

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 29, 2012

OR

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

For the transition period from **to**

Commission file number - 001-34045

Colfax Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

54-1887631
(I.R.S. Employer
Identification Number)

8170 Maple Lawn Boulevard, Suite 180
Fulton, Maryland
(Address of principal executive offices)

20759
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 29, 2012, there were 93,879,365 shares of the registrant's common stock, par value \$.001 per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

COLFAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Dollars in thousands, except per share amounts
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
Net sales	\$ 1,045,653	\$ 186,749	\$ 1,932,019	\$ 345,307
Cost of sales	717,760	122,075	1,348,730	227,379
Gross profit	327,893	64,674	583,289	117,928
Selling, general and administrative expense	245,023	44,423	470,769	82,302
Charter acquisition-related expense	766	—	43,617	—
Restructuring and other related charges	18,558	242	27,201	2,219
Asbestos coverage litigation expense	3,240	3,302	5,527	5,368
Operating income	60,306	16,707	36,175	28,039
Interest expense	25,741	1,462	44,723	3,289
Income (loss) before income taxes	34,565	15,245	(8,548)	24,750
Provision for income taxes	15,933	4,855	73,281	7,805
Net income (loss)	18,632	10,390	(81,829)	16,945
Less: net income attributable to noncontrolling interest, net of taxes	6,266	—	11,403	—
Net income (loss) attributable to Colfax Corporation	12,366	10,390	(93,232)	16,945
Dividends on preferred stock	5,073	—	8,807	—
Net income (loss) available to Colfax Corporation common shareholders	\$ 7,293	\$ 10,390	\$ (102,039)	\$ 16,945
Net income (loss) per share—basic	\$ 0.07	\$ 0.24	\$ (1.16)	\$ 0.39
Net income (loss) per share—diluted	\$ 0.07	\$ 0.23	\$ (1.16)	\$ 0.38

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
Net income (loss) attributable to Colfax Corporation	\$ 12,366	\$ 10,390	\$ (93,232)	\$ 16,945
Other comprehensive (loss) income:				
Foreign currency translation, net of tax of \$136, \$157, \$60 and \$152	(111,680)	2,178	22,330	12,746
Unrealized gain (loss) on hedging activities, net of tax of \$463, \$0, \$(192) and \$0	6,028	(33)	(1,959)	(133)
Amounts reclassified to net income (loss):				
Realized loss on hedging activities, net of tax of \$0, \$0, \$0 and \$0	—	495	471	980
Net pension and other postretirement benefit cost, net of tax of \$(35), \$883, \$109 and \$1,514	2,133	1,539	4,158	2,601
Other comprehensive (loss) income	(103,519)	4,179	25,000	16,194
Less: other comprehensive loss attributable to noncontrolling interest, net of tax of \$0, \$0, \$0 and \$0	(12,271)	—	(1,330)	—
Other comprehensive (loss) income attributable to Colfax Corporation	(91,248)	4,179	26,330	16,194
Comprehensive (loss) income attributable to Colfax Corporation common shareholders	\$ (78,882)	\$ 14,569	\$ (66,902)	\$ 33,139

See Notes to Condensed Consolidated Financial Statements.

COLFAX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
Dollars in thousands, except share amounts
(Unaudited)

	June 29, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 538,956	\$ 75,108
Trade receivables, less allowance for doubtful accounts of \$6,092 and \$2,578	904,760	117,475
Inventories, net	530,352	56,136
Other current assets	321,815	102,489
Total current assets	2,295,883	351,208
Property, plant and equipment, net	651,000	90,939
Goodwill	1,853,558	204,844
Intangible assets, net	734,760	41,029
Other assets	469,667	400,523
Total assets	<u>\$ 6,004,868</u>	<u>\$ 1,088,543</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 32,737	\$ 10,000
Accounts payable	660,663	54,035
Accrued liabilities	543,505	176,007
Total current liabilities	1,236,905	240,042
Long-term debt, less current portion	1,657,964	101,518
Other liabilities	1,006,054	557,708
Total liabilities	3,900,923	899,268
Equity:		
Preferred stock, \$0.001 par value; 20,000,000 and 10,000,000 shares authorized; 13,877,552 and none issued and outstanding	14	—
Common stock, \$0.001 par value; 400,000,000 and 200,000,000 shares authorized; 93,879,365 and 43,697,570 issued and outstanding	94	44
Additional paid-in capital	2,187,498	415,527
Accumulated deficit	(157,542)	(55,503)
Accumulated other comprehensive loss	(147,107)	(170,793)
Total Colfax Corporation equity	1,882,957	189,275
Noncontrolling interest	220,988	—
Total equity	2,103,945	189,275
Total liabilities and equity	<u>\$ 6,004,868</u>	<u>\$ 1,088,543</u>

See Notes to Condensed Consolidated Financial Statements.

COLFAX CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
Dollars in thousands, except share amounts and as noted
(Unaudited)

	Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
	Shares	\$ Amount	Shares	\$ Amount					
Balance at January 1, 2012	43,697,570	\$ 44	—	\$ —	\$ 415,527	\$ (55,503)	\$ (170,793)	\$ —	\$ 189,275
Net (loss) income	—	—	—	—	—	(93,232)	—	11,403	(81,829)
Charter Acquisition	—	—	—	—	—	—	—	236,257	236,257
ESAB India repurchase of additional noncontrolling interest	—	—	—	—	(1,305)	—	(2,644)	(25,342)	(29,291)
Preferred stock dividend	—	—	—	—	—	(8,807)	—	—	(8,807)
Other comprehensive income (loss)	—	—	—	—	—	—	26,330	(1,330)	25,000
Common stock issuances, net of costs of \$20.2 million	49,917,786	50	—	—	1,432,980	—	—	—	1,433,030
Preferred stock issuance, net of costs of \$7.0 million	—	—	13,877,552	14	332,958	—	—	—	332,972
Common stock-based award activity	264,009	—	—	—	7,338	—	—	—	7,338
Balance at June 29, 2012	<u>93,879,365</u>	<u>\$ 94</u>	<u>13,877,552</u>	<u>\$ 14</u>	<u>\$ 2,187,498</u>	<u>\$ (157,542)</u>	<u>\$ (147,107)</u>	<u>\$ 220,988</u>	<u>\$ 2,103,945</u>

See Notes to Condensed Consolidated Financial Statements.

COLFAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in thousands
(Unaudited)

	Six Months Ended	
	<u>June 29, 2012</u>	<u>July 1, 2011</u>
Cash flows from operating activities:		
Net (loss) income	\$ (81,829)	\$ 16,945
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation, amortization and fixed asset impairment charges	105,027	12,560
Stock-based compensation expense	3,988	2,827
Deferred income tax provision (benefit)	46,566	(1,294)
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables, net	(100,930)	3,212
Inventories, net	(40,464)	(10,629)
Changes in other operating assets and liabilities	35,511	4,799
Net cash (used in) provided by operating activities	<u>(32,131)</u>	<u>28,420</u>
Cash flows from investing activities:		
Purchases of fixed assets, net	(41,012)	(6,377)
Acquisitions, net of cash received	(1,661,650)	(22,299)
Net cash used in investing activities	<u>(1,702,662)</u>	<u>(28,676)</u>
Cash flows from financing activities:		
Borrowings under term credit facility	1,731,523	—
Payments under term credit facility	(518,849)	(5,000)
Proceeds from borrowings on revolving credit facilities	13,149	46,496
Repayments of borrowings on revolving credit facilities	(51,378)	(43,496)
Payments of deferred loan costs	(8,516)	—
Proceeds from issuance of common stock, net	753,986	1,771
Proceeds from issuance of preferred stock, net	332,969	—
ESAB India repurchase of additional noncontrolling interest	(29,291)	—
Payment of dividend on preferred stock	(7,246)	—
Net cash provided by (used in) financing activities	<u>2,216,347</u>	<u>(229)</u>
Effect of foreign exchange rates on cash and cash equivalents	(17,706)	4,158
Increase in cash and cash equivalents	463,848	3,673
Cash and cash equivalents, beginning of period	75,108	60,542
Cash and cash equivalents, end of period	<u>\$ 538,956</u>	<u>\$ 64,215</u>

See Notes to Condensed Consolidated Financial Statements.

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. General

Colfax Corporation (the “Company” or “Colfax”) is a diversified global industrial manufacturing and engineering company that provides gas- and fluid-handling and fabrication technology products and services to customers around the world under the Howden, ESAB and Colfax Fluid Handling brand names. With the closing of the acquisition of Charter International plc (“Charter”) by Colfax (the “Charter Acquisition”) during the six months ended June 29, 2012, Colfax has transformed from a fluid-handling business into a multi-platform enterprise with a global footprint. See Note 3, “Acquisitions” for additional information regarding the Charter Acquisition.

The Condensed Consolidated Financial Statements included in this quarterly report have been prepared by the Company in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) and accounting principles generally accepted in the United States of America (“GAAP”) for interim financial statements.

The Condensed Consolidated Balance Sheet as of December 31, 2011 is derived from the Company’s audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted in accordance with the SEC’s rules and regulations for interim financial statements. The Condensed Consolidated Financial Statements included herein should be read in conjunction with the audited financial statements and related footnotes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011 (the “2011 Form 10-K”), filed with the SEC on February 23, 2012. Given the impact of the Charter Acquisition on the Condensed Consolidated Financial Statements, certain prior period amounts have been reclassified to conform to current year presentation.

The Condensed Consolidated Financial Statements reflect, in the opinion of management, all adjustments, which consist solely of normal recurring adjustments, necessary to present fairly the Company’s financial position and results of operations as of and for the periods indicated. Significant intercompany transactions and accounts are eliminated in consolidation.

The Company makes certain estimates and assumptions in preparing its Condensed Consolidated Financial Statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses for the periods presented. Actual results may differ from those estimates.

The results of operations for the three and six months ended June 29, 2012 are not necessarily indicative of the results of operations that may be achieved for the full year. Quarterly results are affected by seasonal variations in the Company’s gas- and fluid-handling business. As the Company’s customers seek to fully utilize capital spending budgets before the end of the year, historically shipments have peaked during the fourth quarter. General economic conditions as well as backlog levels may, however, impact future seasonal variations.

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

2. Accounting Policies

During the six months ended June 29, 2012, the Company's significant accounting policies, as reflected in the 2011 Form 10-K, were updated to include the following as a result of the Charter Acquisition:

Revenue Recognition - Construction Contracts

The Company recognizes revenue and cost of sales on gas-handling construction projects using the "percentage of completion method" in accordance with GAAP. Under this method, contract revenues are recognized over the performance period of the contract in direct proportion to the costs incurred as a percentage of total estimated costs for the entirety of the contract. Any recognized revenues that have not been billed to a customer are recorded as a component of Trade receivables and any billings of customers in excess of recognized revenues are recorded as a component of Accounts payable. As of June 29, 2012, there were \$169.2 million of revenues in excess of billings and of \$149.7 million of billings in excess of revenues on construction contracts in the Condensed Consolidated Balance Sheet.

The Company has contracts in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. Significant management judgments and estimates, including estimated costs to complete projects, must be made and used in connection with revenue recognized during each period. Current estimates may be revised as additional information becomes available. See Note 15, "Segment Information" for sales by major product group.

Noncontrolling Interests

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

Derivatives

The Company is subject to foreign currency risk associated with the retranslation of the net assets of foreign subsidiaries to U.S. dollars on a periodic basis. The Company's Deutsche Bank Credit Agreement (as defined and further discussed in Note 9, "Debt") includes a €157.6 million term A-3 facility, which has been designated as a net investment hedge in order to mitigate a portion of this risk.

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

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

See Note 13, “Financial Instruments and Fair Value Measurements” for additional information regarding the Company’s derivative instruments.

Equity Method Investments

Investments in joint ventures, where the Company has a significant influence but not a controlling interest, are accounted for using the equity method of accounting. Investments accounted for under the equity method are initially recorded at the amount of the Company’s initial investment and adjusted each period for the Company’s share of the investee’s income or loss and dividends paid. All equity investments are reviewed periodically for indications of other than temporary impairment, including, but not limited to, significant and sustained decreases in quoted market prices or a series of historic and projected operating losses by investees. If the decline in fair value is considered to be other than temporary, an impairment loss is recorded and the investment is written down to a new carrying value. Investments in joint ventures acquired in the Charter Acquisition were recognized in the opening balance sheet at fair value. See Note 3, “Acquisitions” for additional information regarding the assets acquired in the Charter Acquisition.

3. Acquisitions

Charter International plc

On January 13, 2012, Colfax completed the Charter Acquisition for a total purchase price of approximately \$2.6 billion. Under the terms of the Charter Acquisition, Charter shareholders received 730 pence in cash and 0.1241 newly issued shares of Colfax Common stock in exchange for each share of Charter’s ordinary stock. Charter is a global industrial manufacturing company focused on welding, cutting and automation and air and gas handling. The acquisition is expected to:

- enhance the Company’s business profile by providing a meaningful recurring revenue stream and considerable exposure to emerging markets;
- enable Colfax to benefit from strong secular growth drivers, with a balance of short- and long-cycle businesses; and
- provide an additional growth platform in the fragmented fabrication technology industry.

See Note 9, “Debt” and Note 10, “Equity” for a discussion of the respective financing components of the Charter Acquisition.

During the three and six months ended June 29, 2012, the Company incurred \$0.8 million and \$43.6 million, respectively, of advisory, legal, audit, valuation and other professional service fees, termination payments to Charter executives and realized losses on acquisition-related foreign exchange derivatives in connection with the Charter Acquisition, which are included in Charter acquisition-related expense in the Condensed Consolidated Statements of Operations. See Note 13, “Financial Instruments and Fair Value Measurements” for additional information regarding the Company’s derivative instruments.

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The Charter Acquisition was accounted for using the acquisition method of accounting and accordingly, the Condensed Consolidated Financial Statements include the financial position and results of operations from the date of acquisition. The following unaudited proforma financial information presents Colfax's consolidated financial information assuming the acquisition had taken place on January 1, 2011. These amounts are presented in accordance with GAAP, consistent with the Company's accounting policies.

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(Unaudited, in thousands)			
Net sales	\$ 1,045,653	\$ 1,019,799	\$ 2,001,444	\$ 1,874,015
Net income (loss) available to Colfax common shareholders ⁽¹⁾	22,991	(59,820)	37,195	(109,250)

⁽¹⁾ Proforma net loss available to Colfax common shareholders for the three and six months ended July 1, 2011 reflect the impact of certain expenses included in the Condensed Consolidated Statements of Operations for the three and six months ended June 29, 2012, but excluded from the calculation of proforma net income for that period. These expenses include increased acquisition-related amortization expense of \$14.4 million and \$48.1 million and \$0.8 million and \$43.6 million of Charter acquisition-related expense, discussed above, for the three and six months ended July 1, 2011, respectively. Additionally, the six months ended July 1, 2011 include a \$50.3 million increase in the valuation allowance related to the Company's deferred tax assets in the U.S., discussed further in Note 6, "Income Taxes."

The following table summarizes the Company's best estimate of the aggregate fair value of the assets acquired and liabilities assumed at the date of acquisition. These amounts are determined based upon certain valuations and studies that have yet to be finalized, and accordingly, the assets acquired and liabilities assumed, as detailed below, are subject to adjustment once the detailed analyses are completed. There is also a required change of control payment related to a defined benefit pension plan which is based on plan provisions which must be interpreted by an actuary. Such interpretation and the related financial statement impact have not yet been received. During the three months ended June 29, 2012, the Company made retrospective adjustments of \$12.2 million to provisional amounts related to the Charter Acquisition, increasing the Goodwill balance, that were recognized at the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. These adjustments primarily relate to the Company's valuation of inventory and the related deferred tax impact. Substantially all of the Goodwill recognized is not expected to be deductible for income tax purposes.

	January 13, 2012
	(In thousands)
Trade receivables	\$ 687,803
Inventories	452,219
Property, plant and equipment	563,333
Goodwill	1,607,681
Intangible assets	715,643
Accounts payable	(372,241)
Debt	(398,705)
Other assets and liabilities, net	(467,425)
	2,788,308
Less: net assets attributable to noncontrolling interest	(236,257)
Net consideration	\$ 2,552,051

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The following table summarizes Intangible assets acquired, excluding Goodwill, as of January 13, 2012:

	Intangible Asset (In thousands)	Weighted-Average Amortization Period (Years)
Trade names – indefinite life	\$ 363,628	n/a
Customer relationships	215,310	7.10
Acquired technology	77,485	10.33
Backlog	54,805	1.00
Trademarks	4,415	5.00
Intangible assets	<u>\$ 715,643</u>	6.84

Soldex

On May 26, 2012, the Company entered into a share purchase agreement with Inversiones Breca S.A. to acquire an interest of approximately 91% of Soldex S.A. (“Soldex”) for approximately \$183.4 million. Soldex is organized under the laws of Peru and will complement our existing fabrication technology segment by supplying welding products from its plants in Colombia and Peru. The acquisition of Soldex is subject to certain regulatory approvals and currently expected to close during the third quarter of 2012.

Other

On April 13, 2012, the Company completed a \$29.4 million acquisition of shares in ESAB India Limited, a publicly traded, less than wholly owned subsidiary in which the Company acquired a controlling interest in the Charter Acquisition. This resulted in an increase in the Company’s ownership of the subsidiary from 56% to 74%. This acquisition of shares was pursuant to a statutorily mandated tender offer triggered as a result of the Charter Acquisition.

In May 2012, the Company completed an \$8.5 million acquisition, including the assumption of debt, of the remaining ownership of CJSC Sibes (“Sibes”), a less than wholly owned subsidiary in which the Company did not have a controlling interest. This resulted in an increase in the Company’s ownership of Sibes from 16% to 100%.

4. Goodwill and Intangible Assets

The following table summarizes the activity in Goodwill, by segment, during the six months ended June 29, 2012:

	Gas and Fluid Handling	Fabrication Technology	Total
	(In thousands)		
Balance, January 1, 2012	\$ 204,844	\$ —	\$ 204,844
Goodwill attributable to Charter Acquisition	927,918	679,763	1,607,681
Goodwill attributable to Sibes acquisition	—	5,699	5,699
Impact of foreign currency translation	20,237	15,097	35,334
Balance, June 29, 2012	<u>\$ 1,152,999</u>	<u>\$ 700,559</u>	<u>\$ 1,853,558</u>

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The following table summarizes the Intangible assets, excluding Goodwill:

	June 29, 2012		December 31, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(In thousands)			
Trade names – indefinite life	\$ 378,871	\$ —	\$ 6,803	\$ —
Acquired customer relationships	251,639	(20,691)	29,798	(12,987)
Acquired technology	97,156	(7,113)	17,961	(2,791)
Acquired backlog	59,568	(29,311)	3,451	(2,033)
Other intangible assets	9,447	(4,806)	4,962	(4,135)
	\$ 796,681	\$ (61,921)	\$ 62,975	\$ (21,946)

See Note 3, “Acquisitions” for additional information regarding the activity in Goodwill and intangible assets associated with the Charter Acquisition.

Amortization expense related to amortizable intangible assets was included in Selling, general and administrative expense in the Condensed Consolidated Statements of Operations as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(In thousands)			
Amortization expense	\$ 21,475	\$ 2,569	\$ 40,310	\$ 4,351

5. Net Income (Loss) Per Share

Net income (loss) per share available to Colfax Corporation common shareholders was computed under the two-class method as follows:

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(In thousands, except share data)			
Net income (loss) available to Colfax Corporation common shareholders	\$ 7,293	\$ 10,390	\$ (102,039)	\$ 16,945
Less: net income attributable to participating securities ⁽¹⁾	931	—	—	—
	\$ 6,362	\$ 10,390	\$ (102,039)	\$ 16,945
Weighted-average shares of Common stock outstanding— basic	93,953,620	43,615,735	87,973,900	43,556,689
Net effect of potentially dilutive securities ⁽²⁾	779,544	661,499	—	647,251
Weighted-average shares of Common stock outstanding— diluted	94,733,164	44,277,234	87,973,900	44,203,940
Net income (loss) per share—basic	\$ 0.07	\$ 0.24	\$ (1.16)	\$ 0.39
Net income (loss) per share—diluted	\$ 0.07	\$ 0.23	\$ (1.16)	\$ 0.38

(1) Net income (loss) per share was calculated consistent with the two-class method in accordance with GAAP as the shares of the Company’s Series A Preferred Stock are considered participating securities.

(2) Potentially dilutive securities consist of stock options and restricted stock units.

The weighted-average computation of the dilutive effect of potentially issuable shares of Common stock under the treasury stock method for the three months ended June 29, 2012 and July 1, 2011 excludes approximately 1.4 million and 0.5 million outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive. The weighted-average computation of the dilutive effect of potentially issuable shares of Common stock under the treasury stock method for the six months ended June 29, 2012 and July 1, 2011 excludes approximately 1.4 million and 0.5 million outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive.

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6. Income Taxes

During the three months ended June 29, 2012, Income before income taxes was \$34.6 million and the Provision for income taxes was \$15.9 million. The Provision for income taxes for the three months ended June 29, 2012 was significantly impacted by increased corporate overhead and Interest expense related to the combined organization reflected in the Condensed Consolidated Statement of Operations, which were incurred in jurisdictions where no tax benefit can be recognized.

During the six months ended June 29, 2012, Loss before income taxes was \$8.5 million and the Provision for income taxes was \$73.3 million, which was impacted by two significant items. Upon completion of the Charter Acquisition, certain deferred tax assets existing at that date were reassessed in light of the impact of the acquired businesses on expected future income or loss by country and future tax planning, including the impact of the post-acquisition capital structure. This assessment resulted in an increase in the Company's valuation allowance to provide full valuation allowances against U.S. deferred tax assets. The increased valuation allowances resulted in an increase to the Provision for income taxes for the six months ended June 29, 2012 of \$50.3 million. In addition, \$43.6 million of Charter acquisition-related expense and increased corporate overhead and Interest expense reflected in the Condensed Consolidated Statement of Operations are either non-deductible or were incurred in jurisdictions where no tax benefit can be recognized. These two items are the principal cause of tax provision rather than the tax benefit which would result from the application of the U.S. federal statutory rate to the reported net loss.

During the three and six months ended July 1, 2011, Income before income taxes was \$15.2 million and \$24.8 million, respectively, and the Provision for income taxes was \$4.9 million and \$7.8 million, respectively. The effective tax rates of 31.8% and 31.5% for the three and six months ended July 1, 2011, respectively, differ from the U.S. federal statutory tax rate primarily due to international tax rates which are lower than the U.S. tax rate.

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

	(In thousands)
Balance, January 1, 2012	4,077
Addition for tax positions taken in prior periods	977
Addition for tax positions taken in the current period	2,044
Addition related to acquired entities	70,096
Other, including the impact of foreign currency translation	1,527
Balance, June 29, 2012	\$ 78,721

The Company is now subject to income tax in more than 100 countries and is routinely examined by tax authorities around the world. Tax examinations for years dating back to 1999 remain in process in multiple countries.

The Company's total unrecognized tax benefits were \$78.7 million and \$4.1 million as of June 29, 2012 and December 31, 2011, respectively, inclusive of \$15.8 million and \$0.4 million, respectively, of interest and penalties. These amounts were offset in part by tax benefits of \$0.5 million as of both June 29, 2012 and December 31, 2011. The net liabilities for uncertain tax positions as of June 29, 2012 and December 31, 2011 were \$78.2 million and \$3.6 million, respectively, and if recognized, would favorably impact the effective tax rate. The Company records interest and penalties on uncertain tax positions as a component of Provision for income taxes, which was \$0.4 million and \$0.1 million for the three months ended June 29, 2012 and July 1, 2011, respectively. Interest and penalties on uncertain tax positions for the six months ended June 29, 2012 and July 1, 2011 were \$0.9 million and \$0.1 million, respectively.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Due to the difficulty in predicting with reasonable certainty when tax audits will be fully resolved and closed, the range of reasonably possible significant increases or decreases in the liability for unrecognized tax benefits that may occur within the next 12 months is difficult to ascertain. Currently, the Company estimates that it is reasonably possible that the expiration of various statutes of limitations and resolution of tax audits may reduce its tax expense in the next 12 months up to \$2.5 million.

The Charter Acquisition materially impacted the Company's deferred tax assets, liabilities and valuation allowances. Significant components of the deferred tax assets and liabilities as of January 13, 2012 are estimated as follows:

	January 13, 2012	
	Current	Non-Current
	(In thousands)	
<i>Deferred tax assets:</i>		
Post-retirement benefit obligation	\$ 1,474	\$ 106,948
Expenses currently not deductible	43,841	71,981
Net operating loss carryover	20,220	130,476
Tax credit carryover	—	15,482
Other	9,340	27,005
Total deferred tax assets	74,875	351,892
Valuation allowance	(20,872)	(241,509)
Deferred tax assets, net	\$ 54,003	\$ 110,383
<i>Deferred tax liabilities:</i>		
Depreciation and amortization	\$ —	\$ 58,495
Pension	—	22,022
Intangible assets	6,699	197,753
Other	1,721	27,038
Total deferred tax liabilities	\$ 8,420	\$ 305,308
Total deferred tax assets (liabilities), net	\$ 45,583	\$ (194,925)

Acquired subsidiaries with significant noncontrolling interests in India and China as well as a wholly owned Russian subsidiary are expected to remit dividends. Consequently, a liability of \$11.8 million has been established as of June 29, 2012. All other undistributed earnings of the Company's controlled international subsidiaries are considered to be permanently reinvested and no tax expense in the U.S. has been recognized under the applicable accounting standard for these reinvested earnings. The amount of deferred tax liability that would have been recognized had such earnings not been permanently reinvested is not reasonably determinable.

7. Property, Plant and Equipment, Net

	Depreciable Life (In years)	June 29,	December 31,
		2012	2011
		(In thousands)	
Land	n/a	\$ 30,324	\$ 14,786
Buildings and improvements	5-40	289,615	38,642
Machinery and equipment	3-15	415,115	134,548
Software	3-5	62,321	16,948
		797,375	204,924
Accumulated depreciation		(146,375)	(113,985)
Property, plant and equipment, net		\$ 651,000	\$ 90,939

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Depreciation expense, including the amortization of assets recorded under capital leases, consisted of the following:

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(In thousands)			
Total depreciation expense	\$ 17,193	\$ 3,228	\$ 34,417	\$ 6,365
Depreciation expense related to software	2,595	424	4,861	842

8. Inventories, Net

Inventories, net consisted of the following:

	June 29, 2012	December 31, 2011
		(In thousands)
Raw materials	\$ 165,344	\$ 25,241
Work in process	107,998	26,376
Finished goods	284,709	20,378
	558,051	71,995
Less: customer progress billings	(17,441)	(9,124)
Less: allowance for excess, slow-moving and obsolete inventory	(10,258)	(6,735)
Inventories, net	<u>\$ 530,352</u>	<u>\$ 56,136</u>

9. Debt

Long-term debt consisted of the following:

	June 29, 2012	December 31, 2011
		(In thousands)
Term loans	\$ 1,671,807	\$ 72,500
Revolving credit facilities and other	18,894	39,018
Total Debt	1,690,701	111,518
Less: current portion	(32,737)	(10,000)
Long-term debt	<u>\$ 1,657,964</u>	<u>\$ 101,518</u>

As of December 31, 2011, the Company was party to a credit agreement (the "Bank of America Credit Agreement"), led and administered by Bank of America, which was a senior secured structure with a revolving credit facility and term credit facility. The term credit facility bore interest at the London Interbank Offered Rate ("LIBOR") plus a margin ranging from 2.25% to 2.75% determined by the total leverage ratio calculated at the end of each quarter. As of December 31, 2011, the interest rate was 2.55% inclusive of a margin of 2.25%. Additionally, an annual commitment fee on the revolver ranged from 40 basis points to 50 basis points determined by the Company's total leverage ratio calculated at the end of each quarter. As of December 31, 2011, the commitment fee was 40 basis points and there was \$21.0 million outstanding on the letter of credit sub-facility.

During the six months ended June 29, 2012, the Company terminated the Bank of America Credit Agreement in conjunction with the financing of the Charter Acquisition. Upon the early termination of the Bank of America Credit Agreement, the Company incurred a total pre-tax charge of \$1.5 million, which includes the write-off of \$1.0 million of deferred financing fees and \$0.5 million of losses reclassified from Accumulated other comprehensive loss in the Condensed Consolidated Balance Sheet for the related interest rate swap to Interest expense in the Condensed Consolidated Statement of Operations.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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On January 13, 2012 and January 25, 2012, Colfax incurred debt consisting of: (i) a \$200 million term A-1 facility, (ii) a \$500 million term A-2 facility, (iii) a €157.6 million term A-3 facility and (iv) a \$900 million term B facility pursuant to a credit agreement (the “Deutsche Bank Credit Agreement”) with Deutsche Bank Securities Inc., HSBC Securities (USA) Inc. and certain other lender parties named therein. In addition, the Deutsche Bank Credit Agreement has two revolving credit facilities which total \$300 million in commitments (the “Revolver”). The Revolver includes a \$200 million letter of credit sub-facility and a \$50 million swingline loan sub-facility. The term A-1, term A-2, term A-3 and the Revolver variable-rate borrowings are subject to interest payments of LIBOR or the Euro Interbank Offered Rate (“EURIBOR”) plus a margin ranging from 2.50% to 3.25%, determined by our leverage ratio. Borrowings under the term B facility are also variable rate and are subject to interest payments of LIBOR plus a margin of 3.5%. The Revolver is subject to a commitment fee ranging from 37.5 and 50 basis points, determined by the Company’s leverage ratio. Additionally, as of June 29, 2012 the Company had an original issue discount of \$62.4 million and deferred financing fees of \$8.8 million, which were recognized in connection with the Deutsche Bank Credit Agreement, and will be accreted to interest expense primarily using the effective interest method. The weighted-average interest rate of borrowings under the Deutsche Bank Credit Agreement for the six months ended June 29, 2012 was 3.90% and there was \$291.9 million available on the Revolver, including \$191.9 available on the letter of credit sub-facility.

The Company is also party to additional letter of credit facilities with total capacity of \$473.9 million and \$345.7 million outstanding as of June 29, 2012.

The contractual maturities of the Company’s debt as of June 29, 2012 are as follows⁽¹⁾:

	(In thousands)
Remainder of 2012	\$ 23,236
2013	19,000
2014	117,751
2015	189,001
2016	414,002
2017	144,001
Thereafter	846,157
Total contractual maturities	1,753,148
Debt discount	(62,447)
Total debt	\$ 1,690,701

(1) Represents scheduled payments required under the Deutsche Bank Credit Agreement through the respective final maturities of the term A facilities through January 13, 2017 and the term B facility through January 13, 2019, as well as the contractual maturities of other Debt outstanding as of June 29, 2012.

In March 2012, the Company used a portion of the proceeds from the sale of Common stock to pay off \$35.0 million in borrowings under the term A facilities in advance of the scheduled payments. In June 2012, the Company repaid an additional \$26.3 million in borrowings under the term A facilities in advance of the scheduled payments. See Note 10, “Equity” for additional discussion regarding the Company’s stock issuances.

In connection with the Deutsche Bank Credit Agreement, the Company has pledged substantially all of its domestic subsidiaries’ assets and 65% of the shares of certain first tier international subsidiaries as collateral against borrowings to its U.S. companies. In addition, subsidiaries in certain foreign jurisdictions have guaranteed the Company’s obligations on borrowings of one of its European subsidiaries, as well as pledged substantially all of their assets for such borrowings to this European subsidiary under the Deutsche Bank Credit Agreement. The Deutsche Bank Credit Agreement contains customary covenants limiting the Company’s ability to, among other things, pay dividends, incur debt or liens, redeem or repurchase equity, enter into transactions with affiliates, make investments, merge or consolidate with others or dispose of assets. In addition, the Deutsche Bank Credit Agreement contains financial covenants requiring the Company to maintain a total leverage ratio, as defined therein, of not more than 4.95 to 1.0 and a minimum interest coverage ratio, as defined therein, of 2.0 to 1.0, measured at the end of each quarter, through the year ended December 31, 2012. The minimum interest coverage ratio increases by 25 basis points each year beginning in the year ended December 31, 2013 until it reaches 3.0 to 1.0 for the year ended December 31, 2016. The maximum total leverage ratio decreases to 4.75 to 1.0 for the year ended December 31, 2014 and decreases by 25 basis points for the two subsequent fiscal years until it reaches 4.25 to 1.0 for the year ended December 31, 2016. The Deutsche Bank Credit Agreement contains various events of default, including failure to comply with such financial covenants, and upon an event of default the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the term loans and the Revolver and foreclose on the collateral. The Company is in compliance with all such covenants as of June 29, 2012.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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10. Equity

Common and Preferred Stock

On January 24, 2012, following approval by the Company's shareholders, the Company's Certificate of Incorporation was amended to increase the number of authorized shares from 210,000,000 shares to 420,000,000 shares, comprised of an increase in Common stock from 200,000,000 shares to 400,000,000 shares and an increase in Preferred stock from 10,000,000 shares to 20,000,000 shares.

In connection with the financing of the Charter Acquisition, on January 24, 2012, the Company sold (i) 14,756,945 shares of newly issued Colfax Common stock and (ii) 13,877,552 shares of newly created Series A perpetual convertible preferred stock, referred to as the Series A Preferred Stock, for an aggregate of \$680 million (representing \$24.50 per share of Series A Preferred Stock and \$23.04 per share of Common stock) pursuant to a securities purchase agreement with BDT CF Acquisition Vehicle, LLC (the "BDT Investor") as well as BDT Capital Partners Fund I-A, L.P., and Mitchell P. Rales, Chairman of Colfax's Board of Directors, and his brother, Steven M. Rales (for the limited purpose of tag-along sales rights provided to the BDT Investor in the event of a sale or transfer of shares of Colfax Common stock by either or both of Mitchell P. Rales and Steven M. Rales). Under the terms of the Series A Preferred Stock, holders are entitled to receive cumulative cash dividends, payable quarterly, at a per annum rate of 6% of the liquidation preference (defined as \$24.50, subject to customary antidilution adjustments), provided that the dividend rate shall be increased to a per annum rate of 8% if the Company fails to pay the full amount of any dividend required to be paid on such shares until the date that full payment is made.

The Series A Preferred Stock is convertible, in whole or in part, at the option of the holders at any time after the date the shares were issued into shares of Colfax Common stock at a conversion rate determined by dividing the liquidation preference by a number equal to 114% of the liquidation preference, subject to certain adjustments. The Series A Preferred Stock is also convertible, in whole or in part, at the option of Colfax on or after the third anniversary of the issuance of the shares at the same conversion rate if, among other things: (i) for the preceding thirty trading days, the closing price of Colfax Common stock on the New York Stock Exchange exceeds 133% of the applicable conversion price and (ii) Colfax has declared and paid or set apart for payment all accrued but unpaid dividends on the Series A Preferred Stock.

On January 24, 2012, Colfax sold 2,170,139 shares of newly issued Colfax Common stock to each of Mitchell P. Rales, Chairman of Colfax's Board of Directors, and his brother Steven M. Rales and 1,085,070 shares of newly issued Colfax Common stock to Markel Corporation, a Virginia corporation ("Markel") at \$23.04 per share, for an aggregate of \$125 million, pursuant to separate securities purchase agreements with Mitchell P. Rales and Steven M. Rales, each of whom were beneficial owners of 20.9% of Colfax's Common stock, and Markel. Thomas S. Gayner, a member of Colfax's Board of Directors, is President and Chief Investment Officer of Markel.

Consideration paid to Charter shareholders included 0.1241 shares of newly issued Colfax Common stock in exchange for each share of Charter's ordinary stock, which resulted in the issuance of 20,735,493 shares of Common stock on January 24, 2012.

In conjunction with the issuance of the Common and Preferred stock discussed above, the Company recognized \$14.6 million in equity issuance costs which were recorded as a reduction to Additional paid-in capital during the six months ended June 29, 2012.

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On March 5, 2012, the Company sold 8,000,000 shares of newly issued Colfax Common stock to underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of \$272 million. Further, on March 9, 2012, the underwriters of the March 5, 2012 equity offering exercised their over-allotment option and the Company sold an additional 1,000,000 shares of newly issued Colfax Common stock to the underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of \$34 million. In conjunction with these issuances, the Company recognized \$12.6 million in equity issuance costs which were recorded as a reduction to Additional paid-in capital during the six months ended June 29, 2012.

Dividend Restrictions

Beginning on January 13, 2012, the Company is subject to dividend restrictions under the Deutsche Bank Credit Agreement, which limit the total amount of cash dividends the Company may pay and Common stock repurchases the Company may make to \$50 million annually, in the aggregate.

Accumulated Other Comprehensive Loss

The activity in the components of Accumulated other comprehensive loss during the six months ended June 29, 2012 is as follows:

	Foreign Currency Translation Adjustment ⁽¹⁾	Unrealized Losses on Hedging Activities	Net Unrecognized Pension and Other Post- Retirement Benefit Cost	Accumulated Other Comprehensive Loss
	(In millions)			
Balance at January 1, 2012	\$ (5,537)	\$ (471)	\$ (164,785)	\$ (170,793)
ESAB India repurchase of additional noncontrolling interest	(2,644)	—	—	(2,644)
Change during 2012	23,660	(1,488)	4,158	26,330
Balance at June 29, 2012	<u>\$ 15,479</u>	<u>\$ (1,959)</u>	<u>\$ (160,627)</u>	<u>\$ (147,107)</u>

(1) The activity in Accumulated other comprehensive loss related to foreign currency translation for the six months ended June 29, 2012 excludes the \$(1.3) million impact of foreign currency translation related to Noncontrolling interest during the period.

Share-Based Payments

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

The Condensed Consolidated Statements of Operations reflect the following amounts related to stock-based compensation:

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011 ⁽¹⁾
	(In thousands)			
Stock-based compensation expense	\$ 2,793	\$ 1,111	\$ 3,988	\$ 2,827
Deferred tax benefits	166	391	241	989

(1) Includes approximately \$0.2 million of stock-based compensation expense included in Restructuring and other related charges in the Condensed Consolidated Statement of Operations related to the accelerated vesting of certain awards as part of the termination benefits of one employee.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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As of June 29, 2012, the Company had \$27.4 million of unrecognized compensation expense related to stock-based awards that will be recognized over a weighted-average period of approximately 2.6 years.

Stock Options

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

	Six Months Ended June 29, 2012
Expected period that options will be outstanding (in years)	5.50
Interest rate (based on U.S. Treasury yields at the time of grant)	1.03%
Volatility	42.10%
Dividend yield	—
Weighted-average fair value of options granted	\$ 12.97

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

Stock option activity is as follows:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value⁽¹⁾ (In thousands)
Outstanding at December 31, 2011	1,461,157	14.76		
Granted	1,101,164	32.92		
Exercised	(237,487)	12.97		
Forfeited	(14,121)	22.12		
Expired	(9,215)	12.21		
Outstanding at June 29, 2012	2,301,498	\$ 23.60	5.65	\$ 15,002
Vested or expected to vest at June 29, 2012	2,288,004	\$ 23.53	5.64	\$ 15,010
Exercisable at June 29, 2012	763,358	\$ 14.00	4.29	\$ 10,390

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

Restricted Stock Units

The fair value of performance-based restricted stock units (“PRSUs”) and restricted stock units (“RSUs”) is equal to the market value of a share of Common stock on the date of grant, and the related compensation expense is recognized ratably over the requisite service period and, for PRSUs, when it is expected that any of the performance criterion will be achieved.

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

	PRSUs		RSUs	
	Number of Units	Weighted-Average Grant Date Fair Value	Number of Units	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2011	324,447	\$ 15.99	64,263	\$ 14.71
Granted	283,804	33.48	15,343	31.96
Vested	(17,705)	18.00	(35,774)	12.57
Forfeited	(12,899)	18.41	—	—
Nonvested at June 29, 2012	<u>577,647</u>	<u>\$ 24.47</u>	<u>43,832</u>	<u>\$ 22.50</u>

11. Accrued Liabilities

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

	June 29, 2012	December 31, 2011
	(In thousands)	
Accrued payroll	\$ 101,183	\$ 21,415
Advance payment from customers	92,783	14,704
Accrued taxes	92,564	4,911
Accrued asbestos-related liability	66,525	76,295
Warranty liability – current portion	36,910	2,987
Accrued restructuring liability – current portion	17,014	4,573
Accrued pension liability	16,944	1,267
Accrued interest	11,161	75
Accrued third-party commissions	11,154	5,884
Accrued Charter Acquisition-related liability	1,742	29,430
Other	95,525	14,466
Accrued liabilities	<u>\$ 543,505</u>	<u>\$ 176,007</u>

Warranty Liability

Estimated expenses related to product warranties are accrued at the time products are sold to customers and included in Cost of sales in the Condensed Consolidated Statements of Operations. Estimates are established using historical information as to the nature, frequency, and average costs of warranty claims.

The activity in the Company's warranty liability consisted of the following:

	Six Months Ended	
	June 29, 2012	July 1, 2011
	(In thousands)	
Warranty liability, beginning of period	\$ 2,987	\$ 2,963
Accrued warranty expense	8,728	1,680
Changes in estimates related to pre-existing warranties	511	582
Cost of warranty service work performed	(12,139)	(1,151)
Acquisitions	44,476	447
Foreign exchange translation effect	(1,695)	240
Warranty liability, end of period	<u>\$ 42,868</u>	<u>\$ 4,761</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Accrued Restructuring Liability

The Company initiated a series of restructuring actions at its fluid-handling operations beginning in 2009 in response to then current and expected future economic conditions. During the six months ended July 1, 2011, the Company relocated its Richmond, Virginia corporate headquarters to Fulton, Maryland in order to provide improved access to international travel and to its key advisors and eliminated an executive position in its German operations. During the year ended December 31, 2011, the Company also communicated initiatives to improve productivity and reduce structural costs by rationalizing and leveraging its existing assets and back office functions. These initiatives include the consolidation of the Company's commercial marine end-market operations, the reduction in the back office personnel at several distribution centers in Europe, the closure of a small facility that previously produced units sold to certain customers located in the Middle East that the Company ceased supplying to during the year ended December 31, 2010, and the closure of a Portland, Maine production facility and consolidation of the operations with a Warren, Massachusetts facility.

As a result of the Charter Acquisition, the Company's restructuring programs expanded to include ongoing initiatives at the Company's fabrication technology operations and efforts to reduce the structural costs and rationalize the corporate overhead of the combined businesses. Initiatives at the Company's fabrication technology operations include the transfer of European capacity, a reduction in fixed overhead in Europe and the replacement of an old factory in the U.S. with a modern, lower cost and higher capacity facility.

The Condensed Consolidated Statements of Operations reflect the following amounts related to the Company's restructuring activities:

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011 ⁽¹⁾
	(In thousands)			
Restructuring and other related charges	\$ 18,558	\$ 242	\$ 27,201	\$ 2,219

(1) Includes \$0.2 million of non-cash stock-based compensation expense.

A summary of the activity in the Company's restructuring liability included in Accrued liabilities and Other liabilities in the Condensed Consolidated Balance Sheets is as follows:

	Six Months Ended June 29, 2012					Balance at End of Period
	Balance at Beginning of Period	Acquisitions	Provisions	Payments	Foreign Currency Translation	
	(In thousands)					
Restructuring and other related charges:						
Termination benefits ⁽¹⁾	\$ 3,868	\$ 6,324	\$ 22,296	\$ (17,216)	\$ (118)	\$ 15,154
Facility closure costs ⁽²⁾	633	3,910	1,085	(2,073)	(16)	3,539
Other related charges	72	—	3,820	(2,952)	—	940
	\$ 4,573	\$ 10,234	\$ 27,201	\$ (22,241)	\$ (134)	\$ 19,633

(1) Includes severance and other termination benefits, including outplacement services. The Company recognizes the cost of involuntary termination benefits at the communication date or ratably over any remaining expected future service period. Voluntary termination benefits are recognized as a liability and an expense when employees accept the offer and the amount can be reasonably estimated.

(2) Includes the cost of relocating and training associates, relocating equipment and lease termination expense in connection with the closure of facilities, discussed above.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The Company expects to incur Restructuring and other related charges of approximately \$16.0 million during the remainder of 2012 related to these restructuring activities.

12. Net Periodic Benefit Cost—Defined Benefit Plans

In conjunction with the Charter Acquisition, the Company acquired a net pension and other post-retirement benefit liability of \$206.0 million as of January 13, 2012 and increased its pension and other post-retirement benefit plans by 44 plans. Of the total plans acquired, 40 were underfunded by a total amount of \$256.8 million and three were overfunded by a total amount of \$50.8 million. Employer contributions to pension and other post-retirement employee benefit plans during the six months ended June 29, 2012 were \$39.2 million, and the Company expects to make additional contributions ranging from \$15 million to \$25 million during the remainder of the year ended December 31, 2012. Contributions during the six months ended June 29, 2012 included \$18.9 million of supplemental contributions to pension plans in the United Kingdom as a result of financing the Charter Acquisition. See Note 3, “Acquisitions” for additional information regarding the Charter Acquisition.

The following table sets forth the components of net periodic benefit cost of the defined benefit pension plans and the Company’s other post-retirement employee benefit plans:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 29, 2012</u>	<u>July 1, 2011</u>	<u>June 29, 2012</u>	<u>July 1, 2011</u>
(In thousands)				
Pension Benefits—U.S. Plans:				
Service cost	\$ —	\$ —	\$ —	\$ —
Interest cost	4,660	2,842	9,345	5,692
Expected return on plan assets	(6,012)	(4,165)	(12,043)	(8,329)
Amortization	1,854	1,313	3,600	2,626
Net periodic benefit cost (credit)	<u>\$ 502</u>	<u>\$ (10)</u>	<u>\$ 902</u>	<u>\$ (11)</u>
Pension Benefits—Non U.S. Plans:				
Service cost	\$ 728	\$ 334	\$ 1,560	\$ 622
Interest cost	8,147	1,273	16,101	2,487
Expected return on plan assets	(4,732)	(363)	(9,490)	(716)
Amortization	190	159	380	313
Settlement loss ⁽¹⁾	—	1,499	—	1,499
Net periodic benefit cost	<u>\$ 4,333</u>	<u>\$ 2,902</u>	<u>\$ 8,551</u>	<u>\$ 4,205</u>
Other Post-Retirement Benefits:				
Service cost	\$ 63	\$ —	\$ 102	\$ —
Interest cost	313	173	639	345
Amortization	233	213	466	426
Net periodic benefit cost	<u>\$ 609</u>	<u>\$ 386</u>	<u>\$ 1,207</u>	<u>\$ 771</u>

(1) During the three and six months ended July 1, 2011, the Company terminated a frozen pension plan of one of its non-U.S. subsidiaries.

13. Financial Instruments and Fair Value Measurements

The carrying values of financial instruments, including Trade receivables, Accounts payable and Accrued liabilities, approximate their fair values due to their short-term maturities. The estimated fair value of the Company’s debt of \$1.7 billion and \$110.9 million as of June 29, 2012 and December 31, 2011, respectively, was based on current interest rates for similar types of borrowings and is in Level Two of the fair value hierarchy. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

A summary of the Company's assets and liabilities that are measured at fair value on a recurring basis for each fair value hierarchy level for the periods presented follows:

	June 29, 2012			
	Level One	Level Two	Level Three	Total
(In thousands)				
<i>Assets:</i>				
Cash equivalents	\$ 238,510	\$ —	\$ —	\$ 238,510
Foreign currency contracts related to sales – designated as hedges	—	3,546	—	3,546
Foreign currency contracts related to sales – not designated as hedges	—	2,898	—	2,898
Foreign currency contracts related to purchases – designated as hedges	—	608	—	608
Foreign currency contracts related to purchases – not designated as hedges	—	1,842	—	1,842
Deferred compensation plans	—	2,249	—	2,249
	\$ 238,510	\$ 11,143	\$ —	\$ 249,653

<i>Liabilities:</i>				
Foreign currency contracts related to sales – designated as hedges	—	5,884	—	5,884
Foreign currency contracts related to sales – not designated as hedges	—	4,830	—	4,830
Foreign currency contracts related to purchases – designated as hedges	—	995	—	995
Foreign currency contracts related to purchases – not designated as hedges	—	1,618	—	1,618
Deferred compensation plans	—	2,249	—	2,249
Liability for contingent payments	—	—	4,715	4,715
	\$ —	\$ 15,576	\$ 4,715	\$ 20,291

	December 31, 2011			
	Level One	Level Two	Level Three	Total
(In thousands)				
<i>Assets:</i>				
Cash equivalents	\$ 15,540	\$ —	\$ —	\$ 15,540
Foreign currency contracts – primarily related to customer sales contracts	—	5	—	5
	\$ 15,540	\$ 5	\$ —	\$ 15,545
<i>Liabilities:</i>				
Interest rate swap	\$ —	\$ 471	\$ —	\$ 471
Foreign currency contracts – acquisition-related	—	14,986	—	14,986
Foreign currency contracts – primarily related to customer sales contracts	—	371	—	371
Liability for contingent payments	—	—	4,359	4,359
	\$ —	\$ 15,828	\$ 4,359	\$ 20,187

There were no transfers in or out of Level One, Two or Three during the six months ended June 29, 2012.

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

Cash Equivalents

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

Derivatives

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

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 derivative contracts for trading purposes.

Interest rate swaps are valued based on forward curves observable in the market. Foreign currency contracts are measured using broker quotations or observable market transactions in either listed or over-the-counter markets. There were no changes during the periods presented in the Company's valuation techniques used to measure asset and liability fair values on a recurring basis. For transactions in which the instrument has been designated as a cash flow hedge, changes in the fair value of the derivative are reported in Accumulated other comprehensive loss to the extent they are effective at offsetting changes in the hedged item. For transactions in which the instrument has been designated as a fair value hedge, changes in the fair value of the derivative are reported in either Trade receivables or Accounts payable to the extent they are effective at offsetting changes in the hedged item. Changes in the fair value of certain derivatives not designated as hedges, related to the Charter Acquisition, are recognized in Charter acquisition-related expense in the Condensed Consolidated Statements of Operations, while changes in the fair value of all other derivatives not designated as hedges are recognized as a component of Selling, general and administrative expense in the Condensed Consolidated Statements of Operations.

Interest Rate Swap. The notional value of the Company's interest rate swap was \$25 million as of December 31, 2011, which exchanged its LIBOR-based variable-rate interest for a fixed rate of 4.1375%. On January 11, 2012, the Company terminated its interest rate swap in conjunction with the repayment of the Bank of America Credit Agreement and reclassified \$0.5 million of net losses from Accumulated other comprehensive loss to Interest expense in the Condensed Consolidated Statement of Operations.

Foreign Currency Contracts. As of June 29, 2012 and December 31, 2011, the Company had foreign currency contracts with the following notional values:

	June 29, 2012	December 31, 2011
	(In thousands)	
Foreign currency contracts sold – not designated as hedges	\$ 231,756	\$ —
Foreign currency contracts sold – designated as hedges	230,669	5,116
Foreign currency contracts purchased – not designated as hedges	273,605	—
Foreign currency contracts purchased – designated as hedges	32,225	—
Foreign currency contracts – acquisition related	—	2,749,000
Total foreign currency derivatives	<u>\$ 768,255</u>	<u>\$ 2,754,116</u>

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 29, 2012</u>	<u>July 1, 2011</u>	<u>June 29, 2012</u>	<u>July 1, 2011</u>
(In thousands)				
Contracts Designated as Hedges:				
Interest Rate Swap:				
Unrealized loss	\$ —	\$ (33)	\$ —	\$ (133)
Realized loss	—	(495)	(471)	(980)
Foreign Currency Contracts – related to customer sales contracts:				
Unrealized loss	(3,557)	—	(2,248)	—
Realized gain (loss)	75	—	(680)	—
Foreign Currency Contracts – related to supplier purchase contracts:				
Unrealized loss	(243)	—	(849)	—
Realized gain	325	—	235	—
Unrealized gain (loss) on net investment hedge	9,875	—	(4)	—
Contracts Not Designated in a Hedge Relationship:				
Foreign Currency Contracts – acquisition-related:				
Realized loss	—	—	(7,177)	—
Foreign Currency Contracts – primarily related to customer sales contracts:				
Unrealized (loss) gain	(2,137)	274	(1,394)	700
Realized (loss) gain	(218)	157	876	174

Liability for Contingent Payments

The Company's liability for contingent payments represents the fair value of estimated additional cash payments related to its acquisition of COT-Puritech in December of 2011, which are subject to the achievement of certain performance goals, and is included in Other liabilities in the Condensed Consolidated Balance Sheets. The fair value of the liability for contingent payments represents the present value of probability weighted expected cash flows based upon the Company's internal model and projections and is included in Level Three of the fair value hierarchy. During the three and six months ended June 29, 2012, \$0.2 million and \$0.4 million of accretion was recognized in Interest expense in the Condensed Consolidated Statements of Operations related to the Company's liability for contingent payments. Realized or unrealized gains or losses in future periods will be recognized in Selling, general and administrative expense in the Condensed Consolidated Statements of Operations.

14. Commitments and Contingencies

For further description of the Company's litigation and contingencies, reference is made to Note 17, "Commitments and Contingencies" in the Notes to Consolidated Financial Statements for the year ended December 31, 2011.

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

Asbestos and Other Product Liability Contingencies

Claims activity since December 31 related to asbestos claims of our fluid-handling subsidiaries is as follows⁽¹⁾:

	Six Months Ended	
	June 29, 2012	July 1, 2011
	(Number of claims)	
Claims unresolved, beginning of period	23,682	24,764
Claims filed ⁽²⁾	2,045	1,760
Claims resolved ⁽³⁾	(1,676)	(4,504)
Claims unresolved, end of period	<u>24,051</u>	<u>22,020</u>

(1) Excludes claims filed by one legal firm that have been “administratively dismissed.”

(2) Claims filed include all asbestos claims for which notification has been received or a file has been opened.

(3) Claims resolved include all asbestos claims that have been settled, dismissed or that are in the process of being settled or dismissed based upon agreements or understandings in place with counsel for the claimants.

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

	June 29, 2012	December 31, 2011
	(In thousands)	
Current asbestos insurance asset ⁽¹⁾	\$ 34,800	\$ 43,452
Current asbestos insurance receivable ⁽¹⁾	50,234	33,696
Long-term asbestos insurance asset ⁽²⁾	326,236	326,838
Long-term asbestos insurance receivable ⁽²⁾	7,063	14,034
Accrued asbestos liability ⁽³⁾	38,916	48,700
Long-term asbestos liability ⁽⁴⁾	383,020	382,394

(1) Included in Other current assets in the Condensed Consolidated Balance Sheets.

(2) Included in Other assets in the Condensed Consolidated Balance Sheets.

(3) Represents current reserves for probable and reasonably estimable asbestos-related liability cost that the Company believes the fluid handling subsidiaries will pay through the next 15 years, overpayments by certain insurers and unpaid legal costs related to defending themselves against asbestos-related liability claims and legal action against the Company’s insurers, which is included in Accrued liabilities in the Condensed Consolidated Balance Sheets.

(4) Included in Other liabilities in the Condensed Consolidated Balance Sheets.

In addition to the asbestos litigation of our fluid-handling subsidiaries, certain subsidiaries acquired in conjunction with the Charter Acquisition have been named as defendants in asbestos related actions in the U.S. These lawsuits have alleged that the defendants were liable for acts of a former affiliate. The defendants have contested these actions and, in most cases, have obtained dismissals. The Company expects to continue to defend successfully the actions brought against them.

Additionally, another subsidiary acquired in conjunction with the Charter Acquisition has been named as a defendant in a number of lawsuits in state and federal courts in the U.S. alleging personal injuries from exposure to manganese in the fumes of welding consumables. This subsidiary, along with other co-defendants, entered into an agreement with plaintiffs’ counsel that provides for the dismissal with prejudice of substantially all of the pending manganese claims.

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

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

In June 2012, one of the Company's subsidiaries entered into a settlement agreement for and made a payment of \$8.5 million associated with a complaint in a case brought by Litton Industries, Inc. in the Superior Court of New Jersey. The settlement had no impact on the Condensed Consolidated Statements of Operations for the three and six months ended June 29, 2012.

The Company is also involved in various other pending legal proceedings arising out of the ordinary course of the Company's business. None of these legal proceedings are expected to have a material adverse effect on the financial condition, results of operations or cash flow of the Company. With respect to these proceedings and the litigation and claims described in the preceding paragraphs, management of the Company believes that it will either prevail, has adequate insurance coverage or has established appropriate 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 adverse to the Company, there could be a material adverse effect on the financial condition, results of operations or cash flow of the Company.

15. Segment Information

Upon the closing of the Charter Acquisition, the Company changed the composition of its reportable segments to reflect the changes in its internal organization resulting from the integration of the acquired businesses. The Company now conducts its operations through the following business segments:

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

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

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

The Company's segment results were as follows:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 29, 2012</u>	<u>July 1, 2011</u>	<u>June 29, 2012</u>	<u>July 1, 2011</u>
(In thousands)				
Net Sales:				
Gas and fluid handling	\$ 496,495	\$ 186,749	\$ 921,826	\$ 345,307
Fabrication technology	549,158	—	1,010,193	—
	<u>\$ 1,045,653</u>	<u>\$ 186,749</u>	<u>\$ 1,932,019</u>	<u>\$ 345,307</u>
Segment operating income (loss)⁽¹⁾:				
Gas and fluid handling	\$ 45,112	\$ 21,577	\$ 64,921	\$ 40,560
Fabrication technology	45,411	—	62,407	—
Corporate and other	(11,659)	(4,628)	(63,952)	(10,302)
	<u>\$ 78,864</u>	<u>\$ 16,949</u>	<u>\$ 63,376</u>	<u>\$ 30,258</u>
Depreciation and Amortization:				
Gas and fluid handling	\$ 27,820	\$ 6,792	\$ 57,364	\$ 12,075
Fabrication technology	11,139	—	38,768	—
Corporate and other	4,264	241	8,895	485
	<u>\$ 43,223</u>	<u>\$ 7,033</u>	<u>\$ 105,027</u>	<u>\$ 12,560</u>
Capital Expenditures:				
Gas and fluid handling	\$ 10,266	\$ 3,321	\$ 19,560	\$ 6,035
Fabrication technology	11,848	—	21,452	—
Corporate and other	—	20	—	342
	<u>\$ 22,114</u>	<u>\$ 3,341</u>	<u>\$ 41,012</u>	<u>\$ 6,377</u>

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 29, 2012</u>	<u>July 1, 2011</u>	<u>June 29, 2012</u>	<u>July 1, 2011</u>
(In thousands)				
Income (loss) before income taxes	\$ 34,565	\$ 15,245	\$ (8,548)	\$ 24,750
Interest expense	25,741	1,462	44,723	3,289
Restructuring and other related charges	18,558	242	27,201	2,219
Segment operating income	<u>\$ 78,864</u>	<u>\$ 16,949</u>	<u>\$ 63,376</u>	<u>\$ 30,258</u>

	<u>June 29,</u>	<u>December 31,</u>
	<u>2012</u>	<u>2011</u>
(In thousands)		
Investment in Equity Method Investees:		
Gas and fluid handling	\$ 10,508	\$ 7,680
Fabrication technology	35,952	—
Corporate and other	—	—
	<u>\$ 46,460</u>	<u>\$ 7,680</u>
Total Assets:		
Gas and fluid handling	\$ 3,274,739	\$ 947,773
Fabrication technology	2,356,708	—
Corporate and other	373,421	140,770
	<u>\$ 6,004,868</u>	<u>\$ 1,088,543</u>

COLFAX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Unaudited)

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 29, 2012</u>	<u>July 1, 2011</u>	<u>June 29, 2012</u>	<u>July 1, 2011</u>
	(In thousands)			
Net Sales by Origin:				
United States	\$ 188,246	\$ 50,454	\$ 368,812	\$ 97,643
Foreign	857,407	136,295	1,563,207	247,664
	<u>\$ 1,045,653</u>	<u>\$ 186,749</u>	<u>\$ 1,932,019</u>	<u>\$ 345,307</u>
Net Sales by Major Product Group:				
Gas handling	\$ 322,566	\$ —	\$ 586,162	\$ —
Fluid handling	173,929	186,749	335,664	345,307
Welding and cutting	549,158	—	1,010,193	—
	<u>\$ 1,045,653</u>	<u>\$ 186,749</u>	<u>\$ 1,932,019</u>	<u>\$ 345,307</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

The following discussion of the financial condition and results of operations of Colfax Corporation ("Colfax," "the Company," "we," "our," and "us") should be read in conjunction with the Condensed Consolidated Financial Statements and related footnotes included in Part I. Item 1. "Financial Statements" of this Quarterly Report on Form 10-Q for the quarterly period ended June 29, 2012 (this "Form 10-Q") and the Consolidated Financial Statements and related footnotes included Part II. Item 8. "Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 Form 10-K") filed with the Securities and Exchange Commission (the "SEC") on February 23, 2012.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Form 10-Q that are not historical facts are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this Form 10-Q is filed with the SEC. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements regarding: projections of revenue, profit margins, expenses, tax provisions and tax rates, earnings or losses from operations, impact of foreign exchange rates, cash flows, pension and benefit obligations and funding requirements, synergies or other financial items; plans, strategies and objectives of management for future operations including statements relating to potential acquisitions, compensation plans or purchase commitments; developments, performance or industry or market rankings relating to products or services; future economic conditions or performance; the outcome of outstanding claims or legal proceedings including asbestos-related liabilities and insurance coverage litigation; potential gains and recoveries of costs; assumptions underlying any of the foregoing; and any other statements that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future. Further, the forward-looking statements contained herein include statements about the expected effects of the integration of Charter International plc ("Charter") by Colfax (the "Charter Integration"), the expected benefits from integrating Charter and other benefits associated with the Charter Integration, strategic options and all other statements contained herein regarding the Charter Integration other than historical facts. Forward-looking statements may be characterized by terminology such as "believe," "anticipate," "should," "would," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy," "targets," "aims," "seeks," "sees," and similar expressions. These statements are based on assumptions and assessments made by our management in light of their experience and perception of historical trends, current conditions, expected future developments and other factors we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including but not limited to the following:

- risks related to the Charter Integration including, but not limited to:
 - risks related to any unforeseen liabilities of Charter;
 - our ability to deliver the expected returns and accretive effects on our earnings within our expected timeframes for such returns, or at all;
 - our ability to successfully integrate Charter;
 - our additional leverage as a result of the Charter Acquisition, which may limit our flexibility in operating our business;
 - covenants made to equity investors in connection with the Charter Acquisition that may limit our flexibility in operating our business; and
 - increased exposure to foreign currency risk;

- risks associated with our international operations;
- significant movements in foreign currency exchange rates;
- changes in the general economy, as well as the cyclical nature of our markets;
- our ability to accurately estimate the cost of or realize savings from our restructuring programs;
- availability and cost of raw materials, parts and components used in our products;
- the competitive environment in our industry;
- our ability to identify, finance, acquire and successfully integrate attractive acquisition targets;
- the amount of and our ability to estimate our asbestos-related liabilities;
- material disruption at any of our significant manufacturing facilities;
- the solvency of our insurers and the likelihood of their payment for asbestos-related costs;
- our ability to manage and grow our business and execution of our business and growth strategies;
- our recent substantial leadership turnover and realignment;
- our ability and the ability of customers to access required capital at a reasonable cost;
- our ability to expand our business in our targeted markets;
- our ability to cross-sell our product portfolio to existing customers;
- the level of capital investment and expenditures by our customers in our strategic markets;
- our financial performance;
- our ability to identify, address and remediate any material weaknesses in our internal control over financial reporting;
- our ability to achieve or maintain credit ratings and the impact on our funding costs and competitive position if we do not do so; and
- other risks and factors, listed in Item 1A. "Risk Factors" in Part I of our 2011 Form 10-K.

Any such forward-looking statements are not guarantees of future performance and actual results, developments and business decisions may differ materially from those envisaged by such forward-looking statements. These forward-looking statements speak only as of the date this Form 10-Q is filed with the SEC. We do not assume any obligation and do not intend to update any forward-looking statement except as required by law. See Part I. Item 1A. "Risk Factors" in our 2011 Form 10-K for a further discussion regarding some of the reasons that actual results may be materially different from those that we anticipate.

Overview

During the first quarter of 2012, Colfax completed the acquisition of Charter (the “Charter Acquisition”) which has transformed Colfax from a fluid-handling organization into a multi-platform enterprise with a strong global footprint. Following the Charter Acquisition, Colfax conducts business in the following operating segments:

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

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

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

Outlook

We believe that we are well positioned to grow our businesses organically over the long term by enhancing our product offerings and expanding our customer base. Subsequent to the Charter Acquisition in the first quarter of 2012, our business mix is expected to be well balanced between long- and short-cycle businesses, sales in emerging markets and developed nations and fore- and aftermarket products and services. Given this balance, management no longer uses indices other than general economic trends to predict the overall outlook for the Company. Instead, the individual businesses monitor key competitors and customers, including to the extent possible their sales, to gauge relative performance and outlook for the future.

We expect that the recent strengthening of the U.S. dollar against most of the foreign currencies we operate with is likely to reduce reported sales and operating profits proportionately during the remainder of 2012. In addition, we believe that the recent weakness in the economic outlook for Europe, China and Brazil is likely to impact near term results.

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

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

Results of Operations

Upon the closing of the Charter Acquisition, we changed the composition of our reportable segments to reflect the changes in our internal organization resulting from the integration of the acquired businesses. The Company now conducts its operations through two business segments: gas and fluid handling and fabrication technology. Certain amounts not allocated to the two reportable segments and intersegment eliminations are reported under the heading “Corporate and other.” The Company’s management evaluates the operating results of each of its reportable segments based upon Net sales and segment operating income (loss), which represents Operating income before Restructuring and other related charges.

Items Affecting Comparability of Reported Results

In addition to the impact of the Charter Acquisition and the change in composition of our reportable segments, the comparability of our operating results for the second quarter and six months ended June 29, 2012 to the respective 2011 period is affected by the following additional significant items:

Strategic Acquisitions

We complement our organic growth with strategic acquisitions. Acquisitions can significantly affect our reported results and can complicate period to period comparisons of results. As a consequence, we report the change in our Net sales between periods both from existing and acquired businesses. Orders and order backlog are presented only for the gas- and fluid-handling segment, where this information is relevant. The discussion of Net sales, orders and order backlog in comparison to the respective 2011 period is a proforma comparison that includes the operations acquired in the Charter Acquisition for the comparable period of the prior year, which excludes the first 12 days of 2011. The change in Net sales due to acquisitions represents the change in sales due to the following acquisitions by both Colfax and Charter:

In May 2012, Colfax acquired the remaining 83.7% of CJSC Sibes (“Sibes”) not already owned by its ESAB business for approximately \$8.5 million, including the assumption of Debt. Sibes is a leading supplier of welding electrodes to customers in Eastern Russia and strengthens ESAB’s position in the attractive Russian welding consumables market, particularly in the energy and natural resources end markets.

On December 6, 2011, Colfax completed the acquisition of COT-Puritech, Inc. for a total purchase price, net of cash acquired, of \$39.4 million which includes the fair value of estimated additional contingent cash payments of \$4.3 million. The additional contingent cash payments will be paid over two years subject to the achievement of certain performance goals. COT-Puritech, Inc. is a national supplier of oil flushing and remediation services to power generation plants, refinery and petrochemical operations and other manufacturing sites, with its primary operations based in Canton, Ohio.

On July 1, 2011, ESAB acquired 60% of Condor Equipamentos Industriais Ltda (“Condor”), a leading Brazilian manufacturer of gas apparatus used in welding applications, for cash consideration of R\$25.2 million.

On March 28, 2011, Howden completed the acquisition of Thomassen Compression Systems BV (“Thomassen”), a leading supplier of high-powered engineered compressors to the oil, gas and petrochemical end market, for approximately €100 million.

On March 3, 2011, ESAB completed the acquisition of LLC Sychevsky Electroodny Zavod (“Sychevsky”), a leading Russian electrode manufacturer based in the Smolensk region for \$19.2 million.

On February 14, 2011, Colfax completed the acquisition of Rosscor for \$22.3 million, net of cash acquired. Rosscor is a supplier of multiphase pumping technology and certain other highly engineered fluid-handling systems, with its primary operations based in Hengelo, The Netherlands.

Foreign Currency Fluctuations

A significant portion of our Net sales, approximately 82% and 81% for the three and six months ended June 29, 2012, respectively, is derived from operations outside the U.S., with the majority of those sales denominated in currencies other than the U.S. dollar. Because much of our manufacturing and employee costs are outside the U.S., a significant portion of our costs are also denominated in currencies other than the U.S. dollar. Changes in foreign exchange rates can impact our results of operations and are quantified when significant to our discussion.

Seasonality

The results of operations for the three and six months ended June 29, 2012 are not necessarily indicative of the results of operations that may be achieved for the full year. Quarterly results are affected by seasonal variations in the Company’s gas- and fluid-handling business. As the Company’s customers seek to fully utilize capital spending budgets before the end of the year, historically shipments have peaked during the fourth quarter. General economic conditions as well as backlog levels may, however, impact future seasonal variations.

Sales, Orders and Backlog

Our consolidated Net sales increased by \$24.5 million in the second quarter of 2012 in comparison to the proforma net sales for the second quarter of 2011 (which excludes operations acquired in the Charter Acquisition for the first 12 days of reporting period presented). For the six months ended June 29, 2012, our consolidated Net sales increased from proforma net sales of \$1.8 billion in the six months ended July 1, 2011 to \$1.9 billion. The following tables present components of our proforma consolidated Net sales and, for our gas- and fluid-handling segment, proforma order and backlog growth:

	Net Sales		Orders ⁽¹⁾	
	\$	%	\$	%
(In millions)				
Pro forma for the three months ended July 1, 2011	\$ 1,021.0		\$ 522.5	
<i>Components of Change:</i>				
Existing businesses ⁽²⁾	97.3	9.5%	37.4	7.2%
Acquisitions ⁽³⁾	9.9	1.0%	7.4	1.4%
Foreign currency translation ⁽⁴⁾	(82.6)	(8.1)%	(32.9)	(6.3)%
	24.6	2.4%	11.9	2.3%
For the three months ended June 29, 2012	\$ 1,045.6		\$ 534.4	

	Net Sales		Orders ⁽¹⁾		Backlog at Period End	
	\$	%	\$	%	\$	%
(In millions)						
Proforma as of and for the six months ended July 1, 2011	\$ 1,817.6		\$ 974.4		\$ 1,339.3	
<i>Components of Change:</i>						
Existing businesses ⁽²⁾	179.2	9.9%	26.4	2.7%	110.6	8.3%
Acquisitions ⁽³⁾	47.0	2.6%	74.1	7.6%	3.5	0.3%
Foreign currency translation ⁽⁴⁾	(111.8)	(6.2)%	(43.0)	(4.4)%	(62.5)	(4.7)%
	114.4	6.3%	57.5	5.9%	51.6	3.9%
As of and for the six months ended June 29, 2012	\$ 1,932.0		\$ 1,031.9		\$ 1,390.9	

(1) Represents contracts for products or services, net of cancellations for the period for our gas- and fluid-handling operating segment.

(2) Excludes the impact of foreign exchange rate fluctuations and acquisitions, thus providing a measure of growth due to factors such as price, product mix and volume.

(3) Represents the incremental sales, orders and order backlog as a result of our acquisitions of Sibes, COT-Puritech and Rosscor and the acquisition of Thomassen by Howden and Sychevsky and Condor by ESAB.

(4) Represents the difference between sales from existing businesses valued at current year foreign exchange rates and sales from existing businesses at prior year foreign exchange rates.

The proforma increase in Net sales from existing businesses in the second quarter of 2012 was attributable to increases of \$58.8 million and \$38.5 million in our gas- and fluid-handling and fabrication technology segments, respectively. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment increased during the second quarter of 2012 in comparison to the second quarter of 2011 primarily due to growth in the power generation, marine and general industrial and other end markets.

The proforma increase in Net sales from existing businesses in the six months ended June 29, 2012 was attributable to increases of \$115.0 million and \$64.2 million in our gas- and fluid-handling and fabrication technology segments, respectively. Orders, net of cancellations, from existing businesses for our gas- and fluid-handling segment increased during the six months ended June 29, 2012 in comparison to the comparable 2011 period primarily due to growth in the power generation and marine end markets.

Business Segments

As discussed further above, the Company now reports results in two business segments: gas and fluid handling and fabrication technology. The following table summarizes Net sales by business segment for each of the following periods:

	Three Months Ended		Six Months Ended	
	June 29, 2012	Proforma July 1, 2011	June 29, 2012	Proforma July 1, 2011
	(In millions)			
Gas and Fluid Handling	\$ 496,495	\$ 460,847	\$ 921,826	\$ 803,790
Fabrication Technology	549,158	560,148	1,010,193	1,013,770
Total Net sales	<u>\$ 1,045,653</u>	<u>\$ 1,020,995</u>	<u>\$ 1,932,019</u>	<u>\$ 1,817,560</u>

The sales comparisons discussed above are on a proforma basis. Cost information for Charter, ESAB and Howden is not available under the presentation required by the Exchange Act and, as such, proforma discussions are limited to sales.

Gas and Fluid Handling

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

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

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(Dollars in millions)			
Net sales	\$ 496.5	\$ 186.7	\$ 921.8	\$ 345.3
Gross profit	157.4	64.7	289.2	117.9
Gross profit margin	31.7%	34.6%	31.4%	34.1%
Restructuring and other related charges	\$ 3.0	\$ 0.2	\$ 3.8	\$ 1.2
Selling, general and administrative expense	109.0	44.4	218.8	82.3
Selling, general and administrative expense as a percentage of Net sales	22.0%	23.8%	23.7%	23.8%
Segment operating income	\$ 45.1	\$ 21.6	\$ 64.9	\$ 40.6
Segment operating income margin	9.1%	11.6%	7.0%	11.7%

Year over year fluctuations for the selected financial data are primarily due to the addition of the Howden operations. The \$58.8 million sales growth due to existing businesses, as discussed and defined under "Sales, Orders and Backlog" above, during the second quarter of 2012 in comparison to the second quarter of 2011 was primarily due to growth in all end markets, except marine. Additionally, \$14.5 million of acquisition-related amortization expense and \$2.2 million increased recurring intangible amortization expense in comparison to the second quarter of 2011 is reflected in Selling, general and administrative expense for the second quarter of 2012.

The \$115.0 million sales growth due to existing businesses, as discussed and defined under “Sales, Orders and Backlog” above, during the six months ended June 29, 2012 in comparison to the six months ended July 1, 2011 was primarily due to growth in all end markets, except marine. Additionally, \$4.4 million and \$26.8 million of acquisition-related amortization expense is reflected in Gross profit and Selling, general and administrative expense, respectively, for the six months ended June 29, 2012, and recurring intangible amortization expense included in Selling, general and administrative expense increased by \$5.7 million in comparison to the six months ended July 1, 2011.

Fabrication Technology

We formulate, develop, manufacture and supply consumable products and equipment for use in the cutting and joining of steels, aluminum and other metals and metal alloys. Our fabrication technology products are principally marketed under the ESAB brand name, which we believe is a leading international welding company with roots dating back to the invention of the welding electrode. ESAB’s comprehensive range of welding consumables includes electrodes, cored and solid wires and fluxes. ESAB’s fabrication technology equipment ranges from portable units to large custom systems. Products are sold into a wide range of end markets, including wind power, shipbuilding, pipelines, mobile/off-highway equipment and mining.

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

	Three Months Ended June 29, 2012	Six Months Ended June 29, 2012
	(In millions)	
Net sales	\$ 549.2	\$ 1,010.2
Gross profit	170.5	294.1
Gross profit margin	31.0%	29.1%
Restructuring and other related charges	\$ 13.0	\$ 19.1
Selling, general and administrative expense	125.1	231.7
Selling, general and administrative expense as a percentage of Net sales	22.8%	22.9%
Segment operating income	\$ 45.4	\$ 62.4
Segment operating income margin	8.3%	6.2%

The \$38.5 million and \$64.2 million sales growth due to existing businesses, as discussed and defined under “Sales, Orders and Backlog” above, during the second quarter and six months ended June 29, 2012, respectively, in comparison to the comparable 2011 period was primarily due to increased consumable and equipment sales in North America and the Middle East. Year over year comparison of the other selected financial data above is not practical, as further discussed above. Additionally, Gross profit and gross profit margin for the six months ended June 29, 2012 were impacted by acquisition-related amortization expense of \$17.0 million.

Gross Profit

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(In millions)			
Gross profit	\$ 327.9	\$ 64.7	\$ 583.3	\$ 117.9
Gross profit margin	31.4%	34.6%	30.2%	34.1%

The \$263.2 million increase in Gross profit during the second quarter of 2012 in comparison to the second quarter of 2011 was attributable to increases of \$92.7 million in our gas- and fluid-handling segment and \$170.5 million in our fabrication technology segment. Additionally, changes in foreign exchange rates had a \$26.3 million negative impact on Gross profit in comparison to the second quarter of 2011. The \$465.4 million increase in Gross profit during the six months ended June 29, 2012 in comparison to the six months ended July 1, 2011 was attributable to increases of \$171.3 million in our gas- and fluid-handling segment and \$294.1 million in our fabrication technology segment. Additionally, changes in foreign exchange rates had a \$35.9 million negative impact on Gross profit in comparison to the six months ended July 1, 2011.

Gross profit margin for the second quarter and six months ended June 29, 2012 decreased compared to the comparable 2011 period primarily due to the lower gross profit margin associated with sales in our fabrication technology segment during the period. Additionally, Gross profit and gross profit margin for the six months ended June 29, 2012 were impacted by acquisition-related amortization expense of \$21.4 million.

Operating Expenses

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(In millions)			
Selling, general and administrative expense	\$ 245.0	\$ 44.4	\$ 470.8	\$ 82.3
Selling, general and administrative expense as a percentage of Net sales	23.4%	23.8%	24.4%	23.8%
Charter acquisition-related expense	\$ 0.8	\$ —	\$ 43.6	\$ —
Restructuring and other related charges	18.6	0.2	27.2	2.2
Asbestos coverage litigation expense	3.2	3.3	5.5	5.4

Selling, general and administrative expense increased \$200.6 million during the second quarter in comparison to the second quarter of 2011 primarily due to the Charter Acquisition. The decrease in Selling, general and administrative expense as a percentage of Net sales during the second quarter of 2012 in comparison to the comparable prior year period resulted primarily from the benefit of higher sales volumes and efforts to reduce costs, partially offset by \$18.9 million of higher intangible amortization expense.

Selling, general and administrative expense increased \$388.5 million during the six months ended June 29, 2012 in comparison to the comparable period of 2011 primarily due to the Charter Acquisition. The increase in Selling, general and administrative expense as a percentage of Net sales during the six months ended June 29, 2012 in comparison to the comparable prior year period resulted primarily from \$36.0 million of higher intangible amortization expense, partially offset by the benefit of higher sales volumes and efforts to reduce costs. During the six months ended June 29, 2012, we incurred \$43.6 million of advisory, legal, audit, valuation and other professional service fees and realized losses on acquisition-related foreign exchange derivatives in connection with the Charter Acquisition.

Restructuring and other related charges increased significantly during 2012 in comparison to the comparable periods of 2011, primarily as a result of the substantial cost reduction programs under way in the fabrication technology segment.

Interest Expense

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
	(In millions)			
Interest expense	\$ 25.7	\$ 1.5	\$ 44.7	\$ 3.3

The increase in Interest expense during the second quarter and six months ended June 29, 2012 in comparison to the respective period in 2011 was attributable to interest on the financing related to the Charter Acquisition. See “—Liquidity and Capital Resources—Borrowing Arrangements” below for additional discussion.

Provision for Income Taxes

The effective income tax rate for the second quarter of 2012 was 46.1% compared to an effective income tax rate of 31.8% during the second quarter of 2011. Our effective income tax rate for the second quarter of 2012 was significantly impacted by increased corporate overhead and Interest expense related to the combined organization, which was incurred in jurisdictions where no tax benefit can be recognized. Our effective income tax rate for the second quarter of 2011 was lower than the U.S. federal statutory rate primarily due to foreign earnings in jurisdictions where international tax rates are lower than the U.S. federal statutory rate.

During the six months ended June 29, 2012, Loss before income taxes was \$8.5 million and the Provision for income taxes was \$73.3 million. The provision was impacted by two significant items. Upon completion of the Charter Acquisition, certain deferred tax assets existing at that date were reassessed in light of the impact of the acquired businesses on expected future income or loss by country and future tax planning, including the impact of the post-acquisition capital structure. This assessment resulted in an increase in our valuation allowance to provide full valuation allowances against U.S. deferred tax assets. The increased valuation allowances resulted in a non-cash increase in the Provision for income taxes for the six months ended June 29, 2012 of \$50.3 million. In addition, \$43.6 million of Charter acquisition-related expense and increased corporate overhead and Interest expense reflected in the Condensed Consolidated Statement of Operations are either non-deductible or were incurred in jurisdictions where no tax benefit can be recognized. These two items are the principal cause of tax provision rather than the tax benefit which would result from the application of the U.S. federal statutory rate to the reported net loss.

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 bank credit facilities (discussed below). Additionally, during the first quarter of 2012, we were successful in our efforts to raise additional funds in the form of debt and equity, as further discussed below. We expect that our primary ongoing requirements for cash will be for working capital, funding of acquisitions, capital expenditures, asbestos-related cash outflows and funding of our pension plans. If additional funds are needed for strategic acquisitions or other corporate purposes, we believe we could raise additional funds in the form of debt or equity.

Equity Capital

In connection with the financing of the Charter Acquisition, on January 24, 2012, we sold to the BDT Investor (i) 14,756,945 shares of newly issued Colfax Common stock and (ii) 13,877,552 shares of newly created Series A perpetual convertible preferred stock, referred to as the Series A Preferred Stock, for an aggregate of \$680 million (representing \$24.50 per share of Series A Preferred Stock and \$23.04 per share of Common stock) pursuant to a securities purchase agreement (the "BDT Purchase Agreement") with the BDT Investor as well as BDT Capital Partners Fund I-A, L.P., and Mitchell P. Rales, Chairman of our Board of Directors, and his brother, Steven M. Rales (for the limited purpose of tag-along sales rights provided to the BDT Investor in the event of a sale or transfer of shares of our Common stock by either or both of Mitchell P. Rales and Steven M. Rales). Pursuant to the BDT Purchase Agreement, under the terms of the Series A Preferred Stock, holders are entitled to receive cumulative cash dividends, payable quarterly, at a per annum rate of 6% of the liquidation preference (defined as \$24.50, subject to customary antidilution adjustments), provided that the dividend rate shall be increased to a per annum rate of 8% if Colfax fails to pay the full amount of any dividend required to be paid on such shares until the date that full payment is made.

The Series A Preferred Stock is convertible, in whole or in part, at the option of the holders at any time after the date the shares were issued into shares of Colfax Common stock at a conversion rate determined by dividing the liquidation preference by a number equal to 114% of the liquidation preference, subject to certain adjustments. The Series A Preferred Stock is also convertible, in whole or in part, at our option on or after the third anniversary of the issuance of the shares at the same conversion rate if, among other things: (i) for the preceding thirty trading days, the closing price of Colfax Common stock on the New York Stock Exchange exceeds 133% of the applicable conversion price and (ii) Colfax has declared and paid or set apart for payment all accrued but unpaid dividends on the Series A Preferred Stock.

On January 24, 2012, we sold 2,170,139 shares of newly issued Colfax Common stock to each of Mitchell P. Rales and Steven M. Rales and 1,085,070 shares of newly issued Colfax Common stock to Markel Corporation ("Markel") at \$23.04 per share, for an aggregate of \$125 million pursuant to separate securities purchase agreements with Mitchell P. Rales, Chairman of Colfax's Board of Directors, and his brother Steven M. Rales, each of whom were beneficial owners of 20.9% of Colfax's Common stock, and Markel. Thomas S. Gayner, a member of Colfax's Board of Directors, is President and Chief Investment Officer of Markel.

Consideration paid to Charter shareholders included 0.1241 shares of newly issued Colfax Common stock in exchange for each share of Charter's ordinary share, which results in the issuance of 20,735,493 shares of Common stock on January 24, 2012.

In conjunction with the issuance of the Common and Preferred stock discussed above, the Company recognized \$14.6 million in equity issuance costs which were recorded as a reduction to Additional paid-in capital during the six months ended June 29, 2012.

On March 5, 2012, we sold 8,000,000 shares of newly issued Common stock to the underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of \$272 million. Further, on March 9, 2012, the underwriters of the March 5, 2012 equity offering exercised their over-allotment option and we sold an additional 1,000,000 shares of newly issued Common stock to the underwriters for public resale pursuant to a shelf registration statement for an aggregate purchase price of \$34 million. In conjunction with these issuances, we recognized \$12.6 million in equity issuance costs which were recorded as a reduction to Additional paid-in capital during the six months ended June 29, 2012.

Borrowing Arrangements

We entered into the Deutsche Bank Credit Agreement on September 12, 2011. In connection with the closing of the Charter Acquisition, the Deutsche Bank Credit Agreement was amended on January 13, 2012 and we terminated our Bank of America Credit Agreement (defined and further discussed below) as well as Charter's outstanding indebtedness. The Deutsche Bank Credit Agreement has four tranches of term loans: (i) a \$200 million term A-1 facility, (ii) a \$500 million term A-2 facility, (iii) a €157.6 million term A-3 facility and (iv) a \$900 million term B facility. In addition, the Deutsche Bank Credit Agreement has two revolving credit facilities which total \$300 million in commitments (the "Revolver"). The Revolver includes a \$200 million letter of credit sub-facility and a \$50 million swingline loan sub-facility. The term A-1, term A-2, term A-3 and the Revolver variable-rate borrowings are subject to interest payments of LIBOR or EURIBOR plus a margin ranging from 2.50% to 3.25%, determined by our leverage ratio. Borrowings under the term B facility are also variable rate and are subject to interest payments of LIBOR plus a margin of 3.5%. The Revolver is subject to a commitment fee ranging from 37.5 and 50 basis points, determined by our leverage ratio. Additionally, as of June 29, 2012, there was an original issue discount of \$62.4 million and deferred financing fees of \$8.8 million, which will be accreted to Interest expense primarily using the effective interest method. As of June 29, 2012, the weighted-average interest rate on outstanding borrowings under the Deutsche Bank Credit Agreement was 3.90% and there was \$291.9 million available on the Revolver, including \$191.9 million available on the letter of credit sub-facility.

As of December 31, 2011, we were party to a credit agreement (the "Bank of America Credit Agreement"), led and administered by Bank of America, which included a senior secured revolving credit facility and a term credit facility. Upon the early termination of the Bank of America Credit Agreement, we incurred a total pre-tax charge of \$1.5 million in the six months ended June 29, 2012, which includes the write-off of \$1.0 million of deferred financing fees and \$0.5 million of losses reclassified from Accumulated other comprehensive loss for the related interest rate swap.

In connection with the Deutsche Bank Credit Agreement, we have pledged substantially all of our domestic subsidiaries' assets and 65% of the shares of certain first tier international subsidiaries as collateral against borrowings to our U.S. companies. In addition, subsidiaries in certain foreign jurisdictions have guaranteed our obligations on borrowings of one of our European subsidiaries, as well as pledged substantially all of their assets for such borrowings of this European subsidiary under the Deutsche Bank Credit Agreement. The Deutsche Bank Credit Agreement contains customary covenants limiting our ability to, among other things, pay dividends, incur debt or liens, redeem or repurchase equity, enter into transactions with affiliates, make investments, merge or consolidate with others or dispose of assets. In addition, the Deutsche Bank Credit Agreement contains financial covenants requiring us to maintain a total leverage ratio, as defined therein, of not more than 4.95 to 1.0 and a minimum interest coverage ratio, as defined therein, of 2.0 to 1.0, measured at the end of each quarter, through 2012. The minimum interest coverage ratio increases by 25 basis points each year beginning in 2013 until it reaches 3.0 to 1.0 for 2016. The maximum total leverage ratio decreases to 4.75 to 1.0 for 2014 and decreases by 25 basis points for the two subsequent fiscal years until it reaches 4.25 to 1.0 for 2016. The Deutsche Bank Credit Agreement contains various events of default, including failure to comply with such financial covenants, and upon an event of default the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the term loans and the Revolver and foreclose on the collateral. The Company is in compliance with all such covenants as of June 29, 2012. We believe that our sources of liquidity, including the Deutsche Bank Credit Agreement, are adequate to fund our operations for the next twelve months.

Cash Flows

As of June 29, 2012, we had \$539.0 million of Cash and cash equivalents, an increase of \$463.9 million from \$75.1 million as of December 31, 2011. The following table summarizes the change in Cash and cash equivalents during the periods indicated:

	Six Months Ended	
	June 29, 2012	July 1, 2011
	(In millions)	
Net cash (used in) provided by operating activities	\$ (32.1)	\$ 28.4
Purchases of fixed assets, net	(41.0)	(6.4)
Acquisitions, net of cash received	(1,661.7)	(22.3)
Net cash used in investing activities	(1,702.7)	(28.7)
Proceeds from (repayments of) borrowings, net	1,165.9	(2.0)
Proceeds from issuance of common stock, net	754.0	1.8
Proceeds from issuance of preferred stock, net	332.9	—
ESAB India repurchase of additional noncontrolling interest	(29.3)	—
Other uses, net	(7.2)	—
Net cash provided by (used in) financing activities	2,216.3	(0.2)
Effect of exchange rates on cash and cash equivalents	(17.6)	4.2
Increase in cash and cash equivalents	<u>\$ 463.9</u>	<u>\$ 3.7</u>

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

- Net cash received or paid for asbestos-related costs, net of insurance proceeds, including the disposition of claims, defense costs and legal expenses related to litigation against our insurers, creates variability in our operating cash flows. We had net cash outflows of \$21.1 million and \$1.6 million during the six months ended June 29, 2012 and July 1, 2011, respectively.
- Funding requirements of our defined benefit plans, including pension plans and other post-retirement benefit plans, can vary significantly from period to period due to changes in the fair value of plan assets and actuarial assumptions. For the six months ended June 29, 2012 and July 1, 2011, cash contributions for defined benefit plans were \$39.2 million and \$4.6 million, respectively. The six months ended June 29, 2012 included \$18.9 million of supplemental contributions to pension plans in the United Kingdom as a result of the financing of the Charter Acquisition.
- During the six months ended June 29, 2012 and July 1, 2011, cash payments of \$22.2 million and \$3.4 million, respectively, were made related to our restructuring initiatives.
- Changes in net working capital also affected the operating cash flows for the periods presented. We define working capital as Trade receivables, net and Inventories, net reduced by Accounts payable. During the six months ended June 29, 2012, net working capital increased, primarily due to an increase in inventory and receivable levels, which reduced our cash flows from operating activities. During the six months ended July 1, 2011, net working capital increased, primarily due to an increase in inventory levels, which reduced our cash flows from operating activities.

There were significant investing activities associated with the Charter Acquisition. The cash cost of the Charter Acquisition, net of cash acquired, was approximately \$1.7 billion. During the six months ended July 1, 2011, the Rosscor acquisition resulted in net cash outflows of \$22.3 million. Capital expenditures for the six months ended June 29, 2012 of \$41.0 million were significantly higher than \$6.4 million used in the six months ended July 1, 2011 due to the much larger scale of our operations in the six months ended June 29, 2012.

Cash flows from financing activities were also significantly impacted by the Charter Acquisition. As discussed above under “—Equity Capital,” we raised \$805.0 million of cash from sales of our equity securities to the BDT Investor, Steven and Mitchell Rales and Markel, and \$293 million in a primary offering settled in March 2012. Also, as further discussed above under “—Borrowing Arrangements,” we borrowed approximately \$1.8 billion of term loans, \$65.8 million of which was repaid in the six months ended June 29, 2012. The additional payment of borrowings under term loans of \$455 million primarily represents the repayment of borrowings under our Bank of America Credit Agreement, in conjunction with the financing of the Charter Acquisition. We also made quarterly cash payments of preferred stock dividends of \$7.2 million. Net repayments of \$2.0 million during the six months ended July 1, 2011 resulted from the use of cash generated from our operating activities to repay outstanding indebtedness.

Our cash flows from financing activities during the six months ended June 29, 2012 were also impacted by a \$29.4 million acquisition of shares in ESAB India Limited, a publicly traded, less than wholly owned subsidiary in which the Company acquired a controlling interest in the Charter Acquisition. This acquisition of shares was pursuant to a statutorily mandated tender offer triggered as a result of the Charter Acquisition.

See “—Borrowing Arrangements” above for additional information regarding our outstanding indebtedness as of June 29, 2012.

Contractual Obligations

Our contractual obligations changed materially from December 31, 2011, primarily as a result of the Charter Acquisition. The following table summarizes our future contractual obligations as of June 29, 2012.

	Less Than One Year	1-3 Years	3-5 Years	More Than 5 Years	Total
	(In millions)				
Debt	\$ 32.7	\$ 174.5	\$ 693.0	\$ 852.9	\$ 1,753.1
Interest payments on debt ⁽¹⁾	68.1	130.2	153.4	49.7	401.4
Operating leases	40.5	60.4	27.5	35.5	163.9
Capital leases	32.1	1.3	0.1	—	33.5
Purchase obligations ⁽²⁾	315.3	11.4	0.3	0.1	327.1
Total	<u>\$ 488.7</u>	<u>\$ 377.8</u>	<u>\$ 874.3</u>	<u>\$ 938.2</u>	<u>\$ 2,679.0</u>

(1) Variable interest payments are estimated using a static rate of 3.90%.

(2) Excludes open purchase orders for goods or services that are provided on demand, the timing of which is not certain.

On May 26, 2012, the Company entered into a share purchase agreement with Inversiones Breca S.A. to acquire an interest of approximately 91% of Soldex S.A. (“Soldex”) for approximately \$183.4 million. Soldex is organized under the laws of Peru and supplies welding products from its plants in Colombia and Peru. The acquisition of Soldex is subject to certain regulatory approvals and currently expected to close during the third quarter of 2012. We expect to fund the acquisition of Soldex with cash on hand.

We have cash funding requirements associated with our pension and other post-retirement benefit plans as of June 29, 2012, which are estimated to be approximately \$15 million to \$25 million for the remainder of 2012. Other long-term liabilities, such as those for asbestos and other legal claims, employee benefit plan obligations, and deferred income taxes, are excluded from the above table since they are not contractually fixed as to timing and amount.

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 Condensed Consolidated Financial Statements other than outstanding letters of credit of \$353.8 million, \$151.2 million of bank guarantees and \$163.9 million of future operating lease payments as of June 29, 2012.

Critical Accounting Policies

The methods, estimates and judgments that we use in applying our critical accounting policies have a significant impact on our results of operations and financial position. We evaluate our estimates and judgments on an ongoing basis. Our estimates are based upon our historical experience, our evaluation of business and macroeconomic trends and information from other outside sources, as appropriate. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary from what our management anticipates and different assumptions or estimates about the future could have a material impact on our results of operations and financial position. Significant additions to the methods, estimates and judgments from those included in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies” in our 2011 Form 10-K, resulting from the Charter Acquisition are as follows:

Revenue Recognition – Construction Contracts

We recognize revenue and cost of sales on construction projects using the “percentage of completion method” in accordance with US GAAP. Under this method, contract revenues are recognized over the performance period of the contract in direct proportion to the costs incurred as a percentage of total estimated costs for the entirety of the contract. Any recognized revenues that have not been billed to a customer are recorded as a component of Trade receivables and any billings of customers in excess of recognized revenues are recorded as a component of Accounts payable. As of June 29, 2012, there were \$169.2 million of revenues in excess of billings and of \$149.7 million of billings in excess of revenues on construction contracts in the Condensed Consolidated Balance Sheet.

We have contracts in various stages of completion. Such contracts require estimates to determine the appropriate cost and revenue recognition. Significant management judgments and estimates, including estimated costs to complete projects, must be made and used in connection with revenue recognized during each period. Current estimates may be revised as additional information becomes available.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

We are subject to exposure from changes in short-term interest rates related to interest payments on our borrowing arrangements. Under the Deutsche Bank Credit Agreement, all of our borrowings as of June 29, 2012 are variable rate facilities based on LIBOR or EURIBOR. In order to mitigate our interest rate risk, we periodically enter into interest rate swap or collar agreements. A hypothetical increase in the interest rate of 1.00% during the second quarter and six months ended June 29, 2012 would have increased Interest expense by approximately \$4.4 million and \$8.9 million, respectively.

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 the second quarter and six months ended June 29, 2012, approximately 82% and 81%, respectively, of our sales were derived from operations outside the U.S. We have significant manufacturing operations in European countries that are not part of the Eurozone. Sales revenues are more highly weighted toward the Euro and U.S. dollar. We also have significant contractual obligations, as discussed above, in U.S. dollars that are met with cash flows in other currencies as well as U.S. dollars. To better match revenue and expense as well as cash needs from contractual liabilities, we regularly enter into cross currency swaps and forward contracts.

We also face exchange rate risk from our investments in subsidiaries owned and operated in foreign countries. The €157.6 million term A-3 facility under the Deutsche Bank Credit Agreement (the “Term Loan A-3”), discussed above, provides a natural hedge to a portion of our European net asset position. The effect of a change in currency exchange rates on our net investment in international subsidiaries, net of the translation effect of the Company’s Term Loan A-3, is reflected in the Accumulated other comprehensive loss component of Equity. A 10% depreciation in major currencies, relative to the U.S. dollar as of June 29, 2012 (net of the translation effect of our Term Loan A-3) would result in a reduction in Equity of approximately \$90 million.

We also face exchange risk from transactions with customers in countries outside the U.S. and from intercompany transactions between affiliates. Although we have a U.S. dollar functional currency for reporting purposes, we have manufacturing sites throughout the world and a substantial portion of our costs are incurred and sales are generated in foreign currencies. Costs incurred and sales recorded by subsidiaries operating outside of the U.S. are translated into U.S. dollars using exchange rates effective during the respective period. As a result, we are exposed to movements in the exchange rates of various currencies against the U.S. dollar. In particular, the Company has more sales in European currencies than it has expenses in those currencies. Although a significant portion of this difference is hedged, when European currencies strengthen or weaken against the U.S. dollar, operating profits are increased or decreased, respectively.

We have generally accepted the exposure to exchange rate movements without using derivative financial instruments to manage this risk. Both positive and negative movements in currency exchange rates against the U.S. dollar will therefore continue to affect the reported amount of sales, profit, assets and liabilities in our Consolidated Financial Statements.

Commodity Price Risk

We are exposed to changes in the prices of raw materials used in our production processes. We periodically use commodity futures contracts to manage such exposure. As of June 29, 2012, we had no open commodity futures contracts.

See Note 13, "Financial Instruments and Fair Value Measurements" in our Notes to Condensed Consolidated Financial Statements included in this Form 10-Q for additional information regarding our derivative instruments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of June 29, 2012. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

The Company completed the Charter Acquisition on January 13, 2012. Management considers this transaction to be material to the Company's Consolidated Financial Statements and believes that the internal controls and procedures of Charter have a material effect on the Company's internal control over financial reporting. We are currently in the process of incorporating the internal controls and procedures of Charter into our internal controls over financial reporting and extending our compliance program under the Sarbanes-Oxley Act of 2002 to include Charter. The Company has elected to exclude Charter from the scope of its 2012 annual assessment of internal control over financial reporting as provided by the Act and the applicable SEC rules and regulations concerning business combinations.

Other than the Charter Acquisition noted above, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f)) identified in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Discussion of legal proceedings is incorporated by reference to Note 14, “Commitments and Contingencies,” in the Notes to Condensed Consolidated Financial Statements included in Part I. Item 1. “Financial Statements” of this Form 10-Q.

Item 1A. Risk Factors

An investment in our common stock involves a high degree of risk. There have been no material changes to the risk factors included in Part I. Item 1A. “Risk Factors” in our 2011 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Exhibit Description
3.01*	Amended and Restated Certificate of Incorporation of Colfax Corporation
3.02**	Colfax Corporation Amended and Restated Bylaws
3.03*	Certificate of Designations of Series A Perpetual Convertible Preferred Stock of Colfax Corporation
10.01***	Executive Employment Agreement between Colfax Corporation and Steven E. Simms, dated April 22, 2012
10.02***	Amendment No. 1 to the Executive Employment Agreement between Colfax Corporation and Clay H. Kiefaber, dated April 22, 2012
10.03***	Consulting Agreement between Colfax Corporation and Joseph O. Bunting III, dated April 22, 2012
10.04****	Employment Agreement between Colfax Corporation and Daniel A. Pryor, dated January 1, 2011
10.05*****	Employment Agreement between Colfax Corporation and A. Lynne Puckett, dated August 23, 2010
10.06*****	Share Purchase Agreement by and among Inversiones Breca S.A. and Colfax Corporation, dated as of May 26, 2012
10.07	Colfax Corporation 2008 Stock Incentive Plan (as amended and restated April 2, 2012).
10.08	Form of Outside Director Non-Qualified Stock Option Agreement
10.09	Form of Outside Director Restricted Stock Unit Agreement
10.10	Form of Outside Director Deferred Stock Unit Agreement for elective deferral of annual grants
31.01	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.02	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance Document
101.SCH+	XBRL Taxonomy Extension Schema Document
101.CAL+	XBRL Extension Calculation Linkbase Document
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB+	XBRL Taxonomy Extension Label Linkbase Document

Exhibit No.**Exhibit Description**

101.PRE+ XBRL Taxonomy Extension Presentation Linkbase Document

* Incorporated by reference to Exhibits 3.01 and 3.02, respectively, to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on January 30, 2012.

** Incorporated by reference to Exhibit 3.2 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on May 8, 2008.

*** Incorporated by reference to Exhibits 10.1, 10.2 and 10.3, respectively, to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on April 23, 2012.

**** These agreements are being filed at this time due to the determination by the registrant during the period covered by this report that these individuals were named executive officers of the registrant for the fiscal year ended December 31, 2011.

***** Incorporated by reference to Exhibit 2.1 to Colfax Corporation's Form 8-K (File No. 001-34045) as filed with the SEC on May 31, 2012.

+ In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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 thereunto duly authorized.

Registrant: Colfax Corporation

By:

/s/ STEVEN E. SIMMS

Steven E. Simms

President and Chief Executive Officer
(Principal Executive Officer)

August 7, 2012

/s/ C. SCOTT BRANNAN

C. Scott Brannan

Senior Vice President, Finance and
Chief Financial Officer
(Principal Financial and Accounting Officer)

August 7, 2012

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into as of January 1, 2011, by and between Colfax Corporation, a Delaware corporation (the "**Company**"), and Daniel A. Pryor (the "**Executive**").

1. **Positions, Duties and Term.** The Company hereby employs the Executive as its Senior Vice President, Strategy & Business Development and the Executive hereby accepts such employment, on the terms and conditions set forth below.

1.1 **Term.** The Executive's employment hereunder shall be for a term commencing as of January 1, 2011, (the "**Effective Date**") and ending as of the earliest of (i) December 31, 2012 or such later date to which the term of this Agreement may be extended pursuant to Subsection (a), (ii) the date that the Executive's employment terminates pursuant to Subsections (c) or (d), below, or (iii) the date of the Executive's death.

(a) **Extension of Term.** Unless the Executive's employment with the Company terminates earlier in accordance with Subsections (c) or (d), the parties pursuant to Subsection (b) elect not to extend the term, the term of this Agreement automatically shall be extended as of December 31, 2012 and each December 31st thereafter, such that on each such date the term of employment under this Agreement shall be for a one-year period. In addition, if a Change in Control shall occur during the term of the Executive's employment under this Agreement, this Agreement shall not expire prior to the second anniversary of the date of consummation of the Change in Control, and the term of this Agreement shall automatically be extended to the second anniversary, as necessary, to give effect to this provision as of such consummation date.

(b) **Election Not to Extend Term.** The Executive or the Board of Directors of the Company (the "**Board**"), by written notice delivered to the other, may at any time elect to terminate the automatic extension provision of Subsection (a). Any such election may be made at any time until the ninety (90) days prior to the anniversary of the Effective Date as of which the term would otherwise be extended for an additional one year. Furthermore, the parties agree that expiration of this Agreement in accordance with the term end-date dictated by this Subsection (b) shall not in any event constitute termination by the Executive for Good Reason or by the Company without Cause under this Agreement.

(c) **Early Termination.** The Company may terminate the Executive's employment with or without Cause or on account of Disability, with written notice delivered to the Executive from Board. In the case of a termination by the Company for Cause, the Executive's termination shall be effective immediately upon giving notice. In the case of a termination without Cause or on account of Disability, the termination shall be effective as stated in such notice, but not earlier than 60 days following the date of the notice.

(d) Early Resignation. The Executive may resign from the Company for any reason, including Good Reason. Executive may effect a Good Reason termination by providing at least 30 days' written notice to the Board of the applicable Good Reason criteria and his termination effective date; provided that the notice must be given within 90 days of the occurrence of the condition that is the basis for such Good Reason; and further provided that if the basis for such Good Reason is correctable and the Company corrects the basis for such Good Reason within 30 days after receipt of such notice, the Good Reason defect shall be cured and Executive shall not then have the right to terminate his employment for Good Reason with respect to the occurrence addressed in the written notice. In the case of a resignation other than for Good Reason, the termination shall be effective as stated in the notice, but not earlier than 60 days following the date of the notice.

(e) 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 affiliate, including any boards of directors.

1.2 Duties. The Executive shall faithfully perform for the Company the duties incident to the office of Senior Vice President, Strategy & Business Development 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. During the term of his employment under this Agreement, the Company shall pay the Executive a base salary at an annual rate of \$350,000 (the "**Base Salary**"). The Base Salary shall be reviewed no less frequently than annually and 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.

2.2 Annual Cash Incentive. During the term of 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 50% 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.

3. Terminations Other than Without Cause or for Good Reason. In the event of the Executive's resignation other than for Good Reason, his termination of employment with the Company on account of death or Disability, or his termination by the Company for Cause, all obligations of the Company under Sections 1 and 2 will immediately cease. In connection with this resignation or termination, the Company will pay the Executive (or, in the case of the Executive's death, Executive's beneficiary or, if none has been designated in accordance with Section 6.3, Executive's estate), the amount of the Executive's Compensation Accrued at Termination, and the Executive's rights, if any, under any Company benefit plan or program shall be governed by such plan or program.

4. Terminations Without Cause or for Good Reason. If during the term of his employment under this Agreement, Executive is terminated by the Company without Cause (and not on account of Disability) or resigns from the Company for Good Reason, all obligations of the Company under Sections 1 and 2 will immediately cease. In connection with this resignation or termination, the Company will pay the Executive (or, in the case of the Executive's death, Executive's beneficiary or, if none has been designated in accordance with Section 8.3, Executive's estate), the amount of the Executive's Compensation Accrued at Termination, and the Executive's rights, if any, under any Company benefit plan or program shall be governed by such plan or program. In addition, in connection with a resignation or termination described in this Section 4, and subject to the requirements of Section 4.3, the Executive shall be entitled to the benefits described in Section 4.1 and, if applicable, Section 4.2, and, except to the extent provided under Section 10.7, the payments shall be made, and the benefits shall be provided, upon employment termination or as soon as reasonably practicable thereafter.

4.1 Severance and Pro-Rata Bonus. The benefit under this Section 4.1 shall consist of the following:

- (i) A single sum severance payment in cash equal to the sum of: (x) one (1) times the Executive's Base Salary plus (y) one (1) times the Executive's target Annual Cash Incentive in effect for the year; provided, however, that the Annual Cash Incentive component shall instead be the average of the two highest actual Annual Cash Incentive payments made in the three most recent performance periods, if this amount is greater and the Executive has received two such payments; and provided, further, that the multiplier under the provisions of (x) and (y) shall be "two (2) times" in the event the applicable termination of employment occurs within 3 months prior to a Change in Control Event or two (2) years after a Change in Control; and

- (ii) In lieu of any annual cash incentive under Section 2.2 for the year in which Executive's employment terminates, a single sum cash payment equal to the amount, if any, of the Partial Year Bonus (as defined in Section 10.7); provided, however, that, other than in connection with a Change in Control Event, no Partial Year Bonus shall be paid unless the performance goals for the applicable year are achieved.

4.2 Change in Control Termination Accelerated Vesting. If the resignation or termination under this Section 4 shall occur within 3 months prior to a Change in Control Event or two (2) years after a Change in Control, the following provisions shall apply:

- (i) All equity or equity based awards held by Executive at termination of employment, including but not limited to, stock options, restricted stock and restricted stock units, and which time-vest based on service shall become vested and non-forfeitable, and all other terms of such awards shall be governed by the plans and programs and the agreements and other documents pursuant to which such options were granted; and
- (ii) Any performance objectives upon which the earning of performance-based restricted stock, restricted stock units, and other equity or equity-based awards and other long-term incentive awards (including cash awards,) is conditioned shall be deemed to have been met at the greater of (A) target level at the date of termination, or (B) actual performance at the date of termination, and such amounts shall become fully vested and non-forfeitable as a result of termination of employment at the date of such termination, and, in other respects, such awards shall be governed by the plans and programs and the agreements and other documents pursuant to which such awards were granted.

4.3 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**"), within three (3) days of termination, consistent with the form attached hereto as Exhibit A, the terms and conditions of which are specifically incorporated herein by reference. The execution and delivery of the Waiver and Release Agreement shall be made within [45] days of delivery to the Executive of the Waiver and Release Agreement and the Company shall make payment of all lump sums due within ten (10) days after the Waiver and Release Agreement is no longer revocable by Executive. If the Waiver and Release Agreement is not executed with in the [45] day period post-delivery, the Executive will forfeit all severance payments to be provided pursuant to Section 4.1.

5. 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 or her 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 or her 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. In that event, then the Executive shall designate those rights, payments, or benefits under this Agreement, any other agreements, and any benefit arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Executive under this Agreement be deemed to be a parachute payment; provided, however, that in order to comply with Section 409A, the reduction or elimination will be performed in the order in which each dollar of value subject to a right, payment of benefit reduces the parachute payment to the greatest extent. Except as otherwise expressly provided herein, all determinations under this Section 5 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.

5.1 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.

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

6.1 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 6.1, “**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.

6.2 Noncompetition. During the term of this Agreement (including any extensions thereof) and for a period of one 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 those locations in the United States of America in which the Company is operating and those locations abroad in which the Company has significant operations, including, but not limited to, Germany, China and India.

6.3 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.

6.4 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.

6.5 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.

6.6 Survival. The provisions of this Section 6 shall survive the termination of the Term and any termination or expiration of this Agreement.

6.7 Remedies. Executive agrees that any breach of the terms of this Section 6 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 7 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 7. 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 6, 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 7, 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 5.1, 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 6.7. 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.

7. Governing Law; Disputes; Arbitration.

7.1 Governing Law. This Agreement is governed by and is to be construed, administered, and enforced in accordance with the laws of the State of Maryland, 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 7 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.

7.2 Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the City of Washington, D.C. 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 State of Maryland, 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 7. Notwithstanding any provision in this Section 7, 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.

7.3 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 7.2, requiring arbitration of disputes hereunder.

8. Miscellaneous.

8.1 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.

8.2 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 8.3.

8.3 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.

8.4 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: Senior Vice President, Human Resources
8730 Stony Point Parkway, Suite 150
Richmond, VA 23235

With a copy to:

Michael Silver, Esquire
Hogan Lovells
555 13th Street NW
Washington, D.C. 20004

If to Executive:

Daniel A. Pryor
[REDACTED]

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.

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

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

8.7 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.

8.8 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, including under Sections 4 and 5, or otherwise by the Company, will be subject to withholding to satisfy required withholding taxes and other required deductions.

8.9 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.

8.10 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.

8.11 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.

9. D&O Insurance.

The Company will maintain directors' and officers' liability insurance during the Term and for a period of six years thereafter, covering acts and omissions of Executive during the Term, on terms substantially no less favorable than those in effect on the Effective Date.

10. Definitions Relating to Termination Events.

10.1 Cause. For purposes of this Agreement, "**Cause**" shall mean Executive's:

- (i) Conviction for commission of a felony or a crime involving moral turpitude;
- (ii) Willful commission of any act of theft, fraud, embezzlement or misappropriation against the Company or its subsidiaries or affiliates; or
- (iii) Continued failure to substantially perform Executive's duties hereunder (other than such failure resulting from Executive's incapacity due to physical or mental illness), which failure is not remedied within 30 calendar days after written demand for substantial performance is delivered by the Company which specifically identifies the manner in which the Company believes that Executive has not substantially performed Executive's duties.

10.2 Change in Control. For purposes of this Agreement, a "**Change in Control**" means the following:

- (i) A transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction or on the Effective Date, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company and immediately after such acquisition possesses more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or
- (ii) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 10.2(i) hereof or Section 10.2(iii) hereof) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or
- (iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:
 - (A) Which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction; and
 - (B) After which no person or group (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act) voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 10.2(iii)(B) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

- (iv) The Company's stockholders approve a liquidation or dissolution of the Company and all material contingencies to such liquidation or dissolution have been satisfied or waived.

10.3 Change in Control Event. For purposes of this Agreement, "**Change in Control Event**" means the earlier to occur of (i) a Change in Control or (ii) the execution and delivery by the Company of a definitive agreement providing for a Change in Control.

10.4 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.

10.5 Disability. For purposes of this Agreement, "**Disability**" means the Executive is unable due to a physical or mental condition to perform the essential functions of his position with or without reasonable accommodation for six (6) months in the aggregate during any twelve (12) month period or based on the written certification by two licensed physicians of the likely continuation of such condition for such period. This definition shall be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, Section 409A of the Code and other applicable law.

10.6 Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean, without Executive's express written consent, the occurrence of any of the following circumstances unless, if correctable, such circumstances are fully corrected within 30 days of the notice of termination given in respect thereof:

- (i) Upon or following a Change in Control Event, (A) the assignment to Executive of duties materially inconsistent with Executive's position and status hereunder, or (B) an alteration, materially adverse to Executive, in the nature of Executive's duties, responsibilities, and authorities, Executive's position or the conditions of Executive's employment from those specified in Section 1 or otherwise hereunder (other than inadvertent actions which are promptly remedied); except the foregoing shall not constitute Good Reason if occurring (X) in connection with the termination of Executive's employment for Cause, Disability, or as a result of Executive's death, (Y) as a result of action by or with the consent of Executive or (Z) as a result of reasonable adjustments in Executive's range of duties, responsibilities and authorities in the event that the Change of Control Event results in a significantly larger Successor Entity and the Board of Directors of the Successor Entity concludes that the Executive's duties, responsibilities and authorities need to be adjusted (to include a change in title or reporting to another senior executive officer); provided, however, that such adjustments do not reduce Executive's compensation;
 - (ii) The Company requiring Executive to relocate his principal place of business for the Company to a location at least 35 miles from his current place of business, and which is at least 35 miles longer distance from his place of residence;
 - (iii) The failure of the Company to obtain a satisfactory agreement from any successor to the Company to fully assume the Company's obligations and to perform under this Agreement; or
 - (iv) Any other failure by the Company to perform any material obligation under, or breach by the Company of any material provision of, this Agreement.
- 10.7 Partial Year Bonus. For purposes of this Agreement, a Partial Year Bonus is payable to the Executive for the year of the Executive's employment termination in the event the Company performance criteria for payment of an Annual Cash Incentive are achieved as of the close of the year at the level required for a payout at the target level or above. Any such Partial Year Bonus shall equal the Executive's target Annual Cash Incentive compensation multiplied by a fraction of the numerator of which is the number of days the Executive was employed by the Company in the year of termination and the denominator of which is the total number of days in the year of termination. Should any such Partial Year Bonus become payable under this Agreement, payment shall be made to the Executive at the same time as payment is made to all other participants under the Annual Cash incentive compensation program following the close of the year.

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

COLFAX CORPORATION

By: /s/ Clay H. Kiefaber
Name: Clay H. Kiefaber
Title: President & CEO

/s/ Daniel A. Pryor

Daniel A. Pryor

EXHIBIT A

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 Daniel A. Pryor (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 or her own behalf and on behalf of his or her heirs, executors, administrators, attorneys and assigns, 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 or her signing of the Waiver and Release Agreement, concerning his or her 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, 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 or she is not waiving any claims or administrative charges which cannot be waived by law. He or she 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 or her behalf arising out of or related to his or her 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 or she acknowledges that:

- (a) He or she is hereby advised in writing to consult an attorney before signing this Waiver and Release Agreement;
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- (b) He or she has relied solely on his or her own judgment and/or that of his or her 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 or her own free will;
- (c) He or she is not entitled to the Severance Payment unless he or she agrees to and honors the terms of this Waiver and Release Agreement;
- (d) He or she has been given at least **[twenty-one (21)] [forty-five (45)]** calendar days to consider this Waiver and Release Agreement, or he or she expressly waives his or her right to have at least **[twenty-one (21)] [forty-five (45)]** days to consider this Waiver and Release Agreement;
- (e) He or she 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 or she 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 or she revokes this Waiver and Release Agreement within the seven (7) day revocation period, he or she will not receive the Severance Payment;
- (f) He or she 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 or her signing of this Waiver and Release Agreement that he or she 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.

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.

Daniel A. Pryor

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into as of August 23, 2010, by and between Colfax Corporation, a Delaware corporation (the "**Company**"), and A. Lynne Puckett (the "**Executive**").

1. Positions, Duties and Term. The Company hereby employs the Executive as its Senior Vice President, General Counsel and Secretary and the Executive hereby accepts such employment, on the terms and conditions set forth below.

1.1 Term. The Executive's employment hereunder shall be for a term commencing as of September 27, 2010 (the "**Effective Date**") and ending as of the earliest of (i) December 31, 2012 or such later date to which the term of this Agreement may be extended pursuant to Subsection (a), (ii) the date that the Executive's employment terminates pursuant to Subsections (c) or (d), below, or (iii) the date of the Executive's death.

(a) Extension of Term. Unless the Executive's employment with the Company terminates earlier in accordance with Subsections (c) or (d), the parties pursuant to Subsection (b) elect not to extend the term, the term of this Agreement automatically shall be extended as of December 31, 2012 and each December 31st thereafter, such that on each such date the term of employment under this Agreement shall be for a one-year period. In addition, if a Change in Control shall occur during the term of the Executive's employment under this Agreement, this Agreement shall not expire prior to the second anniversary of the date of consummation of the Change in Control, and the term of this Agreement shall automatically be extended to the second anniversary, as necessary, to give effect to this provision as of such consummation date.

(b) Election Not to Extend Term. The Executive or the Board of Directors of the Company (the "**Board**"), by written notice delivered to the other, may at any time elect to terminate the automatic extension provision of Subsection (a). Any such election may be made at any time until the ninety (90) days prior to the anniversary of the Effective Date as of which the term would otherwise be extended for an additional one year. Furthermore, the parties agree that expiration of this Agreement in accordance with the term end-date dictated by this Subsection (b) shall not in any event constitute termination by the Executive for Good Reason or by the Company without Cause under this Agreement.

(c) Early Termination. The Company may terminate the Executive's employment with or without Cause or on account of Disability, with written notice delivered to the Executive from Board. In the case of a termination by the Company for Cause, the Executive's termination shall be effective immediately upon giving notice. In the case of a termination without Cause or on account of Disability, the termination shall be effective as stated in such notice, but not earlier than 60 days following the date of the notice.

(d) Early Resignation. The Executive may resign from the Company for any reason, including Good Reason. Executive may effect a Good Reason termination by providing at least 30 days' written notice to the Board of the applicable Good Reason criteria and her termination effective date; provided that the notice must be given within 90 days of the occurrence of the condition that is the basis for such Good Reason; and further provided that if the basis for such Good Reason is correctable and the Company corrects the basis for such Good Reason within 30 days after receipt of such notice, the Good Reason defect shall be cured and Executive shall not then have the right to terminate her employment for Good Reason with respect to the occurrence addressed in the written notice. In the case of a resignation other than for Good Reason, the termination shall be effective as stated in the notice, but not earlier than 60 days following the date of the notice.

(e) Termination and Offices Held. At the time Executive ceases to be an employee of the Company, the Executive agrees that she shall resign from any office she holds with the Company and its subsidiaries and any affiliate, including any boards of directors.

1.2 Duties. The Executive shall faithfully perform for the Company the duties incident to the office of Senior Vice President, General Counsel and Secretary 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. During the term of her employment under this Agreement, the Company shall pay the Executive a base salary at an annual rate of \$300,000 (the "**Base Salary**"). The Base Salary shall be reviewed no less frequently than annually and 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.

2.2 Annual Cash Incentive. During the term of her 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 50% 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 her 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 her 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.

3. Terminations Other than Without Cause or for Good Reason. In the event of the Executive's resignation other than for Good Reason, her termination of employment with the Company on account of death or Disability, or her termination by the Company for Cause, all obligations of the Company under Sections 1 and 2 will immediately cease. In connection with this resignation or termination, the Company will pay the Executive (or, in the case of the Executive's death, Executive's beneficiary or, if none has been designated in accordance with Section 6.3, Executive's estate), the amount of the Executive's Compensation Accrued at Termination, and the Executive's rights, if any, under any Company benefit plan or program shall be governed by such plan or program.

4. Terminations Without Cause or for Good Reason. If during the term of her employment under this Agreement, Executive is terminated by the Company without Cause (and not on account of Disability) or resigns from the Company for Good Reason, all obligations of the Company under Sections 1 and 2 will immediately cease. In connection with this resignation or termination, the Company will pay the Executive (or, in the case of the Executive's death, Executive's beneficiary or, if none has been designated in accordance with Section 8.3, Executive's estate), the amount of the Executive's Compensation Accrued at Termination, and the Executive's rights, if any, under any Company benefit plan or program shall be governed by such plan or program. In addition, in connection with a resignation or termination described in this Section 4, and subject to the requirements of Section 4.3, the Executive shall be entitled to the benefits described in Section 4.1 and, if applicable, Section 4.2, and, except to the extent provided under Section 10.7, the payments shall be made, and the benefits shall be provided, upon employment termination or as soon as reasonably practicable thereafter.

4.1 Severance and Pro-Rata Bonus. The benefit under this Section 4.1 shall consist of the following:

- (i) A single sum severance payment in cash equal to the sum of: (x) one (1) times the Executive's Base Salary plus (y) one (1) times the Executive's target Annual Cash Incentive in effect for the year; provided, however, that the Annual Cash Incentive component shall instead be the average of the two highest actual Annual Cash Incentive payments made in the three most recent performance periods, if this amount is greater and the Executive has received two such payments; and provided, further, that the multiplier under the provisions of (x) and (y) shall be "two (2) times" in the event the applicable termination of employment occurs within 3 months prior to a Change in Control Event or within two (2) years after a Change in Control; and

- (ii) In lieu of any annual cash incentive under Section 2.2 for the year in which Executive's employment terminates, a single sum cash payment equal to the amount, if any, of the Partial Year Bonus (as defined in Section 10.7); provided, however, that, other than in connection with a Change in Control Event, no Partial Year Bonus shall be paid unless the performance goals for the applicable year are achieved.

4.2 Change in Control Termination Accelerated Vesting. If the resignation or termination under this Section 4 shall occur within 3 months prior to a Change in Control Event or two (2) years after a Change in Control, the following provisions shall apply:

- (i) All equity or equity based awards held by Executive at termination of employment, including but not limited to, stock options, restricted stock and restricted stock units, and which time-vest based on service shall become vested and non-forfeitable, and all other terms of such awards shall be governed by the plans and programs and the agreements and other documents pursuant to which such options were granted; and
- (ii) Any performance objectives upon which the earning of performance-based restricted stock, restricted stock units, and other equity or equity-based awards and other long-term incentive awards (including cash awards,) is conditioned shall be deemed to have been met at the greater of (A) target level at the date of termination, or (B) actual performance at the date of termination, and such amounts shall become fully vested and non-forfeitable as a result of termination of employment at the date of such termination, and, in other respects, such awards shall be governed by the plans and programs and the agreements and other documents pursuant to which such awards were granted.

4.3 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**"), within three (3) days of termination, consistent with the form attached hereto as Exhibit A, the terms and conditions of which are specifically incorporated herein by reference. The execution and delivery of the Waiver and Release Agreement shall be made within 45 days of delivery to the Executive of the Waiver and Release Agreement and the Company shall make payment of all lump sums due within ten (10) days after the Waiver and Release Agreement is no longer revocable by Executive. If the Waiver and Release Agreement is not executed within the 45 day period post-delivery, the Executive will forfeit all severance payments to be provided pursuant to Section 4.1.

5. 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 or her 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 or her 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. In that event, then the Executive shall designate those rights, payments, or benefits under this Agreement, any other agreements, and any benefit arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Executive under this Agreement be deemed to be a parachute payment; provided, however, that in order to comply with Section 409A, the reduction or elimination will be performed in the order in which each dollar of value subject to a right, payment of benefit reduces the parachute payment to the greatest extent. Except as otherwise expressly provided herein, all determinations under this Section 5 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.

5.1 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.

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

6.1 Confidential Information. The Executive acknowledges that, during the course of her 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 6.1, “**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 her employment with the Company, or at any time thereafter, she shall not, directly or indirectly, communicate, disclose or divulge to any Person (as such term is hereinafter defined), or use for her benefit or the benefit of any Person, in any manner, any Confidential Information of the Company or its subsidiaries acquired during her 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 her 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.

6.2 Noncompetition. During the term of this Agreement (including any extensions thereof) and for a period of one 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 those locations in the United States of America in which the Company is operating.

6.3 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.

6.4 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 her provision of testimony or assistance.

6.5 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 her successor or members of the Board of Directors from making truthful statements that are required by applicable law, regulation or legal process.

6.6 Survival. The provisions of this Section 6 shall survive the termination of the Term and any termination or expiration of this Agreement.

6.7 Remedies. Executive agrees that any breach of the terms of this Section 6 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 7 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 7. 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 6, 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 7, 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 5.1, 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 6.7. 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.

7. Governing Law; Disputes; Arbitration.

7.1 Governing Law. This Agreement is governed by and is to be construed, administered, and enforced in accordance with the laws of the State of Maryland, 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 7 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.

7.2 Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the City of Washington, D.C. 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 State of Maryland, 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 her costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 7. Notwithstanding any provision in this Section 7, 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.

7.3 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 7.2, requiring arbitration of disputes hereunder.

8. Miscellaneous.

8.1 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.

8.2 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 8.3.

8.3 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.

8.4 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: Steven W. Weidenmuller
Senior Vice President, Human Resources
8730 Stony Point Parkway, Suite 150
Richmond, VA 23235

With a copy to:

Michael Silver
Hogan Lovells
555 13th Street NW
Washington, D.C. 20004

If to Executive:

A. Lynne Puckett
[REDACTED]

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.

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

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

8.7 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.

8.8 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 her receipt of funds as a result of her fraudulent activity. The foregoing and other provisions of this Agreement notwithstanding, all payments to be made to Executive under this Agreement, including under Sections 4 and 5, or otherwise by the Company, will be subject to withholding to satisfy required withholding taxes and other required deductions.

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

8.10 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.

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

9. D&O Insurance.

The Company will maintain directors' and officers' liability insurance during the Term and for a period of six years thereafter, covering acts and omissions of Executive during the Term, on terms substantially no less favorable than those in effect on the Effective Date.

10. Definitions Relating to Termination Events.

10.1 Cause. For purposes of this Agreement, "**Cause**" shall mean Executive's:

- (i) Conviction for commission of a felony or a crime involving moral turpitude;
- (ii) Willful commission of any act of theft, fraud, embezzlement or misappropriation against the Company or its subsidiaries or affiliates; or
- (iii) Continued failure to substantially perform Executive's duties hereunder (other than such failure resulting from Executive's incapacity due to physical or mental illness), which failure is not remedied within 30 calendar days after written demand for substantial performance is delivered by the Company which specifically identifies the manner in which the Company believes that Executive has not substantially performed Executive's duties.

10.2 Change in Control. For purposes of this Agreement, a "**Change in Control**" means the following:

- (i) A transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction or on the Effective Date, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company and immediately after such acquisition possesses more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

- (ii) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 10.2(i) hereof or Section 10.2(iii) hereof) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or
- (iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:
 - (A) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction; and
 - (B) After which no person or group (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act) voting securities representing 50% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this Section 10.2(iii)(B) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or
- (iv) The Company's stockholders approve a liquidation or dissolution of the Company and all material contingencies to such liquidation or dissolution have been satisfied or waived.

10.3 Change in Control Event. For purposes of this Agreement, "**Change in Control Event**" means the earlier to occur of (i) a Change in Control or (ii) the execution and delivery by the Company of a definitive agreement providing for a Change in Control.

10.4 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.

10.5 Disability. For purposes of this Agreement, “**Disability**” means the Executive is unable due to a physical or mental condition to perform the essential functions of his position with or without reasonable accommodation for six (6) months in the aggregate during any twelve (12) month period or based on the written certification by two licensed physicians of the likely continuation of such condition for such period. This definition shall be interpreted and applied consistent with the Americans with Disabilities Act, the Family and Medical Leave Act, Section 409A of the Code and other applicable law.

10.6 Good Reason. For purposes of this Agreement, “**Good Reason**” shall mean, without Executive’s express written consent, the occurrence of any of the following circumstances unless, if correctable, such circumstances are fully corrected within 30 days of the notice of termination given in respect thereof:

- (i) Upon or following a Change in Control Event, (A) the assignment to Executive of duties materially inconsistent with Executive’s position and status hereunder, or (B) an alteration, materially adverse to Executive, in the nature of Executive’s duties, responsibilities, and authorities, Executive’s position or the conditions of Executive’s employment from those specified in Section 1 or otherwise hereunder (other than inadvertent actions which are promptly remedied); except the foregoing shall not constitute Good Reason if occurring (X) in connection with the termination of Executive’s employment for Cause, Disability, or as a result of Executive’s death, (Y) as a result of action by or with the consent of Executive or (Z) as a result of reasonable adjustments in Executive’s range of duties, responsibilities and authorities in the event that the Change of Control Event results in a significantly larger Successor Entity and the Board of Directors of the Successor Entity concludes that the Executive’s duties, responsibilities and authorities need to be adjusted (to include a change in title or reporting to another senior executive officer); provided, however, that such adjustments do not reduce Executive’s compensation;

- (ii) The Company requiring Executive to relocate her principal place of business for the Company to a location at least 35 miles from her current place of business, and which is at least 35 miles longer distance from her place of residence;
- (iii) The failure of the Company to obtain a satisfactory agreement from any successor to the Company to fully assume the Company's obligations and to perform under this Agreement; or
- (iv) Any other failure by the Company to perform any material obligation under, or breach by the Company of any material provision of, this Agreement.

10.7 Partial Year Bonus. For purposes of this Agreement, a Partial Year Bonus is payable to the Executive for the year of the Executive's employment termination in the event the Company performance criteria for payment of an Annual Cash Incentive are achieved as of the close of the year at the level required for a payout at the target level or above. Any such Partial Year Bonus shall equal the Executive's target Annual Cash Incentive compensation multiplied by a fraction of the numerator of which is the number of days the Executive was employed by the Company in the year of termination and the denominator of which is the total number of days in the year of termination. Should any such Partial Year Bonus become payable under this Agreement, payment shall be made to the Executive at the same time as payment is made to all other participants under the Annual Cash incentive compensation program following the close of the year.

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: SVP- Human Resources

/s/ A. Lynne Puckett
A. Lynne Puckett

EXHIBIT A

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 A. Lynne Puckett (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 or her own behalf and on behalf of his or her heirs, executors, administrators, attorneys and assigns, 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 or her signing of the Waiver and Release Agreement, concerning his or her 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, 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 or she is not waiving any claims or administrative charges which cannot be waived by law. He or she 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 or her behalf arising out of or related to his or her 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 or she acknowledges that:

- (a) He or she is hereby advised in writing to consult an attorney before signing this Waiver and Release Agreement;
 - (b) He or she has relied solely on his or her own judgment and/or that of his or her 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 or her own free will;
-

- (c) He or she is not entitled to the Severance Payment unless he or she agrees to and honors the terms of this Waiver and Release Agreement;
- (d) He or she has been given at least **[twenty-one (21)] [forty-five (45)]** calendar days to consider this Waiver and Release Agreement, or he or she expressly waives his or her right to have at least **[twenty-one (21)] [forty-five (45)]** days to consider this Waiver and Release Agreement;
- (e) He or she 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 or she 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 or she revokes this Waiver and Release Agreement within the seven (7) day revocation period, he or she will not receive the Severance Payment;
- (f) He or she 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 or her signing of this Waiver and Release Agreement that he or she 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 Maryland, excluding the choice of law rules thereof.

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.

A. Lynne Puckett

COLFAX CORPORATION

2008 STOCK INCENTIVE PLAN

(AS AMENDED AND RESTATED APRIL 2, 2012)

Colfax Corporation, a Delaware corporation (the “Company”), sets forth herein the terms of its 2008 Omnibus Incentive Plan, as amended and restated April 2, 2012 (the “Plan”), as follows:

1. PURPOSE

The Plan is intended to enhance the Company’s and its Affiliates’ (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such persons to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, stock appreciation rights, restricted stock, stock units, unrestricted stock, and dividend equivalent rights. Any of these awards may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein, except that stock options granted to outside directors and any consultants or adviser providing services to the Company or an Affiliate shall in all cases be non-qualified stock options.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 “**Affiliate**” means, with respect to the Company, any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary. For purposes of granting stock options or stock appreciation rights, an entity may not be considered an Affiliate if it results in noncompliance with Code Section 409A.

2.2 “**Annual Incentive Award**” means an Award made subject to attainment of performance goals (as described in **Section 14**) over a performance period of up to one year (the Company’s fiscal year, unless otherwise specified by the Committee).

2.3 “**Award**” means a grant of an Option, Stock Appreciation Right, Restricted Stock, Unrestricted Stock, Stock Unit, Dividend Equivalent Rights, Performance Share, or Performance Unit under the Plan.

2.4 “**Award Agreement**” means the written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of an Award.

2.5 “**Benefit Arrangement**” shall have the meaning set forth in **Section 15** hereof.

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

2.7 “**Cause**” means, as determined by the Board and unless otherwise provided in an applicable agreement with the Company: (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Service Provider and the Company or any Subsidiary.

- 2.8 **“Code”** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.
- 2.9 **“Committee”** means a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in **Section 3**.
- 2.10 **“Company”** means Colfax Corporation.
- 2.11 **“Corporate Transaction”** means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) 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 stock of the Company.
- 2.12 **“Covered Employee”** means a Grantee who is a covered employee within the meaning of Section 162(m)(3) of the Code.
- 2.13 **“Disability”** means the Grantee is unable to perform each of the essential duties of such Grantee’s position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months; provided, however, that, with respect to rules regarding expiration of an Incentive Stock Option following termination of the Grantee’s Service, Disability shall mean the Grantee is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.
- 2.14 **“Dividend Equivalent Right”** means a right, granted to a Grantee under **Section 13** hereof, to receive cash, Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments.
- 2.15 **“Effective Date”** means April 21, 2008, the date the Plan was originally approved by the Board and the Company’s stockholders. With respect to this amendment and restatement of the Plan, the Effective Date shall mean April 2, 2012, the date this amendment and restatement of the Plan was approved by the Board. This amendment and restatement is subject to approval of the Plan by the Company’s stockholders at the Company’s 2012 Annual Meeting.
- 2.16 **“Exchange Act”** means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.
- 2.17 **“Fair Market Value”** means the value of a share of Stock, determined as follows: if on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, is admitted to quotation on The Nasdaq Stock Market, Inc. or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (if there is more than one such exchange or market the Board shall determine the appropriate exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the average between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Board in good faith in a manner consistent with Code Section 409A. In case of an Award for which the Grant Date is the IPO Effective Date, the Fair Market Value shall equal the offering price of a share of Stock in the IPO.
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2.18 **“Family Member”** means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee’s household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more of these persons (or the Grantee) own more than fifty percent of the voting interests.

2.19 **“Grant Date”** means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under **Section 6** hereof, or (iii) such other date as may be specified by the Board.

2.20 **“Grantee”** means a person who receives or holds an Award under the Plan.

2.21 **“Incentive Stock Option”** means an “incentive stock option” within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.22 **“Initial Public Offering”** or **“IPO”** means the initial firm commitment underwritten registered public offering by the Company of the Stock.

2.23 **“IPO Effective Date”** means the date on which the Company and the underwriters for the IPO enter into a purchase agreement establishing the price of the Stock to be sold in the IPO.

2.24 **“Non-qualified Stock Option”** means an Option that is not an Incentive Stock Option.

2.25 **“Option”** means an option to purchase one or more shares of Stock pursuant to the Plan.

2.26 **“Option Price”** means the exercise price for each share of Stock subject to an Option.

2.27 **“Other Agreement”** shall have the meaning set forth in **Section 14** hereof.

2.28 **“Outside Director”** means a member of the Board who is not an officer or employee of the Company.

2.29 **“Performance Award”** means an Award made subject to the attainment of performance goals (as described in **Section 14** and **Appendix A**) over a performance period of up to ten (10) years.

2.30 **“Performance-Based Compensation”** means compensation under an Award that is intended to satisfy the requirements of Code Section 162(m) for certain performance-based compensation paid to Covered Employees. Notwithstanding the foregoing, nothing in this Plan shall be construed to mean that an Award which does not satisfy the requirements for performance-based compensation under Code Section 162(m) does not constitute performance-based compensation for other purposes, including Code Section 409A.

2.31 **“Performance Measures”** means measures as described in **Appendix A** on which the performance goals are based and which are approved by the Company’s shareholders pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.

2.32 **“Performance Period”** means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.

2.33 **“Performance Share”** means an Award under **Section 14** herein and subject to the terms of this Plan, denominated in Stock, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

2.34 **“Performance Unit”** means an Award under **Section 14** herein and subject to the terms of this Plan, denominated in Stock Units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

2.35 **“Plan”** means this Colfax Corporation 2008 Omnibus Incentive Plan, as amended and restated April 2, 2012.

2.36 **“Purchase Price”** means the purchase price for each share of Stock pursuant to a grant of Restricted Stock or Unrestricted Stock.

2.37 **“Reporting Person”** means a person who is required to file reports under Section 16(a) of the Exchange Act.

2.38 **“Restricted Stock”** means shares of Stock, awarded to a Grantee pursuant to **Section 10** hereof.

2.39 **“SAR Exercise Price”** means the per share exercise price of an SAR granted to a Grantee under **Section 9** hereof.

2.40 **“Securities Act”** means the Securities Act of 1933, as now in effect or as hereafter amended.

2.41 **“Service”** means service as a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee’s change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final, binding and conclusive.

2.42 **“Service Provider”** means an employee, officer or director of the Company or an Affiliate, or a consultant or adviser (who is a natural person) currently providing services to the Company or an Affiliate.

2.43 **“Stock”** means the common stock, par value \$0.001 per share, of the Company.

2.44 “**Stock Appreciation Right**” or “**SAR**” means a right granted to a Grantee under **Section 9** hereof.

2.45 “**Stock Unit**” means a bookkeeping entry representing the equivalent of one share of Stock awarded to a Grantee pursuant to **Section 10** hereof.

2.46 “**Subsidiary**” means any “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code.

2.47 “**Substitute Awards**” means Awards granted upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity acquired by the Company or any Affiliate or with which the Company or any Affiliate combines.

2.48 “**Ten Percent Stockholder**” means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

2.49 “**Unrestricted Stock**” means an Award pursuant to **Section 11** hereof.

3. ADMINISTRATION OF THE PLAN

3.1. Board.

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company’s certificate of incorporation and by-laws and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Award or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company’s certificate of incorporation and by-laws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive.

3.2. Committee.

The Board from time to time may delegate to the Committee such powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** above and other applicable provisions, as the Board shall determine, consistent with the certificate of incorporation and by-laws of the Company and applicable law.

(i) Except as provided in Subsection (ii) and except as the Board may otherwise determine, the Committee, if any, appointed by the Board to administer the Plan shall consist of two or more Outside Directors of the Company who: (a) qualify as “outside directors” within the meaning of Section 162(m) of the Code and who (b) meet such other requirements as may be established from time to time by the Securities and Exchange Commission for plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act and who (c) comply with the independence requirements of the stock exchange on which the Common Stock is listed.

(ii) The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not be Outside Directors, who may administer the Plan with respect to employees or other Service Providers who are not officers or directors of the Company, may grant Awards under the Plan to such employees or other Service Providers, and may determine all terms of such Awards.

In the event that the Plan, any Award or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. To the extent permitted by law, the Committee may delegate its authority under the Plan to a member of the Board.

3.3. Terms of Awards.

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority to:

- (i) designate Grantees,
- (ii) determine the type or types of Awards to be made to a Grantee,
- (iii) determine the number of shares of Stock to be subject to an Award,
- (iv) establish the terms and conditions of each Award (including, but not limited to, the exercise price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options),
- (v) prescribe the form of each Award Agreement evidencing an Award, and
- (vi) amend, modify, or supplement the terms of any outstanding Award. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom. Notwithstanding the foregoing, no amendment, modification or supplement of any Award shall, without the consent of the Grantee, impair the Grantee's rights under such Award.

The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may annul an Award if the Grantee is an employee of the Company or an Affiliate thereof and is terminated for Cause as defined in the applicable Award Agreement or the Plan, as applicable.

Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, shares of Stock, other securities or other property), stock split, extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Stock or other securities or similar transaction), the Company may not, without obtaining stockholder approval: (a) amend the terms of outstanding Options or SARs to reduce the Option Price or SAR Exercise Price of such outstanding Options or SARs; (b) cancel outstanding Options or SARs in exchange for or substitution of Options or SARs with an Option Price or SAR Exercise Price that is less than the Option Price or SAR Exercise Price of the original Options or SARs; or (c) cancel outstanding Options or SARs with an Option Price or SAR Exercise Price above the current stock price in exchange for cash or other securities.

3.4. Deferral Arrangement.

The Board may permit or require the deferral of any award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents. Any such deferrals shall be made in a manner that complies with Code Section 409A.

3.5. No Liability.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award or Award Agreement.

3.6. Share Issuance/Book-Entry.

Notwithstanding any provision of this Plan to the contrary, the issuance of the Stock under the Plan may be evidenced in such a manner as the Board, in its discretion, deems appropriate, including, without limitation, book-entry registration or issuance of one or more Stock certificates.

4. STOCK SUBJECT TO THE PLAN

4.1. Number of Shares Available for Awards.

Subject to adjustment as provided in **Section 17**, as of the Effective Date of the amendment and restatement of the Plan (the "Amendment Date"), the number of shares of Stock available for issuance under the Plan shall be eight million eight hundred ninety eight thousand nine hundred and sixty-four (8,904,838) Common Stock shares, which number consists of the two million nine hundred forty eight thousand six hundred and ninety-four (2,954,838) Common Stock shares reserved under the Plan as of February 24, 2012, the date immediately after the date on which the Company made the only grants in 2012 between January 1 and the Amendment Date, plus five million nine hundred and fifty thousand (5,950,000) additional Common Stock shares added to the Plan by the Board pursuant to this amendment and restatement. The aggregate number of shares of Stock reserved for issuance under this Plan shall be reduced by shares of Stock covered by any Awards made after the Effective Date of this amendment and restatement and prior to the date of the Company's 2012 Annual Meeting of stockholders from the Stock reserved for issuance on the Amendment Date, and shall be increased by Stock again made available under the Plan pursuant to **Section 4.3**. Shares available for issuance under a stockholder-approved plan of a business entity that is a party to an acquisition, merger or other transaction in which the Company acquires the business entity (as appropriately adjusted, if necessary, to reflect such transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Stock otherwise available for issuance under the Plan, subject to applicable rules of any stock exchange on which the Stock is listed.

4.2. Adjustments in Authorized Shares.

The Board shall have the right to substitute or assume Awards in connection with mergers, reorganizations, separations, or other transactions to which Section 424(a) of the Code applies. The number of shares of Stock reserved pursuant to **Section 4** shall be increased by the corresponding number of Substitute Awards.

4.3. Share Usage.

Shares of Stock covered by an Award shall be counted as used as of the Grant Date. If any shares of Stock covered by an Award are not purchased or are forfeited or expire, or if an Award otherwise terminates without delivery of Stock subject thereto or is settled in cash in lieu of shares, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture, termination or expiration, again be available for making Awards under the Plan. Moreover, if the Option Price of any Option granted under the Plan, or if pursuant to **Section 18.3** the withholding obligation of any Grantee with respect to an Option or other Award, is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation) or by withholding shares of Stock, such tendered or withheld shares of Stock will again be available for issuance under the Plan. Furthermore, only the number of shares actually issued to settle an Award of SARs upon exercise will be counted against the aggregate number of shares available for issuance under the Plan.

5. EFFECTIVE DATE, DURATION AND AMENDMENTS

5.1. Effective Date.

Both the Board and the stockholders of the Company approved the Plan on April 21, 2008, and Plan's original Effective Date is April 21, 2008.

5.2. Term.

The Plan shall terminate automatically ten (10) years after its original adoption by the Board and may be terminated on any earlier date as provided in **Section 5.3**.

5.3. Amendment and Termination of the Plan.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any shares of Stock as to which Awards have not been made. An amendment shall be contingent on approval of the Company's stockholders to the extent stated by the Board, required by applicable law or required by applicable stock exchange listing requirements. No Awards shall be made after termination of the Plan. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, impair rights or obligations under any Award theretofore awarded under the Plan.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1. Service Providers and Other Persons.

Subject to this **Section 6**, Awards may be made under the Plan to: (i) any Service Provider to the Company or of any Affiliate, including any Service Provider who is an officer or director of the Company, or of any Affiliate, as the Board shall determine and designate from time to time and (ii) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Board.

6.2. Successive Awards and Substitute Awards.

An eligible person may receive more than one Award, subject to such restrictions as are provided herein. Notwithstanding **Sections 8.1** and **9.1**, the Option Price of an Option or the grant price of an SAR that is a Substitute Award may be less than 100% of the Fair Market Value of a share of Common Stock on the original date of grant; provided, that the Option Price or grant price is determined in accordance with the principles of Code Section 424 and the regulations thereunder.

6.3. Limitation on Shares of Stock Subject to Awards.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act and the transition period under Treasury Reg. section 1.162-27(f)(2) has lapsed or does not apply:

(i) the maximum number of shares of Stock subject to Options or SARs that can be awarded under the Plan to any person eligible for an Award under **Section 6** hereof is one million (1,000,000) per calendar year; and

(ii) the maximum number of shares that can be awarded under the Plan, other than pursuant to an Option or SARs, to any person eligible for an Award under **Section 6** hereof is one million (1,000,000) per calendar year.

The preceding limitations in this **Section 6.3** are subject to adjustment as provided in **Section 17** hereof.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Non-qualified Stock Options.

8. TERMS AND CONDITIONS OF OPTIONS

8.1. Option Price.

The Option Price of each Option shall be fixed by the Board and stated in the Award Agreement evidencing such Option. The Option Price of each Option shall be at least the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value of a share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

8.2. Vesting.

Subject to **Sections 8.3** and **17.3** hereof, each Option granted under the Plan shall become exercisable at such times and under such conditions (including conditions based on achievement of performance goals and/or future service requirements) as shall be determined by the Board and stated in the Award Agreement. For purposes of this **Section 8.2**, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number.

8.3. Term.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten years from the date such Option is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the Award Agreement relating to such Option; provided, however, that in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the expiration of five years from its Grant Date.

8.4. Termination of Service.

Each Award Agreement shall set forth the extent to which the Grantee shall have the right to exercise the Option following termination of the Grantee's Service. Such provisions shall be determined in the sole discretion of the Board, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

8.5. Limitations on Exercise of Option.

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, prior to the date the Plan is approved by the stockholders of the Company as provided herein or after the occurrence of an event referred to in **Section 17** hereof which results in termination of the Option.

8.6. Method of Exercise.

An Option that is exercisable may be exercised by the Grantee's delivery to the Company of written notice of exercise on any business day, at the Company's principal office, on the form specified by the Company. Such notice shall specify the number of shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to an Award. The minimum number of shares of Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of (i) 100 shares or such lesser number set forth in the applicable Award Agreement and (ii) the maximum number of shares available for purchase under the Option at the time of exercise.

8.7. Rights of Holders of Options.

Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid and issued to him. Except as provided in **Section 17** hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.

8.8. Delivery of Stock Certificates.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a stock certificate or certificates evidencing his or her ownership of the shares of Stock subject to the Option.

8.9. Transferability of Options.

Except as provided in **Section 8.10**, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in **Section 8.10**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

8.10. Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 8.10**, a “not for value” transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 8.10**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this **Section 8.10** or by will or the laws of descent and distribution. The events of termination of Service of **Section 8.4** hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

8.11. Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee’s employer and its Affiliates) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

8.12. Notice of Disqualifying Disposition.

If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Stock Option under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition within ten (10) days thereof.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1. Right to Payment and Grant Price.

An SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the grant price of the SAR as determined by the Board. The Award Agreement for an SAR shall specify the grant price of the SAR, which shall be at least the Fair Market Value of a share of Stock on the date of grant. SARs may be granted in conjunction with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in conjunction with all or part of any other Award or without regard to any Option or other Award; provided that an SAR that is granted subsequent to the Grant Date of a related Option must have an SAR Price that is no less than the Fair Market Value of one share of Stock on the SAR Grant Date.

9.2. Other Terms.

The Board shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which an SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Grantees, whether or not an SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR.

9.3. Term.

Each SAR granted under the Plan shall terminate, and all rights thereunder shall cease, upon the expiration of ten years from the date such SAR is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the Award Agreement relating to such SAR.

9.4. Transferability of SARs.

Except as provided in **Section 9.5**, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise a SAR. Except as provided in **Section 9.5**, no SAR shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

9.5. Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this **Section 9.5**, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 9.5**, any such SAR shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred SARs are prohibited except to Family Members of the original Grantee in accordance with this **Section 9.5** or by will or the laws of descent and distribution.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK AND STOCK UNITS

10.1. Grant of Restricted Stock or Stock Units.

Awards of Restricted Stock or Stock Units may be made for no consideration (other than par value of the shares which is deemed paid by Services already rendered).

10.2. Restrictions.

At the time a grant of Restricted Stock or Stock Units is made, the Board may, in its sole discretion, establish a period of time (a "restricted period") applicable to such Restricted Stock or Stock Units. Each Award of Restricted Stock or Stock Units may be subject to a different restricted period. The Board may, in its sole discretion, at the time a grant of Restricted Stock or Stock Units is made, prescribe restrictions in addition to or other than the expiration of the restricted period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock or Stock Units as described in **Article 14**. Neither Restricted Stock nor Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other restrictions prescribed by the Board with respect to such Restricted Stock or Stock Units.

10.3. Restricted Stock Certificates.

The Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee's benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend or legends that comply with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

10.4. Rights of Holders of Restricted Stock.

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Stock and the right to receive any dividends declared or paid with respect to such Stock. The Board may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. Dividends paid on Restricted Stock which vests or is earned based upon the achievement of performance goals shall not vest unless such performance goals for such Restricted Stock are achieved, and if such performance goals are not achieved, the Grantee of such Restricted Stock shall promptly forfeit and repay to the Company such dividend payments. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Grant.

10.5. Rights of Holders of Stock Units.

10.5.1. Voting and Dividend Rights.

Holders of Stock Units shall have no rights as stockholders of the Company. The Board may provide in an Award Agreement evidencing a grant of Stock Units that the holder of such Stock Units shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Stock, a cash payment for each Stock Unit held equal to the per-share dividend paid on the Stock. Dividends paid on Stock Units which vests or is earned based upon the achievement of performance goals shall not vest unless such performance goals for such Stock Units are achieved, and if such performance goals are not achieved, the Grantee of such Stock Units shall promptly forfeit and repay to the Company such dividend payments. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Stock Units at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend is paid.

10.5.2. Creditor's Rights.

A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.6. Termination of Service.

Unless the Board otherwise provides in an Award Agreement or in writing after the Award Agreement is issued, upon the termination of a Grantee's Service, any Restricted Stock or Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock or Stock Units, the Grantee shall have no further rights with respect to such Award, including but not limited to any right to vote Restricted Stock or any right to receive dividends with respect to shares of Restricted Stock or Stock Units.

10.7. Purchase of Restricted Stock.

The Grantee shall be required, to the extent required by applicable law, to purchase the Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the Award Agreement relating to such Restricted Stock. The Purchase Price shall be payable in a form described in **Section 12** or, in the discretion of the Board, in consideration for past Services rendered to the Company or an Affiliate.

10.8. Delivery of Stock.

Upon the expiration or termination of any restricted period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to shares of Restricted Stock or Stock Units settled in Stock shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be. Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Stock Unit once the share of Stock represented by the Stock Unit has been delivered.

11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS

The Board may, in its sole discretion, grant (or sell at par value or such other higher purchase price determined by the Board) an Unrestricted Stock Award to any Grantee pursuant to which such Grantee may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past services and other valid consideration, or in lieu of, or in addition to, any cash compensation due to such Grantee.

12. FORM OF PAYMENT FOR OPTIONS AND RESTRICTED STOCK

12.1. General Rule.

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company.

12.2. Surrender of Stock.

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock may be made all or in part through the tender to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price has been paid thereby, at their Fair Market Value on the date of exercise or surrender.

12.3. Cashless Exercise.

With respect to an Option only (and not with respect to Restricted Stock), to the extent permitted by law and to the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Board) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the sales proceeds to the Company in payment of the Option Price and any withholding taxes described in **Section 18.3**.

12.4. Other Forms of Payment.

To the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to exercise of an Option or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations and rules.

13. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS

13.1. Dividend Equivalent Rights.

A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash distributions that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the recipient. A Dividend Equivalent Right may be granted hereunder to any Grantee, *provided* that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. The terms and conditions of Dividend Equivalent Rights shall be specified in the grant. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or at the end of any applicable vesting period, or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment. Dividend Equivalent Rights may be settled in cash or Stock or a combination thereof, in a single installment or installments, all determined in the sole discretion of the Board. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award also may contain terms and conditions which are different from the terms and conditions of such other Award, *provided* that Dividend Equivalent Rights credited pursuant to a Dividend Equivalent Right granted as a component of another Award which vests or is earned based upon the achievement of performance goals shall not vest unless such performance goals for such underlying Award are achieved, and if such performance goals are not achieved, the Grantee of such Dividend Equivalent Rights shall promptly forfeit and repay to the Company payments made in connection with such Dividend Equivalent Rights.

13.2. Termination of Service.

Except as may otherwise be provided by the Board either in the Award Agreement or in writing after the Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the Grantee's termination of Service for any reason.

14. TERMS AND CONDITIONS OF PERFORMANCE SHARES, PERFORMANCE UNITS, PERFORMANCE AWARDS AND ANNUAL INCENTIVE AWARDS

14.1. Grant of Performance Units/Performance Shares.

Subject to the terms and provisions of this Plan, the Board, at any time and from time to time, may grant Performance Units and/or Performance Shares to Participants in such amounts and upon such terms as the Committee shall determine.

14.2. Value of Performance Units/Performance Shares.

Each Award of Performance Units and Performance Shares shall have a target or actual number of shares of Stock that is established by the Board at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Board shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and/or number of Performance Units/Performance Shares that will be paid out to the Participant.

14.3. Earning of Performance Units/Performance Shares.

Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Performance Shares shall be entitled to receive payout on the value and number of Performance Units/Performance Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

14.4. Form and Timing of Payment of Performance Units/Performance Shares.

Payment of earned Performance Units/Performance Shares shall be as determined by the Board and as evidenced in the Award Agreement. Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned Performance Units/Performance Shares in the form of cash or in shares (or in a combination thereof) equal to the value of the earned Performance Units/Performance Shares at the close of the applicable Performance Period, or as soon as practicable after the end of the Performance Period. Any Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

14.5. Performance Conditions.

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Board. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. If and to the extent required under Code Section 162(m), any power or authority relating to an Award intended to qualify under Code Section 162(m), shall be exercised by the Committee and not the Board.

14.6. Performance Awards or Annual Incentive Awards Granted to Designated Covered Employees.

If and to the extent that the Board determines that an Award to be granted to a Grantee who is designated by the Committee as likely to be a Covered Employee should qualify as “performance-based compensation” for purposes of Code Section 162(m), the grant, exercise and/or settlement of such Award shall be contingent upon achievement of pre-established performance goals and other terms set forth in this **Section 14.6** and **Appendix A**.

14.6.1. Performance Goals Generally.

The performance goals for such Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this **Section 14.6** and **Appendix A**. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being “substantially uncertain.” The Committee may determine that such Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Awards. Performance goals may differ for Awards granted to any one Grantee or to different Grantees.

14.6.2. Timing For Establishing Performance Goals.

Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Awards, or at such other date as may be required or permitted for “performance-based compensation” under Code Section 162(m).

14.6.3. Settlement of Awards; Other Terms.

Settlement of such Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Awards. The Committee shall specify the circumstances in which such Performance or Annual Incentive Awards shall be paid or forfeited in the event of termination of Service by the Grantee prior to the end of a performance period or settlement of Awards.

14.6.4. Performance Measures.

The performance goals upon which the payment or vesting of an Award to a Covered Employee that is intended to qualify as Performance-Based Compensation shall be limited to the Performance Measures approved by the Company’s stockholders at the Company’s 2012 Annual Meeting or any later stockholders’ meeting, which Performance Measures are listed on **Appendix A** (which shall be updated from time to time to reflect the applicable Performance Measures, if any, approved by the stockholders).

Any Performance Measure(s) may be used to measure the performance of the Company, Subsidiary, and/or Affiliate as a whole or any business unit of the Company, Subsidiary, and/or Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the Performance Measures listed on **Appendix A** as compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select share price, including growth measures and total stockholder return as compared to various stock market indices. The 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 specified in **Appendix A**.

14.6.5. Evaluation of Performance.

The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occur during a Performance Period: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (d) any reorganization and restructuring programs; (e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management’s discussion and analysis of financial condition and results of operations appearing in the Company’s annual report to shareholders for the applicable year; (f) acquisitions or divestitures; and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

14.6.6. Adjustment of Performance-Based Compensation.

Awards that are intended to qualify as Performance-Based Compensation may not be adjusted upward. The Board shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis, or any combination as the Committee determines.

14.6.7. Board Discretion.

In the event that applicable tax and/or securities laws change to permit Board discretion to alter the governing Performance Measures without obtaining shareholder approval of such changes, the Board shall have sole discretion to make such changes without obtaining shareholder approval provided the exercise of such discretion does not violate Code Section 409A. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as Performance-Based Compensation, the Committee may make such grants without satisfying the requirements of Code Section 162(m) and base vesting on Performance Measures other than those set forth in **Appendix A**.

14.7. Status of Section Awards Under Code Section 162(m).

It is the intent of the Company that Awards under **Section 14.6** hereof granted to persons who are designated by the Committee as likely to be Covered Employees within the meaning of Code Section 162(m) and regulations thereunder shall, if so designated by the Committee, constitute “qualified performance-based compensation” within the meaning of Code Section 162(m) and regulations thereunder. Accordingly, the terms of **Section 14.6**, including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Grantee will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee, at the time of grant of an Award, as likely to be a Covered Employee with respect to that fiscal year. If any provision of the Plan or any agreement relating to such Awards does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

15. PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or any Affiliate, except an agreement, contract, or understanding that expressly addresses Section 280G or Section 4999 of the Code (an “Other Agreement”), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee (a “Benefit Arrangement”), if the Grantee is a “disqualified individual,” as defined in Section 280G(c) of the Code, any Option, Restricted Stock, Stock Unit, Performance Share or Performance Unit held by that Grantee and any right to receive any payment or other benefit under this Plan shall not become exercisable or vested (i) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under this Plan, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Grantee under this Plan to be considered a “parachute payment” within the meaning of Section 280G(b)(2) of the Code as then in effect (a “Parachute Payment”) and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under this Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to exercise, vesting, payment, or benefit under this Plan, in conjunction with all other rights, payments, or benefits to or for the Grantee under any Other Agreement or any Benefit Arrangement would cause the Grantee to be considered to have received a Parachute Payment under this Plan that would have the effect of decreasing the after-tax amount received by the Grantee as described in clause (ii) of the preceding sentence, then the Grantee shall have the right, in the Grantee’s sole discretion, to designate those rights, payments, or benefits under this Plan, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Grantee under this Plan be deemed to be a Parachute Payment.

16. REQUIREMENTS OF LAW

16.1. General.

The Company shall not be required to sell or issue any shares of Stock under any Award if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Award unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Without limiting the generality of the foregoing, in connection with the Securities Act, upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any shares of Stock underlying an Award, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option (or SAR that may be settled in shares of Stock) shall not be exercisable until the shares of Stock covered by such Option (or SAR) are registered or are exempt from registration, the exercise of such Option (or SAR) under circumstances in which the laws of such jurisdiction apply shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

16.2. Rule 16b-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

17. EFFECT OF CHANGES IN CAPITALIZATION

17.1. Changes in Stock.

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company 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, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares for which grants of Options and other Awards may be made under the Plan shall be adjusted proportionately and accordingly by the Company. In addition, the number and kind of shares for which Awards are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Exercise Price payable with respect to shares that are subject to the unexercised portion of an outstanding Option or SAR, as applicable, but shall include a corresponding proportionate adjustment in the Option Price or SAR Exercise Price per share. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary dividend but excluding a non-extraordinary dividend of the Company) without receipt of consideration by the Company, the Company shall, in such manner as the Company deems appropriate, adjust (i) the number and kind of shares subject to outstanding Awards and/or (ii) the exercise price of outstanding Options and Stock Appreciation Rights to reflect such distribution.

17.2. Reorganization in Which the Company Is the Surviving Entity Which does not Constitute a Corporate Transaction.

Subject to **Section 17.3** hereof, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Corporate Transaction, any Option or SAR theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option or SAR would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the Option Price or SAR Exercise Price per share so that the aggregate Option Price or SAR Exercise Price thereafter shall be the same as the aggregate Option Price or SAR Exercise Price of the shares remaining subject to the Option or SAR immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement evidencing an Award, any restrictions applicable to such Award shall apply as well to any replacement shares received by the Grantee as a result of the reorganization, merger or consolidation. In the event of a transaction described in this **Section 17.2**, Stock Units shall be adjusted so as to apply to the securities that a holder of the number of shares of Stock subject to the Stock Units would have been entitled to receive immediately following such transaction.

17.3. Corporate Transaction.

Subject to the exceptions set forth in the second to last sentence of this **Section 17.3** and the last sentence of **Section 17.4**, upon the occurrence of a Corporate Transaction:

(i) all outstanding shares of Restricted Stock shall be deemed to have vested, and all Stock Units shall be deemed to have vested and the shares of Stock subject thereto shall be delivered, immediately prior to the occurrence of such Corporate Transaction, and

(ii) either of the following two actions shall be taken:

(A) fifteen days prior to the scheduled consummation of a Corporate Transaction, all Options and SARs outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen days, or

(B) the Board may elect, in its sole discretion, to cancel any outstanding Awards of Options, Restricted Stock, Stock Units, and/or SARs and pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or securities having a value (as determined by the Board acting in good faith), in the case of Restricted Stock or Stock Units, equal to the formula or fixed price per share paid to holders of shares of Stock and, in the case of Options or SARs, equal to the product of the number of shares of Stock subject to the Option or SAR (the "Award Shares") multiplied by the amount, if any, by which (I) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (II) the Option Price or SAR Exercise Price applicable to such Award Shares.

With respect to the Company's establishment of an exercise window, (i) any exercise of an Option or SAR during such fifteen-day period shall be conditioned upon the consummation of the event and shall be effective only immediately before the consummation of the event, and (ii) upon consummation of any Corporate Transaction, the Plan and all outstanding but unexercised Options and SARs shall terminate. The Board shall send written notice of an event that will result in such a termination to all individuals who hold Options and SARs not later than the time at which the Company gives notice thereof to its stockholders. This **Section 17.3** shall not apply to any Corporate Transaction to the extent that provision is made in writing in connection with such Corporate Transaction for the assumption or continuation of the Options, SARs, Stock Units and Restricted Stock theretofore granted, or for the substitution for such Options, SARs, Stock Units and Restricted Stock for new common stock options and stock appreciation rights and new common stock units and restricted stock relating to the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and option and stock appreciation right exercise prices, in which event the Plan, Options, SARs, Stock Units and Restricted Stock theretofore granted shall continue in the manner and under the terms so provided. In the event a Grantee's Award is assumed, continued or substituted upon the consummation of any Corporate Transaction and his employment is terminated without Cause within one year following the consummation of such Corporate Transaction, the Grantee's Award will be fully vested 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 Committee shall determine.

17.4. Adjustments.

Adjustments under this **Section 17** related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Board shall determine the effect of a Corporate Transaction upon Awards other than Options, SARs, Stock Units and Restricted Stock, and such effect shall be set forth in the appropriate Award Agreement. The Board may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those described in **Sections 17.1, 17.2 and 17.3**.

17.5. No Limitations on Company.

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

18. GENERAL PROVISIONS

18.1. Disclaimer of Rights.

No provision in the Plan or in any Award or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a director, officer, consultant or employee of the Company or an Affiliate. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

18.2. Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of stock options otherwise than under the Plan.

18.3. Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or upon the issuance of any shares of Stock upon the exercise of an Option or pursuant to an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or the Affiliate, as the case may be, any amount that the Company or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the Affiliate, which may be withheld by the Company or the Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the Affiliate as of the date that the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 18.3** may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements. The maximum number of shares of Stock that may be withheld from any Award to satisfy any federal, state or local tax withholding requirements upon the exercise, vesting, lapse of restrictions applicable to such Award or payment of shares pursuant to such Award, as applicable, cannot exceed such number of shares having a Fair Market Value equal to the minimum statutory amount required by the Company to be withheld and paid to any such federal, state or local taxing authority with respect to such exercise, vesting, lapse of restrictions or payment of shares.

18.4. Captions.

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

18.5. Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

18.6. Number and Gender.

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

18.7. Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

18.8. Governing Law.

The validity and construction of this Plan and the instruments evidencing the Awards hereunder shall be governed by 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 Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

18.9. Section 409A of the Code.

The Board intends to comply with Section 409A of the Code ("Section 409A"), or an exemption to Section 409A, with regard to Awards hereunder that constitute nonqualified deferred compensation within the meaning of Section 409A. To the extent that the Board determines that a Grantee would be subject to the additional 20% tax imposed on certain nonqualified deferred compensation plans pursuant to Section 409A as a result of any provision of any Award granted under this Plan, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of any such amendment shall be determined by the Board.

* * *

To record both adoption of the amended and restated Plan by the Board and approval of the amended and restated Plan by the stockholders on May 16, 2012, the Company has caused its authorized officer to execute the Plan.

COLFAX CORPORATION

By: /s/ William F. Rothenbach
Name: William F. Rothenbach
Title: Senior Vice President, Human Resources

Appendix A

- net earnings or net income;
 - operating earnings;
 - pretax earnings;
 - pre-tax earnings per share;
 - earnings per share;
 - share price, including growth measures and total stockholder return;
 - earnings before interest and taxes;
 - earnings before interest, taxes, depreciation and/or amortization;
 - earnings before interest, taxes, depreciation and/or amortization as adjusted to exclude any one or more of the following:
 - o stock-based compensation expense;
 - o income from discontinued operations;
 - o gain on cancellation of debt;
 - o debt extinguishment and related costs;
 - o restructuring, separation and/or integration charges and costs;
 - o reorganization and/or recapitalization charges and costs;
 - o impairment charges;
 - o gain or loss related to investments;
 - o sales and use tax settlement; and
 - o gain on non-monetary transaction.
 - 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 total shareholder return, return on assets, capital, investment, equity, sales or revenue;
 - cash flow, including:
 - o operating cash flow;
 - o free cash flow, defined as earnings before interest, taxes, depreciation and/or amortization (as adjusted to exclude any one or more of the items that may be excluded pursuant to earnings before interest, taxes, depreciation and/or amortization above) less capital expenditures;
 - o cash flow return on equity; and
 - o cash flow return on investment;
 - productivity ratios;
 - expense targets;
 - market share;
 - working capital targets;
-

- completion of acquisitions of businesses or companies;
 - completion of divestitures and asset sales;
 - debt repayment targets, and debt/equity ratios; and
 - any combination of the foregoing business criteria
-

**COLFAX CORPORATION
2008 OMNIBUS INCENTIVE PLAN**

OUTSIDE DIRECTOR NON-QUALIFIED STOCK OPTION AGREEMENT

Colfax Corporation, a Delaware corporation (the "Company"), hereby grants an option to purchase shares of its common stock, \$.001 par value, (the "Stock") to the Optionee named below. The terms and conditions of the option are set forth in this cover sheet, in the attachment, and in the Company's 2008 Omnibus Incentive Plan (the "Plan").

Grant Date: _____

Name of Optionee: _____

Optionee's Employee Identification Number: ____ - ____ - ____

Number of Shares Covered by Option: _____

Option Price per Share: \$ ____ . ____

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Agreement and in the Plan, a copy of which is also attached. 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.

Optionee: _____
(Signature)

Company: _____
(Signature)

Title: _____

Attachment

This is not a stock certificate or a negotiable instrument.

COLFAX CORPORATION
2008 OMNIBUS INCENTIVE PLAN

OUTSIDE DIRECTOR NON-QUALIFIED STOCK OPTION AGREEMENT

Non-Qualified Stock Option	This option is not intended to be an incentive stock option under Section 422 of the Internal Revenue Code and will be interpreted accordingly.
Vesting	This option is fully vested as to 100% of the total number of shares covered by the option on the Grant Date, as shown on the cover sheet.
Term	Your option will expire at the close of business at Company headquarters on the day before the seventh (7 th) anniversary of the Grant Date, as shown on the cover sheet (the "Expiration Date"). Your option will remain exercisable until the Expiration Date, and thereafter shall be null and void and no longer exercisable.
Notice of Exercise	<p>When you wish to exercise this option, you must notify the Company by filing the proper "Notice of Exercise" in the manner determined by the Company. Your notice must specify how many shares you wish to purchase (in a parcel of at least 100 shares generally). Your notice must also specify how your shares of Stock should be registered (in your name only or in your and your spouse's names as joint tenants with right of survivorship). The notice will be effective when it is received by the Company. Currently, notice may be given by logging on to your brokerage account at https://www.benefits.ml.com/login/ using your user identification and password.</p> <p>If someone else wants to exercise this option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.</p>
Form of Payment	<p>When you submit your notice of exercise, you must include payment of the option price for the shares you are purchasing. Payment may be made in one (or a combination) of the following forms:</p> <ul style="list-style-type: none">· Cash, your personal check, a cashier's check, a money order, or another cash equivalent acceptable to the Company.· Shares of Stock which have already been owned by you and which are surrendered to the Company. The value of the shares, determined as of the effective date of the option exercise, will be applied to the option price.· By delivery (on a form prescribed by the Company) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell Stock and to deliver all or part of the sale proceeds to the Company in payment of the aggregate option price and any withholding taxes (if approved in advance by the Committee).

Withholding Taxes	<p>Instructions can be found within your brokerage account in the Merrill Lynch Benefits Information Center under “Colfax Equity Award Program – Model/Exercise” to guide you through the payment process. You will not be allowed to exercise this option unless you make acceptable arrangements to pay any withholding or other taxes that may be due as a result of the option exercise or sale of Stock acquired under this option. In the event that the Company determines that any federal, state, local, or foreign tax or withholding payment is required relating to the exercise or sale of shares arising from this grant, the Company shall have the right to require such payments from you, or withhold such amounts from other payments due to you from the Company or any Affiliate.</p>
Transfer of Option	<p>During your lifetime, only you (or, in the event of your legal incapacity or incompetency, your guardian or legal representative) may exercise the option. You cannot transfer or assign this option. For instance, you may not sell this option or use it as security for a loan. If you attempt to do any of these things, this option will immediately become invalid. You may, however, dispose of this option in your will or it may be transferred upon your death by the laws of descent and distribution.</p> <p>In connection with any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your spouse, nor is the Company obligated to recognize your spouse’s interest in your option purporting to arise under such an agreement.</p>
Retention Rights	<p>Neither your option nor this Agreement gives you the right to be retained by the Company (or any Affiliates) in any capacity. The Company (and any Affiliates) reserves the right to terminate your Service at any time and for any reason.</p>
Shareholder Rights	<p>You, or your estate or heirs, have no rights as a shareholder of the Company until a certificate for your option’s shares has been issued (or an appropriate book entry has been made). No adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued (or an appropriate book entry has been made), except as described in the Plan.</p>
Adjustments	<p>In the event of a stock split, a stock dividend, or a similar change in the Stock, the number of shares covered by this option and the option price per share shall be adjusted (and rounded down to the nearest whole number) if required pursuant to the Plan. Your option 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.</p>
Applicable Law	<p>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.</p>

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.

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

Data Privacy

In order to administer the Plan, the Company may process personal data about you. Such data includes but is not limited to the information provided in this Agreement and any changes thereto, other appropriate personal and financial data about you such as home address and business addresses and other contact information, and any other information that might be deemed appropriate by the Company to facilitate the administration of the Plan.

By accepting this option, you give explicit consent to the Company to process any such personal data. You also give explicit consent to the Company to transfer any such personal data outside the country in which you work or are employed, including, with respect to non-U.S. resident optionees, to the United States, to transferees who shall include the Company and other persons who are designated by the Company to administer the Plan.

Consent to Electronic Delivery

The Company may choose to deliver certain statutory materials relating to the Plan in electronic form. By accepting this option 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, the Company would be pleased to provide copies. Please contact the Corporate Secretary to request paper copies of these documents.

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

**COLFAX CORPORATION
2008 OMNIBUS INCENTIVE PLAN**

OUTSIDE DIRECTOR RESTRICTED 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: _____, 20__

Name of Grantee: _____

Grantee's Social Security Number: _____ - _____ - _____

Number of Stock Units Covered by Grant: _____

Vesting Schedule: Vesting Date Vesting Percentage

1st anniversary of Grant Date 100%

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.

COLFAX CORPORATION
2008 OMNIBUS INCENTIVE PLAN

OUTSIDE DIRECTOR RESTRICTED 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 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.
Vesting	Your Stock Unit grant shall vest according to the schedule set forth on the cover sheet; provided, that, you remain in Service on the relevant Vesting Date. If your Service terminates for any reason other than death or Disability, you will forfeit any Stock Units in which you have not yet become vested.
Death	If your Service terminates because of your death, your Stock Units will immediately become 100% vested.
Disability	If your Service terminates because of your Disability, your Stock Units will immediately become 100% vested.
Delivery of Stock Pursuant to Units	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 2 ½ months after the end of the calendar year in which they vest.
Withholding Taxes	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.
Retention Rights	This Agreement does not give you the right to be retained by the Company (or any Affiliates) in any capacity.
Shareholder Rights	You do not have any of the rights of a shareholder with respect to the Stock Units unless and until the Stock 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.

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. 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.

**COLFAX CORPORATION
2008 OMNIBUS INCENTIVE PLAN**

**OUTSIDE DIRECTOR DEFERRED STOCK UNIT AGREEMENT FOR ANNUAL GRANTS
(Elective Deferral of Stock Units)**

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"), in the Colfax Corporation 2008 Omnibus Incentive Plan (the "Plan"), and the Colfax Corporation Director Deferred Compensation Plan (the "Director DCP").

Grant Date: _____, 20__

Name of Grantee: _____

Grantee's Social Security Number: _____ - _____ - _____

Number of Stock Units Covered by Grant: _____

Vesting Schedule: Vesting Date Vesting Percentage

1st anniversary of Grant Date 100%

By signing this cover sheet, you agree to all of the terms and conditions described in this Agreement, in the Plan and the Director DCP, copies of which will be provided on request. You acknowledge that you have carefully reviewed the Plan and the Director DCP and agree that the Plan and the Director DCP will control in the event any provision of this Agreement should appear to be inconsistent with the terms of the Plan or the Director DCP, as applicable. 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.

**COLFAX CORPORATION
2008 OMNIBUS INCENTIVE PLAN**

**OUTSIDE DIRECTOR DEFERRED STOCK UNIT AGREEMENT FOR ANNUAL GRANTS
(Elective Deferral of Stock Units)**

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 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.
Vesting	Your Stock Unit grant shall vest according to the schedule set forth on the cover sheet; provided, that, you remain in Service on the relevant Vesting Date. If your Service terminates for any reason other than death or Disability, you will forfeit any Stock Units in which you have not yet become vested.
Death	If your Service terminates because of your death, your Stock Units will immediately become 100% vested.
Disability	If your Service terminates because of your Disability, your Stock Units will immediately become 100% vested.
Delivery of Stock Pursuant to Units	Delivery of the shares of Stock represented by your vested Stock Units shall be made in accordance with your election under the Director DCP in accordance with your deferral election attached hereto as <u>Exhibit A</u> .
Withholding Taxes	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.
Retention Rights	This Agreement does not give you the right to be retained by the Company (or any Affiliates) in any capacity.
Shareholder Rights	You do not have any of the rights of a shareholder with respect to the Stock Units unless and until the Stock 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 dividend equivalent in deferred stock units 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. Such dividend equivalents will be governed by your deferral election attached as <u>Exhibit A</u> .

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 texts of the Plan and the Director DCP are incorporated in this Agreement by reference. This Agreement, the Plan, and the Director DCP 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, in the Plan, and in the Director DCP.

Exhibit A - Deferral Election

CERTIFICATIONS

I, Steven E. Simms, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colfax Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2012

/s/ Steven E. Simms

Steven E. Simms
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, C. Scott Brannan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Colfax Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2012

/s/ C. Scott Brannan

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

Certification Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

I, Steven E. Simms, as President and Chief Executive Officer of Colfax Corporation (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

- (1) the quarterly report on Form 10-Q of the Company for the period ended June 29, 2012 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2012

/s/ Steven E. Simms

Steven E. Simms
President and Chief Executive Officer
(Principal Executive Officer)

Certification Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

I, C. Scott Brannan, as Senior Vice President, Finance, Chief Financial Officer and Treasurer of Colfax Corporation (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

- (1) the quarterly report on Form 10-Q of the Company for the period ended June 29, 2012 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2012

/s/ C. Scott Brannan

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