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

FORM 10-Q

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

For the Quarterly Period Ended July 1, 2011

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 July 1, 2011, there were 43,570,561 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	
	July 1, 2011	**July 2, 2010**	**July 1, 2011**	**July 2, 2010**
Net sales	$ 186,749	$ 122,968	$ 345,307	$ 242,939
Cost of sales	122,075	79,987	227,379	158,202
Gross profit	64,674	42,981	117,928	84,737
Selling, general and administrative expense	41,010	28,413	75,948	57,902
Research and development expense	1,493	1,520	3,101	3,148
Restructuring and other related charges	242	3,035	2,219	7,074
Asbestos liability and defense cost	1,920	542	3,253	1,977
Asbestos coverage litigation expense	3,302	4,543	5,368	8,424
Operating income	16,707	4,928	28,039	6,212
Interest expense	1,462	1,718	3,289	3,531
Income before income taxes	15,245	3,210	24,750	2,681
Provision for income taxes	4,855	1,122	7,805	967
Net income	$ 10,390	$ 2,088	$ 16,945	$ 1,714
Net income per share—basic	$ 0.24	$ 0.05	$ 0.39	$ 0.04
Net income per share—diluted	$ 0.23	$ 0.05	$ 0.38	$ 0.04

See Notes to Condensed Consolidated Financial Statements.

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

	July 1, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 64,215	$ 60,542
Trade receivables, less allowance for doubtful accounts of $2,865 and $2,562	103,314	98,070
Inventories, net	78,556	57,941
Deferred income taxes, net	6,565	6,108
Asbestos insurance asset	33,269	34,117
Asbestos insurance receivable	37,477	46,108
Prepaid expenses	9,799	11,851
Other current assets	9,274	6,319
Total current assets	342,469	321,056
Deferred income taxes, net	52,121	52,385
Property, plant and equipment, net	94,423	89,246
Goodwill	189,046	172,338
Intangible assets, net	36,064	28,298
Long-term asbestos insurance asset	329,454	340,234
Long-term asbestos insurance receivable	7,063	5,736
Other assets	12,945	12,784
Total assets	$ 1,063,585	$ 1,022,077
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 10,000	$ 10,000
Accounts payable	57,334	50,896
Accrued asbestos liability	37,098	37,875
Accrued payroll	19,987	21,211
Advance payment from customers	22,189	17,250
Accrued taxes	7,462	6,173
Accrued termination benefits	1,137	2,180
Other accrued liabilities	50,026	45,925
Total current liabilities	205,233	191,510
Long-term debt, less current portion	70,500	72,500
Long-term asbestos liability	381,801	391,776
Pension and accrued post-retirement benefits	112,552	112,257
Deferred income tax liability	16,706	13,529
Other liabilities	22,497	24,134
Total liabilities	809,289	805,706
Shareholders' equity:		
Common stock, $0.001 par value; 200,000,000 shares authorized; 43,570,561 and 43,413,553 issued and outstanding	44	43
Additional paid-in capital	411,686	406,901
Accumulated deficit	(43,113)	(60,058)
Accumulated other comprehensive loss	(114,321)	(130,515)
Total shareholders' equity	254,296	216,371
Total liabilities and shareholders' equity	$ 1,063,585	$ 1,022,077

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended	
	July 1, 2011	**July 2, 2010**
Cash flows from operating activities:		
Net income	$ 16,945	$ 1,714
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and fixed asset impairment charges	12,199	7,310
Stock-based compensation expense	2,827	1,721
Amortization of deferred loan costs	361	338
Deferred income tax benefit	(1,294)	(3,904)
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables, net	3,212	9,076
Inventories, net	(10,629)	9,245
Accounts payable and accrued expenses, excluding asbestos-related accrued expenses	(2,421)	(2,692)
Other current assets	(1,310)	(1,084)
Asbestos liability and asbestos-related accrued expenses, net of asbestos insurance asset and receivable	7,030	12,391
Changes in other operating assets and liabilities	1,500	(6,680)
Net cash provided by operating activities	28,420	27,435
Cash flows from investing activities:		
Purchases of fixed assets, net	(6,377)	(5,426)
Acquisitions, net of cash received	(22,299)	—
Net cash used in investing activities	(28,676)	(5,426)
Cash flows from financing activities:		
Payments under term credit facility	(5,000)	(3,750)
Proceeds from borrowings on revolving credit facilities	46,496	—
Repayments of borrowings on revolving credit facilities	(43,496)	—
Payments on capital leases	—	(205)
Proceeds from stock-based awards	1,771	932
Repurchases of common stock	—	(191)
Net cash used in financing activities	(229)	(3,214)
Effect of foreign exchange rates on cash and cash equivalents	4,158	(5,784)
Increase in cash and cash equivalents	3,673	13,011
Cash and cash equivalents, beginning of period	60,542	49,963
Cash and cash equivalents, end of period	$ 64,215	$ 62,974

See Notes to Condensed Consolidated Financial Statements.

1. Organization and Nature of Operations

Colfax Corporation (the “Company” or “Colfax”) is a global supplier of a broad range of fluid-handling products, including pumps, fluid-handling systems and controls, and specialty valves. The Company has a global manufacturing footprint, with production facilities in Europe, North America and Asia, as well as worldwide sales and distribution channels. The Company’s products serve a variety of applications in five strategic end markets: commercial marine, oil and gas, power generation, defense and general industrial. Colfax designs and engineers its products to high quality and reliability standards for use in critical fluid-handling applications where performance is paramount, and it offers customized fluid-handling solutions to meet individual customer needs based on its in-depth technical knowledge of the applications in which its products are used. The Company’s products are marketed principally under the Allweiler, Baric, Fairmount Automation, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren, and Zenith brand names.

2. General

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, 2010 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, 2010, filed with the SEC on February 25, 2011.

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 July 1, 2011 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 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. Also, Colfax’s European operations typically experience a slowdown during the July and August holiday season. General economic conditions as well as backlog levels may, however, impact future seasonal variations.

3. Recently Issued Accounting Pronouncement

In October 2009, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force" ("ASU No. 2009-13"). ASU No. 2009-13 addresses the unit of accounting for arrangements involving multiple deliverables and how arrangement consideration should be allocated to the separate units of accounting. The Company adopted the provisions of ASU No. 2009-13 prospectively beginning January 1, 2011. The adoption of ASU No. 2009-13 did not have a material impact on the Company's Condensed Consolidated Financial Statements.

4. Acquisition

On February 14, 2011, the Company completed the acquisition of Rosscor Holding, B.V. ("Rosscor") for $22.3 million, net of cash acquired and subject to final adjustments under the purchase agreement. 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. As a result of this acquisition, the Company has expanded its product offerings in the oil and gas end market to include multiphase pump systems that many of its customers already purchase. The Company accounted for the acquisition using the acquisition method of accounting; accordingly, the Condensed Consolidated Financial Statements include the financial position and results of operations from the date of acquisition. None of the Goodwill recognized is expected to be deductible for income tax purposes.

The following table summarizes the aggregate estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

	February 14, 2011 (in thousands)
Trade receivables	$ 8,475
Inventories	11,439
Property, plant and equipment	1,121
Goodwill(1)	10,212
Intangible assets	10,726
Accounts payable	(8,851)
Customer advance payments	(7,466)
Other assets and liabilities, net	(3,357)
Net cash consideration	$ 22,299

(1) Goodwill included in the Condensed Consolidated Balance Sheet increased by $16.7 million from $172.3 million as of December 31, 2010 to $189.0 million as of July 1, 2011, of which $10.2 million relates to the acquisition of Rosscor detailed above and the remaining $6.5 million increase represents the effect of foreign currency translation.

The following table summarizes the Intangible assets acquired, excluding Goodwill:

	Intangible Asset (in thousands)	Weighted-Average Amortization Period (years)
Backlog	$ 1,828	0.98
Acquired technology	8,898	20.00
Intangible assets	$ 10,726	16.76

5. Net Income Per Share

Net income per share was computed as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In thousands, except share data)			
Net income	$ 10,390	$ 2,088	$ 16,945	$ 1,714
Weighted-average shares of Common stock outstanding—basic	43,615,735	43,351,608	43,556,689	43,296,884
Net effect of potentially dilutive securities[1]	661,499	213,204	647,251	200,064
Weighted-average shares of Common stock outstanding—diluted	44,277,234	43,564,812	44,203,940	43,496,948
Net income per share—basic	$ 0.24	$ 0.05	$ 0.39	$ 0.04
Net income per share—diluted	$ 0.23	$ 0.05	$ 0.38	$ 0.04

(1) 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 July 1, 2011 and July 2, 2010 excludes approximately 0.5 million and 1.3 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 July 1, 2011 and July 2, 2010 excludes approximately 0.5 million and 0.9 million outstanding stock-based compensation awards, respectively, as their inclusion would be anti-dilutive.

6. Income Taxes

For all periods presented, the respective effective tax rate represents the estimated annual tax rate for the year applied to the respective period Income before income tax plus the tax effect of any significant unusual items, discrete items or changes in tax law.

During the three and six months ended July 1, 2011, Income before income taxes was approximately $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 United States (“U.S.”) federal statutory tax rate primarily due to international tax rates which are lower than the U.S. tax rate.

During the three and six months ended July 2, 2010, Income before income taxes was approximately $3.2 million and $2.7 million, respectively, and the Provision for income taxes was $1.1 million and $1.0 million, respectively. The effective tax rate of 35.0% for the three months ended July 2, 2010 is equal to the U.S. federal statutory tax rate as the effect of international tax rates which are lower than the U.S. tax rate was offset by a net increase in the Company’s unrecognized tax liability. The effective tax rate of 36.1% for the six months ended July 2, 2010 differs from the U.S. federal statutory rate due to a net increase in the Company’s unrecognized income tax liability that was partially offset by the effect of international tax rates which are lower than the U.S. tax rate.

The Company is subject to income tax in the U.S. (including state jurisdictions) and international locations. The Company’s significant operations outside the U.S. are located in Germany and Sweden. In Sweden, tax years 2005 to 2010 and in Germany, tax years 2006 to 2010 remain subject to examination. In the U.S., tax years 2005 and beyond generally remain open for examination by U.S. federal and state tax authorities as well as tax years ending in 1997, 1998, 2000 and 2003 that have U.S. tax attributes available that have been carried forward to open tax years or are available to be carried forward to future tax years.

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 ranging from zero to $5.7 million.

7. Comprehensive Income (Loss)

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In thousands)			
Net income	$ 10,390	$ 2,088	$ 16,945	$ 1,714
Other comprehensive income (loss):				
Foreign currency translation, net of tax	2,178	(13,239)	12,746	(20,209)
Unrealized loss on hedging activities	(33)	(396)	(133)	(859)
Amounts reclassified to Net income:				
Realized loss on hedging activities	495	728	980	1,461
Net pension and other postretirement benefit cost, net of tax	1,539	780	2,601	1,560
Other comprehensive income (loss)	4,179	(12,127)	16,194	(18,047)
Comprehensive income (loss)	$ 14,569	$ (10,039)	$ 33,139	$ (16,333)

8. Inventories, Net

Inventories, net consisted of the following:

	July 1, 2011	December 31, 2010
	(in thousands)	
Raw materials	$ 28,972	$ 23,758
Work in process	42,658	32,224
Finished goods	26,959	20,121
	98,589	76,103
Less: customer progress billings	(11,183)	(10,385)
Less: allowance for excess, slow-moving and obsolete inventory	(8,850)	(7,777)
Inventories, net	$ 78,556	$ 57,941

Certain prior period amounts in the table above have been reclassified to conform to current year presentation.

9. Debt

Long-term debt consisted of the following:

	July 1, 2011	December 31, 2010
	(in thousands)	
Term credit facility	$ 77,500	$ 82,500
Revolving credit facility	3,000	—
Total Debt	80,500	82,500
Less: current portion of the term credit facility	(10,000)	(10,000)
Long-term debt	$ 70,500	$ 72,500

The Company is party to a credit agreement (the "Credit Agreement"), led and administered by Bank of America, which is a senior secured structure with a revolving credit facility and term credit facility. During the three months ended April 1, 2011, the Credit Agreement was amended to, among other items, eliminate the $6.0 million commitment of a defaulted lender, which resulted in a reduction of the revolving credit facility's total capacity from $150.0 million to $144.0 million. The maturity date of the Credit Agreement is May 13, 2013.

The term credit facility bears interest at the London Interbank Offered Rate 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 July 1, 2011 and December 31, 2010, the interest rate was 2.44% and 2.76%, respectively, inclusive of a margin of 2.25% and 2.50%, respectively.

The revolving credit facility contains a $50.0 million letter of credit sub-facility, a $25.0 million swing line loan sub-facility and permits borrowings in dollars, euros and sterling, subject to certain limits. The annual commitment fee on the revolver ranges from 0.4% to 0.5% determined by the Company's total leverage ratio calculated at the end of each quarter. As of July 1, 2011 and December 31, 2010, the commitment fee was 0.4% and 0.5%, respectively, and there was $20.4 million and $14.1 million outstanding on the letter of credit sub-facility, respectively. As of July 1, 2011, the Company's availability under the revolving credit facility was $120.6 million.

The Company is also party to additional letter of credit facilities with total capacity of $48.8 million and $2.5 million outstanding as of July 1, 2011.

Substantially all assets and stock of the Company's domestic subsidiaries and 65% of the shares of certain European subsidiaries are pledged as collateral against borrowings under the Credit Agreement. Certain European assets are pledged against borrowings directly made to the Company's European subsidiaries. The Credit Agreement contains customary covenants limiting the Company's ability to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase Company stock, enter into transactions with affiliates, make investments, merge or consolidate with others or dispose of assets. In addition, the Credit Agreement contains financial covenants requiring the Company to maintain a total leverage ratio of not more than 3.25 to 1.0 and a fixed charge coverage ratio of not less than 1.50 to 1.0, measured at the end of each quarter. If the Company does not comply with the various covenants under the Credit Agreement and related agreements, the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the term credit facility and revolving credit facility and foreclose on the collateral. The Company is in compliance with all such covenants as of July 1, 2011.

10. 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 expenses in the Condensed Consolidated Statements of Operations, as payroll costs of the employees receiving the awards are recorded in the same line item.

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

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011[1]	July 2, 2010[2]
	(In thousands)			
Stock-based compensation expense	$ 1,111	$ 653	$ 2,827	$ 1,721
Deferred tax benefits	391	234	989	614

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

(2) Includes approximately $0.6 million of stock-based compensation expense included in Restructuring and other related charges in the Company's Condensed Consolidated Statement of Operations related to the accelerated vesting of certain awards due to the departure of the Company's former Chief Executive Officer.

As of July 1, 2011, the Company had $9.5 million of unrecognized compensation expense related to stock-based awards that will be recognized over a weighted-average period of approximately 2.3 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 during the six months ended July 1, 2011.

	Six Months Ended July 1, 2011
Expected period that options will be outstanding (in years)	4.50
Interest rate (based on U.S. Treasury yields at the time of grant)	2.17%
Volatility	52.50%
Dividend yield	—
Weighted-average fair value of options granted	$ 9.61

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 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 for the six months ended July 1, 2011 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, 2010	1,540,656	$ 12.34		
Granted	363,254	21.33		
Exercised	(153,872)	7.21		
Forfeited	(104,505)	11.44		
Expired	(4,307)	21.29		
Outstanding at July 1, 2011	1,641,226	$ 14.44	5.37	$ 17,793
Vested or expected to vest at July 1, 2011	1,435,319	$ 15.10	5.38	$ 14,610
Exercisable at July 1, 2011	724,417	$ 13.11	4.57	$ 8,814

(1) The aggregate intrinsic value is based upon the difference between the Company’s closing stock price at the date of the Condensed 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 each grant of restricted stock units is equal to the market value of the Company's common stock on the date of grant and the compensation expense is recognized ratably over the requisite service period when it is expected that any the performance criterion will be achieved.

The activity in the Company's performance-based restricted stock units ("PRSUs") and restricted stock units ("RSUs") during the six months ended July 1, 2011 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, 2010	283,495	$ 13.33	83,793	$ 11.35
Granted	115,922	21.78	20,291	22.05
Vested	—	—	(43,525)	12.97
Forfeited	(38,403)	14.00	—	—
Nonvested at July 1, 2011	361,014	$ 15.76	60,559	$ 13.78

11. Warranty Costs

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, which is included in Other accrued liabilities in the Company's Condensed Consolidated Financial Statements, for the six months ended July 1, 2011 and July 2, 2010 consisted of the following:

	Six Months Ended	
	July 1, 2011	July 2, 2010
	(in thousands)	
Warranty liability, beginning of period	$ 2,963	$ 2,852
Accrued warranty expense	1,680	477
Changes in estimates related to pre-existing warranties	582	(408)
Cost of warranty service work performed	(1,151)	(429)
Acquisitions	447	—
Foreign exchange translation effect	240	(274)
Warranty liability, end of period	$ 4,761	$ 2,218

12. Restructuring and Other Related Charges

The Company initiated a series of restructuring actions 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, VA 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 three and six months ended July 1, 2011, the Company recorded Restructuring and other related charges of $0.2 million and $2.2 million and made payments of $0.9 million and $3.4 million, respectively, for termination benefits. Restructuring and other related charges for the six months ended July 1, 2011 includes $0.2 million of non-cash stock-based compensation expense. During the three and six months ended July 2, 2010, the Company incurred $3.0 million and $7.1 million, respectively of Restructuring and other related charges. Restructuring and other related charges for the six months ended July 2, 2010 included $2.2 million of termination benefits, of which $0.6 million represents non-cash stock-based compensation expense related to the departure of the Company's former President and Chief Executive Officer ("CEO") in January 2010. The Company expects to incur an additional $0.2 million of employee termination benefit costs, operating lease exit costs and other relocation expenses related to the headquarters relocation during the remainder of 2011.

During the three months ended July 1, 2011, the Company 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, 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. The Company expects that these actions will take place over the course of the third and fourth quarters of 2011 and will incur pre-tax expenses of approximately $6.0 million.

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.

13. Net Periodic Benefit Cost–Defined Benefit Plans

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

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In thousands)			
Pension Benefits—U.S. Plans:				
Service cost	$ —	$ —	$ —	$ —
Interest cost	2,842	3,125	5,692	6,109
Expected return on plan assets	(4,165)	(4,550)	(8,329)	(8,956)
Amortization	1,313	1,052	2,626	2,103
Net periodic benefit credit	$ (10)	$ (373)	$ (11)	$ (744)
Pension Benefits—Non U.S. Plans:				
Service cost	$ 334	$ 291	$ 622	$ 604
Interest cost	1,273	1,132	2,487	2,058
Expected return on plan assets	(363)	(410)	(716)	(592)
Amortization	159	83	313	172
Settlement loss(1)	1,476	—	1,476	—
Net periodic benefit cost	$ 2,879	$ 1,096	$ 4,182	$ 2,242
Other Post-Retirement Benefits:				
Service cost	$ —	$ —	$ —	$ —
Interest cost	173	167	345	334
Amortization	213	120	426	240
Net periodic benefit cost	$ 386	$ 287	$ 771	$ 574

(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.

Employer contributions to the pension plans during the six months ended July 1, 2011 were $4.6 million, and the Company expects to contribute an additional $3.9 million during the remainder of 2011.

14. Financial Instruments

The carrying values of financial instruments, including Accounts receivable, Accounts payable and Other accrued liabilities approximate their fair values due to their short-term maturities. The estimated fair value of the Company's long-term debt of $80.5 million and $81.6 million as of July 1, 2011 and December 31, 2010, respectively, was based on current interest rates for similar types of borrowings. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

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:

	July 1, 2011			
	Level One	Level Two	Level Three	Total
	(in thousands)			
Assets:				
Cash equivalents	$ 8,922	$ —	$ —	$ 8,922
Foreign currency contracts	—	388	—	388
	$ 8,922	$ 388	$ —	$ 9,310
Liabilities:				
Interest rate swap	$ —	$ 941	$ —	$ 941
Foreign currency contracts	—	51	—	51
	$ —	$ 992	$ —	$ 992

	December 31, 2010			
	Level One	Level Two	Level Three	Total
	(in thousands)			
Assets:				
Cash equivalents	$ 24,925	$ —	$ —	$ 24,925
	$ 24,925	$ —	$ —	$ 24,925
Liabilities:				
Interest rate swap	$ —	$ 1,789	$ —	$ 1,789
Foreign currency contracts	—	257	—	257
	$ —	$ 2,046	$ —	$ 2,046

There were no transfers in or out of Level One, Two or Three during the six months ended July 1, 2011.

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 approximate 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 and generally hedge transactions between the Euro and the U.S. dollar. Commodity futures contracts are used to manage costs of raw materials used in the Company's production processes.

The Company's derivative instruments are measured at fair value on a recurring basis using significant observable inputs and are included in Level Two of the fair value hierarchy.

Interest Rate Swap. The Company's interest rate swap is valued based on forward curves observable in the market. The notional value of the Company's interest rate swap was $25 million and $50 million as of July 1, 2011 and December 31, 2010, respectively, whereby it exchanged its LIBOR-based variable-rate interest for a fixed rate of 4.1375%. On June 30, 2011, the notional value decreased from $50 million to $25 million, and it expires on June 29, 2012. The interest rate swap agreement has been designated as a cash flow hedge, and therefore unrealized gains and losses are recognized in Accumulated other comprehensive loss to the extent that it is effective at offsetting changes in the hedged cash flows. Realized gains and losses are reclassified to Interest expense in the Condensed Consolidated Statements of Operations. There has been no significant ineffectiveness related to this arrangement since its inception. As of July 1, 2011, the Company expects to reclassify $1.0 million of net losses on the interest rate swap from Accumulated other comprehensive loss to Interest expense during the next twelve months.

Foreign Currency Contracts. Foreign currency contracts are measured using broker quotations or observable market transactions in either listed or over-the-counter markets. As of July 1, 2011 and December 31, 2010, the Company had foreign currency contracts with notional values of $8.7 million and $13.1 million, respectively. The fair values of the contracts are recorded in either Other current assets, Other assets, Other accrued liabilities or Other liabilities on the Condensed Consolidated Balance Sheets depending upon their respective expiration date. The Company has not elected hedge accounting for these contracts; therefore, changes in the fair value are recognized as a component of Selling, general and administrative expense in the Condensed Consolidated Statements of Operations.

The Company enters into derivative 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.

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

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In thousands)			
Interest Rate Swap Designated as a Cash Flow Hedge:				
Unrealized loss	$ (33)	$ (396)	$ (133)	$ (859)
Realized loss	(495)	(728)	(980)	(1,461)
Foreign Currency Contracts Not Designated in a Hedge Relationship:				
Unrealized gain (loss), net	274	(407)	700	(658)
Realized gain (loss), net	157	(305)	174	(738)

15. Commitments and Contingencies

Asbestos Liabilities and Insurance Assets

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

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

Of the 22,020 pending claims as of July 1, 2011, approximately 3,400 of such claims have been brought in the Supreme Court of New York County, New York; approximately 1,000 of such claims have been brought in and the U.S. District Court, Eastern and Western Districts of Michigan; approximately 200 of such claims have been brought in the Superior Court, Middlesex County, New Jersey; and approximately 50 claims have been brought in various federal and state courts in Mississippi. The remaining pending claims have been filed in state and federal courts in Alabama, California, Kentucky, Louisiana, Pennsylvania, Rhode Island, Texas, Virginia, the U.S. Virgin Islands and Washington.

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

	Six Months Ended	
	July 1, 2011	**July 2, 2010**
	(Number of Claims)	
Claims unresolved, beginning of period	24,764	25,295
Claims filed[(2)]	1,760	2,061
Claims resolved[(3)]	(4,504)	(2,086)
Claims unresolved, end of period	22,020	25,270

(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 has projected each subsidiary’s future asbestos-related liability costs with regard to pending and future unasserted claims based upon the Nicholson methodology. The Nicholson methodology is a standard approach used by experts and has been accepted by numerous courts. It is the Company’s policy to record a liability for asbestos-related liability costs for the longest period of time that it can reasonably estimate.

The Company believes that it can reasonably estimate the asbestos-related liability for pending and future claims that will be resolved in the next 15 years and has recorded that liability as its best estimate. While it is reasonably possible that the subsidiaries will incur costs after this period, the Company does not believe the reasonably possible loss or range of reasonably possible loss is estimable at the current time. Accordingly, no accrual has been recorded for any costs which may be paid after the next 15 years. Defense costs associated with asbestos-related liabilities as well as costs incurred related to litigation against the subsidiaries’ insurers are expensed as incurred.

Each subsidiary has separate insurance coverage acquired prior to Company ownership of each independent entity. In its evaluation of the insurance asset, the Company used differing insurance allocation methodologies for each subsidiary based upon the applicable law pertaining to the affected subsidiary.

For one of the subsidiaries, the Delaware Court of Chancery ruled on October 14, 2009, that asbestos-related costs should be allocated among excess insurers using an “all sums” allocation (which allows an insured to collect all sums paid in connection with a claim from any insurer whose policy is triggered, up to the policy’s applicable limits) and that the subsidiary has rights to excess insurance policies purchased by a former owner of the business. Based upon this ruling mandating an “all sums” allocation, as well as the language of the underlying insurance policies and the assertion and belief that defense costs are outside policy limits, the subsidiary expects to be responsible for approximately 10% of its future asbestos-related costs.

The subsidiary was notified in 2010 by the primary and umbrella carrier who had been fully defending and indemnifying the subsidiary for 20 years that the limits of liability of its primary and umbrella layer policies had been exhausted. Since then, the subsidiary has sought coverage from certain excess layer insurers whose terms and conditions follow form to the umbrella carrier. Certain first-layer excess insurers have defended and/or indemnified the subsidiary and/or agreed to defend and/or indemnify the subsidiary, subject to their reservations of rights and their applicable policy limits. Litigation between this subsidiary and its excess insurers is continuing and it is anticipated that the trial phase will be completed in 2011. The subsidiary continues to work with its excess insurers to obtain defense and indemnity payments while the litigation is proceeding. Given the uncertainties of litigation, there is a variety of possible outcomes, including but not limited to the subsidiary being required to fund all or a portion of the subsidiary’s defense and indemnity payments until such time a final ruling orders payment by the insurers. While not impacting the results of operations, the funding requirement could range up to $10 million per quarter until final resolution.

In 2003, the other subsidiary filed a lawsuit against a large number of its insurers and its former parent to resolve a variety of disputes concerning insurance for asbestos-related bodily injury claims asserted against it. Although none of these insurance companies contested coverage, they disputed the timing, reasonableness and allocation of payments.

For this subsidiary it was determined by court ruling in 2007, that the allocation methodology mandated by the New Jersey courts will apply. Further court rulings in December of 2009, clarified the allocation calculation related to amounts currently due from insurers as well as amounts the Company expects to be reimbursed for asbestos-related costs incurred in future periods.

In connection with this litigation, the court engaged a special master to review the appropriate information and recommend an allocation formula in accordance with applicable law and the facts of the case. During 2010, the court-appointed special allocation master made its recommendation which, in May 2011, the court accepted with modifications. The Company currently anticipates that the final judgment at the trial court level in this litigation will be complete during the remainder of 2011, and appeals may follow. The Company cannot predict the outcome of this litigation with certainty, or whether the outcome will be more or less favorable than its best estimate included in the Condensed Consolidated Financial Statements. Given the uncertainty inherent in litigation, the Company estimates the range of possible results from positive $30 million to negative $30 million relative to is reported insurance assets on its Condensed Consolidated Balance Sheets. The timing of any cash inflows or outflows related to these matters cannot be estimated. The subsidiary expects to be responsible for approximately 15% of all future asbestos-related costs.

The Company has established reserves of $418.9 million and $429.7 million as of July 1, 2011 and December 31, 2010, respectively, for the probable and reasonably estimable asbestos-related liability cost it believes the subsidiaries will pay through the next 15 years. It has also established recoverables of $362.7 million and $374.4 million as of July 1, 2011 and December 31, 2010, respectively, for the insurance recoveries that are deemed probable during the same time period. Net of these recoverables, the expected cash outlay on a non-discounted basis for asbestos-related bodily injury claims over the next 15 years was $56.2 million and $55.3 million as of July 1, 2011 and December 31, 2010, respectively. In addition, the Company has recorded a receivable for liability and defense costs previously paid in the amount of $44.5 million and $51.8 million as of July 1, 2011 and December 31, 2010, respectively, for which insurance recovery is deemed probable. The Company has included the reserves for the asbestos liabilities in Accrued asbestos liability and Long-term asbestos liability and the related insurance recoveries in Asbestos insurance asset and Long-term asbestos insurance asset in the Condensed Consolidated Balance Sheets. The receivable for previously paid liability and defense costs is recorded in Asbestos insurance receivable and Long-term asbestos insurance receivable in the Condensed Consolidated Balance Sheets. The Company also has reflected in Other accrued liabilities $21.3 million and $23.3 million as of July 1, 2011 and December 31, 2010, respectively, for overpayments by certain insurers and unpaid legal costs related to defending itself against asbestos-related liability claims and legal action against the Company's insurers.

The expense related to these liabilities and legal defense was $1.9 million and $3.3 million for the three and six months ended July 1, 2011, respectively, and $0.5 million and $2.0 million for the three and six months ended July 2, 2010, respectively. Legal costs related to the subsidiaries' action against their asbestos insurers were $3.3 million and $5.4 million for the three and six months ended July 1, 2011, respectively, and $4.5 million and $8.4 million for the three and six months ended July 2, 2010, respectively.

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.

General Litigation

On June 3, 1997, one of the Company's subsidiaries was served with a complaint in a case brought by Litton Industries, Inc. ("Litton") in the Superior Court of New Jersey which alleges damages in excess of $10.0 million incurred as a result of losses under a government contract bid transferred in connection with the sale of its former Electro-Optical Systems business. In 2004, this case was tried and the jury rendered a verdict of $2.1 million for the plaintiffs. After appeals by both parties, the Supreme Court of New Jersey upheld the plaintiffs' right to a refund of their attorney's fees and costs of trial, but remanded the issue to the trial court to reconsider the amount of fees using a proportionality analysis of the relationship between the fee requested and the damages recovered. The date for the new trial on additional claims allowed by the Appellate Division of the New Jersey Superior Court and the recalculation of attorney's fees has not been set. The court issued a schedule for summary judgment motions. After the summary judgment motions have been briefed, the court is expected to issue a ruling. The subsidiary intends to continue to defend this matter vigorously. As of both July 1, 2011 and December 31, 2010, $9.5 million was included in Other liabilities in the Company's Condensed Consolidated Balance Sheets related to this matter.

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.

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 July 1, 2011 (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, 2010 filed with the SEC on February 25, 2011 (the "2010 Form 10-K").

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 Securities and Exchange Commission (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. Forward-looking statements may be characterized by terminology such as "believe," "anticipate," "should," "would," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy," 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 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; and
- other risks and factors, listed in Part I. Item 1A. "Risk Factors" in our 2010 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 2010 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

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

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

Outlook

We believe that we are well positioned to grow our business organically over the long term by enhancing our product offerings and expanding our customer base in our strategic end markets. As a late cycle business, we began to recover from the global economic downturn midway through 2010. This recovery was evidenced by increases in both sales and orders in the third and fourth quarters of 2010 over the comparable 2009 quarters. Nonetheless, project delivery push-outs, as well as order cancellations, may continue during the remainder of 2011. We will continue to monitor general global economic conditions and expect the following market conditions:

- In the commercial marine industry, we expect international trade and demand for crude oil and other commodities, as well as the age of the global merchant fleet, to continue to create demand for new ship construction over the long term. We also believe the increase in the size of the global fleet will create an opportunity to supply aftermarket parts and service. In addition, we believe pending and future environmental regulations will enhance the demand for our products. While both sales and orders were up in the first half of 2011, based on market conditions and our current backlog, we expect sales and orders for the remainder of 2011 to be consistent with 2010 levels.

- In the crude oil industry, we expect long-term activity to remain favorable as capacity constraints and global demand drive further development of heavy oil fields. In pipeline applications, we expect demand for our highly efficient products, including systems manufactured by our recent acquisitions of Baric Group ("Baric") and Rosscor Holding, B.V. ("Rosscor"), to remain strong as our customers continue to focus on total cost of ownership. In refinery applications, projects that were deferred due to weak economic conditions have been released for quoting. We expect sales and orders to be at significantly higher levels for full year 2011 compared to 2010 as a result of our recent acquisitions in addition to higher sales and orders from our existing businesses.

- In the power generation industry, we expect activity to remain solid as economic growth and a fundamental undersupply of power generation capacity continue to drive investment in energy infrastructure projects. In the world's developed economies, we expect efficiency improvements will continue to drive demand. We expect sales and orders for full year 2011 to approximate 2010 levels, despite our decision to exit certain business in the Middle East.

- Recent delays in United States (the "U.S.") federal appropriations have temporarily slowed the funding of approved U.S. navy projects. We expect Congress to continue to appropriate funds for new ship construction as older naval vessels are decommissioned, although the timing of these appropriations remains uncertain. We also expect increased demand for integrated fluid-handling systems for both new ship platforms and existing ship classes that reduce operating costs and improve efficiency as the U.S. Navy seeks to man vessels with fewer personnel. Outside of the U.S., we expect other sovereign nations will continue to expand their fleets as they address national security concerns. We expect that during 2011 sales will approximate 2010 levels and orders will decline in comparison to 2010 primarily due to the timing of specific ship programs.

- In the general industrial end market, we expect long-term demand to be driven by capital investment. While this market is very diverse, orders in the first half of 2011 increased significantly compared to the comparable 2010 period in North America, Europe and Asia. We continue to expect growth in both orders and sales for full year 2011 in comparison to the comparable prior year period.

Our global manufacturing sales and distribution network allows us to target fast growing regions throughout the world. We have production and distribution facilities in India and China and a Middle East sales and engineering office in Bahrain. We intend to leverage these investments to grow our market share in these emerging markets and plan to continue to invest in sales and marketing resources to increase our overall coverage.

The mix of foremarket and aftermarket sales was as follows for the periods presented:

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
Foremarket	79%	75%	76%	74%
Aftermarket	21%	25%	24%	26%

We will also continue to target aftermarket opportunities in our strategic markets as we generally are able to generate higher margins on aftermarket parts and service than on foremarket opportunities. Our recent acquisitions of Rosscor and Baric, discussed below in more detail, and the strong sales by these entities in the second quarter of 2011 shifted a higher proportion of our business towards foremarket.

We also 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.

Key Performance Measures

The discussion of our results of operations that follows focuses on some of the key financial measures that we use to evaluate our business. We evaluate our business using several measures, including Net sales, orders and order backlog. Our Net sales, orders and order backlog are affected by many factors, particularly the impact of acquisitions, the impact of fluctuating foreign exchange rates and change from our existing businesses, which may be driven by market conditions and other factors. To facilitate the comparison between reporting periods, we describe the impact of each of these three factors, to the extent they impact the periods presented, on our Net sales, orders and order backlog in tabular format under the heading “Sales and Orders.”

Orders and order backlog are highly indicative of our future revenue and thus are key measures of anticipated performance. Orders consist of contracts for products or services from our customers, net of cancellations. Order backlog consists of unfilled orders.

Seasonality

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

Results of Operations

Items Affecting Comparability of Reported Results

The comparability of our operating results to the respective 2010 period is affected by the following 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. We intend to continue to pursue acquisitions of complementary businesses that will broaden our product portfolio, expand our geographic footprint or enhance our position within our strategic markets.

On February 14, 2011, we completed the acquisition of Rosscor for $22.3 million, net of cash acquired and subject to final adjustments under the purchase agreement. 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.

On August 19, 2010, we completed the acquisition of Baric, a supplier of highly engineered fluid-handling systems primarily for lubrication applications, with its primary operations based in Blyth, United Kingdom.

Foreign Currency Fluctuations

A significant portion of our Net sales, approximately 81% and 80%, respectively for the three and six months ended July 1, 2011, are derived from operations outside the U.S., with the majority of those sales denominated in currencies other than the U.S. dollar, especially the Euro. 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.

Restructuring and Other Related Charges

We initiated a series of restructuring actions beginning in 2009 in response to then current and expected future economic conditions. During the six months ended July 1, 2011, we relocated our Richmond, VA corporate headquarters to Fulton, Maryland in order to provide improved access to international travel and to our key advisors and eliminated an executive position in our German operations.

Additionally, during the second quarter of 2011, we communicated initiatives to improve productivity and reduce structural costs by rationalizing and leveraging our existing assets and back office functions. These initiatives include the consolidation of the Company's commercial marine end market operations, 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.

Accordingly, we incurred pre-tax expense and made payments during the periods presented as follows:

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In millions)			
Restructuring and other related charges	$ 0.2	$ 3.0	$ 2.2	$ 7.1
Cash payments	0.9	4.2	3.4	11.9

We expect to incur an additional $6.2 million of employee termination benefit costs, operating lease exit costs and other relocation expenses related to our restructuring initiatives during the remainder of 2011. It is anticipated that net annual savings of approximately $3.5 million pre-tax will be realized beginning in the fourth quarter of 2011 as a result of our restructuring initiatives. See Note 12, "Restructuring and Other Related Charges" in the Notes to our Condensed Consolidated Financial Statements for additional discussion regarding our restructuring activities.

Asbestos Liability and Defense Costs

Asbestos liability and defense costs is comprised of projected indemnity cost, changes in the projected asbestos liability, changes in the probable insurance recovery of the projected asbestos-related liability, changes in the probable recovery of asbestos liability and defense costs paid in prior periods, and actual defense costs expensed in the period.

The table below presents asbestos liability and defense costs for the periods indicated:

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In millions)			
Asbestos liability and defense costs	$ 1.9	$ 0.5	$ 3.3	$ 2.0

Asbestos liability and defense costs increased by $1.4 million and $1.3 million, respectively, during the second quarter and six months ended July 1, 2011 compared to the comparable 2010 period primarily due to lower levels of legal spending in 2010 and a higher level of projected insurance recovery driven by insurance policies triggered during the 2010 periods.

Asbestos Coverage Litigation Expense

Asbestos coverage litigation expenses include legal costs related to the actions against two of our subsidiaries respective insurers and a former parent company of one of the subsidiaries.

The table below presents asbestos coverage litigation expenses for the periods indicated:

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In millions)			
Asbestos coverage litigation expense	$ 3.3	$ 4.5	$ 5.4	$ 8.4

Legal costs related to our subsidiaries' actions against their asbestos insurers decreased by $1.2 million and $3.0 million, respectively, during the second quarter and six months ended July 1, 2011 compared to the comparable 2010 period primarily due to more trial days being conducted in 2010 than 2011. The trial phase of litigation against insurers for both of our subsidiaries is expected to conclude during 2011.

Sales, Orders and Backlog

The following tables present the components of our sales, order and backlog growth (decline), as well as, Net sales by fluid-handling product for the periods indicated:

	Net Sales		Orders[1]	
	$	%	$	%
	(In millions)			
As of and for the three months ended July 2, 2010	$ 123.0		$ 155.6	
Components of Change:				
Existing businesses[2]	17.7	14.4%	(9.7)	(6.2)%
Acquisitions[3]	34.9	28.4%	38.0	24.4%
Foreign currency translation[4]	11.1	9.0%	11.8	7.6%
	63.7	51.8%	40.1	25.8%
As of and for the three months ended July 1, 2011	$ 186.7		$ 195.7	

	Net Sales		Orders[1]		Backlog at Period End	
	$	%	$	%	$	%
			(In millions)			
As of and for the six months ended July 2, 2010	$ 242.9		$ 275.1		$ 297.1	
Components of Change:						
Existing businesses[2]	38.8	16.0%	17.5	6.4%	(24.8)	(8.3)%
Acquisitions[3]	50.8	20.9%	49.1	17.8%	82.4	27.7%
Foreign currency translation[4]	12.8	5.3%	12.9	4.7%	28.5	9.6%
	102.4	42.2%	79.5	28.9%	86.1	29.0%
As of and for the six months ended July 1, 2011	$ 345.3		$ 354.6		$ 383.2	

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(1) Represents contracts for products or services, net of cancellations for the period.

(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 acquisitions.

(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.

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
		(In millions)		
Net Sales by Product:				
Pumps, including aftermarket parts and services	$ 134.0	$ 105.7	$ 259.2	$ 206.8
Systems, including installation services	47.3	12.7	75.4	27.3
Valves	3.9	3.5	7.5	6.9
Other	1.5	1.1	3.2	1.9
Net sales	$ 186.7	$ 123.0	$ 345.3	$ 242.9

As detailed above, Net sales increased by $63.7 million, or 51.8%, and $102.4 million, or 42.2%, during the second quarter and six months ended July 1, 2011 compared to the comparable 2010 period. The increase in Net sales from existing businesses for both periods was attributable to an increase in demand in all end markets. Net sales were positively impacted by the changes in foreign exchange rates during 2011 in comparison to 2010.

Orders, net of cancellations, from existing businesses increased during the second quarter of 2011 in comparison to the second quarter of 2010 due to increased demand in the oil and gas, commercial marine and general industrial end markets. Additionally, we experienced a decline in commercial marine order cancellations from $3.3 million during the second quarter of 2010 to $2.0 million in the second quarter of 2011 primarily due to the impact of improved economic conditions.

Orders, net of cancellations, from existing businesses increased during the six months ended July 1, 2011 in comparison to the six months ended July 2, 2010 due to increased demand in the oil and gas, commercial marine and general industrial end markets. Additionally, we experienced a decline in commercial marine order cancellations from $6.2 million during the six months ended July 2, 2010 to $2.9 million in the six months ended July 1, 2011 primarily due to the impact of improved economic conditions. The $86.1 million increase in order backlog from July 2, 2010 to July 1, 2011 was primarily due to the Rosscor and Baric acquisitions, which resulted in $82.4 million of the increase.

Gross Profit

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In millions)			
Gross profit	$ 64.7	$ 43.0	$ 117.9	$ 84.7
Gross profit margin	34.6%	35.0%	34.1%	34.9%

The $21.7 million increase in Gross profit during the second quarter of 2011 in comparison to the second quarter of 2010 was attributable to increases of $9.8 million from existing businesses and $7.4 million due to the acquisitions of Rosscor and Baric. Additionally, changes in foreign exchange rates had a $4.5 million positive impact on Gross profit for the second quarter of 2011 in comparison to the second quarter of 2010.

The $33.2 million increase in Gross profit during the six months ended July 1, 2011 in comparison to the six months ended July 2, 2010 was attributable to increases of $17.8 million from existing businesses and $10.4 million due to the acquisitions of Rosscor and Baric. Additionally, changes in foreign exchange rates had a $5.0 million positive impact on Gross profit for the six months ended July 1, 2011 in comparison to the six months ended July 2, 2010.

Gross profit margin for the second quarter and six months ended July 1, 2011 decreased compared to the comparable 2010 period primarily due to the lower gross profit margin associated with the foremarket sales of Rosscor and Baric during the period.

Selling, General and Administrative Expense

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In millions)			
Selling, general and administrative expense	$ 41.0	$ 28.4	$ 75.9	$ 57.9
Selling, general and administrative expense as a percentage of Net sales	22.0%	23.1%	22.0%	23.8%

Selling, general and administrative expense increased $12.6 million and $18.0 million, respectively, during the second quarter and six months ended July 1, 2011 in comparison to the comparable 2010 period, $6.6 million and $9.3 million, respectively, of which resulted from the acquisitions of Rosscor and Baric. Selling, general and administrative expense from existing businesses increased $3.4 million and $6.1 million, respectively, in the second quarter and six months ended July 1, 2011 primarily due to higher selling and commission costs, higher corporate overhead including the operation of two offices during the transition of our corporate headquarters to Maryland and increased pension costs due to the termination of one of our non-U.S. plans during the second quarter of 2011. Additionally, changes in foreign exchange rates resulted in an increase to Selling, general and administrative expense of $2.6 million in both the second quarter and six months ended July 1, 2011 in comparison to the comparable 2010 period. The decrease in Selling, general and administrative expense as a percentage of Net sales in comparison to the comparable prior year period resulted primarily from higher volume levels.

Operating Income

	Three Months Ended		Six Months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
	(In millions)			
Operating income	$ 16.7	$ 4.9	$ 28.0	$ 6.2
Operating margin	8.9%	4.0%	8.1%	2.6%

Operating income increased by $11.8 million in the second quarter of 2011 in comparison to the second quarter of 2010. This increase was primarily attributable to the $21.7 million increase in Gross profit, the $2.8 million decrease in Restructuring and other related charges and the $1.2 million decrease in Asbestos coverage litigation expense, partially offset by the $12.6 million increase in Selling, general and administrative expense and the $1.4 million increase in Asbestos liability and defense cost.

Operating income increased by $21.8 million in the six months ended July 1, 2011 in comparison to the six months ended July 2, 2010. This increase was primarily attributable to the $33.2 million increase in Gross profit, the $4.9 million decrease in Restructuring and other related charges and the $3.0 million decrease in Asbestos coverage litigation expense partially offset by the $18.0 million increase in Selling, general and administrative expense and the $1.3 million increase in Asbestos liability and defense cost.

For the second quarter and six months ended July 1, 2011, the components of Operating income were negatively impacted by a total of $3.0 million and $4.5 million in acquisition-related amortization expense as a result of our Baric and Rosscor acquisitions.

Provision for Income Taxes

The effective income tax rate for the second quarter of 2011 was 31.8% compared to an effective tax rate of 35.0% for the second quarter of 2010. Our effective tax rate for the second quarter of 2011 was lower than the U.S. federal statutory rate primarily due to foreign earnings where international tax rates are lower than the U.S. tax rate. During the second quarter of 2010, the effect of international tax rates, which are lower than the U.S. tax rate, was offset by a net increase in the Company's unrecognized tax liability.

The effective income tax rate for the six months ended July 1, 2011 was 31.5% as compared to an effective tax rate of 36.1% for the six months ended July 2, 2010. Our effective tax rate for the six months ended July 1, 2011 was lower than the U.S. federal statutory rate primarily due to foreign earnings where international tax rates are lower than the U.S. tax rate. During the six months ended July 2, 2010, a net increase in the Company's unrecognized income tax liability was partially offset by the effect of international tax rates, which are lower than the U.S. tax rate.

Liquidity and Capital Resources

Overview

Historically, we have financed our capital and working capital requirements through a combination of cash flows from operating activities and borrowings under our credit agreement. We expect that our primary ongoing requirements for cash will be for working capital, funding for 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.

Borrowing Arrangements

We are party to a credit agreement (the "Credit Agreement"), led and administered by Bank of America, which includes a senior secured revolving credit facility and a term credit facility. As of July 1, 2011 and December 31, 2010, the term credit facility bore interest of 2.44% and 2.76%, respectively, which included a margin of 2.25% and 2.50%, respectively. There was $77.5 million and $82.5 million outstanding under the term credit facility as of July 1, 2011 and December 31, 2010, respectively. During the first quarter of 2011, the Credit Agreement was amended to, among other items, eliminate the $6.0 million commitment of a defaulted lender, which resulted in a reduction of the revolving credit facilities total capacity from $150.0 million to $144.0 million. There was $3.0 million outstanding on the revolving credit facility as of July 1, 2011, whereas there was no amount outstanding as of December 31, 2010. As of July 1, 2011 and December 31, 2010, there was $20.4 million and $14.1 million, respectively, outstanding on the letter of credit sub-facility, resulting in available capacity of $120.6 million and $129.9 million, respectively. We are also party to additional letter of credit facilities with total capacity of $48.8 million and $2.5 million outstanding as of July 1, 2011.

Substantially all assets and stock of the Company's domestic subsidiaries and 65% of the shares of certain European subsidiaries are pledged as collateral against borrowings under the Credit Agreement. Certain European assets are pledged against borrowings directly made to our European subsidiary. The Credit Agreement contains customary covenants limiting the Company's ability to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase Company stock, enter into transactions with affiliates, make investments, merge or consolidate with others or dispose of assets. In addition, the Credit Agreement contains financial covenants requiring the Company to maintain a total leverage ratio of not more than 3.25 to 1.0 and a fixed charge coverage ratio of not less than 1.50 to 1.0, measured at the end of each quarter. If the Company does not comply with the various covenants under the Credit Agreement and related agreements, the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the term credit facility and revolving credit facility. The Company is in compliance with all such covenants as of July 1, 2011 and expects to be in compliance for the next 12 months.

Cash Flows

As of July 1, 2011, we had $64.2 million of Cash and cash equivalents, an increase of $3.7 million from $60.5 million as of December 31, 2010. The following table summarizes the change in Cash and cash equivalents during the periods indicated:

	Six Months Ended	
	July 1, 2011	**July 2, 2010**
	(In millions)	
Net cash provided by operating activities	$ 28.4	$ 27.4
Purchases of fixed assets, net	(6.4)	(5.5)
Acquisitions, net of cash received	(22.3)	—
Net cash used in investing activities	(28.7)	(5.5)
Repayments of borrowings, net	(2.0)	(3.8)
Other sources, net	1.8	0.6
Net cash used in financing activities	(0.2)	(3.2)
Effect of exchange rates on cash and cash equivalents	4.2	(5.7)
Increase in Cash and cash equivalents	$ 3.7	$ 13.0

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

Ÿ 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. During the six months ended July 1, 2011, we had net cash outflows of $1.6 million for asbestos-related costs paid, net of insurance settlements received compared to net cash inflows of $2.0 million during the six months ended July 2, 2010.

- 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 July 1, 2011 and July 2, 2010, cash contributions for defined benefit plans were $4.6 million and $9.4 million, respectively.

- 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 July 1, 2011, net working capital increased, primarily due to an increase in inventory levels, which reduced our cash flows from operating activities. A decrease in net working capital as a result of a decrease in inventory and receivable levels positively impacted cash flows from operating activities during the six months ended July 2, 2010.

Cash flows from investing activities consist primarily of cash flows related to acquisitions and the purchase of fixed assets. During the six months ended July 1, 2011, we used $23.2 million more cash in our investing activities in comparison to the six months ended July 2, 2010. The fluctuation in cash flows from our investing activities was primarily due to our acquisition of Rosscor during the first quarter of 2011, which resulted in net cash outflows of $22.3 million. There were no acquisitions during the six months ended July 2, 2010. In all periods presented, capital expenditures were invested in new and replacement machinery, equipment and information technology. We generally target capital expenditures at approximately 2.0% to 2.5% of annual revenues.

Cash flows from financing activities generally consist of the borrowing and repayment of our long-term indebtedness. During the six months ended July 1, 2011, we had net repayments of $2.0 million in comparison to $3.8 million during the six months ended July 2, 2010. See “—Borrowing Arrangements” above for additional information regarding our outstanding indebtedness as of July 1, 2011.

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. There have been no significant changes 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 2010 Form 10-K.

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 our credit facility, all of our borrowings as of July 1, 2011 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 six months ended July 1, 2011 would have increased Interest expense on the unhedged portion of our borrowings by approximately $0.4 million.

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 six months ended July 1, 2011, approximately 80% of our sales were derived from operations outside the U.S., with approximately 40% generated from our European operations. In particular, we have more sales in European currencies than we have expenses in those currencies. Therefore, when European currencies strengthen or weaken against the U.S. dollar, operating profits are increased or decreased, respectively. To assist with the matching of revenues and expenses and assets and liabilities in foreign currencies, we may periodically enter into derivative instruments such as cross currency swaps or forward contracts. To illustrate the potential impact of changes in foreign currency exchange rates, assuming a 10% increase in average foreign exchange rates compared to the U.S. dollar, Income before income taxes would have increased by $2.8 million during the six months ended July 1, 2011.

Commodity Price Risk

We are exposed to changes in the prices of raw materials used in our production processes. Commodity futures contracts are periodically used to manage such exposure. As of July 1, 2011, we had no open commodity futures contracts.

See Note 14, “Financial Instruments” 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 the end of the period covered by this report. 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 this report has been recorded, processed, summarized and reported as of the end of the period covered by this report.

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 Commissions 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

There was no change 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 has materially affected, or is 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 15, “Commitments and Contingencies,” in the Notes to the 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 2010 Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved.]

Item 5. Other Information

On July 28, 2011, we entered into a letter agreement with Joseph B. Niemann (the "Letter Agreement"). The Letter Agreement extends the term of Mr. Niemann's position as our Senior Vice President, Strategic Marketing, a role he entered into in December of 2010. Mr. Niemann's term as Senior Vice President, Strategic Marketing had previously been scheduled to expire on September 17, 2011, but was extended by the Letter Agreement until November 17, 2011. Mr. Niemann's modified responsibilities in this role constitute "Good Reason" pursuant to the terms of his Executive Employment Agreement dated April 22, 2008, as amended effective as of January 1, 2010 (the "Employment Agreement"). The Letter Agreement provides that Mr. Niemann shall continue to have "Good Reason" to effect a Good Reason termination pursuant to his Employment Agreement upon completion of the term on November 17, 2011.

Item 6. Exhibits

Exhibit No.	Exhibit Description
10.01*	Employment Agreement, dated March 24, 2011, between Clay H. Kiefaber and Colfax Corporation
10.02**	Employment Agreement, dated April 22, 2008, between Colfax Corporation and Joseph B. Niemann
10.03**	Amendment to Employment Agreement between Colfax Corporation and Joseph B. Niemann, effective January 1, 2010
10.04**	Letter Agreement between Colfax Corporation and Joseph B. Niemann, dated December 17, 2010
10.05	Letter Agreement between Colfax Corporation and Joseph B. Niemann, dated July 28, 2011
10.06**	Employment Agreement, dated April 22, 2008, between Colfax Corporation and Steven W. Weidenmuller
10.07**	Amendment to Employment Agreement between Colfax Corporation and Steven W. Weidenmuller, effective January 1, 2010
10.08**	Letter Agreement, effective February 21, 2011 between Colfax Corporation and Steven W. Weidenmuller
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
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document

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* Incorporated by reference to Exhibit 10.1 to Colfax Corporation’s Form 8-K (File No. 001-34045) as filed with the Commission on March 28, 2011.

** 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, 2010.

*** 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/ CLAY H. KIEFABER **Clay H. Kiefaber**	President and Chief Executive Officer (Principal Executive Officer)	July 29, 2011
/s/ C. SCOTT BRANNAN **C. Scott Brannan**	Senior Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	July 29, 2011

JOSEPH B. NIEMANN
EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this “**Agreement**”) is entered into as of April 22, 2008, (the “**Effective Date**”) by and between Colfax Corporation, a Delaware corporation (the “**Company**”), and Joseph B. Niemann (the “**Executive**”). This Agreement amends, restates and supersedes the employment agreement entered into as of April 12, 2008 by and between the Company and the Executive.

1. Positions, Duties and Term. The Company hereby employs the Executive as its Senior Vice President, Marketing and Strategic Planning and the Executive hereby accepts such employment, on the terms and conditions set forth below. The principal place of employment of Executive shall be at the Company’s corporate offices in Richmond, VA, except for reasonable business travel.

1.1 Term. The Executive’s employment hereunder shall be for a term commencing as of the Effective Date and ending as of the earliest of (i) December 31, 2009 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. Notwithstanding any other provision in this Agreement, this Agreement automatically will terminate on December 31, 2008 if no initial public offering or Change in Control Event has occurred (the “**Non-transaction**”).

(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 or the Agreement terminates due to the Non-transaction, the term of this Agreement automatically shall be extended as of December 31, 2008 and each December 31 thereafter, such that on each such date the term of employment under this Agreement shall be for a full two-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 until the December 31st 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 correctible 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.

1.2 Duties. The Executive shall faithfully perform for the Company the duties incident to the office of Senior Vice President, Marketing and Strategic Planning 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.

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 $201,750 (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 his employment under this Agreement, the Executive shall be eligible to receive an annual cash bonus based on performance objectives established by the Committee each year (the "**Annual Cash Incentive**"). The Executive's target Annual Cash Incentive amount will be the percentage of Base Salary designated as the target by the Committee, which amount shall be at least 40% 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 fifteen (15) 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.

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;

(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 Partial Year Bonus (as defined in Section 10.6); and

(iii) At Company's expense, Executive and his spouse and dependent children shall be entitled to continuation of health insurance coverage (i.e., medical, dental and vision) under the Company's group health plan(s) in which the Executive was participating on the date of termination or if such plan(s) have been terminated, in the plan(s) in which senior executives of the Company participate for a period of one (1) year or two (2) years 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.

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. In consideration of the severance payments described in Section 4.1 or Section 4.2, to which severance payments the Executive would otherwise not be entitled, and as a pre-condition to the Executive becoming entitled to such severance payments under this Agreement, the Executive agrees to execute at the time of Executive's termination a Waiver and Release Agreement in exactly the form provided to the Executive by the Company without alteration or addition (the "**Waiver and Release Agreement**"), attached hereto as Exhibit A, the terms and conditions of which are specifically incorporated herein by reference.

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. 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 6.2, "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 if 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 (1) year or, in the case of a termination described in Section 4.2, two (2) years 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, directly or indirectly, in any capacity, for the benefit of any entity or person (including the Executive) become employed by, own, operate, manage, direct, invest in (except through a mutual fund), or otherwise, directly or indirectly, engage in, or be employed by, any entity or person which competes 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. For purposes of this Agreement, “Territory” shall mean the United States of America.

6.3 Non-Solicitation. During the term of this Agreement (including any extension thereof) and for a period of two (2) years or, in the case of a termination described in Section 4.2, three (3) years following the termination of the Executive’s termination under this Agreement for any reason, the Executive shall not, except with the Company’s express prior written consent, directly or indirectly, in any capacity, for the benefit of any entity or person (including the Executive) solicit, service, divert, take away, or contact any customer, client or employee of the Company, or any of its subsidiaries, or promote a competing service to any customer, client or employee of the Company, its subsidiaries or any of its respective businesses.

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 6. 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 6.6. 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 Commonwealth of Virginia, without regard to conflicts of law principles. If under the governing law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, ordinance, or other principle of law, such portion shall be deemed to be modified or altered to the extent necessary to conform thereto or, if that is not possible, to be omitted from this Agreement. The invalidity of any such portion shall not affect the force, effect, and validity of the remaining portion hereof. If any court determines that any provision of Section 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 Richmond, Virginia by three arbitrators in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association in effect at the time of submission to arbitration. Judgment may be entered on the arbitrators' award in any court having jurisdiction. For purposes of entering any judgment upon an award rendered by the arbitrators, the Company and Executive hereby consent to the jurisdiction of any or all of the following courts: (i) the United States District Court for the Fourth Circuit, (ii) any of the courts of the Commonwealth of Virginia, or (iii) any other court having jurisdiction. The Company and Executive further agree that any service of process or notice requirements in any such proceeding shall be satisfied if the rules of such court relating thereto have been substantially satisfied. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to such jurisdiction and any defense of inconvenient forum. The Company and Executive hereby agree that a judgment upon an award rendered by the arbitrators may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party shall bear its or his costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 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
8730 Stony Point Parkway, Suite 150
Richmond, VA 23235

With a copy to:

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

If to Executive:

Joseph B. Niemann
14124 Riverdowns South
Midlothian, VA 23113

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 No Obligation To Mitigate. Executive shall not be required to seek other employment or otherwise to mitigate Executive's damages upon any termination of employment; provided, however, that, to the extent Executive receives from a subsequent employer health or other insurance benefits that are substantially similar to the benefits referred to in Section 2.3 hereof, any such benefits to be provided by the Company to Executive following the Term shall be correspondingly reduced.

8.9 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.

8.10 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.

8.11 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.

8.12 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. In the event of a breach of such representation or warranty on Executive's part or if there is any other legal impediment which prevents him from entering into this Agreement or performing all of his obligations hereunder, the Company shall have the right to terminate this Agreement forthwith in accordance with the same notice and hearing procedures specified above in respect of a termination by the Company for Cause pursuant to Section 3 and shall have no further obligations to Executive hereunder. Notwithstanding a termination by the Company under this Section 8.12, Executive's obligations under Section 6 shall survive such termination.

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;

(iii) Willful and 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.

No act, or failure to act, on the part of Executive shall be deemed "willful" unless done, or omitted to be done, by Executive without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of the resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the independent members of the Board at a meeting of the Board (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth above in this definition and specifying the particulars thereof in detail.

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) The assignment to Executive of duties materially inconsistent with Executive's position and status hereunder, or 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 in connection with the termination of Executive's employment for Cause, Disability, as a result of Executive's death, or as a result of action by or with the consent of Executive;

(ii) A reduction by the Company in Executive's Base Salary or the setting of Executive's annual target incentive opportunity or payment of earned Annual Cash Incentive in amounts materially less than specified under or otherwise not in conformity with Section 2 hereof;

(iii) 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;

(iv) 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

(v) 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 an amount equal to the target Annual Cash Incentive compensation that would have become payable to Executive for that year multiplied by a fraction the numerator of which is the number of days Executive was employed in the year of termination and the denominator of which is the total number of days in the year of termination.

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

COLFAX CORPORATION

By: /s/ Steven W. Weidenmuller
Name: Steven W. Weidenmuller
Title: Senior Vice President, Human Resources

/s/ Joseph B. Niemann
Joseph B. Niemann

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 _____________ (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. **<u>Waiver and Release</u>.** 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. **<u>Acknowledgments</u>.** 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. **<u>Governing Law</u>.** This Waiver and Release Agreement shall be governed by the laws of the State of Delaware, excluding the choice of law rules thereof.

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

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

EXECUTIVE:

____
[NAME OF EXECUTIVE]

AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT (the "**Amendment**") to the Executive Employment Agreement (the "**Employment Agreement**") dated April 22, 2008 by and between Colfax Corporation, a Delaware corporation (the "**Company**") and Joseph B. Niemann (the "**Executive**"), is itself by and between the Company and the Executive, is dated December 15, 2008, and is entered into effective as of January 1, 2010 (the "**Effective Date**"). This Amendment is intended to make certain changes deemed necessary by the Company and the Executive based upon new guidance regarding Section 162(m) of the Internal Revenue Code.

1. The final sentence of the first paragraph of Section 4 of the Employment Agreement is hereby amended to read as follows:

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 payments and 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.

2. Section 4.1(ii) of the Employment Agreement is hereby amended in its entirety to read as follows:

(ii) In lieu of any Annual Cash Incentive under Section 2.2 for the year in which the 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); and

3. Section 10.7 of the Employment Agreement entitled "Partial Year Bonus" is hereby amended in its entirety to ready as follows:

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 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.

4. Except as expressly provided herein, the terms and conditions of the Employment Agreement shall remain in full force and effect and shall be binding on the parties hereto.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment, or have caused this Amendment to be duly executed and delivered in their name and on their behalf, intending to be legally bound by its terms, as of the Effective Date, as if the provisions hereof were originally included in the Employment Agreement.

COLFAX CORPORATION

By: /s/ Steven W. Weidenmuller
Name: Steven W. Weidenmuller
Title: Senior Vice President, Human Resources

/s/ Joseph B. Niemann
Joseph B. Niemann

Dear Joe:

This letter serves to confirm our agreement regarding the reassignment of your duties with Colfax Corporation (the "Company"). The Company has requested and you have agreed to be reassigned as Senior Vice President, Strategic Marketing and Business Development reporting to me and with the duties we have discussed for a term of up to nine months (the "Reassignment"). Your principal place of business shall remain in Richmond, VA.

The Reassignment constitutes "Good Reason" pursuant to Section 10.6 of your Executive Employment Agreement between you and the Company dated April 22, 2008 (the "Employment Agreement"). You have informed the Company that you have agreed to the Reassignment and do not desire to resign from the Company as provided in the Employment Agreement.

Notwithstanding (i) anything to the contrary set forth in the Employment Agreement and (ii) your agreement to the Reassignment, the Company hereby agrees that you shall have Good Reason to effect a Good Reason termination in accordance with Section 1.1 (d) of the Executive Agreement upon completion of the term of the Reassignment. .

This Letter is governed by and is to be construed, administered, and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to conflicts of law principles.

Sincerely,

/s/ William Roller
Executive Vice President

William Roller

I hereby agree and acknowledge the terms of this Letter.

/s/ Joe Niemann
Joe Niemann
Date: 12-17-2010

Colfax Fluid Handling
World Headquarters
1710 Airport Road
Monroe, NC 28110 USA
Tel: (704) 289-6511
www.colfaxcorp.com

July 28, 2011

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Mr. Joseph B. Niemann
14124 Riverdowns South
Midlothian, VA 23113

Dear Joe:

We are pleased to extend the term of your reassignment as Senior Vice President, Strategic Marketing and Business Development of Colfax Corporation from September 17, 2011 to November 17, 2011.
Your principal place of business shall remain in Richmond, Virginia.

The Reassignment constitutes “Good Reason” pursuant to Section 10.6 of your Executive Employment Agreement between you and the Company dated April 22, 2008 (the “Employment Agreement”). You have informed the Company that you have agreed to the Reassignment and do not desire to resign from the Company as provided in the Employment Agreement.

Notwithstanding (i) anything to the contrary set forth in the Employment Agreement and (ii) your agreement to the Reassignment, the Company hereby agrees that you shall have Good Reason to effect a Good Reason termination in accordance with Section 1.1(d) of the Employment Agreement upon completion of the term of the Reassignment.

This letter shall at all times and in all respects be governed by the laws of the Commonwealth of Virginia, without regard to conflicts of law principals thereof.

Sincerely,
William E. Roller
Executive Vice President

I hereby agree and acknowledge the terms of this letter.

/s/ Joseph B. Niemann
Joseph B. Niemann

STEVEN W. WEIDENMULLER
EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is entered into as of April 22, 2008, (the "**Effective Date**") by and between Colfax Corporation, a Delaware corporation (the "**Company**"), and Steven W. Weidenmuller (the "**Executive**"). This Agreement amends, restates and supersedes the employment agreement entered into as of April 12, 2008 by and between the Company and the Executive.

1. Positions, Duties and Term. The Company hereby employs the Executive as its Senior Vice President, Human Resources and the Executive hereby accepts such employment, on the terms and conditions set forth below. The principal place of employment of Executive shall be at the Company's corporate offices in Richmond, VA, except for reasonable business travel.

1.1 Term. The Executive's employment hereunder shall be for a term commencing as of the Effective Date and ending as of the earliest of (i) December 31, 2009 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. Notwithstanding any other provision in this Agreement, this Agreement automatically will terminate on December 31, 2008 if no initial public offering or Change in Control Event has occurred (the "**Non-transaction**").

(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 or the Agreement terminates due to the Non-transaction, the term of this Agreement automatically shall be extended as of December 31, 2008 and each December 31 thereafter, such that on each such date the term of employment under this Agreement shall be for a full two-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 until the December 31st 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 correctible 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.

1.2 Duties. The Executive shall faithfully perform for the Company the duties incident to the office of Senior Vice President, Human Resources 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.

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 $239,240 (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 his employment under this Agreement, the Executive shall be eligible to receive an annual cash bonus based on performance objectives established by the Committee each year (the "**Annual Cash Incentive**"). The Executive's target Annual Cash Incentive amount will be the percentage of Base Salary designated as the target by the Committee, which amount shall be at least 45% 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.

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;

(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 Partial Year Bonus (as defined in Section 10.6); and

(iii) At Company's expense, Executive and his spouse and dependent children shall be entitled to continuation of health insurance coverage (i.e., medical, dental and vision) under the Company's group health plan(s) in which the Executive was participating on the date of termination or if such plan(s) have been terminated, in the plan(s) in which senior executives of the Company participate for a period of one (1) year or two (2) years 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.

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. In consideration of the severance payments described in Section 4.1 or Section 4.2, to which severance payments the Executive would otherwise not be entitled, and as a pre-condition to the Executive becoming entitled to such severance payments under this Agreement, the Executive agrees to execute at the time of Executive's termination a Waiver and Release Agreement in exactly the form provided to the Executive by the Company without alteration or addition (the "**Waiver and Release Agreement**"), attached hereto as Exhibit A, the terms and conditions of which are specifically incorporated herein by reference.

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. 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 6.2, "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 if 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 (1) year or, in the case of a termination described in Section 4.2, two (2) years 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, directly or indirectly, in any capacity, for the benefit of any entity or person (including the Executive) become employed by, own, operate, manage, direct, invest in (except through a mutual fund), or otherwise, directly or indirectly, engage in, or be employed by, any entity or person which competes 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. For purposes of this Agreement, "Territory" shall mean the United States of America.

6.3 Non-Solicitation. During the term of this Agreement (including any extension thereof) and for a period of two (2) years or, in the case of a termination described in Section 4.2, three (3) years following the termination of the Executive's termination under this Agreement for any reason, the Executive shall not, except with the Company's express prior written consent, directly or indirectly, in any capacity, for the benefit of any entity or person (including the Executive) solicit, service, divert, take away, or contact any customer, client or employee of the Company, or any of its subsidiaries, or promote a competing service to any customer, client or employee of the Company, its subsidiaries or any of its respective businesses.

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 6. 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 6.6. 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 Commonwealth of Virginia, without regard to conflicts of law principles. If under the governing law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, ordinance, or other principle of law, such portion shall be deemed to be modified or altered to the extent necessary to conform thereto or, if that is not possible, to be omitted from this Agreement. The invalidity of any such portion shall not affect the force, effect, and validity of the remaining portion hereof. If any court determines that any provision of Section 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 Richmond, Virginia by three arbitrators in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association in effect at the time of submission to arbitration. Judgment may be entered on the arbitrators' award in any court having jurisdiction. For purposes of entering any judgment upon an award rendered by the arbitrators, the Company and Executive hereby consent to the jurisdiction of any or all of the following courts: (i) the United States District Court for the Fourth Circuit, (ii) any of the courts of the Commonwealth of Virginia, or (iii) any other court having jurisdiction. The Company and Executive further agree that any service of process or notice requirements in any such proceeding shall be satisfied if the rules of such court relating thereto have been substantially satisfied. The Company and Executive hereby waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to such jurisdiction and any defense of inconvenient forum. The Company and Executive hereby agree that a judgment upon an award rendered by the arbitrators may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party shall bear its or his costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 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
8730 Stony Point Parkway, Suite 150
Richmond, VA 23235

With a copy to:

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

If to Executive:

Steven W. Weidenmuller
3255 Queen's Grant Drive
Midlothian, VA 23113

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 No Obligation To Mitigate. Executive shall not be required to seek other employment or otherwise to mitigate Executive's damages upon any termination of employment; provided, however, that, to the extent Executive receives from a subsequent employer health or other insurance benefits that are substantially similar to the benefits referred to in Section 2.3 hereof, any such benefits to be provided by the Company to Executive following the Term shall be correspondingly reduced.

8.9 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.

8.10 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.

8.11 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.

8.12 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. In the event of a breach of such representation or warranty on Executive's part or if there is any other legal impediment which prevents him from entering into this Agreement or performing all of his obligations hereunder, the Company shall have the right to terminate this Agreement forthwith in accordance with the same notice and hearing procedures specified above in respect of a termination by the Company for Cause pursuant to Section 3 and shall have no further obligations to Executive hereunder. Notwithstanding a termination by the Company under this Section 8.12, Executive's obligations under Section 6 shall survive such termination.

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;

(iii) Willful and 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.

No act, or failure to act, on the part of Executive shall be deemed "willful" unless done, or omitted to be done, by Executive without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of the resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the independent members of the Board at a meeting of the Board (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, Executive was guilty of conduct set forth above in this definition and specifying the particulars thereof in detail.

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) The assignment to Executive of duties materially inconsistent with Executive's position and status hereunder, or 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 in connection with the termination of Executive's employment for Cause, Disability, as a result of Executive's death, or as a result of action by or with the consent of Executive;

(ii) A reduction by the Company in Executive's Base Salary or the setting of Executive's annual target incentive opportunity or payment of earned Annual Cash Incentive in amounts materially less than specified under or otherwise not in conformity with Section 2 hereof;

(iii) 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;

(iv) Thefailure 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

(v) 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 an amount equal to the target Annual Cash Incentive compensation that would have become payable to Executive for that year multiplied by a fraction the numerator of which is the number of days Executive was employed in the year of termination and the denominator of which is the total number of days in the year of termination.

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

COLFAX CORPORATION

By: /s/ John A. Young
Name: John A. Young
Title: President & CEO

/s/ Steven W. Weidenmuller
Steven W. Weidenmuller

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 _____________ (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. **<u>Governing Law</u>.** This Waiver and Release Agreement shall be governed by the laws of the State of Delaware, excluding the choice of law rules thereof.

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

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

EXECUTIVE:

____
[NAME OF EXECUTIVE]

AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT (the "**Amendment**") to the Executive Employment Agreement (the "**Employment Agreement**") dated April 22, 2008 by and between Colfax Corporation, a Delaware corporation (the "**Company**") and Steven W. Weidenmuller (the "**Executive**"), is itself by and between the Company and the Executive, is dated December 15, 2008, and is entered into effective as of January 1, 2010 (the "**Effective Date**"). This Amendment is intended to make certain changes deemed necessary by the Company and the Executive based upon new guidance regarding Section 162(m) of the Internal Revenue Code.

1. The final sentence of the first paragraph of Section 4 of the Employment Agreement is hereby amended to read as follows:

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 payments and 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.

2. Section 4.1(ii) of the Employment Agreement is hereby amended in its entirety to read as follows:

(ii) In lieu of any Annual Cash Incentive under Section 2.2 for the year in which the 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); and

3. Section 10.7 of the Employment Agreement entitled "Partial Year Bonus" is hereby amended in its entirety to ready as follows:

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 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.

4. Except as expressly provided herein, the terms and conditions of the Employment Agreement shall remain in full force and effect and shall be binding on the parties hereto.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment, or have caused this Amendment to be duly executed and delivered in their name and on their behalf, intending to be legally bound by its terms, as of the Effective Date, as if the provisions hereof were originally included in the Employment Agreement.

COLFAX CORPORATION

By: /s/ John A. Young
Name: John A. Young
Title: President & CEO

/s/ Steven W. Weidenmuller
Steven W. Weidenmuller

Colfax Corporation
8730 Stony Point Parkway
Suite 150
Richmond, VA 23235
USA
Tel: (804) 560-4070
Fax: (804) 560-4076
www.colfaxcorp.com

February 18, 2011

Mr. Steven W. Weidenmuller
Senior Vice President, Human Resources
Colfax Corporation
3255 Queens Grant Drive
Midlothian, VA 23113

Dear Steve,

On behalf of the Board of Directors of Colfax Corporation (the "Company"), I accept your resignation from your position as Senior Vice President, Human Resources of the Company, and from all other officer or director positions with Company subsidiaries, effective at the close of business on February 21, 2011 (the "Termination Date").

In recognition of your years of dedicated service and service during this transition, you will receive the following. Further, this agreement is in addition to those benefits and obligations under your Executive Employment Agreement dated April 22, 2008, as amended (the "Employment Agreement").

The deferred delivery of all remaining 2001 Phantom Stock shares of Company common stock (12,483 shares) will be accelerated and delivered to you on or about the Termination Date. Vesting will be accelerated for 11,201 stock options from your 2009 stock option grants.

This Agreement cannot be assigned by the Company, other than in connection with a merger, acquisition or other similar corporate transaction, without your consent. This Agreement shall be binding upon and shall inure to your benefit and the benefits of your heirs, executors, administrators and beneficiaries, and shall be binding upon and inure to the benefit of the Company and its successors and assigns.

Colfax Corporation
8730 Stony Point Parkway
Suite 150
Richmond, VA 23235
USA
Tel: (804) 560-4070
Fax: (804) 560-4076
www.colfaxcorp.com

This Agreement is governed by and is to be construed, administered, and enforced in accordance with the laws of the State of Virginia, without regard to conflicts of law principles.

Please sign a copy of this Letter Agreement to indicate your agreement to the terms and conditions set forth above.

Very truly yours,

/s/ Clay H. Kiefaber

Clay H. Kiefaber
President and Chief Executive Officer

AGREED AND ACCEPTED as of the date indicated below:

/s/ Steven W. Weidenmuller
Steven W. Weidenmuller
February 18, 2011

Exhibit 31.1

CERTIFICATIONS

I, Clay H. Kiefaber, 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: July 29, 2011

/s/ Clay H. Kiefaber

Clay H. Kiefaber
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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: July 29, 2011

/s/ C. Scott Brannan

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

Exhibit 32.1

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

I, Clay H. Kiefaber, 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 July 1, 2011 (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: July 29, 2011

/s/ Clay H. Kiefaber

Clay H. Kiefaber
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 July 1, 2011 (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: July 29, 2011

/s/ C. Scott Brannan

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