In addition, provide the disclosures required by Questions 2 and 3 of SAB Topic 5.Y, including:

- ***Circumstances affecting the reliability and precision of loss estimates.***

The Company respectfully directs the staff to the disclosure on pages 43 and F-34 concerning the circumstances affecting the reliability and precision of loss estimates. The text of the relevant disclosure is provided below for the staff's ease of review:

"Management's analyses are based on currently known facts and a number of assumptions. However, projecting future events, such as new claims to be filed each year, the average cost of resolving each claim, coverage issues among layers of insurers, the method in which losses will be allocated to the various insurance policies, interpretation of the effect on coverage of various policy terms and limits and their interrelationships, the continuing solvency of various insurance companies, the amount of remaining insurance available, as well as the numerous uncertainties inherent in asbestos litigation could cause the actual liabilities and insurance recoveries to be higher or lower than those projected or recorded which could materially affect our financial condition, results of operations or cash flow."

- ***Disclosure of the nature and terms of any cost-sharing arrangements with other parties.***

The Company hereby confirms that no cost sharing arrangements are in place with other parties.

- ***Uncertainties regarding the legal sufficiency of insurance claims or solvency of insurance carriers.***

The Company has revised the disclosure on pages 41 and F-32 in response to the staff's comment to specifically disclose its consideration of the legal sufficiency of insurance claims and estimates of carrier solvency in analyzing insurance recoveries. The text of the relevant disclosure is provided below for the staff's ease of review:

"The Company assessed the subsidiaries' existing insurance arrangements and agreements, determined the applicability of insurance coverage for existing and expected future claims, analyzed publicly available information bearing on the current creditworthiness and solvency of the various insurers and employed such insurance allocation methodologies as the Company believed appropriate to ascertain the probable insurance recoveries for asbestos liabilities. The analysis took into account self-insurance reserves, policy exclusions, pending litigation, liability caps and gaps in the Company's coverage, allocation agreements, indemnity arrangements with third-parties, existing and potential insolvencies of insurers as well as how legal and defense costs will be covered under the insurance policies. Each subsidiary has separate, substantial primary, excess and umbrella insurance coverage resulting from the independent corporate history of each entity. In its evaluation of the insurance asset, in addition to the criteria listed above, the Company used differing insurance allocation methodologies for each subsidiary based upon the state law that will or is likely to apply for that subsidiary."

- ***Material components of the accruals and significant assumptions and underlying estimates. We note your discussion in the filing that your estimated asbestos-related costs are based on numerous variables that are difficult to predict. The basis for your estimates and assumptions on page F-29 and in other sections of the filing should be clearly disclosed.***

The Company has revised the disclosure pages 41 and F-32 to include a discussion of the material components of accruals and significant assumptions and underlying estimates. The only component of the Company's accrual is the projected cost of resolving claims. The Company's revised disclosure, as noted in the Company's response to the first item of this comment 41, specifically addresses the Company's assumptions and underlying estimates of costs.

- ***The average costs or settlement amounts for claims resolved each period.***

The Company has revised the disclosure to include the average settlement amounts in a table on pages 40 and F-31 in response to the staff's comment. As noted in footnote 4 to the table, the Company has not included in such amounts claims from the state of Mississippi as the vast majority of these claims are without merit and are resolved for no cost to the Company.

42. Provide us your history of insurance and other third reimbursement for each period and clarify how you assessed the probability of insurance recoveries for asbestos-related liabilities when determining the asset recorded in your financial statements.

The Company has revised the disclosure on pages 42 and F-33 related to the history of reimbursement from insurers and other third parties in order to clarify. The Company's history of reimbursement is limited solely to cash received from insurers in 2007. The text of the relevant disclosure is provided below for the staff's ease of review:

> " In 2007, certain insurance carriers agreed to settle with this subsidiary by reimbursing the subsidiary for amounts it paid for liability and defense costs as well as entering into formal agreements detailing the payments of future liability and defense costs in an agreed to allocation. In addition, a number of non-settling insurance carriers have paid significant amounts for liability and defense costs paid by the subsidiary in the past and continue to pay a share of costs as they are incurred. The subsidiary received approximately $65.5 million for the year ended December 31, 2007, of which approximately $49.4 million represents reimbursement of past cost reducing outstanding insurance receivables and approximately $16.1 million represents settlement in full for future costs not yet incurred by the subsidiary. Of the $16.1 million, approximately $7.6 million relates to insurance

> policies which are triggered within the Company's 15 year-estimate of asbestos-related liability and as such were recorded as a reduction to the insurance asset, while, approximately $8.5 million relates to insurance policies which were not included in the Company's 15 year estimate of asbestos-related liability cost and, as such, were recorded as income in Legacy asbestos (income) expense. Subsequent to December 31, 2007, the subsidiary received an additional $1.7 million in reimbursement of past cost from an insurer and another $0.9 million from an insurer previously considered insolvent. Presently certain insurers are paying approximately 36.8% of costs for current asbestos-related liability and defense cost. Approximately 22% of excess insurance carriers are operating under coverage in place agreements for this subsidiary."

With regard to the Company's assessment of the probability of insurance recoveries for asbestos-related liabilities, the Company applied SOP 96-1 as described in the reply to the first item of Comment 41.

In addition, disclose the following:

- ***A specific discussion of your available "primary and excess insurance coverage" as discussed in the filing.***

The Company respectfully believes that its revised, detailed disclosure concerning the asbestos-related insurance coverage of its subsidiaries are responsive to the staff's comment concerning available primary and excess insurance coverage. The Company respectfully directs the staff to pages 41 and F-32 of the registration statement.

- ***Significant assumptions use in your assessment of the probable insurance and other third party recoveries. Provide a detailed discussion of your assessment of existing insurance arrangements and agreements, the use of insurance allocation methodologies, and other procedures used to ascertain the probable insurance recoveries as discussed on pages F-29 and F-44.***

The Company respectfully directs the staff to the Company's response to Comment 41 for a discussion responsive to this item. In addition, the Company has revised the disclosure on pages 41, 42, F-32 and F-33 to include a detailed discussion of the Company's insurance arrangements, allocation methodologies and other procedures used to ascertain probable insurance recoveries. The text of the relevant disclosure is provided below for the staff's ease of review:

> "The Company assessed the subsidiaries' existing insurance arrangements and agreements, determined the applicability of insurance coverage for existing and expected future claims, analyzed publicly available information bearing on the current creditworthiness and solvency of the various insurers and employed such insurance allocation methodologies as the Company believed appropriate to ascertain the probable insurance recoveries for asbestos liabilities. The analysis took into account self-insurance reserves, policy exclusions, pending litigation, liability caps and gaps in the Company's coverage, allocation agreements, indemnity arrangements with third-parties, existing and potential insolvencies of insurers as well as how legal and defense costs will be covered under the insurance policies. Each subsidiary has separate, substantial primary, excess and umbrella insurance coverage resulting from the independent corporate history of each entity. In its evaluation of the insurance asset, in addition to the criteria listed above, the Company used differing insurance allocation methodologies for each subsidiary based upon the state law that will or is likely to apply for that subsidiary.

For the one subsidiary, although presently no cost sharing or allocation agreement is in place with the Company's excess insurers, the Company believes that based upon application of an insurance allocation methodology, which is used in certain states, including Florida and Massachusetts, and in accordance with prevailing law, that recovery is probable from such insurers for approximately 67% of the liability and defense costs after the exhaustion of primary and excess layers of insurance. The Company uses this allocation methodology because it is most likely methodology based upon the corporate history of the subsidiary and that of its primary insurer which are domiciled in either Florida or Massachusetts. The primary and excess insurers historically have paid and continue to pay all liability and legal defense costs; however, during 2006, the primary insurer asserted that certain insurance policies contained deductibles. As a result, the Company established a reserve of $7.5 million as a reduction of its asbestos insurance asset at December 31, 2007 and as a reduction of its long-term asbestos insurance asset at December 31, 2006, for the probable and reasonably estimable liability the Company expects related to these deductibles under the primary insurance policies.

For the other subsidiary it was determined by court ruling in the fourth quarter of 2007, that the allocation methodology mandated by the New Jersey courts will apply, under which the loss is allocated to each policy year based on the proportion of the policyholder's total triggered coverage that was purchased in that year. Based upon the ruling and upon a series of other favorable rulings regarding interpretation of certain policy provisions related to deductibles, the number of occurrences and the resulting calculation the Company increased its expected recovery percentage to 87.5% from 75% of all liability costs recorded after September 28, 2007 and revalued its insurance asset at this date. For the period between December 31, 2005 and September 28, 2007, the Company had estimated that recovery was probable for 75% of all liability costs paid and 85% of defense costs paid. Prior to December 31, 2005, the Company had estimated that recovery was probable for two-thirds of all liabilities paid.

For this subsidiary, until June 2004, based upon an interim agreement, the subsidiary's primary insurers paid at least two-thirds of liability costs and all defense costs. In 2003, the subsidiary brought legal action against a large number of its insurers and its former parent to resolve a variety of disputes concerning insurance for asbestos bodily injury claims asserted against it. Although none of these defendant insurance companies contested coverage, they disputed the timing, reasonableness and allocation of payments. One of the primary insurers and one of the excess insurers stopped or severely reduced payments alleging that its policies were exhausted and the subsidiary began paying various amounts of liability and defense costs during 2004. The Company historically had recorded a receivable for any amounts paid above the expected insurance recovery percent for that period which the Company considered recovery probable. As of December 31, 2007, based upon (i) application of the New Jersey allocation model, (ii) court records indicating the Court was likely to order insurers to reimburse the subsidiary for past costs and (iii) the receipt of $58.0 million in cash from certain insurers during the fourth quarter of 2007, the Company recorded a receivable for all past liability and defense cost for which it believes recovery is probable."

- ***How you determined amounts available from excess insurers since you have no cost sharing or allocation agreements with them, including how you determined that recovery is probable from such insurers for approximately 67% for one of your subsidiaries and 87.5% for the other subsidiary. Disclose why your estimated recovery increased in 2007 and indicate how this resulted in recording the additional receivable called asbestos insurance receivable. We note that certain insurers are only paying 71% for current claims.***

The Company has revised the disclosure on pages 41, 42, F-32 and F-33 in response to the staff's comment. The Company respectfully directs the staff to the text provided in response to Comment 41 for a discussion responsive to this item.

- ***The impact of the settlement in 2007 with certain insurance carriers that transfers the risk back to the subsidiary.***

The Company has revised the disclosure on pages 42 and F-33 in response to the staff's comment. The Company also has eliminated the language concerning the transfer of risk to the subsidiary as the Company believes such language is unclear.

- ***How you assessed the recoverability of the asbestos-related asset each period and how you concluded that the asset meets the requirements in the accounting literature to be recorded each period.***

The Company respectfully directs the staff to the response to the first item of this Comment 42 for a discussion of the Company's assessment of asbestos-related asset. With regard to the assessment of the recoverability of the asbestos-related asset, the Company applied SOP 96-1 as described in its reply to the first item of Comment 41.

43. Please revise to clarify the nature of "retrospective premium adjustments" and how this impacts your asbestos-related liability

The Company has revised the disclosure on pages 41 and F-32 in response to the staff's comment. The Company notes that the nature of these adjustments is more appropriately categorized as a deductible. Accordingly, the Company has clarified that one of the subsidiaries' insurers has asserted that certain insurance policies contain provisions specifying deductibles, resulting in the Company's establishment of specified reserves for estimated liabilities related to these deductibles.

44. ***Please revise to disclose how you determined that your estimate of costs includes all asbestos-related claims that were determined to be probable. Clarify how you concluded that 15 years is the appropriate period for recognizing a reserve for future asbestos-related liabilities and that there are no material costs that are required to be recorded under the accounting literature beyond this period. In addition, clarify how you determined the estimated population included in your estimate of asbestos-related liability costs. We note the discussion on page F-29 that costs that may be incurred beyond 15 years are not reasonably estimable at this time. Please tell us whether you have estimated a range of loss that may be reasonably possible beyond this period that would be required to be disclosed under SFAS 5 or SAB Topic 5.Y.***

The Company has revised the disclosure on pages 40, 41, F-31 and F-32 in response to the staff's comment. As disclosed in these pages, the Company, however, does not believe that any such amount, including a range, may be reasonably estimated beyond 15 years.

45. ***We note that on pages 48, F-29 and F-44, you refer to using an outside independent consultant to determine your future asbestos-related liability costs. While management may elect to take full responsibility for determining the future asbestos-related liability costs, if you choose to continue to refer to the expert in any capacity, please revise the filing to name the independent valuation expert and include its consent as an exhibit. Refer to Rule 436 and Item 601(b)(23) of Regulation S-K.***

The Company has revised the disclosure on pages 40, 41, F-31 and F-32 in response to the staff's comment. Although the Company used experts to assist in determining the Company's future asbestos-related liability costs, the Company has removed all references to such use in the disclosure, as management has taken full responsibility for determining the future asbestos-related liability costs.

<u>Note 18. General Litigation, page F-31</u>

46. ***Please tell us how you have accounted for the Amended Final Judgment in favor of the plaintiffs in the amounts of $8.9 million. If you have not recorded any accrual related to this judgment provide the basis for your accounting treatment. In addition, revise your assessment on page F-32 to also address the expected impact of these matters on results of operations and cash flows.***

The Company has revised the notes to the financial statements on page F-34 in response to the staff's comments.

<u>Exhibits</u>

47. ***We note that substantially all exhibits will be filed by amendment. We may have further comments when you complete this portion of the registration statement.***

The Company acknowledges the staff’s comment.

48. Please ensure that management compensation plans are filed as exhibits pursuant to Regulation S-K Item 601(b)(10(iii). In this regard we note that the “Retirement Plan for Salaried U.S. Employees of IMO Industries, Inc.” and the “Colfax Corporation Excess Benefits Plan” are not listed in the Exhibit Table.

The Company hereby confirms that it will file as exhibits all management compensation plans, to the extent such plans are effective upon consummation of the offering. The Company has revised the Exhibit Table on page II-6 to this effect.

<u>Exhibit 23.1—Consents of Independent Registered Public Accounting Firm</u>

49. Please include a currently dated and signed consent from your independent registered public accounting firm prior to requesting effectiveness.

The Company acknowledges the staff’s comment. The Company hereby confirms that prior to our requesting effectiveness, a currently dated and signed consent from our independent registered public accounting firm will be filed as an exhibit to the registration statement.

* * * *

If you have any questions concerning this letter or if you would like any additional information, please do not hesitate to contact me at (410) 659-2741 or John B. Beckman at (202) 637-5464.

Sincerely,

/s/ Michael J. Silver

cc: John A. Young