

Colfax CORP
Form DEF 14A
April 15, 2011

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

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to Section 240.14a-12.

Colfax Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(3) Filing Party:

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COLFAX CORPORATION
8170 Maple Lawn Boulevard, Suite 180
Fulton, Maryland 20759

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 15, 2011

To Our Stockholders:

Notice is hereby given that the 2011 Annual Meeting of Stockholders (the "Annual Meeting") of Colfax Corporation will be held at our corporate headquarters located at 8170 Maple Lawn Boulevard, Suite 180, Fulton, Maryland 20759 on Wednesday, May 18, 2011, at 3:00 p.m., local time, for the following purposes:

1. To elect eight members of the Board of Directors from the nominees named in the attached proxy statement;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;
3. To hold an advisory vote on our executive compensation, as described in the attached proxy statement;
4. To hold an advisory vote on the frequency of future advisory votes on our executive compensation; and
5. To consider any other matters that properly come before the Annual Meeting or any adjournment or postponement thereof.

The accompanying proxy statement describes the matters to be considered at the Annual Meeting. Only stockholders of record at the close of business on March 25, 2011 are entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements thereof.

As a stockholder of Colfax, your vote is important. Whether or not you plan to attend the Annual Meeting in person, we urge you to vote your shares at your earliest convenience.

By Order of the Board of Directors

A. Lynne Puckett
Secretary

Fulton, Maryland
April 15, 2011

COLFAX CORPORATION
8170 Maple Lawn Boulevard, Suite 180
Fulton, Maryland 20759

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS
May 18, 2011

This Proxy Statement (the "Proxy Statement"), which was first mailed to stockholders on or about April 15, 2011, is furnished in connection with the solicitation by the Board of Directors (the "Board") of Colfax Corporation (hereinafter, "Colfax," "we," "us" and the "Company"), of proxies for use at the 2011 Annual Meeting of Stockholders (the "Annual Meeting") to be held at our corporate headquarters located at 8170 Maple Lawn Boulevard, Suite 180, Fulton, Maryland 20759 on Wednesday, May 18, 2011, at 3:00 p.m., local time, and at any adjournments or postponements thereof. The purpose of the meeting is to: elect eight members of the Board from the nominees named in this Proxy Statement; ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011; to hold an advisory vote on our executive compensation, as described in this Proxy Statement; to hold an advisory vote on the frequency of future advisory votes on our executive compensation; and to consider any other matters that properly come before the Annual Meeting or any adjournment or postponement thereof.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on
May 18, 2011

Our Annual Report to Stockholders and this Proxy Statement are available at www.proxyvote.com.

OUTSTANDING STOCK AND VOTING RIGHTS

The Board has fixed the close of business on March 25, 2011 (the "Record Date") as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting. Only stockholders of record on that date will be entitled to vote. Proxies will be voted as specified in the stockholder's proxy. In the absence of specific instructions, proxies will be voted in accordance with the Company's recommendations and in the discretion of the proxy holders on any other matter which properly comes before the meeting or any adjournment or postponement thereof. The Board has selected Mitchell P. Rales and Joseph O. Bunting III to act as proxies with full power of substitution.

Any stockholder giving a proxy has the power to revoke the proxy at any time before it is exercised by either (i) delivering a written notice of revocation to Colfax Corporation at 8170 Maple Lawn Boulevard, Suite 180, Fulton, Maryland 20759, Attn: Corporate Secretary, (ii) delivering prior to the Annual Meeting a properly executed and subsequently dated proxy, or (iii) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

The total expense of this solicitation will be borne by the Company, including reimbursement paid to brokerage firms and others for their expenses in forwarding material regarding the Annual Meeting to beneficial owners. Solicitation of proxies may be made personally or by mail, telephone, internet, e-mail or facsimile by officers and other management employees of the Company, who will receive no additional compensation for their services.

Shares of the Company's common stock are entitled to vote at the Annual Meeting. As of the Record Date, 43,496,027 shares of the Company's common stock were outstanding. Each outstanding share of the Company's common stock entitles the holder to one vote on all matters brought before the Annual Meeting. The quorum necessary to conduct business at the Annual Meeting consists of a majority of the shares of the Company's common stock outstanding on the Record Date and entitled to vote at the Annual Meeting, either present in person or represented by proxy. A list of

stockholders of record as of the Record Date will be available for inspection during ordinary business hours at our corporate headquarters located at 8170 Maple Lawn Boulevard, Suite 180, Fulton, Maryland 20759, for 10 days prior to the date of our Annual Meeting. The list will also be available for inspection at the Annual Meeting.

In accordance with the Company's Amended and Restated Bylaws (the "Bylaws"), to be elected each director nominee must receive a majority of the votes cast with respect to that director's election. Incumbent directors nominated for election by the Board are required, as a condition to such nomination, to submit a conditional letter of resignation to the Chairman of the Board. In the event that a nominee for director does not receive a majority of the votes cast at the Annual Meeting with respect to his or her election, the Board will promptly consider whether to accept or reject the conditional resignation of that nominee, or whether other action should be taken. The Board will then take action and will publicly disclose its decision and the rationale behind it no later than 90 days following the certification of election results.

The affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required for the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011 and for the approval of the advisory vote on our executive compensation.

For the advisory vote on the frequency of future advisory votes on our executive compensation, the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote is the applicable approval standard for any of the affirmative alternatives ("EVERY THREE YEARS", "EVERY TWO YEARS", "EVERY YEAR") in this proposal. As an advisory vote, this proposal is not binding on the Company. In addition, since stockholders are being given several voting choices, it is possible that no single choice will receive a majority vote. In light of the foregoing, the Board will consider the outcome of this vote when determining the frequency of holding future advisory votes on our executive compensation.

Abstentions will have no effect on the election of directors, but will have the same effect as a vote against the ratification of the appointment of Ernst & Young LLP or the approval of the advisory vote on our executive compensation. For the advisory vote on the frequency of future advisory votes on our executive compensation, abstentions will have the effect of a vote not in support of any frequency alternative.

Under the New York Stock Exchange (the "NYSE") rules, the ratification of the selection of our registered public accounting firm is considered a "discretionary" item. This means that brokerage firms may vote in their discretion on this item on behalf of clients who have not furnished voting instructions at least 15 days before the date of the Annual Meeting. In contrast, the remaining proposals are "non-discretionary" items. This means brokerage firms that have not received voting instructions from their clients on this matter may not vote on these proposals (a "broker non-vote"). Broker non-votes will not be considered in determining the number of votes necessary for election and, therefore, will have no effect on the outcome of the vote for the election of directors. Further, broker non-votes will have no effect on the advisory vote on our executive compensation and on the advisory vote on the frequency of future advisory votes on our executive compensation.

PROPOSAL 1

ELECTION OF DIRECTORS

The Company's directors will be elected at the Annual Meeting to serve until the next annual meeting of the Company and until their successors are duly elected and qualified. At the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the following persons to serve as directors for the term beginning at the Annual Meeting on May 18, 2011: Mitchell P. Rales, Clay H. Kiefaber, Patrick W. Allender, Joseph O. Bunting III, Thomas S. Gayner, Rhonda L. Jordan, A. Clayton Perfall and Rajiv Vinnakota. Mr. Perfall was originally recommended as a nominee to the Board by our non-management directors. All nominees are currently serving on the Board.

Director Qualifications

The Nominating and Corporate Governance Committee considers, among other things, the following criteria in selecting director nominees:

- personal and professional integrity;
- skills, business experience and industry knowledge useful to the oversight of the Company based on the perceived needs of the Company and the Board at any given time;
- the ability and willingness to devote the required amount of time to the Company's affairs, including attendance at Board and committee meetings;
- the long-term interests of the Company and its stockholders; and
- the lack of any personal or professional relationships that would adversely affect a candidate's ability to serve the best interests of the Company and its stockholders.

Pursuant to its charter, the Nominating and Corporate Governance Committee also reviews, among other qualifications, the perspective, broad business judgment and leadership, business creativity and vision, and diversity of potential directors, all in the context of the needs of the Board at that time. We believe that Board membership should reflect diversity in its broadest sense, including persons diverse in geography, gender, and ethnicity, and we seek independent directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. The charter of Nominating and Corporate Governance Committee affirmatively recognizes diversity as one of the criteria for consideration in the selection of director nominees, and in its deliberations and discussions concerning potential director appointments the Nominating and Corporate Governance Committee has paid particular attention to diversity together with all other qualifying attributes. The Nominating and Corporate Governance Committee looks for candidates with the expertise, skills, knowledge and experience that, when taken together with that of other members of the Board, will lead to a Board that is effective, collegial and responsive to the needs of the Company. As further discussed below, numerous members of our Board have experience with the business systems that are an integral part of our Company culture. In addition, we feel that the familiarity of certain Board members from their work experiences at Danaher Corporation and for our Company, combined with strong input from varied and sophisticated business backgrounds, provides us with a Board that is both functional and collegial while able to draw on a broad range of expertise in the consideration of complex issues.

The biographies of each of the nominees below contain information regarding the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board to determine that

the person should serve as a director of the Company.

The Board has been informed that all of the nominees listed below are willing to serve as directors, but if any of them should decline or be unable to act as a director, the individuals named in the proxies may vote for a substitute designated by the Board. The Company has no reason to believe that any nominee will be unable or unwilling to serve.

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Nominees for Director

The names of the nominees for director, their ages as of March 25, 2011, principal occupations and employment during at least the last five years, period of service as a director of the Company, and certain other directorships held for each nominee is set forth below:

Mitchell P. Rales (54) is a co-founder of Colfax and has served as a director of the Company since its founding in 1995. He is the Chairman of our Board of Directors. Mr. Rales has served as a member of the Board of Directors of Danaher Corporation since 1983 and as Chairman of Danaher's Executive Committee since 1984. Mr. Rales has been a principal in a number of private business entities with interests in manufacturing companies and publicly traded securities for over 25 years. Mr. Rales was instrumental in the founding of our Company and has played a key leadership role on our Board since that time. Mr. Rales helped create the Danaher Business System, on which the Colfax Business System is modeled, and he has provided critical strategic guidance in the Company's growth. In addition, as a result of his substantial ownership stake in our Company, he is well-positioned to understand, articulate and advocate for the rights and interests of the Company's stockholders.

Clay Kiefaber (55) has served as a director of the Company since May 13, 2008. He is our President and Chief Executive Officer. Prior to joining Colfax as an executive in January 2010, he spent nearly 20 years in increasingly senior executive positions at Masco Corporation. Most recently, he was a Group President from 2006 to 2007, where he was responsible for a \$2.8 billion group of building construction components. Prior to becoming a Group President at Masco, Mr. Kiefaber was Group Vice President of Masco Builder Cabinet Group. He previously spent 14 years in increasingly senior positions in Masco's Merillat Industries subsidiary. Mr. Kiefaber's background provides him with a deep understanding of manufacturing operations, strategy and lean business systems, and his day-to-day leadership of our business gives the Board an invaluable Company-focused perspective.

Patrick W. Allender (64) has served as a director of the Company since May 13, 2008. He is the former Executive Vice President and Chief Financial Officer of Danaher Corporation, where he served from 1987 until 2006. Prior to joining Danaher, Mr. Allender was an audit partner with a large national accounting firm. Mr. Allender is a director of the Brady Corporation, where he is a member of the audit and compensation committees and the chairman of their finance committee. Mr. Allender's prior experience as the Chief Financial Officer of a publicly traded company provides him with substantial expertise in financial reporting and risk management. In addition, his familiarity with the Danaher Business System provides targeted insight on the nature of the Company's operations to the Board.

Joseph O. Bunting III (49) has served as a director of the Company since May 13, 2008. From 1997 until consummation of our initial public offering in 2008, Mr. Bunting served as Vice President of our Company. Over the course of his career, Mr. Bunting has been an officer, member or director in a number of private business entities with interests in manufacturing companies and publicly traded securities and which are affiliated with Mitchell Rales and Steven Rales. Mr. Bunting's financial, operational, management, and acquisition experience, combined with his familiarity with our Company and knowledge of its culture and operating history, is an asset to the Board.

Thomas S. Gayner (50) has served as a director of the Company since May 13, 2008. He is President and Chief Investment Officer of Markel Corporation. Since 1990, Mr. Gayner has served as President of Markel Gayner Asset Management, Inc. Mr. Gayner served as a director of Markel Corporation from 1998 to 2003. Mr. Gayner currently serves on the Board of Directors of The Washington Post Company and The Davis Funds. Through his experience and investment knowledge with the Markel Corporation as well as his service on the boards and committees of other publicly traded companies, Mr. Gayner brings extensive leadership, financial acumen and public company expertise to our Board.

Rhonda L. Jordan (53) has served as a director of the Company since February 17, 2009. She is the President, Global Health & Wellness for Kraft Foods Inc. and leads the development of Kraft's health & wellness and sustainability strategies and plans for the company, including marketing, product development, technology, alliances and acquisitions. Prior to being named President, Health & Wellness in 2010, she was the President of the Cheese and Dairy business unit of Kraft Foods Inc. From 2006 to 2008 she served as the President of the Grocery business unit of Kraft and from 2004 to 2005 she was the Senior Vice President, Global Marketing of Kraft. Ms. Jordan's management and operations experience within a large, global corporation gives her an important strategic voice in Board deliberations, and her knowledge and decision making with respect to business unit development and sustainable top-line performance makes her a valued member of our Board.

A. Clayton Perfall (52) has served as a director of the Company since September 21, 2010. He is the Chief Executive Officer of Archway Marketing Services, Inc., a provider of marketing fulfillment and supply chain management services. From 2001 until 2008 Mr. Perfall served as the Chief Executive Officer and as a member of the Board of Directors of AHL Services, Inc. Mr. Perfall also served as the Chief Executive Officer of Union Street Acquisition Corp. from 2006 until 2008. He served as the Chief Financial Officer of Snyder Communications, Inc. from 1996 until 2000 and was previously a partner with a large national accounting firm. Mr. Perfall currently serves on the Boards of Directors of Archway Holdings and Comstock Homebuilding Companies, Inc., and previously served on the Boards of Directors of inVentiv Health, Inc. from 1999 to 2010, AHL Services, Inc. from 2001 to 2008 and Union Street Acquisition from 2006 to 2008. He is currently the Audit Committee chairman for Comstock Homebuilding Companies, Inc. and served as the chair of the Audit Committee during his time on the board of inVentiv. Mr. Perfall's significant financial expertise and experience as an Audit Committee chairman and public company Chief Financial Officer, combined with his substantial executive leadership background, is an asset both to our Board and to our Audit Committee.

Rajiv Vinnakota (40) has served as a director of the Company since May 13, 2008. He has been Managing Director and President of The SEED Foundation, a non-profit educational organization, since 1997 and served as the chairman of The SEED Foundation board from 1997 until 2006. Prior to co-founding SEED, Mr. Vinnakota was an associate at Mercer Management Consulting. He was also a trustee of Princeton University from 2004 until 2007 and served as the national chairman of Annual Giving at Princeton from 2007 until 2009. Mr. Vinnakota's management experience, combined with his experience in the non-profit sector, brings a valuable perspective to our Board.

The Board unanimously recommends that stockholders vote "FOR" the election of each of the nominees for director listed above.

CORPORATE GOVERNANCE

Director Independence

In accordance with the rules of the NYSE, our Corporate Governance Guidelines require that a majority of our Board members be independent directors. In addition, NYSE rules and the respective charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee require that each member of these committees be independent directors. In order for a director to qualify as “independent,” our Board must affirmatively determine that the director has no material relationship with the Company that would impair the director’s independence. Our Board undertook its annual review of director independence in February 2011. The Board has determined that Mr. Allender, Mr. Gayner, Ms. Jordan, Mr. Perfall and Mr. Vinnakota each qualify as “independent.”

The independent members of our Board must hold at least two “executive session” meetings each year without the presence of management. If the Chair of the Board is not an independent director, the independent directors select an independent director to serve as Chairperson for each executive session. In general, these meetings are intended to be used as a forum to discuss such topics as the independent directors deem necessary or appropriate, including the annual evaluation of the Chief Executive Officer’s performance, the annual review of the Chief Executive Officer’s plan for management succession and the annual evaluation of the Board’s performance.

Board of Directors and its Committees

The Board and its committees meet regularly throughout the year, and may also hold special meetings and act by written consent from time to time. The Board held a total of nine meetings during the year ended December 31, 2010. During this time all directors attended 100% of the aggregate number of meetings held by the Board and all committees of the Board on which such director served (during the period which such director was a member of the Board). Our Corporate Governance Guidelines request Board members to make every effort to attend our annual meeting of stockholders. All directors attended our annual meeting of stockholders in 2010.

The Board has a standing Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The charters for the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are available on the Company’s website at www.colfaxcorp.com on the Investors page under the Corporate Governance tab. These materials also are available in print to any stockholder upon request. The Board committees review their respective charters on an annual basis. The Nominating and Corporate Governance Committee oversees an annual evaluation of the Board and each committee’s operations and performance.

Audit Committee

The Board has established a separately designated standing audit committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the “Exchange Act”). Our Audit Committee met 10 times during the year ended December 31, 2010. The Audit Committee is responsible, among its other duties and responsibilities, for overseeing our accounting and financial reporting processes, the audits of our financial statements, the qualifications of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm. The Audit Committee reviews and assesses the qualitative aspects of our financial reporting, our processes to manage business and financial risks, and our compliance with significant applicable legal, ethical and regulatory requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm. The members of our Audit Committee are Mr. Perfall, Chair, Mr. Allender and Mr. Gayner. Mr. Brannan was the Chairperson of the Audit Committee until September 21, 2010, when he resigned from the Board and all committees thereof due to his appointment as our Senior Vice President, Finance, Chief Financial Officer and Treasurer. Concurrently with Mr. Brannan’s resignation

from the Audit Committee on September 21, 2010, the Board appointed Mr. Perfall to the Board and as the Chairperson of the Audit Committee, after recommendation of the same by the Nominating and Corporate Governance Committee. The Board has determined that Mr. Perfall qualifies as an “audit committee financial expert,” as that term is defined under the SEC rules. The Board has determined that each member of our Audit Committee is independent and financially literate under the NYSE’s Listing Standards and that each member of our Audit Committee is independent under the requirements of SEC Rule 10A-3.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee met seven times during the year ended December 31, 2010. The Nominating and Corporate Governance Committee is responsible for recommending candidates for election to the Board. The committee is also responsible, among its other duties and responsibilities, for making recommendations to the Board or otherwise acting with respect to corporate governance policies and practices, including Board size and membership qualifications, new director orientation, committee structure and membership, succession planning for our Chief Executive Officer and other key executive officers, and communications with stockholders and other interested parties. The members of our Nominating and Corporate Governance Committee are Mr. Allender, Chair, Ms. Jordan and Mr. Vinnakota. Ms. Jordan was appointed to the Nominating and Corporate Governance Committee on September 21, 2010, concurrently with Mr. Brannan's resignation from the same in connection with his appointment as our Chief Financial Officer, as described above. The Board has determined that each member of our Nominating and Corporate Governance Committee is independent under the NYSE's Listing Standards.

Compensation Committee

Our Compensation Committee met six times during the year ended December 31, 2010. The Compensation Committee is responsible, among its other duties and responsibilities, for determining and approving the compensation and benefits of our Chief Executive Officer and other executive officers, monitoring compensation arrangements applicable to our Chief Executive Officer and other executive officers in light of their performance, effectiveness and other relevant considerations and adopting and administering our equity and incentive plans. The members of our Compensation Committee are Ms. Jordan, Chair, Mr. Gayner and Mr. Vinnakota. Mr. Kiefaber was the Chair of the Compensation Committee until January 9, 2010, at which time the Board resolved to end his service on the Compensation Committee effective upon his appointment as our President and Chief Executive Officer. Concurrently with Mr. Kiefaber's appointment as our President and Chief Executive Officer and removal from the Compensation Committee on January 9, 2010, the Board (i) appointed Mr. Gayner to the Compensation Committee and (ii) appointed Ms. Jordan as the Chair of the Compensation Committee, after recommendation of the same by the Nominating and Corporate Governance Committee. The Board has determined that each member of our Compensation Committee is an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code, a "non-employee director" within the meaning of SEC Rule 16b-3, and is independent under the NYSE's Listing Standards.

The Compensation Committee annually reviews and approves the corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluates his performance in light of those goals and objectives, and determines his compensation level based on that analysis. The Compensation Committee also annually reviews and approves all elements of the compensation of our executive officers. Executive officers are evaluated by our Chief Executive Officer and he makes compensation recommendations to the Compensation Committee based on these evaluations. The Compensation Committee also reviews and makes recommendations to the Board for all new agreements with our executive officers and for all elements of director compensation. All of the Company's incentive compensation and equity-based compensation plans are administered by the Compensation Committee, and the Compensation Committee considers whether to make recommendations to the Board for new incentive compensation plans and equity-based compensation plans or for any increase in the shares reserved for issuance under these plans on an annual basis. For further information on our compensation practices, including a description of our processes and procedures for determining compensation, the scope of the Compensation Committee's authority and the role executive officers play in compensation determinations, please see the Compensation Discussion and Analysis below.

Since April of 2009 our Compensation Committee has engaged Frederic W. Cook & Co. ("Frederic Cook") to, among other things, formulate an appropriate peer group to be used by the Compensation Committee and to provide competitive comparison data and other compensation consulting services as requested by the Compensation

Committee. Additional information on the nature of the information and services provided by the compensation consultant and the way they were used by the Board can be found below in the Compensation Discussion and Analysis.

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Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is, or during the last fiscal year was, an officer or an employee of the Company or any of its subsidiaries, and no Committee member has any interlocking or insider relationship with the Company which is required to be reported under the rules of the SEC.

Identification of Director Candidates and Director Nomination Process

The Nominating and Corporate Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as by management and stockholders. It evaluates candidates submitted by stockholders in the same manner as other candidates identified to it. The Nominating and Corporate Governance Committee may also use outside consultants to assist in identifying candidates. The Nominating and Corporate Governance Committee is responsible for assessing whether a candidate may qualify as an independent director. Each possible candidate is discussed and evaluated in detail before being recommended to the Board.

The Nominating and Corporate Governance Committee recommends, and the Board nominates, candidates to stand for election as directors. Stockholders may also nominate persons to be elected as directors. If a stockholder wishes to nominate a person for election as director, he or she must follow the procedures contained in Section 3.3 of our Bylaws. To nominate a person to stand for election as a director at the annual meeting of stockholders for 2012, our Corporate Secretary must receive such nominations at our principal executive offices not less than 90 days nor more than 120 days before the anniversary date of the preceding annual meeting, except that if the annual meeting is set for a date that is more than 30 days before or more than 70 days after such anniversary, the nomination must be received not earlier than the close of business on the 120th day prior to the annual meeting date and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day when the Company makes a public announcement of the annual meeting date. Each submission must include the following information:

- the name and address of the stockholder who intends to make the nomination (and the beneficial owner, if any) and the name and address of the person or persons to be nominated;
- the number of shares of common stock owned by the stockholder;
- a representation that the stockholder is a holder of record of Company's common stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons;
- a representation whether the stockholder intends to deliver proxies to the percentage of the Company's outstanding common stock required to elect the nominee or to solicit proxies in support of such nomination;
- if applicable, the extent of any hedging or other transactions or any other arrangements by the stockholder, the effect or intent of which is to mitigate loss or manage risk of stock price changes for, or to increase the voting power of, the stockholder;
- if applicable, a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons, naming such person or persons, pursuant to which the nomination is to be made by the stockholder;
- such other information regarding each nominee to be proposed by such stockholder as would be required to be included in a proxy statement filed under the SEC's proxy rules if the nominee had been nominated, or intended to be nominated, by the Board;

- if applicable, the consent of each nominee to serve as a director if elected and a statement that the nominee, if elected, intends to tender the irrevocable resignation letter required of incumbent directors described in “Outstanding Stock and Voting Rights” above; and

- such other information that the Board may request in its discretion.

The Board may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as one of its directors.

Additional information regarding requirements for stockholder nominations for next year's annual meeting and for the inclusion of stockholder proposals in the Proxy Statement is described in this Proxy Statement under "General Matters – Stockholder Proposals and Nominations."

Board Leadership Structure

Our Corporate Governance Guidelines specify that the positions of Chairman of the Board and Chief Executive Officer shall be held by separate persons. We believe that this structure is appropriate given the differences between the two roles in our current management structure. Our Chief Executive Officer, among other duties, is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board, among other responsibilities, provides guidance to the Chief Executive Officer, takes an active role in setting the agenda for Board meetings and presides over meetings of the full Board. Our current Chairman, Mr. Rales, is not an independent director and, as noted above in "Director Independence," the independent directors select an independent director to serve as Chairperson for each executive session.

Board's Role in Risk Oversight

The Board maintains responsibility for oversight of risks that may affect the Company. The Board discharges this duty primarily through its standing committees. Specifically, the Audit Committee (i) discusses with management, those performing our internal audit function, and our independent registered public accounting firm all major risk exposures (whether financial, operating or otherwise), (ii) reviews the Company's policies with respect to risk assessment and risk management, and (iii) oversees compliance with legal and regulatory requirements and our ethics program, including our Code of Business Conduct and Ethics. In addition, the Nominating and Corporate Governance Committee oversees the corporate governance principles and governance structures that contribute to successful risk oversight and management. Finally, the Compensation Committee oversees certain risks associated with compensation policies and practices, as discussed below. The Audit, Nominating and Corporate Governance and Compensation Committees make full reports to the Board of Directors at each quarterly meeting regarding each committee's considerations and actions. As a young public company, in addition to the work of the Audit Committee described above, the Board is overseeing the development of a new risk management assessment commensurate with a business of our size and structure.

Risk Assessment of Compensation Practices

Management, with oversight from the Compensation Committee, reviews our compensation policies and practices and the design of our overall compensation program in relation to our risk management practices and any potential risk-taking incentives. This assessment includes a review of the primary elements of our compensation program (base salary, annual incentives and long-term incentives) in light of potential risks. For each of these components, the assessment determined that the design and operation of each component did not heighten risks to the Company:

- **Base Salary** — Base salary levels are reviewed annually by the Compensation Committee and are not subject to incentive-based increases.
- **Annual Incentive Plan** — Annual incentive plan targets are linked to stated goals in key areas of operational and financial performance. These metrics are designed to enhance long-term growth and stockholder value. Individual personal goals, which collectively account for 30% or less of the annual incentive plan, are not material to the annual incentive plan and no one factor materially affects the total potential amount of bonus awarded. Further, the

use of multiple metrics is intended to prevent management from focusing on a single goal to the detriment of other metrics that we consider important to our operating performance and future growth.

- Long-Term Incentives — Stock options and performance-based restricted stock unit awards are used to align executive compensation with the interests of stockholders by encouraging long-term improvement in operational and financial performance and as such does not subject the Company to heightened risks.

We believe that our compensation program includes an appropriate mix of short and long-term incentives, which mitigates the risk of undue focus on short-term targets while rewarding performance in areas key to our long-term success.

In addition, we have controls and other Company practices in place that serve to limit potential risk taking behavior within our compensation program, including but not limited to the following:

- oversight of our compensation process and procedures by an independent Compensation Committee;
- implementation of and training on Company-wide standards of conduct, as described further below under “Standards of Conduct”;
- internal controls over our financial reporting, which are maintained and reviewed as a part of our internal audit process and further reviewed and tested by our external auditors, as overseen by the Audit Committee;
- Audit Committee oversight and review of financial results and non-GAAP metrics used in certain components of our annual incentive plan and long-term incentives; and
- a stock ownership policy that further aligns the interests of management and stockholders.

The Compensation Committee reviewed with management the results of its assessment at a meeting in April 2011. Based on this review, we concluded that the risks arising from the compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company.

Standards of Conduct

The Board has adopted Corporate Governance Guidelines, which set forth a framework to assist the Board in the exercise of its responsibilities. The Corporate Governance Guidelines cover, among other things, the composition and certain functions of the Board and its committees, executive sessions, Board responsibilities, expectations for directors, and director orientation and continuing education.

As part of our system of corporate governance, the Board has also adopted a Code of Business Conduct and Ethics (the “Code of Ethics”) that is applicable to all directors, officers and employees of the Company. The Code of Ethics sets forth Company policies, expectations and procedures on a number of topics, including but not limited to conflicts of interest, compliance with laws, rules and regulations (including insider trading laws), honesty and ethical conduct, and quality. The Code of Ethics also sets forth procedures for reporting violations of the Code and investigations thereof.

The Corporate Governance Guidelines and Code of Ethics are available on the Company’s website at www.colfaxcorp.com on the Investors page under the Corporate Governance tab. These materials also are available in print to any stockholder upon request.

The Company has a Policy on Insider Trading and Compliance which, in addition to mandating compliance with insider trading laws, prohibits any director, officer or employee of the Company from engaging in short sales, transactions in derivative securities (including put and call options), or other forms of hedging and monetization transactions, such as zero-cost collars, equity swaps, exchange funds and forward sale contracts, that allow the holder to limit or eliminate the risk of a decrease in the value of the Company’s securities. Further, we have stock ownership guidelines applicable to our directors and executives to ensure alignment of interests between our stockholders, directors and management.

Certain Relationships and Related Person Transactions

Policies and Procedures for Related Person Transactions

We have adopted a written Policy Regarding Related Person Transactions pursuant to which our executive officers, directors and principal stockholders, including their immediate family members, are not permitted to enter into a related person transaction with us without the consent of our Audit Committee, another independent committee of our Board or the full Board. Any request to enter into a transaction with any of these persons, in which the amount involved exceeds \$120,000, is required to be presented to our Audit Committee for review, consideration and approval. All of our directors, executive officers and employees are required to report to our Audit Committee any such transaction. In approving or rejecting the proposed agreement, our Audit Committee takes into account, among other factors it deems appropriate, whether the proposed related person transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the person's interest in the transaction and, if applicable, the impact on a director's independence. Under the policy, if we discover related person transactions that have not been approved, the Audit Committee is to be notified and will determine the appropriate action, including ratification, rescission or amendment of the transaction.

Related Person Transactions

Set forth below is a summary of certain transactions since January 1, 2010 among us, our directors, our executive officers, beneficial owners of more than 5% of our common stock, and entities with which the foregoing persons are affiliated or associated in which the amount involved exceeds or will exceed \$120,000:

Transactions with Danaher Corporation. In 2010, our subsidiaries purchased approximately \$80,000 of products and received purchase orders for the future sale of approximately \$104,000 of products from Danaher Corporation ("Danaher") in transactions that took place in the ordinary course of business and on an arm's-length basis. Mitchell P. Rales is the Chairman of Danaher's executive committee and Steven M. Rales is the Chairman of Danaher's Board of Directors, and both are the beneficial owners of at least 5% of Danaher's outstanding common stock and our outstanding common stock.

Contacting the Board of Directors

Stockholders and interested parties wishing to communicate with our Board may do so by writing to any of the Board, the Chairman of the Board, or the non-management members of the Board as a group, at:

Colfax Corporation
8170 Maple Lawn Boulevard, Suite 180
Fulton, Maryland 20759
Attn: Corporate Secretary

Complaints or concerns relating to our accounting, internal accounting controls or auditing matters will be referred to members of the Audit Committee. Other correspondence will be referred to the relevant individual or group. All correspondence is required by our Policy on Stockholder and Interested Party Communications with the Board of Directors (the "Board Communications Policy") to prominently display the legend "Board Communication" in order to indicate to the Corporate Secretary that it is communication subject to our policy and will be received and processed by the Corporate Secretary's office. Each communication received by the Corporate Secretary will be copied for our files and will be promptly forwarded to the addressee. In our Board Communications Policy, the Board has requested that certain items not related to the Board's duties and responsibilities be excluded from its communications, such as mass mailings and business advertisements. In addition, the Corporate Secretary is not required to forward any

communication that the Corporate Secretary, in good faith, determines to be frivolous, unduly hostile, threatening, illegal or similarly unsuitable. However, the Corporate Secretary will maintain a list of each communication subject to this policy that is not forwarded, and on a quarterly basis, will deliver the list to the Chairman of the Board. In addition, each communication subject to this policy that is not forwarded because it was determined by the Secretary to be frivolous shall nevertheless be retained in our files and made available at the request of any member of the Board to whom such communication was addressed.

DIRECTOR COMPENSATION

Pursuant to our current directors' compensation program for non-employee directors, our Board members receive an initial equity grant of 5,556 restricted stock units upon their joining the Board that are delivered upon the termination of service on the Board, an annual cash retainer of \$35,000, and an annual equity award of \$60,000 in restricted stock units, which is awarded in connection with our annual meeting of stockholders and which vests in three equal installments on the first three anniversaries of the date of the grant. In addition, the Chair of our Audit Committee receives an annual retainer of \$15,000, and the Chair of the Compensation Committee and Nominating and Corporate Governance Committee each receive annual retainers of \$10,000.

Our non-executive chairman of the Board is entitled to receive an annual cash retainer of \$1 and does not receive any other cash fees or the initial or annual equity awards described above.

The Board has also approved a stock ownership policy for our directors. Each director is required to have ownership of our common stock (including shares issued upon exercise of stock options and shares underlying restricted stock units) equal to five times the annual cash retainer within five years of joining the Board. If the initial and annual restricted stock unit grants are retained, it is anticipated that a director will be in compliance with this requirement within two years of joining the Board.

In addition, the Board has adopted a Director Deferred Compensation Plan which permits non-employee directors to receive, at their discretion, deferred stock units, or DSUs, in lieu of their annual cash retainers and committee chairperson retainers. A director who elects to receive DSUs receives a number of units determined by dividing the cash fees earned during, and deferred for, the quarter by the closing price of our common stock on the date of the grant, which is the last trading day of the quarter. A non-employee director also may convert restricted stock unit grants to DSUs under the plan. DSUs granted to our directors convert to shares of our common stock after termination of service from the Board, based upon a schedule elected by the director in advance. In the event that a director elects to receive DSUs, the director will receive dividend equivalent rights on such DSUs to the extent dividends are issued on our common stock. Dividend equivalents are deemed reinvested in additional DSUs (or fractions thereof).

We also reimburse all directors for travel and other necessary business expenses incurred in the performance of their services for us and extend coverage to them under our directors' and officers' indemnity insurance policies.

The following table sets forth information regarding compensation paid to our directors during 2010:

Name (1)	Fees Earned or Paid in Cash		Stock Awards		Total
	(\$)		(\$) (3)		(\$)
Mitchell P. Rales	1		—		1
Patrick W. Allender	45,000	(2)	59,998	(4)	104,998
Joseph O. Bunting III	35,000		59,998	(4)	94,998
Thomas S. Gayner	35,000	(2)	59,998	(4)	94,998
Rhonda L. Jordan	44,753	(2)	59,998	(4)	104,751
A. Clayton Perfall	13,733	(2)	77,824	(5)	91,557
Rajiv Vinnakota	35,000		59,998	(6)	94,998

(1) See the Summary Compensation Table in the Executive Compensation section of this Proxy Statement for compensation disclosure related to Clay H. Kiefaber, C. Scott Brannan and John A. Young. On January 9, 2010,

Mr. Young resigned as our President and Chief Executive Officer and as a director of the Company and Mr. Kiefaber was appointed by the Board as our President and Chief Executive Officer. In connection with his appointment, Mr. Kiefaber was removed from the Compensation Committee of the Board effective January 9, 2010 but remained a director of the Company. Mr. Young did not receive any additional compensation in connection with his services as a director and, as of Mr. Kiefaber's appointment as our President and Chief Executive Officer, he has not received any additional compensation in connection with his services as a director. Further, effective on September 21, 2010 the Board accepted Mr. Brannan's resignation from the Board and all committees thereof in connection with his appointment as our Senior Vice President, Finance, Chief Financial Officer and Treasurer. Concurrently with Mr. Brannan's resignation from the Board, the Audit Committee and the Nominating and Corporate Governance Committee on September 21, 2010, the Board appointed Mr. Perfall to the Board and as the Chair of the Audit Committee and appointed Ms. Jordan to the Nominating and Corporate Governance Committee .

- (2) Messrs. Allender, Gayner and Perfall and Ms. Jordan have elected to receive DSUs in lieu of their annual cash retainers and committee chairperson retainers. DSUs convert to shares of our common stock after termination of service from the Board, based upon a schedule elected by the director in advance. During 2010, the amount of DSUs received in lieu of annual cash retainers and committee chairperson retainers by these directors was as follows: Mr. Allender— 3,405, Mr. Gayner— 2,647, Ms. Jordan— 3,384, Mr. Perfall— 762. DSUs received for these cash retainers are considered “vested” for the purposes of the table below.
- (3) Amounts represent the aggregate grant date fair value for stock awards to each director during 2010, as computed pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718 (“FASB ASC Topic 718”). The equity awards granted to each non-executive director in fiscal 2010 had a grant date fair value equal to amount shown in “Stock Awards” column above. The amounts shown in the “Stock Awards” column reflect, for all directors other than Mr. Perfall, the grant date fair value of the annual grant of 4,823 restricted stock units made to directors in connection with the annual meeting of stockholders. For Mr. Perfall, the amount shown reflects a grant date fair value of \$77,824 relating to the 5,556 restricted stock units granted upon his appointment to the Board on September 21, 2010.
- (4) 4,823 restricted stock units granted to these directors, which were awarded in connection with the annual meeting of stockholders, were converted into DSUs at the election of each director. These DSUs will vest in three equal installments beginning on May 19, 2011. DSUs convert to shares of our common stock after termination of service on the Board, based upon a schedule selected by each director in advance.
- (5) 5,556 restricted stock units granted to Mr. Perfall on September 21, 2011 in connection with his appointment to the Board were converted into DSUs at his election. These DSUs will vest in three equal installments beginning on September 21, 2011 and will convert to shares of our common stock after termination of service on the Board, based upon a schedule selected by him in advance.
- (6) This grant of 4,823 restricted stock units awarded in connection with the annual meeting vests in three equal annual installments beginning on May 19, 2011 and will be delivered upon termination of service on the Board.

As of December 31, 2010, the aggregate number of unvested stock awards outstanding held by our non-employee directors was as follows:

Name	Restricted Stock Units
Mitchell P. Rales	0
Patrick W. Allender	11,601
Joseph O. Bunting III	11,601
Thomas S. Gayner	11,601
Rhonda L. Jordan	13,453
A. Clayton Perfall	5,556
Rajiv Vinnakota	11,601

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

We are asking our stockholders to ratify the Audit Committee's selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011. Although stockholder ratification is not required, the appointment of Ernst & Young LLP is being submitted for ratification as a matter of good corporate practice with a view towards soliciting stockholders' opinions which the Audit Committee will take into consideration in future deliberations. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

Representatives for Ernst & Young LLP will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Independent Registered Public Accountant Fees and Services

The following table sets forth the aggregate fees for services rendered by Ernst & Young LLP for the Company for the fiscal years ended December 31, 2010 and 2009:

Fee Category	2010	2009
Audit Fees	\$1,787,500	\$1,857,900
Audit-Related Fees	21,200	32,700
Tax Fees	166,300	288,000
All Other Fees	—	—
Total	\$1,975,000	\$2,178,600

Audit Fees. This category of the table above includes fees for the fiscal years ended December 31, 2010 and 2009 that were for professional services rendered (including reimbursement for out-of-pocket expenses) for the integrated audits of our annual consolidated financial statements, for reviews of the financial statements included in our Quarterly Reports on Form 10-Q, for the restatement of our annual consolidated financial statements for 2009 and for certain quarterly periods, and for statutory audits.

Audit-Related Fees. This category of the table above includes the fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees."

Tax Fees. This category of the table above includes fees billed for tax compliance, tax advice and tax planning.

All Other Fees. This category of the table above would include fees billed for products and services other than those described above under Audit Fees, Audit-Related Fees and Tax Fees.

The Audit Committee has considered whether the services rendered by the independent registered public accounting firm with respect to the fees described above are compatible with maintaining their independence and has concluded that such services do not impair their independence.

Audit Committee's Pre-Approval Policies and Procedures

Pursuant to its charter, the Audit Committee must pre-approve all auditing services, internal control related services and non-audit services provided to the Company by the independent registered public accounting firm and all fees payable by the Company to the independent registered public accounting firm for such services. The Audit Committee has adopted a pre-approval policy to ensure compliance with the NYSE's Listing Standards and the applicable SEC rules and regulations relating to auditor independence. The Audit Committee reviews with Ernst & Young LLP and management the plan and scope of Ernst & Young LLP's proposed annual financial audit and quarterly reviews, including the procedures to be utilized and Ernst & Young LLP's compensation. The Audit Committee also pre-approves all auditing services, internal control related services and permitted non-audit services (including the fees and terms thereof) to be performed for us by Ernst & Young LLP. The Audit Committee may delegate pre-approval authority to one or more members of the Audit Committee consistent with the pre-approval policy, provided that the decisions of such Audit Committee member or members must be presented to the full audit committee at its next scheduled meeting. Pre-approval of permitted non-audit services can only be approved by the full Audit Committee.

The Board unanimously recommends that stockholders vote "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2011.

AUDIT COMMITTEE REPORT

The Audit Committee consists of A. Clayton Perfall, Patrick Allender and Thomas Gayner. The Audit Committee operates pursuant to a written charter adopted by the Board of Directors.

The Audit Committee has reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2010 with management and with the Company's independent registered public accountants. The Audit Committee discussed with the independent registered public accountants the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received the written disclosures and the letter from the independent registered public accountants confirming their independence, as required by applicable requirements of Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence. On the basis of the reviews and discussions referenced above, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended December 31, 2010 be included in the Company's Form 10-K for filing with the Securities and Exchange Commission.

Audit Committee of the Board of Directors

A. Clayton Perfall, Audit Committee Chair

Patrick Allender

Thomas Gayner

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of our named executive officers for 2010 (as set forth in the Summary Compensation Table below) should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from the currently planned programs summarized in this discussion.

Executive Summary

Fiscal 2010 Executive Compensation and Program Highlights

2010 executive compensation decisions were made by the Compensation Committee against the backdrop of our strengthened performance and financial position. In 2010, our Company produced sequential quarterly improvements in revenues and operating income and began to see year-on-year growth in both revenues and order bookings in the third quarter. These successes came during a period in which we added new members to our leadership team and worked to implement numerous strategic priorities, including our realignment into a global market-facing organization.

Our executive compensation in 2010 continued to focus on linking compensation to Company performance while aligning the interests of management and stockholders. The key actions of our Compensation Committee and highlights of our executive compensation program in 2010 include:

- the annual establishment of targeted metrics for our executive team tied to the performance of the Company's business in order to earn payments under our Annual Incentive Plan;
- bonus payments that reflect our management's success in achieving these operational and performance targets in 2010;
- annual equity awards that include performance-based restricted stock units (PRSUs), which if earned only vest upon the fourth and fifth year after the grant so long as the executive remains with the Company,
- PRSU awards having adjusted earnings per share targets were earned in 2010, in contrast to the failure to earn these equity awards in 2009 based on performance that year; and
 - the development of a new executive employment agreement form designed to provide additional flexibility to the Company while ensuring our ability to attract and retain a talented management team, which was adopted and entered into with new executive team hires beginning in the second half of 2010.

We have also taken the following actions to continue improvement of our compensation practices and to reflect our ongoing commitment to strong compensation governance:

Stock Ownership Policy. The Board, at the recommendation of the Compensation Committee, adopted a stock ownership policy that we believe further aligns the financial interests of Company executives with those of our stockholders. Under this policy, each executive at a vice president level or higher is expected to accumulate shares of our common stock or other qualifying forms of equity having the value described below within the later of five years from the commencement of the policy or five years from becoming an executive subject to the policy. These ownership value thresholds are as follows:

Leadership Position
President and CEO
EVP/SVP
VP

Value of Shares
5x base salary
3x base salary
1x base salary

The Board has delegated administration of this Policy to the Compensation Committee, which plans to conduct an annual review of the policy and its implementation.

Hedging Ban. The Board, at the recommendation of the Compensation Committee, amended our Policy on Insider Trading and Compliance to prohibit any director, officer or employee of the Company from engaging in short sales, transactions in derivative securities (including put and call options), or other forms of hedging and monetization transactions, such as zero-cost collars, equity swaps, exchange funds and forward sale contracts, that allow the holder to limit or eliminate the risk of a decrease in the value of the Company's securities.

Commitment to Clawback Policy. The Compensation Committee has confirmed its intent to implement a "clawback" policy in accordance with and following the SEC's final rulemaking to implement certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

Executive Compensation Program

The Compensation Committee's approach to executive compensation is drawn from our overall executive compensation philosophy, which is to offer our management, including our named executive officers, compensation that is both competitive and flexible, and that meets our goals of attracting, retaining, incentivizing and rewarding high quality, performance driven leadership so that we can achieve our financial and strategic objectives and continue to grow our Company.

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

- reinforce the Company's values and mission;
- link awards to industry-leading organizational results;
- align the long-term performance responsibilities of executives with the long-term interests of stockholders; and
- provide plan transparency through simplicity of design.

The Board has not adopted formal compensation policies for such matters as long-term versus currently-paid compensation and cash versus non-cash compensation, or any other compensation policies. In addition, the Board historically looked at each compensation element individually such that decisions regarding one element have not affected decisions regarding other elements. This is because each primary element of our compensation program has a different purpose:

- base salaries—should be competitive in order to attract and retain our executive talent;
- annual cash bonus plan—is designed to reward our executive officers for achievement in key areas of Company operational and financial performance; and
- long-term incentive plans—are designed to align the rewards of the executives with the interests of stockholders by encouraging long-term operational and financial performance and stockholder value.

The following discussion provides further detail and analysis regarding the compensation of our named executive officers in 2010.

Our Named Executive Officers and Executive Officer Changes in 2010

Our named executive officers for 2010 are Messrs. Kiefaber, Brannan, Roller, Niemann, Young, Faison, O'Brien, Matros and Weidenmuller. The Company's leadership team evolved significantly in 2010. On January 9, 2010, our Board appointed Clay H. Kiefaber as our President and Chief Executive Officer. Mr. Kiefaber succeeded John A. Young, who resigned as our President and Chief Executive Officer and as a director of the Company effective January 9, 2010. Mr. Kiefaber, who was the Chair of our Compensation Committee, was removed from that position by the Board effective January 9, 2010 in connection with his appointment as President and Chief Executive Officer but remains a director of the Company. The Company entered into an employment agreement with Mr. Kiefaber and a separation agreement with Mr. Young in connection with the foregoing, the terms of which are described below.

Dr. Michael Matros resigned as the Company's Senior Vice President, General Manager—Allweiler, effective April 12, 2010, and entered into a termination agreement regarding the same. Mr. Roller was promoted to Executive Vice President – Colfax Americas and received equity grants for this promotion on April 22, 2010. The terms of Dr. Matros' termination agreement and Mr. Roller's equity grants are each described below.

Thomas M. O'Brien, the Company's former Senior Vice President, General Counsel and Secretary, retired from the Company effective October 16, 2010. Mr. O'Brien entered into a consulting agreement with the Company, the terms of which are described below.

Effective October 18, 2010, C. Scott Brannan became our Senior Vice President, Finance, Chief Financial Officer and Treasurer. Mr. Brannan succeeded Mr. Faison, who stepped down as the Corporation's Chief Financial Officer and Treasurer on October 18, 2010. Mr. Brannan, who was previously a director of the Company, Chair of our Audit Committee and member of our Nominating and Corporate Governance Committee, resigned from the Board and all committees thereof on September 21, 2010 in connection with his appointment. The Company entered into an employment agreement with Mr. Brannan and a consulting agreement with Mr. Faison in connection with the foregoing, the terms of which are described below.

On April 22, 2010, William E. Roller was promoted to Executive Vice President— Colfax Americas. Further, on November 9, 2010, we restructured our executive team and named Mr. Roller Executive Vice President— Colfax Fluid Handling.

Setting of Executive Compensation

Compensation Consultant and Peer Review. During 2010 our Compensation Committee, with assistance from Frederic Cook, as independent advisor to the Compensation Committee on matters of executive compensation, reviewed the list of peer companies used for competitive comparisons by the Compensation Committee. The list of peer companies was determined to be appropriate and remained as follows: Altra Holdings, Inc., Ameron International Corporation, Ampco-Pittsburgh Corporation, Badger Meter, Inc., Ceradyne, Inc., CIRCOR International, Inc., Columbus McKinnon Corp., EnPro Industries, Inc., ESCO Technologies, Inc., L.B. Foster Company, Franklin Electric Co., The Gorman-Rupp Company, Graco Inc., Kaydon Corporation, Nordson Corporation, and Robbins & Myers, Inc. These companies were selected to reflect capital goods manufacturing companies of similar size to the Company (median revenue of approximately \$515 million). Following the approval of the peer group, Frederic Cook conducted a competitive review, which was used by the Compensation Committee for advice and perspective on executive compensation in 2010. While this information was not used to “benchmark” the amount of compensation paid to the named executive officers (or to our executives generally), the information was utilized by the Compensation Committee as a general reference to assist in its compensation decisions.

Annual Bonus Plan. All bonus payments to executive officers, if any, are made pursuant to the Colfax Corporation Annual Incentive Plan (the “Annual Incentive Plan”), which allows us to obtain the benefit of a federal income tax deduction for certain performance-based compensation we pay to our executive officers.

Long-Term Equity Incentives. Any equity awards are made pursuant to the Colfax Corporation 2008 Omnibus Incentive Plan, which allows our Compensation Committee to have maximum flexibility in structuring an executive compensation program that provides a wide range of potential incentive awards to our executive officers and associates. This plan also allows us to preserve, to the maximum extent possible, our deductibility of performance-based compensation pursuant to Section 162(m) of the Internal Revenue Code. For example, pursuant to the plan, the Compensation Committee has the discretion to determine the portion of each named executive officer's total compensation that will consist of awards under the plan, the mix of short-term and long-term incentives represented by the awards, the forms of the equity awards, and the service-based requirements or performance goals

that the officer will have to satisfy to receive the awards.

We have also adopted guidelines for grants of equity awards. These guidelines were adopted by the Board in recognition of the importance of adhering to a set of practices and procedures for the grant of equity awards. The Compensation Committee has the power to grant equity awards. The Company does not time the grant of equity awards around material, non-public information. Grant dates are determined either as of the date of Compensation Committee approval or on the date of a specific event, such as the date of hire. Grants of equity awards (other than to newly-appointed directors or newly-hired or promoted executive officers) are expected to be made annually by the Compensation Committee during “open-window” periods, which are the periods when officers and directors are not expressly prohibited from trading in shares of our common stock by our applicable policies. Equity awards to newly-appointed directors, and to newly-hired or promoted executive officers, are expected to be during an “open-window” period whenever possible, or, if approved in advance as to newly-appointed directors and newly-hired executives, effective as of their first day of service to the Company.

Elements of Our Executive Compensation Program

Base Salary. As noted above, our base salary goal is to be competitive with the marketplace for executive talent to ensure that we can attract and retain our senior management. Base salaries are reviewed annually with this objective in mind. The annual base salary levels set for our named executive officers in fiscal 2010 were based on the Compensation Committee’s assessment of the relative scope of roles and responsibilities of management, combined with perspective from the competitive compensation data provided by Frederic Cook and the Compensation Committee’s reasoned business judgment. Mr. Kiefaber’s base salary of \$525,000 and Mr. Brannan’s base salary of \$350,000 were set pursuant to the terms of their employment agreements, which were negotiated with and approved by the Board upon recommendation from the Compensation Committee. Salaries for our other named executive officers were not increased from their 2009 base levels except for Mr. Roller’s, whose base salary increased by approximately 1%. Mr. Young’s base salary paid for his pro rata portion of service in 2010 was paid at his base salary level set in 2009.

Annual Incentive Plan. As noted above, our Annual Incentive Plan goal is to reward our executive officers for achievement in key areas of Company operational and financial performance. Our Annual Incentive Plan provides our named executive officers the opportunity to receive a bonus payment, which is expressed as a percentage of their base salary (i.e., their “target bonus”). The annual cash bonus targets incentivize our named executive officers to achieve outstanding performance in what we view as key Company financial and operational metrics, establishing a long-term goal of growth for Colfax from year-to-year. The performance measures and specific financial and operational metrics used, which are discussed below in greater detail, are set at the beginning of each year. Actual bonus amounts are determined following the end of the performance period and are based on performance relative to pre-established goals.

Mr. Kiefaber’s target amount of 75% and Mr. Brannan’s target amount of 50% were set pursuant to the terms of their employment agreements negotiated with and approved by the Board upon the recommendation of the Compensation Committee based upon its collective experience and reasoned business judgment with perspective from the competitive review data provided by Frederic Cook. For Company’s other named executive officers in 2010, the Compensation Committee set the bonus payment percentage based upon their collective experience and reasoned business judgment after also considering the competitive review data provided by Frederic Cook. The bonus target levels approved by the Compensation Committee were 50%, 45%, 45%, 40% and 45% for each of Messrs. Faison, Roller, O’Brien, Niemann and Weidenmuller, respectively. Mr. Young was not entitled to participate in the Annual Incentive Plan in 2010 pursuant to the terms of his separation agreement, and Dr. Matros received a payment in lieu of any bonus as part of his severance. See “Severance Payment to Former Executives” below.

Financial and Operational Targets. Consistent with prior years, a substantial percentage of the funding for the Annual Incentive Plan in 2010 was determined by the achievement of performance targets based on Board-approved corporate

financial goals for the year. For each named executive officer other than Mr. Roller the achievement of financial performance targets represented 70% of the funding for their potential annual bonuses. These financial performance targets consisted of sales, EBIT (as adjusted to remove the impact of income tax expense, interest expense, asbestos liability and defense costs, asbestos coverage litigation expense, discontinued operations, cumulative effect of accounting changes, restructuring costs such as severance, outplacement or the cost to relocate production, asset impairment, goodwill impairment, legacy legal adjustments, costs related to unsuccessful acquisitions and early extinguishment of debt costs) and working capital turns (each of sales, EBIT and working capital turns as adjusted to negate the effects of foreign currency exchange rates). The Compensation Committee chose these metrics, as it has in recent years, as we believe these are the three performance metrics that most influence Colfax's potential growth and, as a result, stockholder value.

For Mr. Roller, the achievement of financial performance targets represented 75% of the funding of his potential annual bonus. The financial performance targets applicable to Mr. Roller included the performance metrics discussed above that are applicable to our other named executive officers. However, the Compensation Committee believed that the financial metrics for Mr. Roller's potential annual bonus should be based on the primary business unit that he oversaw during 2010 prior to his promotion to Executive Vice President — Colfax Fluid Handling on November 9, 2010, and not only on the Company as a whole, as is the case for the other named executive officers. Thus, 65% of the potential bonus for Mr. Roller was based on sales (as adjusted), EBIT (as adjusted) and working capital turns (as adjusted) with respect to the business unit he oversaw for the majority of 2010. The additional 10% of Mr. Roller's potential bonus was based on achievement of the Company-wide sales (as adjusted) target for the year, as the Compensation Committee believed that a Company-wide sales target would encourage cross-selling of products globally.

The remaining 30% (or 25%, in the case of Mr. Roller) of the Annual Incentive Plan was based on Compensation Committee-approved personal objectives for each named executive officer, as discussed below.

The following table outlines the Annual Incentive Plan goal structure and respective weighting for each of the named executive officers, other than Mr. Roller (as discussed further below), during fiscal 2010: