

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **January 9, 2010**

**Colfax Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-34045**  
(Commission  
File Number)

**54-1887631**  
(I.R.S. Employer  
Identification No.)

**8730 Stony Point Parkway, Suite 150**  
**Richmond, VA 23235**  
(Address of Principal Executive Offices) (Zip Code)

**(804) 560-4070**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02. Results of Operations and Financial Condition.**

On January 11, 2010, Colfax Corporation (the “Company”) issued a press release regarding 2009 financial guidance. A copy of the Company’s press release is attached to this report as Exhibit 99.1 and is incorporated in this Item by reference. The Company has scheduled a conference call for 9:00 a.m. EST on January 11, 2010 to discuss the items described in this report.

## **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

The Board of Directors (the “Board”) of the Company has appointed Clay H. Kiefaber as the Company’s President and Chief Executive Officer, effective January 9, 2010. Mr. Kiefaber succeeds John A. Young, who resigned as President and Chief Executive Officer and as a director of the Company, effective January 9, 2010. Mr. Kiefaber will remain a director of the Company.

The full text of the Company’s press release issued on January 11, 2010 is attached hereto as Exhibit 99.1 and is incorporated in this report by reference.

### Biographical Information Regarding Mr. Kiefaber

Mr. Kiefaber, age 54, has served as a director of the Company since May 13, 2008. He served as Group President of Masco Corporation from 2006 to 2007, during which time he was responsible for a \$2.8 billion group of business units. Prior to serving as Group President, Mr. Kiefaber was Group Vice President of Masco Builder Cabinet Group and President of Merillat Industries, each a subsidiary of Masco Corporation. Mr. Kiefaber joined Merillat Industries in 1989.

### Employment Arrangements with Mr. Kiefaber

On January 9, 2010, the Company and Mr. Kiefaber entered into an employment agreement (the “Employment Agreement”). The following summary of the terms and conditions of the Employment Agreement is qualified in its entirety by reference to the full text of the Employment Agreement, which is attached hereto as Exhibit 10.1.

Under the Employment Agreement, Mr. Kiefaber’s employment with the Company may be terminated for any reason by either party upon 60 days notice. The Company may accelerate the termination date under the Employment Agreement so long as payment is made to Mr. Kiefaber of the base salary amount that would have been owed for the full notice period. The base salary of Mr. Kiefaber is set under the Employment Agreement at \$525,000 and his base salary may not be reduced below the amount previously in effect without his written agreement. In addition, Mr. Kiefaber is entitled to participate in our annual cash incentive program in a target amount equal to 75% of his base salary then in effect. Mr. Kiefaber also received a \$50,000 signing bonus.

The Employment Agreement also contains non-competition, non-solicitation and non-disparagement restrictions during the term of the Employment Agreement and for certain specified periods thereafter.

Further, in connection with Mr. Kiefaber’s appointment, the Board approved a grant to him of 102,124 stock options and 40,850 performance restricted stock units, effective on January 11, 2010 (the “Grant Date”) pursuant to the terms of the Company’s 2008 Omnibus Incentive Plan. The stock options vest in three equal annual installments beginning with the first anniversary of the Grant Date (subject to Mr. Kiefaber’s continued employment with the Company on each such anniversary) and will have a per share exercise price equal to the closing price of the Company’s common stock on the New York Stock Exchange on the Grant Date. The performance restricted stock units will be earned if the Company has cumulative adjusted earnings per share equal to at least 110% of the adjusted earnings per share for the 2009 fiscal year for any four consecutive fiscal quarters beginning with the first fiscal quarter of 2010 and ending with the last fiscal quarter of 2013, and, if earned, will vest in two equal installments upon the fourth and fifth anniversaries of the Grant Date, subject to Mr. Kiefaber’s continued employment with the Company on each such anniversary.

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The Employment Agreement also provides for Mr. Kiefaber to receive health insurance and other benefits, including a relocation package, commensurate with the benefits we provide our senior executives.

#### Separation Agreement with Mr. Young

In connection with Mr. Young's resignation, the Company and Mr. Young entered into a Separation Agreement and General Release (the "Separation Agreement") on January 9, 2010, which modifies the terms of the Executive Employment Agreement between Mr. Young and the Company dated April 29, 2008, as amended effective as of January 1, 2010 (the "Executive Employment Agreement"). The following summary of the terms and conditions of the Separation Agreement is qualified in its entirety by reference to the full text of the Separation Agreement, which is attached hereto as Exhibit 10.2.

The Separation Agreement provides that Mr. Young will be entitled to receive cash payments of (i) \$1,265,842 within 10 days of the date of his separation and (ii) \$300,000 following certain events but in no event later than March 15, 2011. In addition, on January 9, 2010, vesting will accelerate in full for (i) 25,000 performance-based restricted stock units held by Mr. Young for which the performance measures associated with such awards have been certified as met by the Compensation Committee of the Board on August 25, 2009 but remained subject to an additional service based vesting period, (ii) 20,833 stock options granted to Mr. Young on May 7, 2008 that would have otherwise vested on May 7, 2010, (iii) 50,403 stock options granted to Mr. Young on March 13, 2009 that would have otherwise vested on March 13, 2010, and (iv) 50,403 stock options granted to Mr. Young on March 13, 2009 that would have otherwise vested on March 13, 2011. The term for exercise of these accelerated stock options, as well as 20,834 vested stock options granted in 2008, have been amended so that they will remain exercisable until March 31, 2012. In addition, 49,933 shares of Colfax common stock granted to Mr. Young on May 7, 2008 that remain subject to delayed delivery will be delivered in full to Mr. Young.

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**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

- 10.1 Employment Agreement, dated January 9, 2010, between Clay Kiefaber and Colfax Corporation
  - 10.2 Separation Agreement, dated January 9, 2010, between John A. Young and Colfax Corporation
  - 99.1 Colfax Corporation press release dated January 11, 2010
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**SIGNATURES**

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

**Colfax Corporation**

Date: January 11, 2010

By: /s/ Thomas M. O'Brien

Name: Thomas M. O'Brien

Title: Senior Vice President, General Counsel and Secretary

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## **EXHIBIT INDEX**

- 10.1 Employment Agreement, dated January 9, 2010, between Clay Kiefaber and Colfax Corporation
  - 10.2 Separation Agreement, dated January 9, 2010, between John A. Young and Colfax Corporation
  - 99.1 Colfax Corporation press release dated January 11, 2010
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**CLAY H. KIEFABER**  
**EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this “**Agreement**”) is entered into as of January 9, 2010, (the “**Effective Date**”) by and between Colfax Corporation, a Delaware corporation (the “**Company**”), and Clay H. Kiefaber (the “**Executive**”).

1. Positions, Duties and Term. The Company hereby employs the Executive as its President and Chief Executive Officer and the Executive hereby accepts such employment, on the terms and conditions set forth below.

1.1 Term. (a) The Executive’s employment hereunder shall be on an “at-will” status and shall commence as of the Effective Date. Either the Executive or the Company may terminate the Executive’s employment for any reason by providing not less than 60 days advance written notice; provided, however, that in lieu of such notice, the Company may terminate the Executive’s employment upon less than 60 days advance notice, so long as it pays the Executive severance pay or provides a combination of severance pay and salary during a reduced notice period that equals 60 days of Base Salary. Following termination of employment, the Executive shall be provided any previously unpaid Compensation Accrued at Termination (as defined below).

(b) Termination and Offices Held. At the time Executive ceases to be an employee of the Company, the Executive agrees that he shall resign from any office he holds with the Company and its subsidiaries and any affiliates and, if then a member of the Board of Directors, shall be deemed to have tendered his resignation as a member of the Board.

1.2 Duties. The Executive shall faithfully perform for the Company the duties incident to the office of President and Chief Executive Officer and shall perform such other duties of an executive, managerial or administrative nature as shall be specified and designated from time to time by the Board. The Executive shall devote substantially all of the Executive’s business time and effort to the performance of the Executive’s duties hereunder, provided that in no event shall this sentence prohibit the Executive from performing personal and charitable activities and any other activities approved by the Board, so long as such activities do not materially interfere with the Executive’s duties for the Company or create a conflict of interest or the appearance of a conflict of interest.

2. Compensation.

2.1 Salary. The Company shall pay the Executive a base salary at an annual rate of \$525,000 (the “**Base Salary**”). The Base Salary may be increased at the discretion of the Board or the Compensation Committee of the Board (the “**Committee**”), as applicable. Except as otherwise agreed in writing by the Executive, the Base Salary shall not be reduced from the amount previously in effect. The Base Salary shall be payable in equal biweekly installments or in such other installments as shall be consistent with the Company’s payroll procedures.

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2.2 **Annual Cash Incentive.** During the term of his employment under this Agreement, the Executive shall be eligible to receive an annual cash bonus based on performance objectives established by the Committee each year (the “**Annual Cash Incentive**”). The Executive’s target Annual Cash Incentive amount will be the percentage of Base Salary designated as the target by the Committee, which amount shall be at least 75% of the Base Salary then in effect for each applicable year. Notwithstanding the preceding, Executive’s Annual Cash Incentive, if any, may be below (including zero), at, or above the target based upon the achievement of the performance objectives.

2.3 **Benefits.** During the term of his employment under this Agreement, the Executive shall be permitted to participate in any group life, hospitalization or disability insurance plans, health programs, pension and profit sharing plans, long-term incentive plans and similar benefits that may be available to other senior executives of the Company generally, on the same terms as may be applicable to such other executives, in each case to the extent that the Executive is eligible under the terms of such plans or programs.

2.4 **Vacation.** During the term of his employment under this agreement, the Executive shall be entitled to vacation of twenty (20) working days per year.

2.5 **Expenses.** The Company shall pay or reimburse the Executive for all ordinary and reasonable out-of-pocket expenses actually incurred (and, in the case of reimbursement, paid) by the Executive during the term the Executive’s employment under this Agreement, provided that the Executive submits such expenses in accordance with the policies applicable to senior executives of the Company generally.

2.6 **Signing Bonus.** The Company shall pay to the Executive a single lump sum payment of \$50,000, to be payable with and in addition to the first biweekly Base Salary payment made to the Executive pursuant to Section 2.1.

2.7 **Relocation Expenses.** The Company shall reimburse the Executive for relocation expenses associated with moving his residence to the Richmond, Virginia area. Reimbursable expenses shall include closing costs relating to the sale of his current home and the purchase of a new home, moving expenses and reasonable temporary living expenses.

2.8 **Equity Awards.** The Company shall make the following awards as of January 11, 2010 (the “**Grant Date**”) under the Colfax Corporation 2008 Omnibus Incentive Plan (the “**Stock Incentive Plan**”):

- (i) A grant of performance restricted stock units covering 40,850 shares of the Company’s common stock (the “**Stock**”), subject to the terms of the CEO Performance Stock Unit Agreement attached hereto as Exhibit A.
- (ii) A grant of employee stock options covering 102,124 shares of Stock at an exercise price equal to the closing price on the Grant Date, subject to the terms of the Company’s standard stock option agreement currently in use for executive grants under the Stock Incentive Plan, with vesting to occur in three equal installments beginning on the first anniversary of the Grant Date.



2.9 Waiver and Release Agreement. The Executive agrees to execute at the time of Executive's termination of employment a Waiver and Release Agreement in a form provided to the Executive by the Company (the "**Waiver and Release Agreement**"), consistent with the form attached hereto as Exhibit B, the terms and conditions of which are specifically incorporated herein by reference.

3. Golden Parachute Excise Tax Provisions. In the event it is determined that any payment or benefit (within the meaning of Section 280G(B)(2) of the Internal Revenue Code of 1986, as amended (the "**Code**")), to the Executive or for his benefit paid or payable or distributed to or distributable pursuant to the terms of this Agreement or otherwise in connection with, or arising out of, his employment ("**Payments**"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "**Excise Tax**"), then the total Payments shall be reduced to the extent the payment of such amounts would cause the Executive's total termination benefits to constitute an "excess" parachute payment under Section 280G of the Internal Revenue Code of 1986, as amended (the "**Code**") and by reason of such excess parachute payment the Executive would be subject to an excise tax under Section 4999(a) of the Code, but only if the Executive (or the Executive's tax advisor) determines that the after-tax value of the termination benefits calculated with the foregoing restriction exceed those calculated without the foregoing restriction. Except as otherwise expressly provided herein, all determinations under this Section 3 shall be made at the expense of the Company by a nationally recognized public accounting or consulting firm selected by the Company and subject to the approval of Executive, which approval shall not be unreasonably withheld. Such determination shall be binding upon Executive and the Company.

3.1 Company Withholding. Notwithstanding anything contained in this Agreement to the contrary, in the event that, according to the Determination, an Excise Tax will be imposed on any Payment or Payments, the Company shall pay to the applicable government taxing authorities as Excise Tax withholding, the amount of the Excise Tax that the Company has actually withheld from the Payment or Payments.

4. Confidentiality; Non-Competition and Non-Disclosure; Executive Cooperation; Non-Disparagement.

4.1 Confidential Information. The Executive acknowledges that, during the course of his employment with the Company, the Executive may receive special training and/or may be given access to or may become acquainted with Confidential Information (as hereinafter defined) of the Company. As used in this Section 4.1, "Confidential Information" of the Company means all trade practices, business plans, price lists, supplier lists, customer lists, marketing plans, financial information, software and all other compilations of information which relate to the business of the Company, or to any of its subsidiaries, and which have not been disclosed by the Company to the public, or which are not otherwise generally available to the public.

The Executive acknowledges that the Confidential Information of the Company, as such may exist from time to time, are valuable, confidential, special and unique assets of the Company and its subsidiaries, expensive to produce and maintain and essential for the profitable operation of their respective businesses. The Executive agrees that, during the course of his employment with the Company, or at any time thereafter, he shall not, directly or indirectly, communicate, disclose or divulge to any Person (as such term is hereinafter defined), or use for his benefit or the benefit of any Person, in any manner, any Confidential Information of the Company or its subsidiaries acquired during his employment with the Company or any other confidential information concerning the conduct and details of the businesses of the Company and its subsidiaries, except as required in the course of his employment with the Company or as otherwise may be required by law. For purposes of this Agreement, "Person" shall mean any individual, partnership, corporation, trust, unincorporated association, joint venture, limited liability company or other entity or any government, governmental agency or political subdivision.

All documents relating to the businesses of the Company and its affiliates including, without limitation, Confidential Information of the Company, whether prepared by the Executive or otherwise coming into the Executive's possession, are the exclusive property of the Company and such respective subsidiaries, and must not be removed from the premises of the Company, except as required in the course of the Executive's employment with the Company. The Executive shall return all such documents (including any copies thereof) to the Company when the Executive ceases to be employed by the Company or upon the earlier request of the Company or the Board.

4.2 Noncompetition. During the term of this Agreement (including any extensions thereof) and for a period of one (1) year following the termination of the Executive's employment under this Agreement for any reason, the Executive shall not, except with the Company's express prior written consent, for the benefit of any entity or person (including the Executive) compete with the Business (as hereinafter defined) within the Territory. For purposes of this Agreement, "Business" shall mean a company involved in the manufacture and sale of pumps, valves or fluid handling systems of the kind that are produced by the Company or that are competitive with the pumps, valves or fluid handling systems that are produced by the Company. For purposes of this Agreement, "Territory" shall mean the United States of America and any other jurisdictions in which the Company does business at the time of termination of the Executive's employment under this Agreement.

4.3 Non-Solicitation. During the term of this Agreement (including any extension thereof) and for a period of two (2) years following the termination of the Executive's termination under this Agreement for any reason, the Executive shall not, except with the Company's express prior written consent, for the benefit of any entity or person (including the Executive) solicit, induce or encourage any employee of the Company, or any of its subsidiaries, to leave the employment of the Company or solicit, induce or encourage any customer, or client of the Company, or any of its subsidiaries, to cease or reduce its business with the Company or its subsidiaries.

4.4 Cooperation With Regard to Litigation. Executive agrees to cooperate with the Company, during the term and thereafter (including following Executive's termination of employment for any reason), by making himself available to testify on behalf of the Company or any subsidiary or affiliate of the Company, in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to assist the Company, or any subsidiary or affiliate of the Company, in any such action, suit, or proceeding, by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, or any subsidiary or affiliate of the Company, as may be reasonably requested and after taking into account Executive's post-termination responsibilities and obligations. The Company agrees to reimburse Executive, on an after-tax basis, for all reasonable expenses actually incurred in connection with his provision of testimony or assistance.

4.5 Non-Disparagement. Executive shall not, at any time during the Term and thereafter make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage or be damaging to the Company, its subsidiaries or affiliates or their respective officers, directors, employees, advisors, businesses or reputations, nor shall members of the Board of Directors or Executive's successor in office make any such statements or representations regarding Executive. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive or his successor or members of the Board of Directors from making truthful statements that are required by applicable law, regulation or legal process.

4.6 Survival. The provisions of this Section 4 shall survive the termination of the Term and any termination or expiration of this Agreement.

4.7 Remedies. Executive agrees that any breach of the terms of this Section 4 would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law; Executive therefore also agrees that in the event of said breach or any threat of breach and notwithstanding Section 5 the Company shall be entitled to an immediate injunction and restraining order from a court of competent jurisdiction to prevent such breach and/or threatened breach and/or continued breach by Executive and/or any and all persons and/or entities acting for and/or with Executive, without having to prove damages. The availability of injunctive relief shall be in addition to any other remedies to which the Company may be entitled at law or in equity, but remedies other than injunctive relief may only be pursued in an arbitration brought in accordance with Section 5. The terms of this paragraph shall not prevent the Company from pursuing in an arbitration any other available remedies for any breach or threatened breach of this Section 4, including but not limited to the recovery of damages from Executive. Executive hereby further agrees that, if it is ever determined, in an arbitration brought in accordance with Section 5, that willful actions by Executive have constituted wrongdoing that contributed to any material misstatement or omission from any report or statement filed by the Company with the U.S. Securities and Exchange Commission or material fraud against the Company, then the Company, or its successor, as appropriate, may recover all of any award or payment made to Executive, less the amount of any net tax owed by Executive with respect to such award or payment over the tax benefit to Executive from the repayment or return of the award or payment, pursuant to Section 3, and Executive agrees to repay and return such awards and amounts to the Company within 30 calendar days of receiving notice from the Company that the Board has made the determination referenced above and accordingly the Company is demanding repayment pursuant to this Section 4. The Company or its successor may, in its sole discretion, affect any such recovery by (i) obtaining repayment directly from Executive; (ii) setting off the amount owed to it against any amount or award that would otherwise be payable by the Company to Executive; or (iii) any combination of (i) and (ii) above.

5. Governing Law; Disputes; Arbitration.

5.1 Governing Law. This Agreement is governed by and is to be construed, administered, and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to conflicts of law principles. If under the governing law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, ordinance, or other principle of law, such portion shall be deemed to be modified or altered to the extent necessary to conform thereto or, if that is not possible, to be omitted from this Agreement. The invalidity of any such portion shall not affect the force, effect, and validity of the remaining portion hereof. If any court determines that any provision of Section 4 is unenforceable because of the duration or geographic scope of such provision, it is the parties' intent that such court shall have the power to modify the duration or geographic scope of such provision, as the case may be, to the extent necessary to render the provision enforceable and, in its modified form, such provision shall be enforced.

5.2 Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the City of Richmond, Virginia by three arbitrators in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association in effect at the time of submission to arbitration. Judgment may be entered on the arbitrators' award in any court having jurisdiction. For purposes of entering any judgment upon an award rendered by the arbitrators, the Company and Executive hereby consent to the jurisdiction of any or all of the following courts: (i) the United States District Court for the Fourth Circuit, (ii) any of the courts of the Commonwealth of Virginia, or (iii) any other court having jurisdiction. The Company and Executive further agree that any service of process or notice requirements in any such proceeding shall be satisfied if the rules of such court relating thereto have been substantially satisfied. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to such jurisdiction and any defense of inconvenient forum. The Company and Executive hereby agree that a judgment upon an award rendered by the arbitrators may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party shall bear its or his costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 5. Notwithstanding any provision in this Section 5, Executive shall be paid compensation due and owing under this Agreement during the pendency of any dispute or controversy arising under or in connection with this Agreement.

5.3 WAIVER OF JURY TRIAL. TO THE EXTENT APPLICABLE, EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. This provision is subject to Section 5, requiring arbitration of disputes hereunder.

6. Miscellaneous.

6.1 Integration. This Agreement cancels and supersedes any and all prior agreements and understandings between the parties hereto with respect to the employment of Executive by the Company, any parent or predecessor company, and the Company's subsidiaries during the Term, but excluding existing contracts relating to compensation under executive compensation and employee benefit plans of the Company and its subsidiaries. This Agreement constitutes the entire agreement among the parties with respect to the matters herein provided, and no modification or waiver of any provision hereof shall be effective unless in writing and signed by the parties hereto. Executive shall not be entitled to any payment or benefit under this Agreement which duplicates a payment or benefit received or receivable by Executive under such prior agreements and understandings or under any benefit or compensation plan of the Company.

6.2 Successors; Transferability. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise, and whether or not the corporate existence of the Company continues) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise and, in the case of an acquisition of the Company in which the corporate existence of the Company continues, the ultimate parent company following such acquisition. Subject to the foregoing, the Company may transfer and assign this Agreement and the Company's rights and obligations hereunder to another entity that is substantially comparable to the Company in its financial strength and ability to perform the Company's obligations under this Agreement. Neither this Agreement nor the rights or obligations hereunder of the parties hereto shall be transferable or assignable by Executive, except in accordance with the laws of descent and distribution or as specified in Section 6.3.

6.3 Beneficiaries. Executive shall be entitled to designate (and change, to the extent permitted under applicable law) a beneficiary or beneficiaries to receive any compensation or benefits provided hereunder following Executive's death.

6.4 Notices. Whenever under this Agreement it becomes necessary to give notice, such notice shall be in writing, signed by the party or parties giving or making the same, and shall be served on the person or persons for whom it is intended or who should be advised or notified, by Federal Express or other similar overnight service or by certified or registered mail, return receipt requested, postage prepaid and addressed to such party at the address set forth below or at such other address as may be designated by such party by like notice:

If to the Company:

Colfax Corporation  
Attn: General Counsel  
8730 Stony Point Parkway, Suite 150  
Richmond, VA 23235

With a copy to:

Michael Silver, Esquire  
Hogan & Hartson LLP  
555 13<sup>th</sup> Street NW  
Washington, D.C. 20004

If to Executive:

Clay H. Kiefaber  
1812 Norway Rd.  
Ann Arbor, MI 48104

If the parties by mutual agreement supply each other with fax numbers for the purposes of providing notice by facsimile, such notice shall also be proper notice under this Agreement. In the case of Federal Express or other similar overnight service, such notice or advice shall be effective when sent, and, in the cases of certified or registered mail, shall be effective two days after deposit into the mails by delivery to the U.S. Post Office.

6.5 Reformation. The invalidity of any portion of this Agreement shall not be deemed to render the remainder of this Agreement invalid.

6.6 Headings. The headings of this Agreement are for convenience of reference only and do not constitute a part hereof.

6.7 No General Waivers. The failure of any party at any time to require performance by any other party of any provision hereof or to resort to any remedy provided herein or at law or in equity shall in no way affect the right of such party to require such performance or to resort to such remedy at any time thereafter, nor shall the waiver by any party of a breach of any of the provisions hereof be deemed to be a waiver of any subsequent breach of such provisions. No such waiver shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced.

6.8 Offsets; Withholding. The amounts required to be paid by the Company to Executive pursuant to this Agreement shall not be subject to offset other than with respect to any amounts that are owed to the Company by Executive due to his receipt of funds as a result of his fraudulent activity. The foregoing and other provisions of this Agreement notwithstanding, all payments to be made to Executive under this Agreement, or otherwise by the Company, will be subject to withholding to satisfy required withholding taxes and other required deductions.

6.9 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Executive, his heirs, executors, administrators and beneficiaries, and shall be binding upon and inure to the benefit of the Company and its successors and assigns.

6.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

6.11 Representations of Executive. Executive represents and warrants to the Company that he has the legal right to enter into this Agreement and to perform all of the obligations on his part to be performed hereunder in accordance with its terms and that he is not a party to any agreement or understanding, written or oral, which prevents him from entering into this Agreement or performing all of his obligations hereunder.

6.12 Compensation Accrued at Termination. For purposes of this Agreement, "Compensation Accrued at Termination" means the following:

- (i) The unpaid portion of annual Base Salary at the rate payable, in accordance with Section 2.1 hereof, at the date of Executive's termination of employment, pro rated through such date of termination, payable in accordance with the Company's regular pay schedule;
- (ii) Except as otherwise provided in this Agreement, all earned and unpaid and/or vested, nonforfeitable amounts owing or accrued at the date of Executive's termination of employment under any compensation and benefit plans, programs, and arrangements set forth or referred to in Sections 2.2 and 2.3 hereof (including any earned and vested Annual Cash Incentive) in which Executive theretofore participated, payable in accordance with the terms and conditions of the plans, programs, and arrangements (and agreements and documents thereunder) pursuant to which such compensation and benefits were granted or accrued; and
- (iii) Reasonable business expenses and disbursements incurred by Executive prior to Executive's termination of employment, to be reimbursed to Executive, as authorized under Section 2.5, in accordance the Company's reimbursement policies as in effect at the date of such termination.

IN WITNESS WHEREOF, the parties hereto have signed their names as of the day and year first above written.

COLFAX CORPORATION

By: /s/ Steven W. Weidenmuller

Name: Steven W. Weidenmuller

Title: Senior Vice President, Human Resources

/s/ Clay H. Kiefaber

Clay H. Kiefaber



**EXHIBIT A  
COLFAX CORPORATION  
2008 OMNIBUS INCENTIVE PLAN**

**CEO PERFORMANCE STOCK UNIT AGREEMENT**

Colfax Corporation, a Delaware corporation (the "Company"), hereby grants stock units relating to shares of its common stock, \$.001 par value (the "Stock"), to the individual named below as the Grantee. The terms and conditions of the grant are set forth in this cover sheet and the attachment (collectively, the "Agreement") and in the Colfax Corporation 2008 Omnibus Incentive Plan (the "Plan").

Grant Date: January 11, 2010

Name of Grantee: \_\_\_\_\_

Grantee's Social Security Number: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Number of Stock Units Covered by Grant: \_\_\_\_\_

Performance Condition on Stock Unit Eligibility:

Eligibility to vest in the Stock Units covered by this grant is determined based on the level of achievement of the Performance Criteria set forth in this Agreement.

Vesting Schedule for Stock Units After Application of the Performance Criteria:

<u>Vesting Date</u>	<u>Vesting Percentage</u>
4 <sup>th</sup> Anniversary of the Grant Date	50%
5 <sup>th</sup> Anniversary of the Grant Date	50%

***By signing this cover sheet, you agree to all of the terms and conditions described in this Agreement and in the Plan, a copy of which will be provided on request. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear to be inconsistent with the terms of the Plan. Certain capitalized terms used in this Agreement are defined in the Plan and have the meaning set forth in the Plan.***

Grantee: \_\_\_\_\_  
(Signature)

Company: \_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_

Attachment

*This is not a stock certificate or a negotiable instrument.*

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**COLFAX CORPORATION**  
**2008 OMNIBUS INCENTIVE PLAN**

**CEO PERFORMANCE STOCK UNIT AGREEMENT**

**Stock Unit Transferability**

This grant is an award of stock units in the number of units set forth on the cover sheet, subject to the performance criteria and the vesting conditions described below ("Stock Units"). Your Stock Units may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, nor may the Stock Units be made subject to execution, attachment or similar process.

**Performance Criteria**

Your eligibility for the Stock Units shall be determined based on whether the Company achieves certain performance criteria ("Performance Criteria") for any four consecutive fiscal quarters beginning with the first fiscal quarter of 2010 and ending with the last fiscal quarter of 2013 (each such four quarters a "Performance Period"). If the Performance Criteria are achieved for a Performance Period, you become eligible to vest in all of the Stock Units covered by this Agreement based on additional Service to the Company as provided below in the Section of this Agreement concerning "Vesting."

The Company's Performance Criteria will be achieved if the Company has cumulative Adjusted Earnings Per Share for a Performance Period equal to at least 110% of the Adjusted Earnings Per Share for the 2009 fiscal year.

For this purpose, "Adjusted Earnings Per Share" means the Company's consolidated total diluted earnings per share from continuing operations, adjusted to exclude any amounts that are generally required to be reported separately under United States generally accepted accounting principles ("U.S. GAAP") as extraordinary items and changes in accounting method, as reported in the Company's audited financial statements. By way of example, the Company treats the following as extraordinary items: the after-tax impact of asbestos liability and defense costs, asbestos coverage litigation expense, restructuring costs such as severance, outplacement or the cost to relocate production, asset impairment charges, goodwill impairment charges, legacy legal adjustments, costs related to unsuccessful acquisitions and costs associated with the early extinguishment of debt. Adjusted Earnings Per Share also shall exclude amounts reported in the Company's audited financial statements as provision for income taxes occurring after the Grant Date. Furthermore, budgeted exchange rates shall be used to account for net income under U.S. GAAP standards.

If your Service terminates for any reason prior to the end of the last Performance Period, then, except as otherwise set forth below, you will forfeit all of your Stock Units immediately upon such termination. If the Performance Criteria are not achieved during any Performance Period, then you will forfeit all of your Stock Units as of the end of the last Performance Period.

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<b>Vesting</b>	<p>If at the end of the last Performance Period there remain Stock Units covered by this Agreement, your Stock Units shall vest according to the schedule set forth on the cover sheet; provided, that, you remain in Service on the relevant Vesting Dates. If your Service terminates for any reason other than death or Disability, then, except as otherwise set forth below, you will forfeit any Stock Units in which you have not yet become vested.</p>
<b>Death or Disability</b>	<p>If the Performance Criteria are achieved for a Performance Period, but your Service terminated because of your death or Disability before the end of the Performance Period, your Stock Units shall fully and immediately vest as of the date the Committee certifies achievement of the Performance Criteria (the "Certification Date").</p> <p>If the Performance Criteria are achieved for a Performance Period, and your Service terminates because of your death or Disability following the end of the Performance Period, your Stock Units shall fully and immediately vest as of the date of your termination from Service or, if later, as of the Certification Date.</p>
<b>Delivery of Stock Pursuant to Units</b>	<p>Delivery of the shares of Stock represented by your vested Stock Units shall be made as soon as practicable upon vesting and in any event not later than two and one-half months after the end of the calendar year in which they vest.</p>
<b>Withholding Taxes</b>	<p>You agree, as a condition of this grant, that you will make acceptable arrangements to pay any withholding or other taxes that may be due as a result of vesting in Stock Units or your acquisition of Stock under this grant. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment is required relating to this grant, the Company will have the right to: (i) require that you arrange such payments to the Company, (ii) withhold such amounts from other payments due to you from the Company or any Affiliate, or (iii) cause an immediate forfeiture of shares of Stock subject to the Stock Units granted pursuant to this Agreement in an amount equal to the withholding or other taxes due.</p>
<b>Retention Rights</b>	<p>This Agreement does not give you the right to be retained or employed by the Company (or any Affiliates) in any capacity. The Company (and any Affiliates) reserves the right to terminate your Service at any time for any reason.</p>

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**Shareholder Rights**

You do not have any of the rights of a shareholder with respect to the Stock Units unless and until the shares relating to the Stock Units has been delivered to you. You will, however, be entitled to receive, upon the Company's payment of a cash dividend on outstanding Stock, a cash payment for each Stock Unit that you hold as of the record date for such dividend equal to the per-share dividend paid on the Stock.

**Forfeiture of Rights**

If you should take actions in competition with the Company, the Company shall have the right to cause a forfeiture of your unvested Stock Units.

Unless otherwise specified in an employment or other agreement between the Company and you (including the Company's Code of Ethics), you take actions in competition with the Company if you directly or indirectly, own, manage, operate, join or control, or participate in the ownership, management, operation or control of, or are a proprietor, director, officer, stockholder, member, partner or an employee or agent of, or a consultant to any business, firm, corporation, partnership or other entity which competes with any business in which the Company or any of its Affiliates is engaged during your employment or other relationship with the Company or its Affiliates or at the time of your termination of Service.

**Adjustments**

In the event of a stock split, a stock dividend or a similar change in the Company stock, the number of Stock Units covered by this grant will be adjusted (and rounded down to the nearest whole number) in accordance with the terms of the Plan. Your Stock Units shall be subject to the terms of the agreement of merger, liquidation or reorganization in the event the Company is subject to such corporate activity in accordance with the terms of the Plan.

**Applicable Law**

This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

**Consent to Electronic Delivery**

The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this grant you agree that the Company may deliver the Plan prospectus and the Company's annual report to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to receive, the Company would be pleased to provide copies. Please contact the Corporate Secretary to request paper copies of these documents.

**The Plan**

The text of the Plan is incorporated in this Agreement by reference. Certain capitalized terms used in this Agreement are defined in the Plan, and have the meaning set forth in the Plan.

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Unless otherwise specified in an employment or other agreement between the Company and you, this Agreement and the Plan constitute the entire understanding between you and the Company regarding this grant of Stock Units. Any prior agreements, commitments or negotiations concerning this grant are superseded.

***By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.***

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**EXHIBIT B**  
**WAIVER AND RELEASE AGREEMENT**

THIS WAIVER AND RELEASE AGREEMENT is entered into as of [TO BE DETERMINATED AT TERMINATION OF EMPLOYMENT] (the "Effective Date"), by \_\_\_\_\_ (the "Executive") in consideration of the severance pay provided to the Executive by Colfax Corporation (the "Company") pursuant to the Executive Employment Agreement (the "Employment Agreement") by and between the Company and the Executive (the "Severance Payment").

1. **Waiver and Release.** The Executive, on his own behalf and on behalf of his heirs, executors, administrators, attorneys and assigns, to the fullest extent permitted by law, hereby unconditionally and irrevocably releases, waives and forever discharges the Company and each of its affiliates, parents, successors, predecessors, and the subsidiaries, directors, owners, members, shareholders, officers, agents, and employees of the Company and its affiliates, parents, successors, predecessors, and subsidiaries (collectively, all of the foregoing are referred to as the "Employer"), from any and all causes of action, claims and damages, including attorneys' fees, whether known or unknown, foreseen or unforeseen, presently asserted or otherwise arising through the date of his signing of the Waiver and Release Agreement, concerning his employment or separation from employment. This release includes, but is not limited to, any claim or entitlement to salary, bonuses (but not including payment of any remaining bonus under the Employment Agreement), any other payments, benefits or damages arising under any federal law (including, but not limited to, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act ("ADEA"), the Employee Retirement Income Security Act of 1974, the Americans with Disabilities Act, Executive Order 11246, the Family and Medical Leave Act, and the Worker Adjustment and Retraining Notification Act, each as amended); any claim arising under any state or local laws, ordinances or regulations (including, but not limited to, any state or local laws, ordinances or regulations requiring that advance notice be given of certain workforce reductions); and any claim arising under any common law principle or public policy, including, but not limited to, all suits in tort or contract, such as wrongful termination, defamation, emotional distress, invasion of privacy or loss of consortium.

The Executive understands that by signing this Waiver and Release Agreement he is not waiving any claims or administrative charges, or any right to challenge the validity of a waiver of claims under the ADEA which cannot be waived by law. He is waiving, however, any right to monetary recovery or individual relief should any federal, state or local agency (including the Equal Employment Opportunity Commission) pursue any claim on his behalf arising out of or related to his employment with and/or separation from employment with the Company.

The Executive further agrees without any reservation whatsoever, never to sue the Employer or become a party to a lawsuit on the basis of any and all claims of any type lawfully and validly released in this Waiver and Release Agreement.

2. **Acknowledgments.** The Executive is signing this Waiver and Release Agreement knowingly and voluntarily. He acknowledges that:

- (a) He is hereby advised in writing to consult an attorney before signing this Waiver and Release Agreement;
  - (b) He has relied solely on his own judgment and/or that of his attorney regarding the consideration for and the terms of this Waiver and Release Agreement and is signing this Waiver and Release Agreement knowingly and voluntarily of his own free will;
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- (c) He is not entitled to the Severance Payment unless he agrees to and honors the terms of this Waiver and Release Agreement;
- (d) He has been given at least **[twenty-one (21)] [forty-five (45)]** calendar days to consider this Waiver and Release Agreement, or he expressly waives his right to have at least **[twenty-one (21)] [forty-five (45)]** days to consider this Waiver and Release Agreement;
- (e) He may revoke this Waiver and Release Agreement within seven (7) calendar days after signing it by submitting a written notice of revocation to the Employer. He further understands that this Waiver and Release Agreement is not effective or enforceable until after the seven (7) day period of revocation has expired without revocation, and that if he revokes this Waiver and Release Agreement within the seven (7) day revocation period, he will not receive the Severance Payment;
- (f) He has read and understands the Waiver and Release Agreement and further understands that it includes a general release of any and all known and unknown, foreseen or unforeseen claims presently asserted or otherwise arising through the date of his signing of this Waiver and Release Agreement that he may have against the Employer; and
- (g) No statements made or conduct by the Employer has in any way coerced or unduly influenced him or her to execute this Waiver and Release Agreement.

3. **No Admission of Liability.** This Waiver and Release Agreement does not constitute an admission of liability or wrongdoing on the part of the Employer, the Employer does not admit there has been any wrongdoing whatsoever against the Executive, and the Employer expressly denies that any wrongdoing has occurred.

4. **Entire Agreement.** There are no other agreements of any nature between the Employer and the Executive with respect to the matters discussed in this Waiver and Release Agreement, except as expressly stated herein, and in signing this Waiver and Release Agreement, the Executive is not relying on any agreements or representations, except those expressly contained in this Waiver and Release Agreement.

5. **Execution.** It is not necessary that the Employer sign this Waiver and Release Agreement following the Executive's full and complete execution of it for it to become fully effective and enforceable.

6. **Severability.** If any provision of this Waiver and Release Agreement is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Waiver and Release Agreement shall continue in full force and effect.

7. **Governing Law.** This Waiver and Release Agreement shall be governed by the laws of the State of Delaware, excluding the choice of law rules thereof.

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8. **Headings.** Section and subsection headings contained in this Waiver and Release Agreement are inserted for the convenience of reference only. Section and subsection headings shall not be deemed to be a part of this Waiver and Release Agreement for any purpose, and they shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the day and year first herein above written.

EXECUTIVE:

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**[NAME OF EXECUTIVE]**

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## SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (the “**Agreement**”) is made and entered as of this 9<sup>th</sup> day of January, 2010 (the “**Effective Date**”), by and among Colfax Corporation, a Delaware corporation (“**Colfax**” or the “**Company**”), and John A. Young (hereinafter “**Mr. Young**”).

**WHEREAS**, Mr. Young has served Colfax as its President, Chief Executive Officer, and as a member of its Board of Directors;

**WHEREAS**, Mr. Young and Colfax are parties to an Executive Employment Agreement dated April 29, 2008, as amended by the Amendment thereto entered into effective as of January 1, 2010 (the “**Executive Employment Agreement**”); and

**WHEREAS**, Mr. Young and Colfax have agreed that Mr. Young will terminate his employment relationship and resign from all positions with Colfax, and all of its respective directly and indirectly owned subsidiaries and affiliates, including all employment, officer and board of directors and other positions, under the terms and conditions of this Agreement.

**NOW, THEREFORE, AND IN CONSIDERATION** of the mutual promises of the parties to this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Resignation From and Termination of Employment. Mr. Young hereby resigns from employment with Colfax and all of its directly and indirectly owned subsidiaries and affiliates, and resigns from all the offices, directorships and other positions he holds with Colfax and all of its directly and indirectly owned subsidiaries and affiliates, including without limitation his positions as President and Chief Executive Officer of Colfax and his position as a member of the Board of Directors of Colfax, effective as of January 9, 2010 (the “**Resignation Date**”). After the Resignation Date, Mr. Young shall not be entitled to the receipt of any further payments or benefits from Colfax other than those expressly provided for in this Agreement. The parties hereto agree that this Agreement constitutes written notice to Colfax of Mr. Young’s resignation from the Board. The parties further agree that no additional amount shall be payable to Mr. Young on account of his resignation under the Executive Employment Agreement.

2. Termination Payments. Provided Mr. Young executes the General Release Agreement described in Section 5 of this Agreement, Mr. Young shall receive the following payments and benefits under this Agreement. The date Mr. Young executes such General Release Agreement shall be referred to as the “**General Release Effective Date**”.

(a) Compensation and Benefits.

(i) Mr. Young shall receive a lump sum payment of \$1,265,842 within 10 business days of the General Release Effective Date.

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(ii) Mr. Young shall receive \$300,000, payable 30 days following settlement or initial adjudication of the Company's insurance coverage trial in the New Jersey Superior Court, currently in Mercer County, but in no event later than March 15, 2011.

(b) Health Coverage. At the Company's expense, Mr. Young and his spouse and dependent children shall be entitled to continuation of health insurance coverage (i.e., medical, dental and vision) under the Company's group health plan(s) in which Mr. Young was participating on the Effective Date of this Agreement for a period of one (1) year from the Effective Date.

(c) Equity Grants.

(i) Stock Options. As of the Effective Date, Mr. Young shall become fully and immediately vested in 50,403 of Colfax employee stock options granted under the Colfax Corporation 2008 Omnibus Incentive Plan (the "**Stock Incentive Plan**") to Mr. Young on March 13, 2009 and which otherwise would have vested on March 13, 2010, in 50,403 of Colfax employee stock options granted under the Stock Incentive Plan on March 13, 2009 and which otherwise would have vested on March 13, 2011, and in 20,833 of Colfax employee stock options granted under the Stock Incentive Plan on May 7, 2008 and which otherwise would have vested on May 7, 2010. Furthermore, all of Mr. Young's outstanding vested Colfax employee stock options, whether previously vested or becoming vested pursuant to this Section 2(c)(i), shall be exercisable until March 31, 2012, notwithstanding any otherwise applicable provision in the award agreement providing for expiration of such stock options on the 90<sup>th</sup> day after the date of termination of employment. For the avoidance of doubt, the Company's records indicate that 20,834 employee stock options were previously vested without regard to this Section 2(c)(i).

(ii) Performance-Based Stock Units. Mr. Young's 25,000 Colfax employee stock units granted under the Stock Incentive Plan on May 7, 2008 subject to performance criteria, which already have been achieved, and currently unvested based on additional service vesting criteria, shall, as of the Effective Date of this Agreement, become fully and immediately vested. With respect to such stock units becoming vested, the Company will withhold from the shares deliverable to Mr. Young the number of shares necessary to satisfy the minimum statutory federal and state tax withholding requirements which the Company determines are applicable in connection with such vesting and issuance of common stock of the Company.

3. Accrued Benefits. As of his Resignation Date, Mr. Young's participation in the benefits programs of Colfax shall terminate in accordance with the terms of Colfax's benefits plans and its standard policies and procedures, except that: (A) subject to Section 2(b), Mr. Young may elect to continue the health insurance coverage that he had maintained as an employee pursuant to the Consolidated Omnibus Budget Reconciliation Act as amended ("COBRA"); (B) Mr. Young shall be entitled to payment of his pension and retirement savings benefits accrued under the Retirement Plan for Salaried US Employees of Imo Industries, Inc. and Affiliates, the Colfax Corporation Excess Benefit Plan and the Colfax Corporation 401(k) Savings Plan Plus at the time and in the form elected under the applicable plan; (C) Mr. Young's 49,933 shares of Colfax common stock granted on May 7, 2008 that remain subject to the Deferred Delivery Stock Ownership Agreement between Mr. Young and Colfax (the "**Stock Ownership Agreement**") shall be delivered within 10 business days of the General Release Effective Date; (D) Mr. Young shall be entitled to indemnification as provided in the Indemnification Agreement he entered into with the Company at the time of the Company's initial public offering; and (E) Colfax shall reimburse Mr. Young for appropriate and reasonable expenses incurred on or before the Resignation Date, if any, in accordance with the applicable policies and procedures.

4. Effect on Other Agreements, Ongoing Obligations.

(a) Section 6 of the Executive Employment Agreement (Confidentiality, Non-Competition and Non-Disclosure; Executive Cooperation; and Non-Disparagement) is incorporated herein by reference and shall remain in full force and effect in accordance with its terms, except that Sections 6.2 and 6.3 shall be revised to provide as follows:

6.2 Noncompetition. During the term of this Agreement (including any extensions thereof) and for a period of one (1) year following the termination of the Executive's employment under this Agreement for any reason, the Executive shall not, except with the Company's express prior written consent, for the benefit of any entity or person (including the Executive) compete with the Business (as hereinafter defined) within the Territory. For purposes of this Agreement, "Business" shall mean a company involved in the manufacture and sale of pumps, valves or fluid handling systems of the kind that are produced by the Company or that are competitive with the pumps, valves or fluid handling systems that are produced by the Company. For purposes of this Agreement, "Territory" shall mean the United States of America.

6.3 Non-Solicitation. During the term of this Agreement (including any extension thereof) and for a period of three (3) years following the termination of the Executive's termination under this Agreement for any reason, the Executive shall not, except with the Company's express prior written consent, for the benefit of any entity or person (including the Executive) solicit, induce or encourage any employee of the Company, or any of its subsidiaries, to leave the employment of the Company or solicit, induce or encourage any customer, or client of the Company, or any of its subsidiaries, to cease or reduce its business with the Company or its subsidiaries.

(b) Mr. Young agrees to provide reasonable cooperation in the preparation of all Colfax Securities and Exchange Commission filings through the first fiscal quarter of 2010, including the provision of any internal certifications that the Company may reasonably request relating to Colfax's internal controls, results of operations and financial condition for the periods prior to the Effective Date, in a form similar to the certification attached hereto as Exhibit A. Further, Mr. Young understands and agrees that his ongoing obligations under Section 6.4 of the Executive Employment Agreement specifically include, but are not limited to, providing testimony and other assistance that may be requested in connection with pending asbestos-related insurance coverage disputes. Consistent with Section 6.4 of the Executive Employment Agreement, all expenses paid by Mr. Young in complying with this Section 4(b) shall be promptly reimbursed to Mr. Young upon submission to the Company.

(c) Except to the extent otherwise expressly provided in this Agreement, the Company's obligations to Mr. Young under the Executive Employment Agreement shall be deemed satisfied and cancelled.

5. General Release. In consideration of the payments described in Section 2 of this Agreement, Mr. Young agrees to execute a General Release Agreement at the time he executes this Agreement in exactly the form attached hereto as Exhibit B, the terms and conditions of which are specifically incorporated herein by reference. If Mr. Young breaches this commitment, then the Company shall be released from any further obligation to perform hereunder (including, but not limited to, any obligation to make any further payments to or for the benefit of Mr. Young pursuant to Section 2).

6. No Other Consideration. Mr. Young affirms that the terms stated herein are the only consideration for signing this Agreement and that no other representations, promises, or agreements of any kind have been made by any person or entity to cause him to sign this Agreement. Mr. Young has accepted the terms of this Agreement because he believes them to be fair and reasonable and for no other reason.

7. No Admission. It is understood and agreed by all parties that this Agreement does not constitute an admission of liability or wrongdoing on the part of Colfax and that by entering into this Agreement Colfax does not admit that there has been any wrongdoing whatsoever against any person or entity, and it expressly denies that any wrongdoing has occurred. It is understood and agreed by all parties that this Agreement is purely an offer of compromise.

8. Death. In the event of Mr. Young's death (regardless of whether occurring on or prior to the Resignation Date), the Company shall provide any benefits and payments set forth in Section 2 that have not previously been paid to Mr. Young (including the right of such beneficiary to exercise any unexercised stock options) to the beneficiary designated by Mr. Young in writing (which designation, where applicable, shall be effected in accordance with the terms and conditions of the applicable plan documents and procedures) or, if no such beneficiary shall be named or be living at the time of his death, to his estate.

9. Withholding. All compensation-related payments to be made to Mr. Young under this Agreement, or otherwise by Colfax, shall be subject to withholding to satisfy required withholding taxes and other required deductions.

10. Modification. This Agreement may not be released, discharged, abandoned, supplemented, changed, or modified in any manner, orally or otherwise, except by an instrument in writing signed and duly executed by each of the parties hereto.
11. Entire Agreement. This Agreement contains and constitutes the entire understanding and agreement between the parties on its subject matter, and, except as otherwise provided herein, it supersedes and cancels all previous negotiations, agreements, commitments, and writings in connection herewith. If a conflict or inconsistency is found between the terms of this Agreement and any other agreement, the terms of this Agreement shall prevail.
12. Waiver. Failure to insist upon strict compliance with any term, covenant, or condition of this Agreement shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of any right or power under this Agreement at any time or times be deemed a waiver or relinquishment of such right or power at any other time or times.
13. Severability. Invalidity or unenforceability of any provision of this Agreement shall in no way affect the validity of enforceability of any other provision.
14. Assignability. Colfax may, without the consent of Mr. Young, assign its rights and obligations under this Agreement to any successor entity.
15. Choice of Law and Dispute Resolution. The terms of this Agreement shall be governed by the laws of the Commonwealth of Virginia. Any dispute or other controversy arising from this Agreement shall be resolved in accordance with the provisions of Sections 6.7 and 7 of the Executive Employment Agreement, which are incorporated herein by reference.
16. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.
17. Acknowledgements. Mr. Young hereby acknowledges that he has carefully read and fully understands the provisions of this Agreement, including the General Release Agreement, that he has had the opportunity to fully discuss it with counsel, and that he knows the contents of the Agreement. Mr. Young further acknowledges that he is signing this Agreement voluntarily and without coercion because he believes it is fair and reasonable and for no other reason.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth below.

COLFAX CORPORATION

By: /s/ Steven W. Weidenmuller

Name: Steven W. Weidenmuller

Title: Senior Vice President, Human Resources

Date: January 9, 2010

JOHN A. YOUNG

/s/ John A. Young

Date: January 9, 2010

**CERTIFICATION**

I hereby certify that I have read the [Annual Report on Form 10-K][Quarterly Report on Form 10-Q] and that no facts have come to my attention that cause me to believe that the Chief Executive Officer of Colfax Corporation should not sign the certifications required under Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002.

Dated: \_\_\_\_\_

\_\_\_\_\_

John A. Young

\_\_\_\_\_

**GENERAL RELEASE AGREEMENT**

THIS GENERAL RELEASE AGREEMENT is entered into as of January 9, 2010 (the "**Effective Date**"), by John A. Young (the "**Executive**") in consideration of the severance pay provided to the Executive by Colfax Corporation (the "**Company**") pursuant to the Separation Agreement and General Release (the "**Employment Agreement**") by and between the Company and the Executive (the "**Severance Payment**").

1. **General Release.** The Executive, on his own behalf and on behalf of his heirs, executors, administrators, attorneys and assigns, to the fullest extent permitted by law, hereby unconditionally and irrevocably releases, waives and forever discharges the Company and each of its affiliates, parents, successors, predecessors, and the subsidiaries, directors, owners, members, shareholders, officers, agents, and employees of the Company and its affiliates, parents, successors, predecessors, and subsidiaries (collectively, all of the foregoing are referred to as the "**Employer**"), from any and all causes of action, claims and damages, including attorneys' fees, whether known or unknown, foreseen or unforeseen, presently asserted or otherwise arising through the date of his signing of the General Release Agreement, concerning his employment or separation from employment. This release includes, but is not limited to, any claim or entitlement to salary, bonuses (but not including payment of any remaining bonus under the Employment Agreement), any other payments, benefits or damages arising under any federal law (including, but not limited to, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, Executive Order 11246, the Family and Medical Leave Act, and the Worker Adjustment and Retraining Notification Act, each as amended); any claim arising under any state or local laws, ordinances or regulations (including, but not limited to, any state or local laws, ordinances or regulations requiring that advance notice be given of certain workforce reductions); and any claim arising under any common law principle or public policy, including, but not limited to, all suits in tort or contract, such as wrongful termination, defamation, emotional distress, invasion of privacy or loss of consortium.

The Executive understands that by signing this General Release Agreement he is not waiving any claims or administrative charges. He is waiving, however, any right to monetary recovery or individual relief should any federal, state or local agency (including the Equal Employment Opportunity Commission) pursue any claim on his behalf arising out of or related to his employment with and/or separation from employment with the Company.

The Executive further agrees without any reservation whatsoever, never to sue the Employer or become a party to a lawsuit on the basis of any and all claims of any type lawfully and validly released in this General Release Agreement.

2. **Acknowledgments.** The Executive is signing this General Release Agreement knowingly and voluntarily. He acknowledges that:

- (a) He is hereby advised in writing to consult an attorney before signing this General Release Agreement;
-



- (b) He has relied solely on his own judgment and/or that of his attorney regarding the consideration for and the terms of this General Release Agreement and is signing this General Release Agreement knowingly and voluntarily of his own free will;
- (c) He is not entitled to the Severance Payment unless he agrees to and honors the terms of this General Release Agreement;
- (d) He has read and understands the General Release Agreement and further understands that it includes a general release of any and all known and unknown, foreseen or unforeseen claims presently asserted or otherwise arising through the date of his signing of this General Release Agreement that he may have against the Employer; and
- (e) No statements made or conduct by the Employer has in any way coerced or unduly influenced him to execute this General Release Agreement.
3. **No Admission of Liability.** This General Release Agreement does not constitute an admission of liability or wrongdoing on the part of the Employer, the Employer does not admit there has been any wrongdoing whatsoever against the Executive, and the Employer expressly denies that any wrongdoing has occurred.
4. **Entire Agreement.** There are no other agreements of any nature between the Employer and the Executive with respect to the matters discussed in this General Release Agreement, except as expressly stated herein, and in signing this General Release Agreement, the Executive is not relying on any agreements or representations, except those expressly contained in this General Release Agreement.
5. **Execution.** It is not necessary that the Employer sign this General Release Agreement following the Executive's full and complete execution of it for it to become fully effective and enforceable.
6. **Severability.** If any provision of this General Release Agreement is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this General Release Agreement shall continue in full force and effect.
7. **Governing Law.** This General Release Agreement shall be governed by the laws of the State of Delaware, excluding the choice of law rules thereof.
8. **Headings.** Section and subsection headings contained in this General Release Agreement are inserted for the convenience of reference only. Section and subsection headings shall not be deemed to be a part of this General Release Agreement for any purpose, and they shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the day and year first herein above written.

EXECUTIVE:

/s/ John A. Young

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JOHN A. YOUNG



Colfax Corporation

8730 Stony Point Parkway

Suite 150

Richmond, VA 23235

USA

Tel: (804) 560-4070

Fax: (804) 560-4076

[www.colfaxcorp.com](http://www.colfaxcorp.com)**FOR IMMEDIATE RELEASE**

CONTACT:

Mitzi Reynolds

(804) 327-5689

[mitzi.reynolds@colfaxcorp.com](mailto:mitzi.reynolds@colfaxcorp.com)

**COLFAX NAMES BOARD MEMBER CLAY KIEFABER  
PRESIDENT AND CHIEF EXECUTIVE OFFICER, SUCCEEDING JOHN YOUNG**

**Company Reaffirms 2009 Earnings and Sales Guidance**

**Richmond, VA, January 11, 2010** – Colfax Corporation (NYSE: CFX), a global leader in fluid-handling solutions for critical applications, today announced that Clay H. Kiefaber has been named President and Chief Executive Officer effective today, succeeding John A. Young in these positions. Kiefaber spent nearly 20 years in increasingly senior executive positions at Masco Corporation and has served on the Colfax Board of Directors since the Company's IPO in 2008. Young, who has been with Colfax since 1995 and has served as President and CEO since 2000, has also resigned from the Colfax Board and is expected to remain an advisor to the Company.

Kiefaber, 54, has extensive experience in strategic planning, lean manufacturing, business integration, and leadership development across several industries. Most recently, he was a Group President at Masco, where he was responsible for a \$2.8 billion group of architectural coatings, windows, and spa business units. Under his direction, the group's operating income and cash flow increased significantly. Prior to becoming a Group President at Masco, Kiefaber was Group Vice President of Masco Builder Cabinet Group. He previously spent 14 years in increasingly senior positions in Masco's Merillat Industries subsidiary, where, as President, he achieved record revenues, industry-leading margins, developed the leading brand in the industry, and won awards for manufacturing excellence.

Mitchell P. Rales, Chairman of the Board of Directors of Colfax, said, "I have known Clay Kiefaber for over 20 years, and he is an extremely talented and proven leader with a superb track record. He is also passionate about the same core values that Colfax embraces and is committed to driving the Colfax Business System throughout the organization. We are fortunate he has agreed to lead the Company in the next phase of its growth. As a member of our Board, Clay already has a deep understanding of our businesses, and under his direction Colfax will continue to pursue both organic growth initiatives and strategic acquisitions. The Board and I look forward to working with him in his new role as we continue to position Colfax to take full advantage of its many opportunities."

Rales added, "On behalf of the Board, I want to acknowledge the many contributions John Young has made over the years and the major role he has played in the Company's growth since its inception. We thank him for his dedicated service and wish him continued success in his future endeavors."

Young said, "I am very proud of where Colfax is today and what we have accomplished over the last 14 years. I look forward to pursuing other professional opportunities with the confidence that Colfax will enjoy continued success for many years to come."



Kiefaber said, "Colfax has a tremendous product portfolio, industry-leading application expertise, a strong balance sheet, and is well positioned for long-term growth. I look forward to working closely with the Board and leadership team as we work hard to build Colfax into a world-class company in the years ahead."

Kiefaber holds an M.B.A. degree from the University of Colorado and a B.A. degree from Miami University.

### Outlook

Colfax also reaffirmed its previous 2009 guidance of adjusted earnings per share of \$0.88 to \$0.94 and organic sales decline of 8% to 10%. See below for a discussion of these non-GAAP financial measures.

### Conference Call and Webcast

Colfax will host a conference call to discuss this announcement today at 9:00 a.m. ET. The call will be open to the public through (877) 218-1796 or (706) 679-2386 by entering the following conference ID: 49440740. The call will also be available via webcast at Colfax's website: <http://www.colfaxcorp.com> under the "Investor Relations" section. The audio of this call will be archived on the website later today and will be available for 30 days.

### Non-GAAP Financial Measures

Colfax has provided in this press release estimated adjusted earnings per share and organic sales growth (decline) for 2009 that have not been prepared in accordance with GAAP. Adjusted earnings per share exclude actual and estimated restructuring and other related charges, asbestos coverage litigation expenses and asbestos liability and defense costs. Organic sales growth (decline) excludes the impact of acquisitions and foreign exchange rate fluctuations. These non-GAAP financial measures assist Colfax in comparing its operating performance on a consistent basis because, among other things, it removes the impact of changes in our capital structure and asset base, non-recurring items such as legacy asbestos issues and items outside the control of its operating management team.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of the non-GAAP financial measures presented above to the comparable GAAP measures have been provided in the financial tables included in this press release.

### About Colfax Corporation

Colfax Corporation is a global leader in critical fluid-handling products and technologies. Through its global operating subsidiaries, Colfax manufactures positive displacement industrial pumps and valves used in oil & gas, power generation, commercial marine, global naval and general industrial markets. Colfax's operating subsidiaries supply products under the well-known brands Allweiler, Fairmount Automation, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith. Colfax is traded on the NYSE under the ticker "CFX." Additional information about Colfax is available at [www.colfaxcorp.com](http://www.colfaxcorp.com).

### Cautionary Note Concerning Forward-Looking Statements

This press release may contain forward-looking statements, including forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements concerning Colfax's plans, objectives, expectations and intentions and other statements that are not historical or current facts. Forward-looking statements are based on Colfax's current expectations and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. Factors that could cause Colfax's results to differ materially from current expectations include, but are not limited to factors detailed in Colfax's reports filed with the U.S. Securities and Exchange Commission as well as its Annual Report on Form 10-K under the caption "Risk Factors". In addition, these statements are based on a number of assumptions that are subject to change. This press release speaks only as of this date. Colfax disclaims any duty to update the information herein.

The term "Colfax" in reference to the activities described in this press release may mean one or more of Colfax's global operating subsidiaries and/or their internal business divisions and does not necessarily indicate activities engaged in by Colfax Corporation.



**Colfax Corporation**  
**Reconciliation of Estimated 2009 Net Income Per Share to Adjusted Net Income Per Share**  
**Amounts in Dollars**  
**(unaudited)**

	<b>EPS Range</b>	
Estimated net income per share - fully diluted	\$ 0.46	\$ 0.52
Restructuring and other related charges incurred as of October 2, 2009	0.17	0.17
Estimated fourth quarter restructuring and other related charges <sup>(1)</sup>	0.06	0.06
Asbestos coverage litigation	0.19	0.19
Asbestos liability and defense costs <sup>(2)</sup>	0.00	0.00
Estimated adjusted net income per share - fully diluted	\$ 0.88	\$ 0.94

<sup>1</sup> Represents estimated costs related to restructuring and other related charges implemented through November 3, 2009. Additional costs for actions implemented subsequent to this date through December 31, 2009 are expected to range from \$.05 and \$.07 per share.

<sup>2</sup> Updated as of November 16, 2009, the filing date of our Form 10-Q for the period ended October 2, 2009, to include the impact of the favorable court ruling on October 14, 2009 net of the revaluation of the Company's 15-year estimate for asbestos-related liabilities.

**Colfax Corporation**  
**Sales Change**  
(amounts in millions)  
(unaudited)

	Sales Range			
	\$	%	\$	%
For the year ended December 31, 2008	\$ 605		\$ 605	
Components of change:				
Existing businesses – estimated	(59)	-10%	(49)	-8%
Acquisitions – estimated	1	0%	1	0%
Foreign currency translation –estimated	(32)	-5%	(32)	-5%
Total – estimated	(90)	-15%	(80)	-13%
Estimated for the year ended December 31, 2009	<u>\$ 515</u>		<u>\$ 525</u>	