

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own advice as soon as possible from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent professional adviser who, if you are taking advice in the United Kingdom, is appropriately authorised to provide such advice under the Financial Services and Markets Act 2000 or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Charter Shares, please send this document at once, together with the accompanying Colfax Prospectus but not the personalised Forms of Proxy, Form of Election or reply-paid envelopes, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or otherwise transferred part of your holding of Charter Shares, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom, Jersey or the United States may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions or applicable requirements. Failure to comply with any such restrictions or applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

Recommended Acquisition
of
Charter International plc
by
Colfax UK Holdings Ltd
(a wholly-owned subsidiary of Colfax Corporation)
by means of a Scheme of Arrangement
under Article 125 of the Companies (Jersey) Law 1991, as amended

You should read this document and the documents incorporated by reference in their entirety, together with the accompanying Forms of Proxy, Form of Election and Colfax Prospectus. Your attention is drawn in particular to Part One of this document, which contains the unanimous recommendation of the Charter Board that Charter Shareholders vote in favour of the Scheme at the Court Meeting and at the Charter General Meeting. An explanatory statement of the Scheme appears in Part Two of this document in compliance with Article 126 of the Jersey Companies Law.

Notices of the Court Meeting and the Charter General Meeting, each of which will be held at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland on 14 November 2011, are set out in Parts Eleven and Twelve of this document. The Court Meeting will start at 11.00 a.m. on that date and the Charter General Meeting will start at 11.15 a.m. (or as soon thereafter as the Court Meeting is concluded or adjourned). Please also refer to page 9 which contains an indicative timetable of certain principal events in relation to the approval and implementation of the Scheme.

Your attention is drawn to pages 10 to 12 of this document which explain the actions you should take in relation to the Scheme.

Charter Shareholders will find enclosed with this document a blue Form of Proxy and a white Form of Proxy. The blue Form of Proxy is to be used in connection with the Court Meeting and the white Form of Proxy is to be used in connection with the Charter General Meeting. Whether or not you intend to attend both or either of these Meetings, please complete and sign both Forms of Proxy and return them in accordance with the instructions by post or (during normal business hours only) by hand to the Registrar, so as to arrive as soon as possible but in any event by no later than 11.00 a.m. on 12 November 2011 (in the case of the blue Form of Proxy for the Court Meeting) or 11.15 a.m. on 12 November 2011 (in the case of the white Form of Proxy for the Charter General Meeting) (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned Meeting). Alternatively, you may complete the Forms of Proxy at www.eproxyappointment.com by following the instructions on the website.

If the blue Form of Proxy relating to the Court Meeting is not returned so as to be received by the time mentioned above for return of the blue Form of Proxy, it may be handed to the Registrar at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting and will still be valid. However, in the case of the Charter General Meeting, if the white Form of Proxy is not lodged so as to be received by the time mentioned above for return of the white Form of Proxy and in accordance with the instructions on that white Form of Proxy, it will be invalid.

Deutsche Bank AG is authorised under German banking law (competent authority: BaFin – Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the FSA. Details about the extent of Deutsche Bank AG's authorisation and regulation by the FSA are available on request. Deutsche Bank AG is acting as financial adviser to Colfax and Colfax Holdings and no-one else in connection with the Acquisition and will not be responsible to any person other than Colfax and Colfax Holdings for providing the protections afforded to clients of Deutsche Bank AG, nor for providing advice in relation to any matters referred to herein.

Goldman Sachs International, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for Charter and for no-one else in connection with the matters set out in this document and will not be responsible to any person other than Charter for providing the protections afforded to clients of Goldman Sachs International, nor for providing advice in relation to the Acquisition.

J.P. Morgan Cazenove, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively as joint financial adviser and joint corporate broker to Charter and for no-one else in connection with the Acquisition and will not be responsible to anyone other than Charter for providing the protections afforded to its clients, nor for providing advice in relation to the Acquisition.

RBS Corporate Finance Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting as joint financial adviser and joint corporate broker to Charter and no-one else in connection with the Acquisition and will not be responsible to anyone other than Charter for providing the protections afforded to its clients, nor for providing advice in relation to the Acquisition.

Some words and terms used in this document are defined in Part Ten of this document. All times referred to are Jersey times unless otherwise stated.

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IMPORTANT NOTICE

This document and the accompanying Forms of Proxy and Form of Election have been prepared for the purposes of complying with Jersey law, the City Code and the Listing Rules, and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside Jersey or if the City Code and/or Listing Rules had not applied. This document and the Conditions and further terms set out in this document are governed by Jersey law and are subject to the jurisdiction of the Jersey courts.

The issuance of New Colfax Shares to Scheme Shareholders under the Scheme has not been and will not be registered under the Securities Act and the New Colfax Shares will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof. The Loan Notes to be issued in connection with the Scheme have not been and will not be registered under the Securities Act or under the applicable securities laws of any state, district or other jurisdiction of the United States. Accordingly, the Loan Notes are not being, and unless permitted by applicable law and regulation, may not be, offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to a US person. Neither the SEC nor any state securities commission has approved or disapproved of the Loan Notes or the New Colfax Shares to be issued in connection with the Scheme or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. The information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared for the purpose of complying with the registration requirements of the Securities Act or in accordance with the laws and regulations of any other jurisdiction.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom, Jersey or the United States may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions or applicable requirements. Failure to comply with any such restrictions or applicable requirements may constitute a violation of the securities laws of any such jurisdiction. This document is not intended to and does not constitute, or form part of, any offer to sell or issue or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction in which such offer or solicitation is unlawful, nor shall there be any sale, issuance or transfer of securities of Charter, Colfax or Colfax Holdings in any jurisdiction in contravention of applicable law.

Notice to US holders of Charter Shares

The Scheme relates to the shares of a Jersey company that is a “foreign private issuer” as defined under Rule 3b-4 under the Exchange Act and will be governed by Jersey law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements and practices applicable in the United Kingdom or Jersey and under the City Code to schemes of arrangement, which differ from the disclosure requirements of the US tender offer rules. Certain financial information included or referred to in this document, or which is or may be incorporated by reference into this document, has been or will have been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in the United Kingdom or Jersey. This may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Colfax Holdings exercises its right to implement the acquisition of the Charter Shares by way of an Offer, the Offer will be made in compliance with applicable US securities laws and regulations.

Charter is registered and organised under the laws of Jersey. The majority of the officers and directors of Charter are residents of countries other than the United States. It may not be possible to sue Charter in a non-US court for violations of US securities laws. It may be difficult to compel Charter and its respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

Overseas Shareholders

The availability of the Acquisition or the distribution of this document to Charter Shareholders who are not resident or ordinarily resident in the United Kingdom, Jersey or the United States may be affected by the laws of their relevant jurisdictions in which they are located or of which they are citizens. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Charter Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

Cautionary note regarding forward-looking statements

This document contains certain statements about Colfax, Colfax Holdings and Charter that are or may be “forward-looking statements”— that is, statements related to future, not past, events, including forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act 1995. These statements are based on the current expectations of the management of Colfax, Colfax Holdings and Charter (as the case may be) and are subject to uncertainty and changes in circumstances, and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements.

The forward-looking statements contained in this document may include statements about the expected effects on Charter, Colfax Holdings and Colfax of the Acquisition, the expected timing and scope of the Acquisition, strategic options and all other statements in this document other than historical facts. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects”, “seeks”, “sees”, “should,” “would,” “expect,” “positioned,” “strategy,” or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, losses and future prospects; (ii) business and management strategies and the expansion and growth of Colfax’s or Charter’s operations and potential synergies resulting from the Acquisition; (iii) the effects of government regulation on Colfax’s or Charter’s business; and (iv) Colfax’s plans, objectives, expectations and intentions generally.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including the satisfaction of the conditions to the Acquisition and other risks related to the Acquisition and actions related thereto. Additional particular uncertainties that could cause Colfax’s actual results to be materially different than those expressed in its forward-looking statements include: risks associated with Colfax’s international operations; significant movements in foreign currency exchange rates; changes in the general economy, as well as the cyclical nature of Colfax’s markets; Colfax’s ability to accurately estimate the cost of or realise savings from Colfax’s restructuring programs; availability and cost of raw materials, parts and components used in Colfax products; the competitive environment in Colfax’s industry; Colfax’s ability to identify, finance, acquire and successfully integrate attractive acquisition targets, including Charter should the Acquisition be successful; Colfax’s ability to complete the Acquisition as planned, and risks relating to any unforeseen liabilities of Charter; Colfax’s ability to achieve or maintain credit ratings (in light of the Acquisition and financing of the Acquisition or otherwise) and the impact on its funding costs and competitive position if Colfax does not do so; and other risks and factors as disclosed in Colfax’s Annual Report on Form 10-K under the caption “Risk Factors” and in the other documents set out in paragraph 2 of Part Six of this document. Other unknown or unpredictable factors could also cause actual results to differ materially from those in any forward-looking statement.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. Neither Colfax, Colfax Holdings nor Charter undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Availability of hard copies

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by calling the Shareholder Helpline on 0870 889 3281 (from inside the UK) or +44 870 889 3281 (from outside the UK)¹. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form. Copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Disclosure requirements

Under Rule 8.3(a) of the City Code, any person who is “interested” in one per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an “Opening Position Disclosure” following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An “Opening Position Disclosure” must contain details of the person’s interests and short positions in, and rights to subscribe for, any “relevant securities” of each of: (i) the offeree company and (ii) any paper offeror. An “Opening Position Disclosure” by a person to whom Rule 8.3(a) of the City Code applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an “Opening Position Disclosure” must instead make a “Dealing Disclosure”.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in one per cent. or more of any class of “relevant securities” of the offeree company or of any paper offeror must make a “Dealing Disclosure” if the person deals in any “relevant securities” of the offeree company or of any paper offeror. A “Dealing Disclosure” must contain details of the “dealing” concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8 of the City Code. A “Dealing Disclosure” by a person to whom Rule 8.3(b) of the City Code applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an “interest” in “relevant securities” of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the City Code.

“Opening Position Disclosures” must also be made by the offeree company and by any offeror and “Dealing Disclosures” must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the City Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel’s website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel’s Market Surveillance Unit on +44 (0) 20 7638 0129.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8 of the City Code, you should contact an independent financial adviser authorised by

¹ Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers’ costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline is available to answer questions regarding this document, the Meetings or the completion and return of the Forms of Proxy or the Form of Election. However, the Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

the FSA under the Financial Services and Markets Act 2000 or consult the Panel's website at www.thetakeoverpanel.org.uk or contact the Panel on telephone number +44 (0) 20 7638 0129.

Publication on website

A copy of this document will be available free of charge on Charter's website at www.charter.ie and on Colfax's website at www.colfaxcorp.com by no later than 2.00 p.m. (London time) on 18 October 2011.

Date of publication

This document is published on 18 October 2011.

IMPORTANT NOTICE ABOUT VOTING ON THE ACQUISITION

Whether or not you plan to attend the Meetings, if you are a Charter Shareholder please:

- complete and return the BLUE Form of Proxy (for the Court Meeting); and
- complete and return the WHITE Form of Proxy (for the Charter General Meeting),

so they are received by no later than 11.00 a.m. on 12 November 2011 (in the case of the blue Form of Proxy for the Court Meeting) or 11.15 a.m. on 12 November 2011 (in the case of the white Form of Proxy for the Charter General Meeting).

Alternatively, the blue Form of Proxy may be handed to the Registrar at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting and will still be valid. However, in the case of the Charter General Meeting, the white Form of Proxy will be valid only if it is returned by the time indicated above.

The completion and return of the Forms of Proxy will not prevent eligible Charter Shareholders from attending and voting at the Court Meeting or the Charter General Meeting, or any adjournment thereof, in person.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY, OR APPOINT A PROXY ELECTRONICALLY (AS APPROPRIATE), AS SOON AS POSSIBLE.

IF YOU ARE A CHARTER SHAREHOLDER, YOUR ATTENTION IS DRAWN TO THE REGIME FOR THE APPOINTMENT OF PROXIES, IN PARTICULAR THE APPOINTMENT OF MORE THAN ONE PROXY, SET OUT IN THE NOTES TO THE FORMS OF PROXY AND THE NOTES IN RESPECT OF THE APPOINTMENT OF MULTIPLE PROXIES SET OUT IN THE NOTICE OF THE CHARTER GENERAL MEETING AND THE NOTICE OF THE COURT MEETING.

THE CHARTER BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS TO BE PROPOSED AT THE COURT MEETING AND THE CHARTER GENERAL MEETING.

This page should be read in conjunction with the section entitled "ACTION TO BE TAKEN", starting on page 10 of this document, the rest of this document, the Colfax Prospectus, the accompanying Forms of Proxy and Form of Election and any document incorporated by reference.

FOR FURTHER INFORMATION, A SHAREHOLDER HELPLINE IS AVAILABLE AS FOLLOWS:

0870 889 3281 or +44 870 889 3281 if calling from outside the UK.

The Shareholder Helpline is available to answer questions regarding this document, the Meetings or the completion and return of the Forms of Proxy or the Form of Election. However, the Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following timetable sets out the expected dates for implementation of the Acquisition (some of which are indicative):

	Time and/or date¹
Latest time for lodging blue Forms of Proxy for the Court Meeting ²	11.00 a.m. on 12 November 2011
Latest time for lodging white Forms of Proxy for the Charter General Meeting	11.15 a.m. on 12 November 2011
Voting Record Time	6.00 p.m. on 12 November 2011
Court Meeting ³	11.00 a.m. on 14 November 2011
Charter General Meeting ³	11.15 a.m. on 14 November 2011
Colfax General Meeting	To be confirmed ⁴
Latest time for return of Forms of Election or submission of valid TTE instructions in CREST	1.00 p.m. on 10 January 2012 ⁵
Suspension of listing of, and dealings, settlement and transfers in, Charter Shares	8.00 a.m. on 11 January 2012
Reorganisation Record Time	6.00 p.m. on 11 January 2012
Scheme Record Time	6.30 p.m. on 11 January 2012
Court Hearing to sanction the Scheme and confirm the Capital Reduction	12 January 2012
Effective Date	13 January 2012
Cancellation of listing of Charter Shares	8.00 a.m. on 13 January 2012
New Colfax Shares issued, and listed on the New York Stock Exchange and crediting of Colfax CDIs in CREST accounts	by 8.00 a.m. ⁶ on 27 January 2012
Latest date for despatch of Offer Consideration	27 January 2012
Long Stop Date	30 March 2012

1 All times shown in this document are Jersey times unless otherwise stated. Some dates are indicative only and will depend, *inter alia*, on the dates upon which the Court sanctions the Scheme and whether the Conditions are satisfied or waived. IF THE EXPECTED DATE OF THE COURT HEARING TO SANCTION THE SCHEME OR ANY OTHER KEY DATE IS CHANGED, CHARTER WILL GIVE NOTICE OF THIS CHANGE BY ISSUING AN ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE. All Charter Shareholders have the right to attend the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme.

2 A blue Form of Proxy for the Court Meeting not so lodged may be handed to the Registrar at the venue of the Court Meeting or the Chairman of the Court Meeting, at the Court Meeting, before the start of the Court Meeting.

3 The Court Meeting and the Charter General Meeting will both be held at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland on 14 November 2011. The Court Meeting will start at 11.00 a.m. and the Charter General Meeting will start at 11.15 a.m. (or as soon thereafter as the Court Meeting has been concluded or adjourned).

4 The timing of the Colfax General Meeting is yet to be confirmed but will be held prior to the Court Hearing to sanction the Scheme and confirm the Capital Reduction. Colfax will issue an announcement notifying Colfax Shareholders and Charter Shareholders of the date and time of the Colfax General Meeting following posting of the Proxy Statement.

5 Or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service.

6 Eastern Standard Time.

ACTION TO BE TAKEN

For the reasons set out in this document, the Charter Board unanimously considers the terms of the Acquisition, as described in this document, to be fair and reasonable. Accordingly, in order to implement the Acquisition, the Charter Board recommends that you vote in favour of the resolutions to be proposed at the Court Meeting and the Charter General Meeting to approve the Scheme, as the Charter Directors intend to do in respect of their own beneficial holdings of Charter Shares, and that you take the action described below.

You should read the whole of this document and any documents incorporated into it by reference, and the Forms of Proxy and Form of Election. In addition, this document should be read in conjunction with the accompanying Colfax Prospectus published by Colfax which relates to the New Colfax Shares and for which Colfax and the Colfax Directors are responsible.

This document is also available on the websites of Colfax and Charter at www.colfaxcorp.com and www.charter.ie respectively.

Voting at the Court Meeting and the Charter General Meeting

The Scheme will require approval at the meeting of Charter Shareholders convened by order of the Court to be held at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland. The Court Meeting will start at 11.00 a.m. on 14 November 2011. Implementation of the Scheme also requires approval of Charter Shareholders at the Charter General Meeting to be held at the same venue at 11.15 a.m. on 14 November 2011 (or as soon thereafter as the Court Meeting has concluded or been adjourned). Notices of the Meetings are set out in Parts Eleven and Twelve of this document.

Please check you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting on 14 November 2011;
- a white Form of Proxy for use in respect of the Charter General Meeting on 14 November 2011;
- a Form of Election (if you hold your Charter Shares in certificated form) in respect of the Mix and Match Facility and the Loan Note Alternative. Charter Shareholders who hold their shares in uncertificated form should refer to the section headed "Notes for Making Elections under the Mix and Match Facility and/or the Loan Note Alternative – Scheme Shares held in uncertificated form" on page 13 of this document for more information;
- the Colfax Prospectus;
- if you are a Certificated Holder, a copy of the terms and conditions of the CSN Facility;
- a reply-paid envelope for use in the UK only for the return of the blue Form of Proxy and the white Form of Proxy; and
- a reply-paid envelope for use in the UK only for the return of the Form of Election.

If you have not received all of these documents, please contact the Shareholder Helpline on the number indicated below.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy, or appoint a proxy electronically (as applicable), as soon as possible. Forms of Proxy should be sent to the Registrar at the following address: Computershare, Corporate Actions 2, Bristol BS99 6AG, so as to be received by the following times and dates:

- blue Forms of Proxy for the Court Meeting by 11.00 a.m. on 12 November 2011; and
- white Forms of Proxy for the General Meeting by 11.15 a.m. on 12 November 2011,

or in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting. This will enable your votes to be counted at the Meetings in the event of your absence.

Alternatively, blue Forms of Proxy (but NOT white Forms of Proxy) may be handed to representatives of the Registrar at the venue of the Court Meeting or the Chairman of the Court

Meeting before the start of the Court Meeting on 14 November 2011 and will still be valid. In the case of the Charter General Meeting, unless the white Form of Proxy is returned by the time and date mentioned in the instructions printed thereon, it will be invalid.

The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Court Meeting, the Charter General Meeting or any adjournment thereof, if you so wish and are so entitled.

Multiple proxy voting instructions

As a Charter Shareholder, you are entitled to appoint a proxy in respect of some or all of your Charter Shares. You are also entitled to appoint more than one proxy as long as each proxy is appointed to exercise rights attached to different Charter Shares. A space has been included on the Forms of Proxy to allow you to specify the number of Charter Shares in respect of which that proxy is appointed.

If you wish to appoint more than one proxy in respect of your shareholding, please call the Shareholder Helpline on 0870 889 3281 from within the UK (or on +44 870 889 3281 if calling from outside the UK) for further Forms of Proxy, or photocopy the Forms of Proxy as required. Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline is available to answer questions regarding this document, the Meetings or the completion and return of the Forms of Proxy or the Form of Election. However, the Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

Shareholders holding shares through CREST

Shareholders who hold Charter Shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment(s) by using the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (ID is 3RA50) not later than 11.00 a.m. on 12 November 2011 in the case of the Court Meeting and not later than 11.15 a.m. on 12 November 2011 in the case of the Charter General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Charter may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Uncertificated Securities Order.

To make an election in respect of the Mix and Match Facility and/or the Loan Note Alternative, please see the section entitled “Notes for Making Elections under the Mix and Match Facility and/or the Loan Note Alternative” on pages 13 to 19 of this document.

Charter Executive Share Schemes and the Phantom Restricted Share Plan

Participants in the Charter Executive Share Schemes and the Phantom Restricted Share Plan should refer to paragraph 8 of Part One of this document.

Assistance

If you have any questions about this document, the Court Meeting, the Charter General Meeting or the Acquisition or are in any doubt as to how to complete and return the Forms of Proxy or the Form of Election please call the Shareholder Helpline on 0870 889 3281 from within the UK (or on +44 870 889 3281 if calling from outside the UK). Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored for security and training purposes. The Shareholder Helpline is available to answer questions regarding this document, the Meetings or the completion and return of the Forms of Proxy or the Form of Election. However, the Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

NOTES FOR MAKING ELECTIONS UNDER THE MIX AND MATCH FACILITY AND/OR THE LOAN NOTE ALTERNATIVE

FOR THE ATTENTION OF ALL SHAREHOLDERS INCLUDING CERTIFICATED HOLDERS

If you wish to receive 730 pence in cash and 0.1241 New Colfax Shares for each Charter Share that you hold at the Scheme Record Time and do not wish to make an election under the Mix and Match Facility (see paragraph 16 of Part Two) and/or the Loan Note Alternative (see paragraph 18 of Part Two), **DO NOT** return the Form of Election or send a transfer to escrow instruction (“TTE instruction”) via CREST. You may in this event prefer to continue reading this document at page 20.

If you hold Scheme Shares in certificated form and you wish to make an election under the Mix and Match Facility and/or the Loan Note Alternative:

- you must complete and sign the Form of Election in accordance with the instructions printed thereon and return it along with the share certificate representing your Charter Shares, either by post to Computershare, Corporate Actions 2, Bristol, BS99 6AG or, by using the reply paid envelope provided only if posted within the UK, or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE as soon as possible and so as to be received by no later than 1.00 p.m. on 10 January 2012 or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service. A reply-paid envelope, for use in the UK only, is enclosed for your convenience. The instructions printed on, or deemed incorporated in, the Form of Election will be deemed to form part of the terms of the Scheme.

If you hold Scheme Shares in uncertificated form (i.e., through CREST) and you wish to make an election under the Mix and Match Facility and/or the Loan Note Alternative:

- you should NOT complete a Form of Election **BUT INSTEAD** take (or procure to be taken) the actions set out below to transfer the Scheme Shares in respect of which you wish to make an election to an escrow balance, using a TTE instruction specifying the Registrar (in its capacity as Receiving Agent under the participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the TTE instruction settles no later than 1.00 p.m. on 10 January 2012 or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service.

If you are an Overseas Shareholder or hold Scheme Shares on behalf of an Overseas Shareholder:

- you should inform yourself about and observe any applicable legal or regulatory requirements in the jurisdiction in which you or the Overseas Shareholders on whose behalf you hold Scheme Shares are located. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory. The Loan Note Alternative will not be available to Scheme Shareholders in the US.

If you hold Scheme Shares in both certificated and uncertificated form and you wish to make an election under the Mix and Match Facility and/or the Loan Note Alternative in respect of both such holdings:

- you must complete a Form of Election with respect to your certificated Scheme Shares and follow the instructions for completing a TTE instruction with respect to your uncertificated Scheme Shares.

If you need further copies of the Form of Election, please call the Shareholder Helpline on 0870 889 3281 from within the UK (or on +44 870 889 3281 if calling from outside the UK). Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline is available to answer questions regarding this document, the Meetings or the completion and return of the Forms of Proxy or the Form of Election. However, the Shareholder

Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

An election will only be accepted under the Mix and Match Facility and the Loan Note Alternative in respect of a whole number of Scheme Shares. Any election which is made under the Mix and Match Facility or the Loan Note Alternative in respect of a number of Scheme Shares which is not a whole number shall be deemed to be made in respect of the nearest whole number of Scheme Shares when rounded down.

The Loan Note Alternative is made available on the basis of £1 nominal value of Loan Notes for every £1 cash to which a Scheme Shareholder would otherwise be entitled under the Scheme, including valid elections to receive cash under the Mix and Match Facility, and any entitlement that is not a whole multiple of £1 will instead be settled in cash.

The Loan Notes are not being offered to certain Overseas Shareholders nor Scheme Shareholders in the US nor US persons. Notwithstanding the signature of the Form of Election, each of Charter, Colfax, Colfax Holdings and the Registrar in its capacity as Receiving Agent reserves the right at their sole discretion to determine that the local laws applicable to the jurisdiction of any Scheme Shareholder electing for the Loan Note Alternative, who is an Overseas Shareholder, prohibit or restrict the sale, issue or transfer of Loan Notes and accordingly to refuse to issue Loan Notes to that Scheme Shareholder. Neither Charter, Colfax, Colfax Holdings nor the Receiving Agent nor the Registrar will be liable to any Scheme Shareholder for making any such determination.

To the extent that valid Share Elections or Cash Elections exceed the maximum amount available or payable under the Scheme: (i) the number of Scheme Shares in respect of which a Share Election and/or Cash Election has been made shall be scaled down *pro rata* (or as near thereto as Charter and Colfax Holdings in their absolute discretion consider practicable) amongst all electors who have made valid Share Elections and/or Cash Elections, as the case may be (save that, if Cash Elections are reduced in respect of any Scheme Shareholder who has also made a Loan Note Election such reduction shall apply first to reduce (and if appropriate extinguish) his entitlement to Loan Notes before applying to reduce his entitlement to cash) to the number of Scheme Shares in respect of which the relevant election is made; and (ii) the balance of the Scheme Shares the subject of such election, shall be deemed to be Scheme Shares in respect of which no election has been made.

Minor adjustments to the entitlements of Scheme Shareholders pursuant to elections under the Mix and Match Facility made under the Scheme may be made by the Registrar or Receiving Agent with the prior consent of Charter and Colfax Holdings on a basis that Charter and Colfax Holdings consider to be fair to the extent necessary to satisfy all entitlements pursuant to elections under the Scheme as nearly as may be practicable. Such adjustments shall be final and binding on Scheme Shareholders.

You should be aware that if you buy or sell Scheme Shares after having made an election under the Mix and Match Facility and/or the Loan Note Alternative, then the number of Scheme Shares to which your election applies may be affected as set out below.

If the Scheme Shareholder has made a valid election in respect of all his Scheme Shares, then:

- (i) the validity of the Cash Election (including for these purposes any Loan Note Election) or the Share Election (as the case may be) shall not be affected by any alteration in the number of Scheme Shares held by the Scheme Shareholder at any time prior to the Scheme Record Time; and
- (ii) the Cash Election or the Share Election (as the case may be) shall apply in respect of all of the Scheme Shares which the Scheme Shareholder holds immediately prior to the Scheme Record Time.

If a Scheme Shareholder has made a valid Cash Election and/or Share Election in respect of the same holding, in respect of a specified number representing part (but not all) of his Scheme Shares and, immediately prior to the Scheme Record Time, the number of Scheme Shares held by the Scheme Shareholder is:

- (i) equal to or in excess of the number of Scheme Shares to which such election(s) relate, then the validity of the election(s) made by the Scheme Shareholder shall not be affected by any alteration in the number of Scheme Shares held by the Scheme Shareholder at any time prior to the Scheme Record Time and any reduction in his holding shall be treated first as a disposal of those Scheme Shares in respect of which he did not make such election; or

- (ii) less than the aggregate number of Scheme Shares to which such election(s) relate, then:
 - (a) if the Scheme Shareholder has made only a valid Cash Election, he shall be treated as having made a Cash Election in respect of his entire holding of Scheme Shares;
 - (b) if the Scheme Shareholder has made only a valid Share Election, he shall be treated as having made a Share Election in respect of his entire holding of Scheme Shares; and
 - (c) if the Scheme Shareholder has made both a valid Cash Election and a valid Share Election, then:
 - (I) Share Elections made by the Scheme Shareholder (the “**Relevant Share Elections**”) shall be reduced so as to apply to the number of Scheme Shares calculated by multiplying (x) the number of Scheme Shares held by the Scheme Shareholder immediately prior to the Scheme Record Time by (y) the fraction calculated by dividing the number of Scheme Shares the subject of the Relevant Share Elections by the aggregate number of Scheme Shares the subject of (i) the Relevant Share Elections and (ii) the Cash Elections made by the Scheme Shareholder, and rounding down to the nearest whole number of Scheme Shares; and
 - (II) the Cash Elections made by the Scheme Shareholder shall be reduced (but so as to first apply to any Scheme Shares where a Loan Note Election has been made) so as to apply to all the Scheme Shares held by the Scheme Shareholder immediately prior to the Scheme Record Time which are not the subject of Share Elections as scaled down pursuant to sub-paragraph (c)(I) above.

If valid Loan Note Elections would result in the issue of less than £2 million nominal value of Loan Notes in aggregate, Colfax Holdings will not, unless it determines otherwise in its sole discretion, issue any Loan Notes. If no Loan Notes are issued as a result of this minimum threshold not having been met, Scheme Shareholders who have made a valid Loan Note Election shall be treated as if such election had not been made and shall receive the cash to which they would otherwise have been entitled under this Scheme had such Loan Note Election not been made.

Persons who have made valid elections under the Mix and Match Facility and/or the Loan Note Alternative will not be entitled to transfer their Scheme Shares after making elections.

No election under the Mix and Match Facility and/or the Loan Note Alternative will be valid unless in respect of Scheme Shares held in certificated form a Form of Election in respect of such election which has been completed in all respects is duly received by the Registrar by no later than 1.00 p.m. on 10 January 2012 or, in respect of Scheme Shares held in uncertificated form, a TTE instruction has settled by no later than 1.00 p.m. on 10 January 2012, or in each case such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service.

Withdrawals

If you have returned a Form of Election and subsequently wish to withdraw or amend that election, please contact the Registrar in writing at the address below by no later than 1.00 p.m. on 10 January 2012 or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service. Please clearly specify whether you would like to withdraw or amend the election that you have made and ensure that your request contains an original signature. Any written requests of this nature should be sent to Computershare, Corporate Actions 2, Bristol, BS99 6AG. If your election was made through a TTE instruction, please contact the Registrar as soon as possible to arrange electronic withdrawal or amendment.

Late, invalid or incomplete elections

If any Form of Election or TTE instruction in respect of an election in respect of the Mix and Match Facility and/or the Loan Note Alternative is either received after 1.00 p.m. on 10 January 2012 (or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service) or is received before such time but is not valid or complete in all respects at such time, such election shall, for all purposes, be void (unless Charter and Colfax Holdings, in their absolute discretion, elect to treat as valid, in whole or in part, any such election) and the holder of the Scheme Shares purporting to make such election shall not, for these purposes, be entitled to receive any variation of consideration under the Mix and Match Facility and/or the Loan

Note Alternative and the relevant holder will, upon the Scheme becoming effective, only be entitled to receive 730 pence in cash and 0.1241 New Colfax Shares in respect of each Scheme Share they hold.

General

Without prejudice to any other provision of this section or the Form of Election or otherwise, Charter, Colfax and Colfax Holdings reserve the right (subject to the terms of the Acquisition and the provisions of the City Code) to treat as valid in whole or in part any election for the Mix and Match Facility and/or the Loan Note Alternative which is not entirely in order.

No acknowledgments of receipt of any Form of Election, TTE instruction or other documents will be given. All communications, notices, other documents and remittances to be delivered by or to or sent to or from holders of Scheme Shares (or their designated agent(s)) or as otherwise directed will be delivered by or to or sent to or from such holders of Scheme Shares (or their designated agent(s)) at their own risk.

Charter, Colfax and Colfax Holdings and/or their respective agents reserve the right to notify any matter to all or any Scheme Shareholders with registered addresses outside the UK and Jersey or to the nominees, trustees or custodians for such Scheme Shareholders by announcement in the UK and Jersey or paid advertisement in any daily newspaper published and circulated in the UK and Jersey or any part thereof, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such shareholders to receive or see such notice. All references in this document to notice in writing, or the provision of information in writing, by or on behalf of Charter, Colfax, Colfax Holdings and/or their respective agents shall be construed accordingly. No such document shall be sent to an address outside the UK or Jersey where it would or might infringe the laws of that jurisdiction or would or might require Charter, Colfax or Colfax Holdings to obtain any governmental or other consent or to effect any registration, filing or other formality with which, in the opinion of Charter, Colfax or Colfax Holdings, it would be unable to comply or which it regards as unduly onerous.

The Form of Election and all elections thereunder, all action taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a Scheme Shareholder, Charter, Colfax, Colfax Holdings, the Registrar or the Receiving Agent shall be governed by and interpreted in accordance with Jersey law. Signature by or on behalf of a holder of Scheme Shares of a Form of Election will constitute his submission, in relation to all matters arising out of or in connection with the Scheme and the Form of Election, to the jurisdiction of the courts of Jersey and his agreement that nothing shall limit the rights of Charter, Colfax or Colfax Holdings to bring any action, suit or proceeding arising out of or in connection with the Scheme and the Form of Election in any other manner permitted by law or in any court of competent jurisdiction.

Execution of a Form of Election or submission of a TTE instruction by or on behalf of a Scheme Shareholder will constitute his agreement that the courts of Jersey are (subject to the paragraph below) to have non-exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of the legal relationships established by the Form of Election or otherwise arising in connection with the Scheme, the Form of Election or the submission of a TTE instruction, and for such purposes that he irrevocably submits to the jurisdiction of the Jersey courts.

Execution of a Form of Election or submission of a TTE instruction by or on behalf of a Scheme Shareholder will constitute his agreement that the agreement in the paragraph above is included for the benefit of Charter, Colfax, Colfax Holdings and/or their respective agents and accordingly, notwithstanding the agreement in the paragraph above, each of Charter, Colfax, Colfax Holdings and/or their respective agents shall retain the right to, and may in their absolute discretion, bring proceedings in the courts of any other jurisdiction where permissible in accordance with applicable law and that the Scheme Shareholder irrevocably submits to the jurisdiction of such courts.

If the Scheme is not implemented in accordance with its terms, any election made under the Mix and Match Facility and/or the Loan Note Alternative shall cease to be valid.

Neither Charter, Colfax, Colfax Holdings, the Receiving Agent, the Registrar nor any of their respective advisers or any person acting on behalf of any one of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of elections under the Scheme on any of the bases set out in this section or otherwise in connection therewith.

Scheme Shares held in uncertificated form – action to be taken to make an election

If you are a CREST personal member and wish to make an election under the Mix and Match Facility and/or the Loan Note Alternative in respect of some or all of your Scheme Shares, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Scheme Shares are held. In addition, only your CREST sponsor will be able to send the TTE instruction to Euroclear in relation to your Scheme Shares.

If you hold Scheme Shares in uncertificated form and you are not an Overseas Shareholder:

You should send (or, if you are a CREST personal member, procure that your CREST sponsor sends) a TTE instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- (i) the number of Scheme Shares in respect of which you are making an election (such Scheme Shares to be transferred to an escrow balance);
- (ii) your member account ID;
- (iii) your participant ID;
- (iv) the participant ID of the escrow agent, the Registrar, in its capacity as a CREST Receiving Agent. This is "3RA30";
- (v) the relevant member account ID(s) of the escrow agent, the Registrar, in its capacity as a CREST Receiving Agent:
 - to make a Cash Election under the Mix and Match Facility where you wish to receive only cash and no Loan Notes this is – CHACOL01;
 - to make a Share Election under the Mix and Match Facility where, if such election is scaled down, you wish to receive the balance in cash this is – CHACOL02;
 - to make a Cash Election under the Mix and Match Facility where you wish to receive Loan Notes in place of cash this is – CHACOL03;
 - to make a Share Election under the Mix and Match Facility where, if such election is scaled down, you wish to receive Loan Notes in place of cash this is – CHACOL04;
 - to make an election to receive Loan Notes instead of cash receivable under the basic terms of the Scheme this is – CHACOL05;
- (vi) the ISIN number of the relevant Scheme Shares. This is JE00B3CX4509;
- (vii) the intended settlement date (this should be as soon as possible and in any event by 1.00 p.m. on 10 January 2012 or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service);
- (viii) the corporate action number for the transaction – this is allocated by Euroclear and can be found by viewing the relevant corporate action details on screen in CREST;
- (ix) CREST standard delivery instructions priority of 80; and
- (x) a contact name and telephone number (inserted in the shared note field of the TTE instruction).

After settlement of the TTE instruction, you will not be able to access the Scheme Shares concerned in CREST for any transaction or for charging purposes. If the Scheme is implemented in accordance with its terms, the escrow agent will arrange for the cancellation or transfer of the Scheme Shares. You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedure outlined above. TTE instructions are revocable. Please refer to the CREST Manual for information about how to withdraw a TTE instruction.

If you hold Scheme Shares in uncertificated form and you are an Overseas Shareholder:

If you wish to make a purported election under the Mix and Match Facility and/or the Loan Note Alternative (where the Loan Note Alternative is available to you) in respect of some or all of your Scheme Shares and you are an Overseas Shareholder, you may only attempt to make such a purported election by sending (or if a CREST sponsored member, procuring that your CREST sponsor sends) both:

- (a) a valid TTE instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”); and
- (b) a valid ESA instruction (a “**Restricted ESA Instruction**”).

Such purported election will not be treated as valid unless both the Restricted Escrow Transfer and the Restricted ESA Instruction settle in CREST and both Charter and Colfax Holdings decide in their absolute discretion that such purported election should be accepted. If Charter and Colfax Holdings so decide, the Registrar will accept the purported election on the terms of this document by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise the Registrar will reject the purported election by transmitting in CREST a receiving agent reject (AEAD) message.

Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- the ISIN number of the relevant Scheme Shares. This is JE00B3CX4509;
- the number of Scheme Shares in uncertificated form in respect of which you are purporting to make an election (such Scheme Shares to be transferred to an escrow balance);
- your member account ID;
- your participant ID;
- the participant ID of the escrow agent, the Registrar, in its capacity as CREST Receiving Agent set out in the Restricted Escrow Transfer. This is “3RA30”;
- the member account ID of the escrow agent, the Registrar, in its capacity as CREST Receiving Agent specific to a Restricted Escrow Transfer. This is (RESTRICT) set out in the Restricted Escrow Transfer;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 10 January 2012, or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service;
- the corporate action number for the transaction, which is allocated by Euroclear and can be found by viewing the relevant corporate action details on screen in CREST;
- CREST standard delivery instruction priority of 80; and
- a contact name and telephone number (inserted in the shared note field of the TTE instruction).

Each Restricted ESA Instruction must, in order for it to be valid and settle, include the following details:

- the corporate action ISIN number of Scheme Shares. This is JE00B3CX4509;
- the number of Scheme Shares in uncertificated form relevant to that Restricted ESA instruction;
- your participant ID;
- your member account ID;
- the participant ID of the escrow agent, the Registrar, in its capacity as CREST Receiving Agent set out in the Restricted Escrow Transfer. This is 3RA30;
- the member account ID of the escrow agent, the Registrar, in its capacity as CREST Receiving Agent set out in the Restricted Escrow Transfer. This is RESTRICT;
- the relevant member account ID(s) of the escrow agent, the Registrar, in its capacity as a CREST Receiving Agent:
 - to make a Cash Election under the Mix and Match Facility where you wish to receive only cash and no Loan Notes this is – CHACOL01;
 - to make a Share Election under the Mix and Match Facility where, if such election is scaled down, you wish to receive the balance in cash this is – CHACOL02;
 - to make a Cash Election under the Mix and Match Facility where you wish to receive Loan Notes in place of cash this is – CHACOL03;
 - to make a Share Election under the Mix and Match Facility where, if such election is scaled down, you wish to receive Loan Notes in place of cash this is – CHACOL04;

- to make an election to receive Loan Notes instead of cash receivable under the basic terms of the Scheme this is – CHACOL05;
- the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA Instruction relates;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 10 January 2012, or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service;
- the corporate action number for the transaction; and
- input with a standard delivery instruction priority of 80.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Scheme Shares to settle prior to 1.00 p.m. on 10 January 2012, or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Unsettled trades

As at the close of trading on the last day of dealings in Charter Shares prior to the Effective Date (the last day of dealings is expected to be 10 January 2012), there may be unsettled, open trades for the sale and purchase of Charter Shares within the CREST system. The Charter Shares that are the subject of such unsettled trades will be treated under the Scheme in the same way as any other Charter Share registered in the name of the relevant seller under that trade. Consequently, those Charter Shares will be reclassified and cancelled or transferred under the Scheme and the seller will receive the appropriate cash consideration and/or Colfax CDIs representing interests in underlying New Colfax Shares in accordance with the terms of the Acquisition and any election made by the seller under the Mix and Match Facility and/or the Loan Note Alternative. It is expected that a CREST bulletin to all CREST participants will be issued providing further information about the treatment of any unsettled trades within CREST.

Charter Executive Share Schemes and Phantom Restricted Share Plan

Participants in the Charter Executive Share Schemes and/or the Phantom Restricted Share Plan should refer to paragraph 8 of Part One of this document.

Shareholder Helpline

If you have any questions about this document, the Court Meeting, the Charter General Meeting, the Scheme or the Acquisition or are in any doubt as to how to complete and return the Forms of Proxy or make an election under the Mix and Match Facility and/or the Loan Note Alternative, please call the Shareholder Helpline on: 0870 889 3281 (from within the UK) or +44 870 889 3281 (from outside the UK). Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

- £1,510 million, being 900 pence per Charter Share on a fully diluted basis (based on the Closing Price of \$21.60 per Colfax Share on 14 October 2011 (being the last practicable date prior to publication of this document) and at an exchange rate on 14 October 2011 of £1:\$1.5808). This represents a premium of approximately 46.3 per cent. to the Closing Price of 615 pence per Charter Share on 28 June 2011.

Charter and Colfax have agreed that an appropriate adjustment will be made to the Exchange Ratio in the event of (a) the payment of any dividend or other distribution by Colfax to its shareholders; (b) the reclassification, subdivision, consolidation or reorganisation of Colfax's share capital; (c) any issuance of equity securities pursuant to a pre-emptive invitation to the existing Colfax Shareholders as a class subject only to regulatory exclusions; or (d) any transaction similar to the foregoing to the extent it would have a material disproportionate impact on those Charter Shareholders who receive New Colfax Shares pursuant to the Acquisition as compared to the existing Colfax Shareholders (taken as a class) (each of these being, a "**Capital Change Event**"). As at the date of this document, no Capital Change Event has occurred.

The Acquisition is being implemented by way of a court-sanctioned scheme of arrangement under Article 125 of the Jersey Companies Law. The purpose of the Scheme is to enable Colfax Holdings to acquire the whole of the issued and to be issued share capital of Charter. The Scheme will require the approval of Charter Shareholders and the sanction of the Court.

Colfax Holdings has reserved the right, subject to the consent of the Panel, to implement the Acquisition by means of an Offer. In the event that the Acquisition is to be implemented by way of an Offer, the Charter Shares will be acquired pursuant to the Offer fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto. Any New Charter Shares issued to Colfax Holdings pursuant to the Scheme will be issued on the same basis.

3. Background to and reasons for the recommendation

On 29 June 2011, Charter announced it had received a preliminary approach from Melrose that may or may not lead to an offer for the entire issued share capital of Charter. This initial offer from Melrose of 780 pence per Charter Share (inclusive of Charter's interim dividend) was rejected by the Charter Board on 30 June 2011.

On 11 July 2011, the Charter Board received a revised increased proposal from Melrose of 840 pence per Charter Share (again inclusive of Charter's interim dividend). The Charter Board reviewed this proposal and rejected it on 15 July 2011, as undervaluing Charter and its prospects. At that time, the Charter Board confirmed that it remained committed to maximising value for its shareholders and that it was exploring a full range of strategic alternatives.

On 1 September 2011, the Charter Board announced that it had received a revised indicative proposal from Melrose, indicating that Melrose was prepared, subject to certain pre-conditions, to increase the value of its possible offer for Charter by 18 pence per Charter Share. Melrose's revised proposal represented an 850 pence per Charter Share offer for Charter, on the basis set out in the announcement, and also allowed Charter Shareholders to retain the interim dividend of 8 pence per Charter Share declared on 26 July 2011 and paid to Charter Shareholders on 2 September 2011. The revised proposal comprised 553 pence in Melrose shares and 297 pence in cash for each Charter Share. The announcement also stated that, on the basis of the increased proposal, and in light of the recent heightened economic uncertainty and financial market volatility, the Company had agreed to commence discussions with Melrose about its revised indicative proposal and to allow Melrose to complete its confirmatory due diligence.

On 27 September 2011, Melrose announced that it would not be making an offer for Charter.

Following the initial approach by Melrose, and following indications from certain of its principal shareholders that they were interested in receiving a formal offer, Charter, through its financial advisers, Goldman Sachs International, J.P. Morgan Cazenove, and RBS, spoke to certain parties, including Colfax, regarding their possible interest in Charter. On 1 August 2011, Colfax provided formal written confirmation of its interest in Charter. On 23 August 2011, Charter announced that it was in discussions with a potential offeror other than Melrose regarding a possible offer for Charter. Colfax announced on 4 September 2011 that it was in preliminary discussions regarding a possible all-cash offer to acquire Charter.

The terms of the Acquisition allow Charter Shareholders to realise a significant proportion of their investment in Charter for cash whilst also providing the opportunity to retain an on-going interest in Charter's businesses through a shareholding in the enlarged Colfax Group.

4. Colfax's strategic plans for Charter

You will find set out in paragraph 7 of Part Two of this document a description of Colfax's strategic plans for Charter. The Charter Board notes Colfax will examine ways for Howden to extend and complement Colfax's existing fluid handling platform and for ESAB to become a new growth platform within the enlarged Colfax Group, and also ways to improve Charter's margin and return on capital.

As also set out in paragraph 7 of Part Two of this document, Colfax has given assurances regarding the safeguarding of Charter Group employees' existing contractual and statutory employment rights and pension rights.

Having considered Colfax's intentions for Charter, and having reviewed the record of Colfax and its founders in developing the businesses which they have acquired, the Charter Board regards favourably the prospects for Charter, its businesses and their stakeholders (including the majority of employees) within the enlarged Colfax Group.

5. Implementation Agreement

Charter, Colfax and Colfax Holdings have entered into the Implementation Agreement in relation to the implementation of the Acquisition and related matters in accordance with an agreed indicative timetable. The Implementation Agreement contains certain assurances and confirmations between the parties, including provisions reflecting the version of the City Code which came into force on 19 September 2011, to implement the Scheme on a timely basis.

Further details of the Implementation Agreement are set out in paragraph 14 of Part Two of this document.

6. Mix and Match Facility

Charter Shareholders (other than certain Overseas Shareholders) are entitled to elect, subject to availability, to vary the proportions in which they receive New Colfax Shares and cash in respect of their holdings of Charter Shares. However, the total number of New Colfax Shares to be issued and the maximum aggregate amount of cash to be paid under the Scheme will not be varied as a result of elections under the Mix and Match Facility.

Accordingly, elections made by Charter Shareholders under the Mix and Match Facility will only be satisfied to the extent that other Charter Shareholders make off-setting elections. To the extent that elections cannot be satisfied in full, they will be scaled down on a *pro rata* basis. As a result, Charter Shareholders who make an election under the Mix and Match Facility will not know the exact number of New Colfax Shares or the amount of cash they will receive until settlement of the consideration due to them in respect of the Acquisition. The Mix and Match Facility is conditional upon the Scheme becoming effective.

Further information on the Mix and Match Facility is set out in paragraph 16 of Part Two of this document.

7. Loan Note Alternative

Charter Shareholders (other than certain Overseas Shareholders) are entitled to elect to receive Loan Notes instead of all or part of the cash consideration to which they would otherwise be entitled under the terms of the Acquisition.

Further information on the Loan Note Alternative is set out in paragraph 18 of Part Two and Part Three of this document. The Loan Notes are not being offered to US persons, Scheme Shareholders in the US and Overseas Shareholders in Restricted Jurisdictions.

8. Charter Executive Share Schemes and Phantom Restricted Share Plan

Charter and Colfax Holdings will be writing to participants in the Charter Executive Share Schemes and Phantom Restricted Share Plan to inform them of the effect of the Scheme on their rights under the Charter Executive Share Schemes and Phantom Restricted Share Plan.

9. Action to be taken

Your attention is drawn to the sections of this document entitled 'Important notice about voting on the Acquisition' on page 8 and 'Action to be taken' commencing on page 10.

10. Charter's financial and trading prospects

Charter's 2011 interim results, released on 26 July 2011, stated that, in the six months ended 30 June 2011, Charter had revenue of £946.5 million, adjusted profit before tax of £75.6 million and adjusted earnings per share of 33.6 pence, and that the Charter Board was confident in the full year performance of Charter.

For the period from 1 July to 30 September 2011, Charter's consolidated results were generally in line with the Charter Board's expectations at the time of the interim results in July 2011.

As previously highlighted, recent months have seen heightened economic uncertainty and financial market volatility which are likely to continue and which have the potential to impact the markets and industries within which Charter participates.

For the medium to longer term, the Charter Board believes that Charter will benefit from having two attractively-positioned global businesses with substantial exposure to emerging markets and growing end-user industries.

Charter intends to announce an interim management statement via a Regulatory Information Service towards the end of October 2011.

11. Further information

You should ensure that you read the remainder of this document, including the explanatory statement contained in Part Two of this document. Please note that the information contained in the explanatory statement is in summary form only and reading the explanatory statement is not a substitute for reading the remainder of this document. You should also read the Colfax Prospectus (for which the Charter Directors take no responsibility) distributed on behalf of Colfax with this document as it contains information on Colfax and the New Colfax Shares which form part of the consideration for the Acquisition.

12. Recommendation

The Charter Board, which has been so advised by Goldman Sachs International, J.P. Morgan Cazenove and RBS, considers the terms of the Acquisition to be fair and reasonable. In providing financial advice to the Charter Board, Goldman Sachs International, J.P. Morgan Cazenove and RBS have taken into account the Charter Board's commercial assessments. Goldman Sachs International is providing the independent financial advice for the purposes of Rule 3 of the City Code and J.P. Morgan Cazenove and RBS are also acting as joint financial advisers to the Charter Board.

Accordingly, the Charter Board unanimously recommends that Charter Shareholders vote in favour of the resolutions relating to the Acquisition at the Meetings as those members of the Charter Board who hold beneficial interests in Charter Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of 176,977 Charter Shares in aggregate, representing approximately 0.1 per cent. of Charter's issued share capital.

Yours faithfully,

Lars Emilson
Chairman

offer is made for Charter which exceeds the value of the Acquisition and even if such higher offer is recommended for acceptance by the Charter Board.

Details of the irrevocable undertakings can be found at paragraph 3 of Part Eight of this document.

4. Background to and reasons for the Acquisition

Colfax believes the acquisition of Charter would complement its stated strategy which, in addition to driving organic growth, includes pursuing value-creating acquisitions within its served markets, and adding complementary growth platforms to provide scale and revenue diversity. Colfax considers Charter to be a leading player in key markets with an attractive business mix and strong technological capabilities that fit well with Colfax's acquisition criteria.

Colfax identified Charter as a business that would complement its fluid handling platform as well as add a new welding and cutting platform. In July 2011, following the unsolicited approach for Charter by Melrose, Colfax approached Charter to express its interest in a possible acquisition.

Colfax believes that completion of the Acquisition would accelerate Colfax's growth strategy and enable Colfax to become a multi-platform business with a strong global footprint. Charter's air and gas handling business (Howden) would extend Colfax's existing fluid handling platform, and Charter's welding, cutting and automation business (ESAB) would establish a new growth platform for the enlarged Colfax Group.

Colfax believes that the Acquisition will improve Colfax's business profile by providing a meaningful recurring revenue stream. It would also provide considerable exposure to emerging markets, allow the enlarged Colfax Group to benefit from strong secular growth drivers and provide a balance between short and long cycle businesses.

Following the Acquisition, Colfax believes there are significant upside opportunities from applying its established management techniques to improve both margin and return on invested capital.

The Acquisition is also expected to provide a platform for additional acquisitions in the fragmented welding and air and gas handling markets.

Colfax expects that the Acquisition will be significantly accretive to earnings per share and provide double digit returns on invested capital within three to five years*.

Further information on the Colfax Group is set out below and in the Colfax Prospectus which accompanies this document (and for which the Charter Directors take no responsibility).

5 Information on Colfax and Colfax Holdings

5.1 Information on Colfax

Colfax, headquartered in Fulton, Maryland, U.S.A., was founded in 1995 by Mitchell P. Rales and Steven M. Rales. Colfax is a global supplier of a broad range of fluid handling products, including pumps, fluid handling and lubrication systems and controls, and specialty valves. It is a leading manufacturer of rotary positive displacement pumps, which include screw pumps, gear pumps and progressive cavity pumps, as well as certain centrifugal pumps. Colfax designs and engineers products to high quality and reliability standards for use in critical fluid handling applications where performance is paramount. Colfax also offers customised fluid handling solutions to meet individual customer needs based on in-depth technical knowledge of the applications in which the products are used.

Colfax's products are marketed principally under the Allweiler, Baric, Fairmount Automation, Houttuin, Imo, LSC, Portland Valve, Tushaco, Warren and Zenith brand names. Colfax believes that its brands are widely known and have a premium position in its industry. Colfax believes that Allweiler, Houttuin, Imo and Warren are among the oldest and most recognised brands in the markets in which it participates, with Allweiler dating back to 1860. Colfax has a global manufacturing footprint, with production facilities in Europe, North America and Asia, as well as worldwide sales and distribution channels.

Colfax has not previously paid a dividend on the common stock of Colfax and does not currently anticipate paying any dividends on the common stock of Colfax (including the New Colfax Shares to be issued in respect of the Acquisition) in the foreseeable future. Holders of Series A Preferred

* This statement should not be taken as a statement regarding Colfax's expectation for earnings per share during the remainder of 2011, for 2012, or for subsequent periods.

Stock of Colfax are entitled to receive cumulative cash dividends payable quarterly (for more information see paragraph 6.2 of Part Eight of this document).

5.2 Information on Colfax Holdings

Colfax Holdings is a newly incorporated English company which is a wholly-owned subsidiary of Colfax established to effect the Acquisition. Colfax Holdings has not traded prior to the date of the Announcement (except for entering into transactions relating to the Acquisition).

5.3 Persons acting in concert

In addition to Colfax Group companies and their directors, for the purposes of the City Code the following persons and persons affiliated with them are deemed to be acting in concert with Colfax and Colfax Holdings in respect of the Acquisition:

<u>Name</u>	<u>Type of company</u>	<u>Registered Office</u>	<u>Relationship with Colfax</u>
Steven M. Rales	Natural person	Not applicable	Persons subscribing for Colfax shares as part of the Equity Capital Raising, substantial shareholder in Colfax and brother of a director of Colfax
BDT & Company LLC	Private limited liability company	401 N. Michigan Ave Chicago Illinois 60611 United States	Company subscribing for Colfax shares as part of the Equity Capital Raising
Markel Corporation	Virginian public corporation	4521 Highwoods Parkway Glen Allen Virginia 23060 United States	Company subscribing for Colfax shares as part of the Equity Capital Raising
Deutsche Bank AG, London Branch (and its affiliates)	German public limited company	Deutsche Bank AG, London Branch 1 Great Winchester Street London EC2N 2DB	Financial adviser

5.4 Profit forecasts

On 29 July 2011, concurrently with the release of its interim results for the second quarter of 2011, Colfax provided earnings guidance to the market which the Panel has determined amounted to profit forecasts for the purpose of Rule 28 of the City Code. Reports on such forecasts pursuant to Rule 28.3 of the City Code were prepared and published on 3 October 2011. The reports are attached at the Appendix to this document.

The Colfax Board confirms that the forecasts remain valid for the purposes of the Acquisition and Ernst & Young and Deutsche Bank have indicated that they have no objection to their reports continuing to apply.

6. Information on the Charter Group

6.1 Information on Charter

Charter is the ultimate owner (through a number of intermediate holding companies) of two international engineering businesses, ESAB, which is focused on welding, cutting and automation, and Howden, which is focused on air and gas handling. Charter is listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange.

Charter's global sales (£1,719.6 million in 2010) are split broadly equally between the developed economies of Western Europe and North America, and the higher growth economies of Central and Eastern Europe, Asia and South America. In 2010, Charter's sales represented by destination

were as follows: Europe (34 per cent.), North America (20 per cent.), Asia (18 per cent.), South America (16 per cent.) and the rest of the world (12 per cent.).

Key parts of Charter's strategy have been to build upon the strong market positions both ESAB and Howden have achieved, which are based on brand, technology and customer service. Geographical coverage has been expanded, particularly in high growth regions, including building upon Charter's presence in the BRIC economies (Brazil, Russia, India and China).

Charter's strategy has included making acquisitions, especially when they bring a presence in a region or technology that would take time and expense to build organically and provided they generate sufficient risk-weighted return. In the last three years, capital expenditure has been maintained at levels in excess of depreciation and investment in research and development and training of its employees has taken place. Throughout this three-year period, a strong balance sheet has helped to ensure that the necessary financial resources have been available in pursuit of these goals.

6.2 Summarised financial information

In its most recent financial year, ended 31 December 2010, Charter achieved revenue of £1,719.6 million (2009: £1,659.2 million), adjusted profit before tax of £148.2 million (2009: £126.0 million) and adjusted earnings per share of 66.1 pence (2009: 55.0 pence). Total dividends were paid of 23.0 pence per share (2009: 21.5 pence).

For the six months ended 30 June 2011, Charter achieved revenue of £946.5 million (2010: £840.4 million), adjusted profit before tax of £75.6 million (2010: £73.3 million) and adjusted earnings per share of 33.6 pence (2010: 32.8 pence). An interim dividend for 2011 of 8.0 pence per share (2010: 7.5 pence) was paid on 2 September 2011.

6.3 Additional information on ESAB

ESAB is a leading international welding and cutting company. It formulates, develops, manufactures and supplies consumable products and equipment for use in the cutting and joining of steels, aluminum and metal alloys. ESAB's comprehensive range of welding consumables includes electrodes, cored and solid wires, and fluxes. ESAB's welding and cutting equipment ranges from standard equipment to large bespoke plant used in industrial applications.

ESAB's manufacturing facilities are located predominantly in low cost locations, in particular in Central and Eastern Europe, South America and Asia. ESAB has invested in capacity in China to meet the needs of domestic customers as well as supplying other parts of the world. Charter expects further growth to come through ESAB increasing its sales of welding consumables particularly in emerging economies.

6.4 Additional information on Howden

Howden is an international applications engineering business. Howden designs, manufactures, installs and maintains air and gas handling equipment for use in the power, oil and gas, petrochemical and other industries.

Howden's core products include centrifugal and axial fans, heat exchangers and compressors. Howden's fans and heaters are integral parts of the coal-fired boiler and emission control systems used by the power industry. Howden also makes significant sales to the oil, gas and petrochemical industry, to which, following its acquisition in March 2011 of Thomassen Compression Systems B.V., it is now a leading supplier of hydrogen compression solutions. Howden also makes significant sales to customers in the mining, iron and steel and other process industries.

As Howden has increasingly concentrated on the higher value-added parts of its activities, the manufacture of non-performance critical components has increasingly been outsourced to sub-contractors in low cost locations. Howden's strategy targets increased sales to the power and oil and gas industries, where Howden has an established presence and to other industries where Howden's applications engineering expertise offers significant opportunities.

6.5 Recent developments

On 1 July 2011, ESAB acquired a 60 per cent. shareholding in Condor Equipamentos Industriais Ltda, a leading Brazilian gas apparatus manufacturer, for a cash consideration of R\$25.2 million (approximately £9.9 million). Approximately R\$7.5 million (approximately £3.0 million) was paid on completion with the remaining balance of approximately R\$17.7 million (approximately £6.9 million)

being payable in January 2012. As part of the joint venture arrangements, ESAB has assumed full managerial control of Condor Equipamentos Industriais Ltda.

6.6 Persons acting in concert

In addition to Charter Group companies and their directors, for the purposes of the City Code the following persons and persons affiliated with them are deemed to be acting in concert with Charter in respect of the Acquisition:

Name	Type of company	Registered Office	Relationship with Charter
Goldman Sachs International	UK private unlimited company	Peterborough Court 133 Fleet Street London EC4A 2BB	Financial adviser
J.P. Morgan Limited	UK private limited company	125 London Wall London EC2Y 5AJ	Financial adviser
RBS Corporate Finance Limited	UK private limited company	250 Bishopsgate London EC2M 4AA	Financial adviser

7. Colfax's intentions and strategic plans for Charter

7.1 Colfax's strategic plans for Charter

Following completion of the Acquisition, Colfax intends to work with the management and employees of Charter to grow the business, utilising the existing strong brands of Howden and ESAB. The first step to achieving this goal will be carrying out a strategic review of Charter's business and operations within an approximately four month period ("**Strategic Review**"). This Strategic Review is required because Colfax has to date been provided with restricted access to information relating to the Charter Group and its employees, with the result that Colfax has had limited access to certain sensitive information. As part of the Strategic Review, Colfax will be examining the ways in which:

- (a) Charter's Howden business and Colfax's existing fluid handling business can extend and complement one another;
- (b) Charter's ESAB business can establish a new growth platform for the enlarged Colfax Group; and
- (c) Colfax's established management techniques can improve both margin and return on invested capital in Charter,

in the context of creating an enlarged Colfax Group that is stronger than the combined sum of the Charter and Colfax businesses as they stand today.

Since the Strategic Review has not yet been undertaken, and while Colfax has no firm intentions regarding any rationalisation of facilities (other than those already in process and/or publicly announced by Charter), it is possible that the combination of the Charter and Colfax businesses could in the future lead to a rationalisation of certain facilities.

7.2 Colfax's intentions for Charter's management, employees and locations of business

Colfax attaches great importance to the active participation and continued commitment of Charter's management and employees. Accordingly, Colfax intends and has given assurances to the Charter Board that, upon and following completion of the Acquisition, the existing contractual and statutory employment rights and pension rights of all employees will be fully safeguarded and the Charter Group employers will continue to comply with the contractual and other entitlements in relation to pension and employment rights of existing employees.

As a result of Colfax's current restricted access to information relating to the Charter Group and its employees (including limited access to certain sensitive information), until the Strategic Review is completed, Colfax cannot be certain what, if any, repercussions there will be on employment of the management and employees of the enlarged Colfax Group, the location of Colfax's or Charter's

places of business or any redeployment of Charter's fixed assets and currently has no firm intentions with regard to any of the foregoing (other than those already publicly announced by Charter). However, Colfax recognises that the employees and management of the enlarged Colfax Group, including those of Charter, will be key to the success of the enlarged Colfax Group going forward.

It is intended that, upon the Scheme becoming effective, each of the non-executive members of the Charter Board will resign from his office as a director of Charter.

7.3 Trading facilities

Colfax is currently listed on the New York Stock Exchange and, as set out in paragraph 20 of Part Two of this document, a request will be made to the London Stock Exchange to cancel trading in Charter Shares and de-list Charter from the Official List on the Effective Date.

8. Financing the Acquisition

The Acquisition will be funded from a combination of proceeds of the Equity Capital Raising, new debt facilities and Colfax's existing cash resources.

Deutsche Bank has confirmed that it is satisfied that sufficient financial resources are available to Colfax Holdings to satisfy, in full, the cash consideration payable to the Charter Shareholders pursuant to the Acquisition.

8.1 Debt financing

The debt financing available to Colfax Holdings under loan facilities has been arranged by Deutsche Bank AG New York Branch and HSBC Bank USA, NA.

On 12 September 2011, Colfax entered into a credit agreement among Colfax, Colfax Holdings, certain subsidiaries of Colfax identified therein, Deutsche Bank AG New York Branch, as administrative agent, collateral agent, swing line lender and letter of credit issuer, Deutsche Bank Securities Inc. and HSBC Securities (USA) Inc. as joint lead arrangers and book managers, and the lenders identified therein.

The initial credit extensions under the credit agreement are subject to certain conditions precedent, and the proceeds of the term loans will be used: (i) to satisfy a portion of the consideration required for the Acquisition; (ii) to refinance any indebtedness under the Colfax Group's credit agreement; and (iii) to fund any fees and expenses incurred in relation to the Acquisition. The credit agreement has three tranches of term loans: (i) a \$200 million term A-1 facility, to be borrowed by Colfax, (ii) a \$700 million term A-2 facility, to be borrowed by Colfax Holdings, and (iii) a \$900 million term B facility, to be borrowed by Colfax. In addition, the credit agreement has two revolving credit facilities which total \$300 million in commitments.

The term loans and the revolving credit facilities will bear interest, at the election of Colfax and Colfax Holdings, at either the base rate (as defined in the credit agreement) or LIBOR, plus the applicable interest rate margin for the credit facility, provided that Euro borrowings will bear interest at EURIBOR plus the applicable interest rate margin. The \$200 million term A-1 facility, the \$700 million term A-2 facility and the revolving credit facilities will initially bear interest at either LIBOR (or EURIBOR) plus 3.00 per cent. or at the base rate plus 2.00 per cent., and from the end of the first full fiscal quarter ending at least six months after the date of the Acquisition will be determined based on Colfax's consolidated leverage ratio (the interest rates ranging from 3.25 per cent. to 2.50 per cent., in the case of the LIBOR margin, and 2.25 per cent. to 1.50 per cent. in the case of the base rate margin). The \$900 million term B facility will bear interest at either LIBOR plus 4.00 per cent. or at base rate plus 3.00 per cent., and LIBOR is subject to a 1.25 per cent. floor. Each swingline loan denominated in dollars will bear interest at the base rate plus the interest rate margin calculated for the credit facility and swingline loans denominated in Euros will bear interest at EURIBOR plus the interest rate margin calculated for the credit facility. The arrangements with the relevant banks include market flex rights for the banks, reflective of current market conditions in the syndicated debt markets. Exercise of the flex rights to the maximum extent agreed between Colfax and the relevant banks would significantly increase the interest rates applicable to the various tranches of debt in the credit agreement. Exceptionally, the Panel Executive has agreed, under the transitional arrangements set out in Panel Statement 2011/14, that the flex rights can be redacted. However, Colfax and the relevant banks have agreed with the Panel Executive that, if the credit agreement is amended as a result of the flex rights having been exercised, a public

announcement will be made describing the amended terms of the financing. The syndication process is expected to start shortly and to be carried out on two consecutive phases. During the first phase, commitments will be sought from managing agents and in the second phase, commitments will be sought from a number of investors. Colfax expects that the syndication will be undertaken during the fourth quarter of 2011.

The term A-1 facility, the term A-2 facility and the term B facility are repayable according to an amortisation schedule which is set out in the credit agreement but are required to be repaid in full by the date falling 5 years after the date of the closing date (as defined in the credit agreement) in the case of the term A-1 facility and the term A-2 facility and the date falling 7 years after the closing date in the case of the term B facility. Amounts drawn under the two revolving credit facilities are repayable in full on the date falling 5 years after the closing date.

As security for the obligations under the credit agreement, Colfax has agreed to pledge substantially all of its and its US subsidiaries' assets to support both its obligations and those of the Colfax Holdings under the credit agreement. In addition, Colfax has agreed to have subsidiaries in certain other jurisdictions guarantee Colfax Holdings' obligations and pledge substantially all of their assets to support the obligations of Colfax Holdings under the credit agreement.

The credit agreement contains customary covenants limiting the ability of Colfax and its subsidiaries, subject to certain customary exceptions, from, among other things:

- (a) in the case of Colfax, paying dividends or redeeming or repurchasing its equity interests in cash, with an exception permitting such restricted payments if financial covenants are met on a *pro forma* basis, capped at \$50,000,000 in any fiscal year;
- (b) incurring or permitting to exist debt, with the exception of certain debts including:
 - a. unsecured debt incurred by Colfax on customary market terms which does not mature prior to six months after the date of the Term B Facility under the credit agreement;
 - b. debt incurred by Colfax's foreign subsidiaries for general working capital purposes and other corporate purposes not exceeding \$200,000,000 at any time; and
 - c. a general permission for Colfax and its subsidiaries to incur addition debt not exceeding \$100,000,000 at any time;
- (c) incurring or permitting to exist liens, with the exception of various permitted liens including:
 - a. liens to secure letters of credit or bank guarantees up to a maximum aggregate amount of \$200,000,000 outstanding at any time;
 - b. liens securing debt of certain of Colfax's foreign subsidiaries; and
 - c. a general permission of liens securing any other debts up to a maximum amount of \$50,000,000 at any time;
- (d) entering into any transaction with its affiliates other than on terms that are fair and reasonable and otherwise on arms' length terms, subject to certain exceptions;
- (e) making investments, with the exception of various permitted investments including:
 - a. investments in joint ventures not exceeding \$100,000,000;
 - b. acquisitions, subject to *pro forma* compliance with financial covenants; and
 - c. other investments not exceeding \$50,000,000;
- (f) merging or consolidating with any other entity other than mergers or consolidations between members of the group; and
- (g) disposing of any assets, with the exception of certain permitted disposals including those which yield proceeds which are at least 85 per cent. in cash, are for fair value and do not exceed \$75,000,000 in any fiscal year.

In addition the credit agreement contains financial covenants requiring Colfax not to exceed certain leverage ratios (in relation to the 2011 fiscal year such level being 4.95:1), to maintain certain minimum interest coverage ratios (in relation to the 2011 fiscal year such level being 2.00:1) and to limit the amount of capital expenditures it makes (in relation to the 2012 fiscal year such limit being \$160,000,000).

The credit agreement contains various events of default including failure to comply with covenants, cross default (in relation to any debt where the principal amount is at least \$35,000,000), the occurrence of a change of control and certain insolvency events.

Upon the occurrence of any event of default the lenders may cancel any undrawn commitments, demand immediate repayment of all amounts outstanding under the credit agreement, require any outstanding letters of credit to be cash collateralised and exercise any other rights they have under the loan documents, including enforcing any security.

8.2 Equity Capital Raising

Colfax expects to raise \$805 million by way of equity capital financing in order to fund part of the Acquisition. BDT CF Acquisition Vehicle, LLC, an entity controlled by BDT Capital Partners Fund I, L.P. has agreed to subscribe for 13,877,552 shares of preferred stock and up to 14,756,945 shares of common stock in the capital of Colfax for \$680 million in the aggregate. In addition, Mitchell P. Rales, Steven M. Rales and Markel Corporation (an entity related to one of the Colfax Directors) have agreed to subscribe for common stock in the capital of Colfax for \$125 million in the aggregate. All these subscriptions for shares of common stock are being made at \$23.04 which was the Closing Price of a Colfax Share on 9 September 2011, (being the last Business Day before the Announcement). This is also the basis on which the Exchange Ratio was determined at the exchange rate at that time of £1:\$1.5881, 0.1241 of a New Colfax Share was valued at 180 pence.

The Equity Capital Raising requires the approval of Colfax Shareholders and accordingly Colfax intends to convene a meeting of its shareholders in order to approve the Equity Capital Raising. The resolutions to be proposed at the meeting will require the approval of Colfax Shareholders holding more than 50 per cent. of the issued share capital of Colfax. Colfax has undertaken to Charter that it will use reasonable endeavours to finalise the documentation required in connection with the shareholder meeting in accordance with legal and regulatory requirements and, thereafter, to hold the shareholder meeting, in each case as soon as reasonably practicable. Colfax has also undertaken that the Colfax Board will, subject only to the Colfax Directors' fiduciary duties, recommend Colfax Shareholders vote in favour of the resolutions to be proposed at the shareholder meeting.

Mitchell P. Rales and Steven M. Rales who together hold or control 18,291,220 Colfax Shares, representing approximately 42 per cent. of Colfax's issued share capital, have agreed with Charter that (save if the Charter Board recommendation ceases to be unanimous or is withdrawn, if the Acquisition terminates, or if the Implementation Agreement is terminated) they will vote in favour of the resolutions regarding the Equity Capital Raising at the shareholder meeting. The other directors of Colfax intend to vote in favour of the resolutions in respect of their entire beneficial holdings of 505,144 Colfax Shares in aggregate, representing approximately 1.16 per cent. of Colfax's issued share capital.

More information about the preferred stock can be found in paragraph 6.2 of Part Eight of this document.

All issuances of common stock and preferred stock described above will be settled six business days following the Effective Date.

9. The Charter Directors and the effect of the Scheme on their interests

Details of the interests of the Charter Directors in the share capital of Charter are set out in paragraph 4.2 of Part Eight of this document. Charter Shares held by the Charter Directors will be subject to the Scheme.

Each Charter Director who is a Charter Shareholder has undertaken to vote his Charter Shares in favour of the Scheme at the Court Meeting and the Charter General Meeting. Further details of these irrevocable undertakings are set out in paragraph 3 of Part Eight of this document.

Particulars of the service contracts and letters of appointment of the Charter Directors are set out in paragraph 14 of Part Eight of this document. No amendments to such service contracts or letters of appointment have been agreed in connection with the Acquisition.

On, or immediately prior to, the Effective Date, the non-executive Charter Directors will resign from the Charter Board.

Save as set out above, the effect of the Scheme on the interests of the Charter Directors does not differ from its effect on the like interests of any other person.

10. Scheme of Arrangement

It is intended that the Acquisition be implemented by means of a court-sanctioned scheme of arrangement between Charter and the Scheme Shareholders under Article 125 of the Jersey Companies Law. The provisions of the Scheme are set out in full in Part Five of this document.

The purpose of the Scheme is to provide for Colfax Holdings to become the holder of the entire issued and to be issued share capital of Charter.

The Scheme will include a reorganisation of the share capital of Charter whereby the Scheme Shares will, in accordance with the terms of the Scheme, be subdivided and reclassified into A Shares, B Shares and C Shares. The share capital reorganisation will take effect at the Reorganisation Record Time, from which point and conditional on the Scheme being implemented, the A Shares will carry the right to receive the cash consideration payable by Colfax Holdings, the B Shares will carry the right to receive the New Colfax Shares and the C Shares will carry the right to receive Loan Notes pursuant to the Loan Note Alternative. Each A Share shall confer upon the holder thereof the right to receive 1 pence in cash, each B Share shall confer upon the holder thereof the right to receive $0.1241/180$ of a New Colfax Share and each C Share shall confer upon the holder thereof the right to receive 1 pence in nominal amount of Loan Notes under the Loan Note Alternative. However C Shares shall only be issued in amounts of 100 C Shares and integral multiples thereof and any residual entitlement shall instead be settled in cash by the issue of A Shares.

Following the share capital reorganisation and upon the Capital Reduction becoming effective, the A Shares and the B Shares will be cancelled and Scheme Shareholders will be paid cash and issued with New Colfax Shares in respect of their holdings of A Shares and B Shares respectively. The C Shares (if any) will (following the step described in paragraph (B) below) be transferred and Scheme Shareholders will receive Loan Notes in consideration for such transfer. No temporary documents of title will be issued to Charter Shareholders in respect of the A Shares, the B Shares or the C Shares. If, for any reason, the Capital Reduction does not become effective within ten Business Days of the Reorganisation Record Time, or such earlier or later time and date as Charter and Colfax Holdings may agree, the share capital reorganisation described above will be reversed and Scheme Shareholders will hold such number of Charter Shares as they held immediately prior to the Reorganisation Record Time.

The Scheme will be carried out by:

- (A) the cancellation of the Scheme Shares held by Charter Shareholders (other than the C Shares (if any), which will be transferred) and the application of the reserve arising from such cancellation in paying up in full a number of New Charter Shares which is equal to the number of Scheme Shares cancelled and issuing the same to Colfax Holdings and/or its nominees; and
- (B) the subsequent transfer by Charter Shareholders to Colfax Holdings of the C Shares (if any).

The Scheme further provides for the following:

- (A) the cancellation of the A Shares and the B Shares;
- (B) the increase of the share capital of the Charter to its former amount by the creation of such number of New Charter Shares as shall be equal to the aggregate number of A Shares and B Shares so cancelled and the application of the reserve arising in its books of account as a result of the said cancellation in paying up in full at par the New Charter Shares to be allotted and issued credited as fully paid to Colfax Holdings and/or its nominee(s);
- (C) the payment by Colfax Holdings to the holders of the A Shares of 1 pence in cash for every A Share that they hold at the Scheme Record Time;
- (D) the allotment and issue by Colfax to the holders of the B Shares of $0.1241/180$ of a New Colfax Share for every B Share that they hold at the Scheme Record Time; and
- (E) the allotment and issue by Colfax Holdings to the holders of the C Shares (if any) of £1 in nominal amount of Loan Notes for every 100 C Shares that they hold at the Scheme Record Time.

The New Charter Shares to be allotted and issued credited as fully paid to Colfax Holdings will be free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

The Scheme requires the sanction of the Court as well as satisfaction or waiver of the other Conditions set out in Part Four of this document. Upon the Scheme becoming effective, it will be binding on all Shareholders, irrespective of whether or not they attend or vote at the Court Meeting or the Charter General Meeting.

Fractions of pence will not be paid to holders of Scheme Shares pursuant to the Scheme. All fractional entitlements of pence to which holders of Scheme Shares would have become entitled will be rounded down to the nearest whole number of pence.

Fractions of New Colfax Shares will not be allotted or issued to Scheme Shareholders pursuant to the Scheme. Instead, to the extent that a Scheme Shareholder is entitled to a fractional interest in a New Colfax Share, fractions of New Colfax Shares will be aggregated and the aggregate of such fractions (rounded down to the nearest whole share), shall be allotted and issued to the person appointed by Colfax as nominee for such Scheme Shareholder and sold in the market and the net proceeds of sale distributed (in sterling) *pro rata* to Scheme Shareholders entitled thereto, save that amounts of less than £3 will not be paid and will be used for the benefit of the enlarged Colfax Group.

11. The Charter Shareholder Meetings

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require approval by Scheme Shareholders at the Court Meeting (being the approval of a majority in number of Scheme Shareholders who are present and vote either in person or by proxy at the Court Meeting and who represent 75 per cent. or more of the voting rights of all Scheme Shares held by such Scheme Shareholders) and the passing of the Resolution by Charter Shareholders at the Charter General Meeting.

Notices of the Court Meeting and the Charter General Meeting are set out in Parts Eleven and Twelve of this document respectively. All holders of Scheme Shares whose names appear on the register of members at the Voting Record Time shall be entitled to attend and vote at the relevant meeting in respect of the number of Scheme Shares registered in their name at the relevant time.

The Court Meeting and the Charter General Meeting will be held at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland.

The Court Meeting

The Court Meeting, which has been convened for 11.00 a.m. on 14 November 2011, is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. At the Court Meeting, voting will be by way of poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. In order for the resolution to be passed, it must be approved by a majority in number of those Scheme Shareholders, present and voting, either in person or by proxy, representing 75 per cent. or more of the voting rights of all Scheme Shares held by such Scheme Shareholders.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion.

The Charter General Meeting

The Charter General Meeting has been convened for 11.15 a.m. on 14 November 2011, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Resolution (which requires votes in favour representing at least $66\frac{2}{3}$ per cent. of the votes cast) to approve:

- (A) the subdivision and reclassification of the Scheme Shares into A Shares, B Shares and C Shares as referred to above;
- (B) the cancellation of the A Shares and B Shares (as sub-divided and reclassified) in accordance with the Scheme, representing a reduction of Charter's share capital equal to the aggregate nominal value of such shares;
- (C) the issue of New Charter Shares to Colfax Holdings in accordance with the Scheme;

- (D) the subsequent transfer of the C Shares (if any) to Colfax Holdings in exchange for the issue of Loan Notes by Colfax Holdings;
- (E) the giving of authority to the Charter Directors pursuant to the Charter Articles to allot securities in Charter; and
- (F) certain amendments to the Charter Articles (including as described below).

Amendments to Charter Articles to allow compulsory acquisition

It is proposed, as part of the Resolution, to amend the Charter Articles at the Charter General Meeting to ensure that any Charter Shares issued between the date of adoption of the amendment and the Reorganisation Record Time (other than to Colfax Holdings or its nominee(s)) will be subject to the Scheme.

It is also proposed to amend the Charter Articles so that any Charter Shares issued or transferred to any person other than Colfax Holdings, or its nominee(s), after the Reorganisation Record Time will be automatically exchanged for the Offer Consideration on the same basis as under the Scheme and on the basis that no election is made under the Mix and Match Facility and/or the Loan Note Alternative. This will avoid any person (other than Colfax Holdings or its nominee(s)) being left with Charter Shares after the Scheme becomes effective.

The proposed amendments to the Charter Articles referred to above are set out in the Notice of Extraordinary General Meeting in Part Twelve of this document.

Entitlement to vote at the Shareholder Meetings

Each holder of Charter Shares who is entered in Charter's register of members at the Voting Record Time will be entitled to attend and vote at the Court Meeting and the Charter General Meeting. Colfax Holdings (and any other member of the Colfax Group holding Charter Shares) will not be entitled to vote with any of the Charter Shares held by it at the Court Meeting. If either Meeting is adjourned, only those Shareholders on the register of members at 6.00 p.m. on the day which is two days before the adjourned meeting will be entitled to attend and vote.

Each Shareholder is entitled to appoint a proxy or proxies to attend and to vote instead of him or her. Voting at the Court Meeting and Charter General Meeting will be conducted by poll. A proxy need not be a Charter Shareholder. A blue Form of Proxy for the Court Meeting and a white Form of Proxy for the Charter General Meeting are enclosed. To be valid those Forms of Proxy must be duly completed and signed and must be received by the Registrar at the following address: Computershare, Corporate Actions 2, Bristol BS99 6AG by 11.00 a.m. (for the Court Meeting) and 11.15 a.m. (for the Charter General Meeting), both times on 12 November 2011 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned Meeting). However, in the case of the Court Meeting, the blue Form of Proxy can also be handed to representatives of the Registrar at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting.

If you propose to attend the Meetings, please detach and bring with you the attendance slip to assist your admission.

Shareholders who return completed Forms of Proxy may still attend the Meetings instead of their proxies and vote in person if they wish.

Shareholders are entitled to appoint a proxy in respect of some or all of their Charter Shares. Shareholders are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow Shareholders to specify the number of Charter Shares in respect of which that proxy is appointed. Shareholders who return a Form of Proxy duly executed but leave this space blank will be deemed to have appointed a proxy in respect of all of their Charter Shares.

Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact the Registrar for further Forms of Proxy or photocopy the Forms of Proxy as required.

If you hold your Charter Shares in uncertificated form (i.e. in CREST) you may vote using the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of Extraordinary General Meeting set out in Part Twelve of this document). Proxies submitted via CREST (under CREST participant ID 3RA50) must be received by the Registrar not later than 11.00 a.m. on 12 November 2011 in the case of the Court Meeting and by 11.15 a.m. on 12 November 2011 in the case of the Charter

General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting.

Charter Shareholders may appoint a proxy electronically by logging on to the website www.eproxyappointment.com. You will need your Shareholder Reference Number, Control Number and PIN which are printed on the Forms of Proxy or contained in your email notification. Full details of the procedure are given on the website. If you wish to appoint more than one proxy please contact the Shareholder Helpline on 0870 889 3281 for assistance. Overseas callers should use +44 870 889 3281. The proxy appointment and instructions must be received by the Registrar by no later than 48 hours before the time appointed for holding the relevant Meeting. Please note that any electronic communication that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the Meetings is governed by the Registrar's conditions of use set out on the website, www.eproxyappointment.com, which may be read by logging on to that website and entering the Shareholder Reference Number, Control Number and PIN printed on the Forms of Proxy or contained in your email notification.

The completion and return of a Form of Proxy or the appointment of a proxy or proxies through CREST shall not prevent a Shareholder from attending and voting in person at either Meeting or any adjournment thereof, if a Shareholder so wishes and is so entitled.

In the event a Shareholder votes in person, his/her proxy votes lodged with the Company will be excluded.

Further information on the action to be taken is set out on pages 10 to 12 (inclusive) ("Action to be taken") of this document.

12. Sanction of the Scheme by the Court

The Scheme also requires the sanction of the Court and the Capital Reduction must be confirmed by the Court. The Court Hearing to sanction the Scheme and confirm the Capital Reduction is expected to be held on 12 January 2012. Charter Shareholders may, if they wish, attend the Court Hearing to support or oppose the Scheme. Colfax and Colfax Holdings have agreed to undertake to the Court to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by each of them respectively for the purpose of giving effect to the Scheme.

Colfax has also agreed to procure that any other member of the Colfax Group holding Charter Shares will also undertake in respect of such Charter Shares to be bound by the Scheme.

Following the Court Meeting and the Charter General Meeting, the Scheme must be sanctioned and the Capital Reduction confirmed by the Court, and will only become effective on delivery to the Registrar of Companies of:

- the Scheme Court Order; and
- the Reduction Court Order and the approved minute attached to it,

and, in the case of the Reduction Court Order, it being registered by the Registrar of Companies together with the approved minute attached to it.

If the Scheme becomes effective, it will be binding on all Charter Shareholders irrespective of whether or not they attend or vote in favour of the Scheme at the Court Meeting or in favour of the Resolution at the Charter General Meeting. If the Scheme is not implemented by 30 March 2012 (or such later date (if any) as Colfax Holdings and Charter may, with the consent of the Panel, agree and (if required) the Court may allow), the Scheme will not be implemented and the Acquisition will not proceed.

13. Modifications to the Scheme

The Scheme contains a provision for Charter and Colfax Holdings to consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of Shareholders unless Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Shareholders should be held in these circumstances.

14. Implementation Agreement

Charter, Colfax Holdings and Colfax entered into the Implementation Agreement on 12 September 2011 in relation to the implementation of the Acquisition and related matters in accordance with an agreed indicative timetable which is set out in this document. The Implementation Agreement contains certain assurances and confirmations between the parties to implement the Scheme on a timely basis.

Implementation of the Acquisition

In relation to the implementation of the Acquisition, Charter, Colfax Holdings and Colfax have agreed to use all their reasonable endeavours to implement the Acquisition, subject to the terms and conditions set out in the Announcement and the Scheme.

In addition, Charter has undertaken, amongst other things, to:

- (A) on a reasonable endeavours basis, provide Colfax Holdings with the number of Charter Shareholders who have submitted valid Forms of Proxy for the Meetings;
- (B) not agree to revise the terms of the Scheme without the written consent of Colfax or as required by law; and
- (C) if reasonably requested by Colfax, and unless the Charter Directors determine that to do so would not be in the best interests of Charter, effect an extension of time or variation to the Scheme or postponement of the Meetings.

Under the terms of the Implementation Agreement, Charter shall be entitled in its discretion to deal with other parties who may be interested in pursuing a proposal which is an alternative to, or competitive with, the Acquisition as it considers appropriate and if such action would be in the best interests of Charter. This may include the provision of information, the holding of meetings and the development of documentation as well as changes to the timetable, adjournments, postponement or reconvention of the Meetings. However, Charter is not entitled to make any changes to the timetable, extension of time, adjournment, postponement or reconvention of either of the Meetings if such action itself as a procedural matter would, or would reasonably be expected to, prevent the Scheme (assuming for these purposes the requisite majorities being obtained at the Meetings) from becoming effective prior to the Long Stop Date.

Acquisition documents

The parties have agreed to promptly provide, for the purposes of implementing the Acquisition in an efficient manner, such reasonable assistance and information in the preparation and publication of relevant documentation, announcements and filings that are required under any law or regulation.

Charter's obligations

Charter has undertaken to:

- (A) use all reasonable endeavours to provide Colfax with all such information about itself, the Charter Group and the Charter Directors as may reasonably be required for inclusion in the Proxy Statement; and
- (B) procure that its accounting personnel shall reasonably assist Colfax on a no responsibility basis in the preparation of the *pro forma* financial statements to be included in the Proxy Statement.

Colfax's obligations in relation to the Colfax Shareholders meeting

Colfax has undertaken, amongst other things:

- (A) to submit drafts of the Proxy Statement and forms of proxy to Charter for review and comment and to file the Proxy Statement with the SEC by no later than 14 October 2011 (or such other date as agreed with Charter);
- (B) to use all reasonable endeavours to cause the Proxy Statement to be cleared by the SEC and to mail the Proxy Statement to its shareholders;
- (C) to convene the Colfax General Meeting as promptly as practicable; and
- (D) to use reasonable endeavours to procure that the Condition set out in paragraph 3(A) of Part A of Part Four of this document relating to the approval of the Colfax Shareholders of the Equity Capital Raising by the requisite majority is satisfied as soon as reasonably practicable.

Colfax has also agreed that the Proxy Statement shall include, subject only to the fiduciary duties of the Colfax Directors, an unqualified recommendation from the Colfax Directors to vote in favour of the resolutions proposed at the Colfax Shareholders meeting in connection with the Equity Capital Raising. Colfax has further agreed that it shall not, subject to law and the fiduciary duties of the Colfax Directors, following the mailing of the Proxy Statement, adjourn or postpone the Colfax Shareholders meeting without consulting Charter nor, without the prior written consent of Charter, make any material change to the structure, amount, terms or nature of the Equity Capital Raising.

Regulatory filings

Each party has undertaken to the other parties to use its best endeavours to procure that all the necessary regulatory clearances applicable to it are obtained as soon as reasonably practicable and in any event before the Long Stop Date.

However no member of the Charter Group nor any member of the Colfax Group is required to agree to any undertaking or assurance in connection with obtaining any applicable clearance nor to dispose of any of their existing assets or businesses.

Conduct pending completion of the Acquisition

Charter has undertaken to conduct its business in the ordinary course consistent with past practice (save for any actions taken pursuant to commitments or other obligations of which Colfax is aware or that are required to give effect to the Acquisition).

Charter has also agreed to provide Colfax with such reasonable access to its senior management and information as Colfax may reasonably request in relation to integration planning for the Charter business following the Acquisition.

Break payment

Charter has agreed to pay to Colfax Holdings an amount (exclusive of any amounts chargeable in respect of VAT) equal to £15,275,000 (subject to certain adjustments) if:

- (A) a Competing Proposal is announced; and
- (B) such Competing Proposal, or any other Competing Proposal announced during the Offer Period, subsequently becomes or is declared wholly unconditional or otherwise becomes effective.

Charter has also agreed to pay to Colfax Holdings an amount (exclusive of any amounts chargeable in respect of VAT) equal to £7,638,000 (subject to certain adjustments) if:

- (A) following posting of this document, the Charter Directors recommend a Competing Proposal or withdraw, qualify or adversely modify their recommendation to accept or vote in favour of the Acquisition or if such recommendation ceases to be unanimous; or
- (B) Charter issues any scheme document in respect of a Competing Proposal or takes steps to implement such Competing Proposal; or
- (C) Charter makes any changes to the agreed timetable, extension of time, adjournment, postponement or reconvention of either of the Meetings thus preventing, or which would reasonably be expected to prevent, the Scheme from becoming effective prior to the Long Stop Date.

Charter will not be obliged to pay the above mentioned amount: (i) if the Panel determines that it would not be permitted by Rule 21 of the City Code (as such rule was drafted prior to 19 September 2011); (ii) if (but only to the extent that) the payment of such amount would otherwise be unlawful; or (iii) if (but only to the extent that) such payment would, when aggregated with any prior payment, exceed £15,275,000.

Termination

The Implementation Agreement may be terminated upon certain occurrences including, but not limited to (i) the agreement in writing between the parties, (ii) the Charter Board's recommendation being withdrawn, qualified or adversely modified or if such recommendation ceases to be unanimous, (iii) the Acquisition not becoming effective before the Long Stop Date, or (iv) the resolutions to be proposed at the Colfax General Meeting not being approved by the requisite majority and Colfax not having, within ten business days thereof, presented a proposal (which

meets the requirements of the City Code) for alternative funding for the Acquisition in place of the Equity Capital Raising.

Governing law

The Implementation Agreement is governed by English law.

15. Voting undertakings

The Scheme is conditional upon the Colfax Shareholders voting in favour of the resolutions regarding the Equity Capital Raising.

Mitchell P. Rales and Steven M. Rales who together hold or control 18,291,220 Colfax Shares, representing approximately 42 per cent. of Colfax's issued share capital, have agreed with Charter that (save if the Charter Board's recommendation ceases to be unanimous or is withdrawn, if the Acquisition terminates, or if the Implementation Agreement is terminated) they will vote in favour of the resolutions regarding the Equity Capital Raising at the shareholder meeting. The other directors of Colfax intend to vote in favour of the resolutions in respect of their entire beneficial holdings of 505,144 Colfax Shares in aggregate, representing approximately 1.16 per cent. of Colfax's issued share capital.

16. Mix and Match Facility

Under the terms of the Acquisition, Scheme Shareholders (other than certain Overseas Shareholders) are being offered the opportunity under the Mix and Match Facility to elect to vary the proportions of cash consideration and New Colfax Shares they receive in respect of their holdings of Scheme Shares. The economic ratio in which Shareholders may elect to receive New Colfax Shares instead of cash, or elect to receive cash instead of New Colfax Shares, under the Mix and Match Facility will be:

for every 180 pence in cash 0.1241 New Colfax Shares

Satisfaction of elections under the Mix and Match Facility will be subject to equal and opposite elections made by other Scheme Shareholders. Elections under the Mix and Match Facility may only be made in respect of whole numbers of Scheme Shares. A Scheme Shareholder may make a Cash Election or a Share Election in respect of all or part of his holding of Scheme Shares. Furthermore, a Scheme Shareholder may make a Cash Election in respect of some of his Scheme Shares and a Share Election in respect of others.

SCHEME SHAREHOLDERS SHOULD NOTE THAT:

- **THE ECONOMIC RATIO DESCRIBED ABOVE IS BASED ON THE CLOSING PRICE OF \$23.04 PER COLFAX SHARE ON 9 SEPTEMBER 2011 (BEING THE LAST BUSINESS DAY BEFORE THE ANNOUNCEMENT) AND AN EXCHANGE RATE OF £1:\$1.5881**
- **ON 14 OCTOBER 2011 (BEING THE LAST PRACTICABLE DATE PRIOR TO PUBLICATION OF THIS DOCUMENT), THE CLOSING PRICE PER COLFAX SHARE WAS \$21.60, VALUING 0.1241 OF A COLFAX SHARE AT 170 PENCE (BASED ON AN EXCHANGE RATE OF £1:\$1.5808)**
- **THE VALUE OF 0.1241 OF A COLFAX SHARE WILL FLUCTUATE BEFORE (AND AFTER) CLOSING OF THE MIX AND MATCH FACILITY**
- **A SCHEME SHAREHOLDER WHO HAS MADE A CASH ELECTION IN RESPECT OF ALL OF HIS SCHEME SHARES WILL RECEIVE 910 PENCE PER SCHEME SHARE (SUBJECT TO SUCH ELECTION BEING SATISFIED IN FULL)**
- **IF YOU MAKE AN ELECTION, YOU WILL NOT BE ABLE TO SELL YOUR SCHEME SHARES WITHOUT WITHDRAWING YOUR ELECTION**

Irrespective of the number of Scheme Shareholders who make an election under the Mix and Match Facility, the total cash consideration to be paid and the total number of New Colfax Shares to be issued pursuant to the Acquisition will not be varied (save where required to accommodate rounding of individual entitlements down to the nearest whole Scheme Share). Accordingly, the ability of Colfax and Colfax Holdings to satisfy all elections for cash consideration and/or New Colfax Shares made by Shareholders will depend on other Shareholders making equal and opposite elections. To the extent that Cash Elections and Share Elections cannot be satisfied in full, they will be scaled down on a *pro rata* basis. Minor adjustments to the entitlements of Scheme

Shareholders pursuant to elections made under the Scheme may be made by Charter and Colfax Holdings on a basis that Charter and Colfax Holdings consider to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to elections under the Scheme as nearly as may be practicable. Such adjustments will be final and binding on Scheme Shareholders.

As a result, Scheme Shareholders who make an election under the Mix and Match Facility will not know the exact amount of cash consideration or number of New Colfax Shares they are entitled to receive until settlement of the consideration under the Acquisition. When the Scheme becomes effective, an announcement will be made concerning the extent to which elections under the Mix and Match Facility have been satisfied.

Scheme Shareholders should note that (irrespective of any Share Election under the Mix and Match Facility) the value of consideration for each Charter Share will fluctuate as the value of a Colfax Share fluctuates. In addition, any satisfied Share Election may have the effect of increasing the impact that any such fluctuation in the value of a Colfax Share may otherwise have on the value of consideration received for each Charter Share.

Elections made by Shareholders under the Mix and Match Facility will not affect the entitlements of Scheme Shareholders who do not make any such election under the Mix and Match Facility, each of whom will receive New Colfax Shares and cash (or Loan Notes, subject to the terms of the Loan Note Alternative) in accordance with the basic terms of the Acquisition.

The Mix and Match Facility will remain open until 1.00 p.m. on 10 January 2012 or such earlier or later time and date (if any) as Charter and Colfax may announce via a Regulatory Information Service. Details on how Shareholders can make an election are set out in the section headed "Notes for Making Elections under the Mix and Match Facility and/or the Loan Note Alternative" on pages 13 to 19 (inclusive) of this document and in the Form of Election itself.

17. Colfax CDIs

17.1 Issue of Colfax CDIs

Unlike Charter Shares, New Colfax Shares are not capable of being held, transferred or settled through the usual UK settlement systems such as CREST.

In addition, Charter Shareholders who currently hold their Charter Shares in certificated form (that is, they hold a share certificate) may find holding and trading the New Colfax Shares directly involves a number of formalities that may be unfamiliar for UK and certain other investors. Dealing with a transfer agent (the equivalent of a registrar in the UK) in a different jurisdiction and time zone may also prove inconvenient in certain circumstances.

For these reasons, Charter Shareholders will not be issued with New Colfax Shares directly, but will be issued with Colfax CDIs (as explained in more detail below and subject to the position of Restricted Holders).

The Colfax CDI arrangements do not affect the economic rights attached to the New Colfax Shares. However, while the holders of Colfax CDIs will have an entitlement to the underlying New Colfax Shares, they will not be the registered holders of the New Colfax Shares.

New Colfax Shares to which Charter Shareholders (other than Restricted Holders) will be entitled under the Acquisition will be delivered, held and settled in CREST by means of the CREST International Settlement Links Service, and, in particular, CREST's established link with DTC, the US settlement and clearance system. This link operates via the services of CREST International Nominees Limited, which is a participant in DTC.

Under the CREST International Settlement Links Services, CREST Depository Limited, a subsidiary of Euroclear, issues dematerialised depository interests representing entitlements to non-UK securities (such as New Colfax Shares) called CDIs. CDIs may be held, transferred and settled exclusively through CREST.

The terms on which CDIs are issued and held in CREST are set out in the CREST Manual (and, in particular, the deed poll set out in the CREST International Manual) and the CREST Terms and Conditions issued by Euroclear.

On settlement, Colfax will instruct its transfer agent to cause the credit of the New Colfax Shares through DTC to the securities deposit account of CREST International Nominees Limited, as nominee for CREST Depository Limited. CREST Depository Limited will then issue the Colfax CDIs through CREST to the Registrar for delivery, in the case of Uncertificated Holders, to the securities deposit account in CREST in which each such Uncertificated Holder previously held Charter Shares or, in the case of Certificated Holders (other than Restricted Holders), to the CSN, in its capacity as nominee for the Certificated Holders (as described in paragraph 17.2 below).

A custody fee, as determined by CREST from time to time, is charged at the user level for the use of Colfax CDIs.

17.2 CSN for Certificated Holders

As the Colfax CDIs can only be held through CREST, Colfax Holdings will arrange for the CSN to act as corporate sponsored nominee for Certificated Holders (other than Restricted Holders) pursuant to which the CSN will hold Colfax CDIs on behalf of all Certificated Holders (other than Restricted Holders). The detailed provisions of these nominee arrangements are set out in an agreement between Colfax Holdings and the CSN and include the terms and conditions on which the CSN Facility will be provided by the CSN to Certificated Holders.

The CSN Facility will not be made available to any Charter Shareholder who holds his Charter Shares in certificated form and who has a registered address in the US or in any other CSN Restricted Jurisdiction (any such persons are referred to paragraph 17.3 below).

Certificated Holders will be sent a Statement of Ownership (setting out their Colfax CDI entitlements), on settlement and at least annually thereafter. They will also be sent a booklet with the Statement of Ownership describing the terms and conditions on which the CSN provides them with the CSN Facility. In addition, a copy of the terms and conditions of the CSN Facility are being made available at www.colfaxcorp.com.

17.3 Charter Shareholders who will not receive Colfax CDIs

The ability to participate in the CSN Facility may be restricted or made onerous by law in certain jurisdictions. Accordingly, any Charter Shareholder who holds his Charter Shares in certificated form and who has a registered address in the US or in any other CSN Restricted Jurisdiction will not be entitled to participate in the CSN Facility.

Restricted Holders who are entitled to receive New Colfax Shares pursuant to the Acquisition will be sent certificated New Colfax Shares on settlement unless to do so would or might infringe the laws of the relevant CSN Restricted Jurisdiction or would or might require Charter, Colfax or Colfax Holdings to obtain any governmental or other consent or to effect any registration, filing or other formality in the relevant CSN Restricted Jurisdiction with which, in the opinion of Charter, Colfax and Colfax Holdings, it would be unable to comply or which it regards as unduly onerous.

In this event, Restricted Holders in that CSN Restricted Jurisdiction will instead receive the cash proceeds from the sale of the New Colfax Shares to which they were entitled in sterling (net of transaction costs). The Restricted Holders do not need to elect for the New Colfax Shares to be sold on their behalf. The New Colfax Shares will be issued to a nominee for such Restricted Shareholders who shall sell the New Colfax Shares so issued as soon as possible after the Effective Date at the market price at that time. The proceeds of the sale will be converted into sterling at the exchange rate available at the time. No discretion will be exercised as to the timing of the sale of the New Colfax Shares. Transaction costs will be met out of the proceeds of the sale of the New Colfax Shares and the Restricted Holders will receive the sale consideration net of transaction costs.

17.4 Rights attaching to Colfax CDIs

The registered holder of the New Colfax Shares represented by Colfax CDIs will be Cede & Co, a nominee of DTC. The custodian of those New Colfax Shares will be CREST International Nominees Limited, who will hold them through the DTC system as nominee for CREST Depository Limited. CREST Depository Limited will hold those New Colfax Shares on trust (as bare trustee under English law) for the Uncertificated Holders and for the CSN (as the CREST member acting as corporate sponsored nominee for the Certificated Holders) to whom it will issue Colfax CDIs.

Accordingly, the holders of Colfax CDIs will only be able to exercise rights relating to the underlying New Colfax Shares in accordance with the arrangements described below.

In order to allow the holders of Colfax CDIs to exercise rights relating to the underlying New Colfax Shares, Colfax Holdings will enter into arrangements pursuant to which holders of Colfax CDIs (including Certificated Holders who hold their Colfax CDIs through the CSN Facility) will be able to:

- (i) receive notices of general shareholder meetings of Colfax;
- (ii) give directions as to voting at general shareholder meetings of Colfax; and
- (iii) have made available to them and be sent, at their request, copies of the annual report and accounts of Colfax and all other documents issued by Colfax to shareholders of Colfax generally.

Holders of Colfax CDIs will otherwise be treated in the same manner as if they were registered holders of the New Colfax Shares underlying their Colfax CDIs, in each case in accordance with applicable law and, so far as is possible, in accordance with CREST arrangements.

Under an agreement for the provision of the CDI register, Euroclear will make a copy of the register of the names and addresses of Colfax CDI holders available to Colfax (and/or its voting agent) to enable Colfax (or its voting agent) to: (a) send out notices of shareholder meetings and proxy forms to its CDI holders; and (b) produce a definitive list of CDI holders as at the record date for the meeting.

In addition, Cede & Co and Euroclear have omnibus proxy arrangements pursuant to which CREST International Nominees Limited (the custodian of the New Colfax Shares underlying the Colfax CDIs) will be able to grant each Colfax CDI holder the right to vote in respect of such holder's underlying New Colfax Shares. As a result, the custodian and the depository step out of the voting arrangements and simply pass on any voting rights they have, by virtue of holding the underlying New Colfax Share, to the Colfax CDI holders.

Under the terms of the CSN Facility, the CSN will provide Certificated Holders whose Colfax CDIs are held through the CSN Facility the option to give the CSN voting instructions and the CSN will reflect those instructions in the proxy granted to it by Euroclear.

Holders of Colfax CDIs (including Certificated Holders whose Colfax CDIs are held through the CSN Facility) are entitled to attend Colfax Shareholders meetings in person as a result of their beneficial interest in the New Colfax Shares. If a Certificated Holder whose Colfax CDIs are held through the CSN Facility wishes to attend, speak and vote in person at a Colfax Shareholders meeting, the CSN will provide that holder with a letter of representation in respect of that holder's Colfax CDIs and such letter will enable the Certificated Holder to attend, speak and vote at the shareholder meeting on behalf of the CSN in respect of that holder's underlying interest in the New Colfax Shares.

17.5 Dividends

Your attention is drawn to paragraph 5.1 of Part Two, (regarding Colfax's dividend history and current intentions) and paragraph 2.1 of Part B of Part Seven (regarding US Taxation).

Any dividends paid on the New Colfax Shares will be paid to holders of Colfax CDIs by cheque in sterling. The CSN will, so long as CREST continues to provide such services, elect to receive payments in sterling and, accordingly, any dividends paid to Certificated Holders in respect of Colfax CDIs held through the CSN Facility will be paid in sterling. The CSN will distribute any such dividends to the Certificated Holders in accordance with the terms of the CSN Facility.

17.6 Dealing facility

Following the Announcement, Colfax and Charter have investigated the possibility of Colfax providing a low-cost dealing facility to assist those Charter Shareholders who wish to do so to dispose of the New Colfax Shares they receive under the Scheme. Following completion of those investigations, Colfax has advised the Charter Board that it is unfortunately not practicable to provide such a facility due to regulatory restrictions. Charter Shareholders who wish to dispose of their interest in the New Colfax Shares they receive under the Scheme are accordingly advised to contact their broker. Additional information is available from the Shareholder Helpline in the first instance.

However, by implementing settlement of the share element of the Offer Consideration through the CDI arrangements described above (rather than through the issue of New Colfax Shares directly to Charter Shareholders) it is anticipated that Charter Shareholders will be able to deal in their

interests in New Colfax Shares at rates which are broadly comparable to dealing costs payable on dealings in UK shares.

17.7 Transfer and cancellation of Colfax CDIs

Uncertificated Holders, who hold their Colfax CDIs through CREST, will be able to cancel their Colfax CDIs by settling a cross border delivery transaction in respect of the underlying New Colfax Shares through CREST to a DTC participant, in accordance with the rules and practices of CREST and DTC.

Certificated Holders who wish to hold the New Colfax Shares to which they are entitled under the Acquisition through an intermediary of their own choosing (who must be a DTC participant) will be able to instruct the CSN to transfer that holder's New Colfax Shares. Details of the manner in which such instructions may be given will be included in the information booklet to be sent to Certificated Holders by the CSN together with the first Statement of Ownership.

Transaction fees will be payable by a holder of Colfax CDIs who executes a transaction through CREST (including a cancellation of Colfax CDIs). In addition, Certificated Holders whose Colfax CDIs are held through the CSN Facility will be required to pay a fee to the CSN in order to effect such transfer. Uncertificated Holders of Colfax CDIs will be charged a custody fee by CREST in relation to the Colfax CDIs which they hold.

18. Loan Note Alternative

Charter Shareholders (other than certain Overseas Shareholders) will be entitled to elect to receive Loan Notes instead of all or part of the cash consideration to which they would otherwise be entitled under the terms of the Acquisition. The Loan Notes will not be offered to Charter Shareholders in the US.

The Loan Note Alternative will be made available on the following basis:

for every whole £1 in cash consideration £1 nominal value of Loan Notes

The Loan Notes will be governed by English law and will be issued, credited as fully paid, in integral multiples of £1 nominal value. The Loan Notes will have the benefit of an unsecured guarantee from Colfax in respect of all obligations for the life of the Loan Notes. All fractional entitlements to the Loan Notes will be disregarded and will not be issued. The Loan Notes will be non-transferable other than to relatives and family trusts and no application will be made for them to be listed or dealt in on any stock exchange. The Loan Notes will not be qualifying corporate bonds for United Kingdom taxation purposes for Charter Shareholders who are individuals.

The Loan Notes will bear interest from the date of issue to the relevant holder of the Loan Notes at a rate per annum of the higher of: (i) zero; and (ii) 0.5 per cent. below LIBOR. Interest will be payable semi-annually on 30 June and 31 December each year, or if that day is not a Business Day, on the immediately following Business Day, with the first interest payment date being 30 June 2012. The Loan Notes will be redeemable at par (together with accrued interest less any tax required by law to be withheld or deducted therefrom) in whole or in part, for cash at the option of the noteholders: (i) on the date falling six months and one day after the date of issue of the Loan Notes; and (ii) subsequently semi-annually on 30 June and 31 December each year (or, if that day is not a Business Day, on the immediately following Business Day). In certain circumstances, Colfax Holdings will have the right to redeem all of the Loan Notes. If not previously redeemed, the final redemption date will be the date falling five years after the date of issue of the Loan Notes.

No Loan Notes will be issued unless, on or before the Effective Date, valid elections have been received in respect of at least £2 million in nominal value of Loan Notes. If insufficient elections are received, Charter Shareholders electing for the Loan Note Alternative will instead receive cash in accordance with the terms of the Acquisition. If at any time after 30 June 2012 (or, if later, six months from the date of issue), the outstanding nominal amount of Loan Notes is equal to or less than £2 million, Colfax Holdings will be entitled to redeem all of the then outstanding Loan Notes. If no Loan Notes will be issued, no C Shares will be issued in connection with the reorganisation of Charter's share capital referred to in paragraph 10 of this Part Two.

The Loan Note Alternative will be conditional upon the Acquisition becoming effective. The Loan Notes are not being offered to US persons, Scheme Shareholders in the US and Overseas Shareholders in Restricted Jurisdictions.

Charter Shareholders should consider carefully, in light of their own investment objectives and tax position, whether they wish to elect for Loan Notes under the Loan Note Alternative and are strongly advised to seek their own independent financial advice before making any such election.

19. Conditions to the Acquisition

The Conditions to the Acquisition are set out in full in Part Four of this document. In summary, the implementation of the Scheme is conditional, amongst other things, upon:

- (i) approval of the Scheme by a majority in number, representing not less than 75 per cent. of the voting rights of Scheme Shareholders (or the relevant class or classes thereof) present, entitled to vote and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or at any adjournment of such meeting);
- (ii) the Resolution being duly passed by the requisite majority of Charter Shareholders at the Charter General Meeting (or at any adjournment of that meeting);
- (iii) the sanction of the Scheme by the Court (with or without modification, but subject to any modification being on terms acceptable to Colfax Holdings and Charter) and the delivery of the Scheme Court Order to the Registrar of Companies;
- (iv) the confirmation of the Capital Reduction by the Court and the Reduction Court Order and minute of such reduction attached thereto being filed with, and registered by, the Registrar of Companies; and
- (v) the Conditions which are not otherwise identified above being satisfied or (where applicable) waived by Colfax Holdings, which it is intended will occur before the date of the Court Hearing.

20. Delisting of Charter Shares and re-registration of Charter

Prior to the Scheme becoming effective, a request will be made to the London Stock Exchange to cancel trading in Charter Shares on its market for listed securities on the Effective Date and the UK Listing Authority will be requested to cancel the listing of the Charter Shares from the Official List on the Effective Date.

Share certificates in respect of the Charter Shares will cease to be valid and should be destroyed following the Effective Date.

In addition, entitlements held within the CREST system to the Charter Shares will be cancelled on the Effective Date.

As soon as reasonably practicable after the Effective Date, it is intended that Charter will be re-registered as a private limited company.

21. Taxation

Your attention is drawn to Part Seven of this document which contains a summary of certain UK and US tax consequences of the implementation of the Acquisition. Charter Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside the United Kingdom or the United States, are strongly advised to contact an appropriate professional independent financial adviser immediately.

22. Overseas Shareholders

The distribution of this document to, and the availability of the New Colfax Shares to, persons who are not resident in the United Kingdom, Jersey or the United States may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of and observe any applicable legal or regulatory requirements of their jurisdiction.

US Securities Law

The Loan Notes to be issued in connection with the Scheme have not been and will not be registered under the Securities Act or under the applicable securities laws of any state, district or other jurisdiction of the United States. Accordingly, the Loan Notes are not being, and unless permitted by applicable law and regulation, may not be, offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to a US person.

The New Colfax Shares have not been, and will not be, and are not required to be, registered under the Securities Act and will be issued in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act. To qualify for the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act with respect to the New Colfax Shares issued pursuant to the Scheme, Charter and Colfax will advise the Court that Colfax will rely on the Section 3(a)(10) exemption based on the Court's sanctioning of the Scheme, which will be relied upon by Colfax as an approval of the Scheme following a hearing on its fairness to Scheme Shareholders at which hearing all such shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such Charter Shareholders.

New Colfax Shares issued to a Charter Shareholder who is not an "affiliate" (within the meaning of the Securities Act) of Colfax after the Effective Date will not be "restricted securities" under the Securities Act and such New Colfax Shares may be sold by such person in ordinary secondary market transactions without restriction under the Securities Act.

Under applicable US securities laws, persons (whether or not US persons) who are or will be "affiliates" (within the meaning of the Securities Act) of Colfax after the Effective Date may be subject to certain transfer restrictions relating to the New Colfax Shares received in connection with the Scheme. Persons who may be deemed to be affiliates of Colfax include individuals who, or entities that, control directly or indirectly, or are controlled by or are under common control with, Colfax and may include certain officers and directors of Colfax and Colfax's principal shareholders (such as, for example, a holder of more than 10 per cent. of the outstanding capital stock). Charter Shareholders who are affiliates, in addition to reselling their New Colfax Shares in the manner permitted by Rule 144 under the Securities Act, may also sell their New Colfax Shares under any other available exemption under the Securities Act, including Regulation S under the Securities Act. Charter Shareholders who believe they may be affiliates for the purposes of the Securities Act should consult their own legal advisers prior to any sale of New Colfax Shares received pursuant to the Scheme.

Neither the SEC nor any state securities commission has approved or disapproved of the Loan Notes or the New Colfax Shares to be issued in connection with the Scheme or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. The information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared for the purpose of complying with the registration requirements of the Securities Act or in accordance with the laws and regulations of any other jurisdiction.

23. Law governing arrangements with Charter Shareholders

The Scheme will be conducted in accordance with the laws of Jersey. The terms of the Loan Notes will be governed by English law.

Colfax is incorporated in Delaware, United States, is a US domestic registrant pursuant to the Exchange Act and the common stock of Colfax is listed on the New York Stock Exchange. Therefore, the relationship between Colfax Shareholders and Colfax is governed (*inter alia*) by Delaware law and the competent courts of Delaware, US Federal Securities law and the listing rules of the New York Stock Exchange.

24. Action to be taken

Your attention is drawn to the section of this document entitled 'Action to be taken' commencing on page 10.

25. Further Information

Apart from completing, signing and returning the Forms of Proxy, you need take no further action at this stage unless you wish to make an election under the Mix and Match Facility and/or the Loan Note Alternative (if so, please refer to pages 13 to 19).

A Shareholder Helpline is available for Charter Shareholders on 0870 889 3281 or +44 870 889 3281 if calling from outside the UK. Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the

Shareholder Helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline is available to answer questions regarding this document, the Meetings or the completion and return of the Forms of Proxy or the Form of Election. However, the Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

The terms of the Scheme are set out in full in Part Five of this document. Your attention is also drawn to the further information contained (or incorporated by reference) in this document which forms part of this Explanatory Statement.

26. Recommendation

The Charter Board, which has been so advised by Goldman Sachs International, J.P. Morgan Cazenove and RBS, considers the terms of the Acquisition to be fair and reasonable. In providing financial advice to the Charter Board, Goldman Sachs International, J.P. Morgan Cazenove and RBS have taken into account the Charter Board's commercial assessments. Goldman Sachs International is providing the independent financial advice for the purposes of Rule 3 of the City Code and J.P. Morgan Cazenove and RBS are also acting as joint financial advisers to the Charter Board.

Accordingly, the Charter Board unanimously recommends that Charter Shareholders vote in favour of the resolutions relating to the Acquisition at the Meetings as those members of the Charter Board who hold beneficial interests in Charter Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of 176,977 Charter Shares in aggregate representing approximately 0.1 per cent. of Charter's issued share capital.

PART THREE

SUMMARY OF THE TERMS OF THE LOAN NOTES

The Loan Notes will be created by a resolution of the Colfax Holdings directors (or a duly authorised committee thereof) and will each be constituted by the Loan Note Instrument executed as a deed by Colfax Holdings. The issue of the Loan Notes will be conditional on the Scheme becoming effective in accordance with its terms. The Loan Notes will not be transferable other than to certain permitted transferees (as defined in the Loan Note Instrument), that is, relatives and family trusts. No application will be made for the Loan Notes to be listed or dealt in on any stock exchange. The Loan Notes will not be qualifying corporate bonds for United Kingdom taxation purposes for Charter Shareholders who are individuals.

The Loan Note Instrument will contain provisions, among other things, to the effect set out below.

1. Form and status

The Loan Notes will be issued by Colfax Holdings credited as fully paid, in denominations or multiples of £1 nominal value and shall be held subject to and with the benefit of the conditions and the provisions set out in the Loan Note Instrument. The Loan Notes constitute unsecured obligations of Colfax Holdings.

2. Interest

2.1 Interest on the Loan Notes will be calculated on the basis of a 365 day year and actual days elapsed. The first interest payment is to be made on 30 June 2012. The first payment will be made in respect of the interest period (as defined below) from (and including) the date of issue of the relevant Loan Notes up to (but excluding) 30 June 2012. Thereafter, interest will be payable on the Loan Notes in twice yearly instalments (in arrears) on 30 June and 31 December in each year or, if such date is not a business day, on the next following business day in respect of the relevant interest period (as defined below).

2.2 An “**interest period**” means, in the case of periods other than the first interest period, the period from and including the last preceding interest payment date up to (but excluding) the next succeeding interest payment date and, in the case of the first interest period, means the period from (and including) the date of issue of the Loan Notes up to (but excluding) 30 June 2012.

2.3 The rate of interest on the Loan Notes will be the higher of: (i) zero; or (ii) 0.5 per cent. below LIBOR.

“**LIBOR**” for this purpose means, in relation to the rate of interest, the rate per annum which is the offered rate for six month sterling deposits of £1 million on page 3750 (or such replacement page on that service which displays the information) of the Telerate screen which displays British Bankers Association interest settlement rates for deposits in sterling or, if no such rate is available, the rate per annum which is the arithmetic mean (rounded down, if necessary, to four decimal places) of the respective rates appearing on the “LISP” page of the Reuters Monitor Money Rate Services screen for six month sterling deposits of £1 million at or about 11.00 a.m. (London time) on the first day of the relevant interest period or, if such day is not a business day, on the next business day.

2.4 If a rate of interest cannot be established in accordance with the Loan Note Instrument (i) for the first interest period, Colfax Holdings shall calculate the rate of interest on the Loan Notes for that period by reference to such interest rate as Colfax Holdings may decide on the basis of quotations made for deposits of a similar size and currency for the interest period in such other interbank market or markets as Colfax Holdings may select or (ii) for any other interest period, the rate of interest on the Loan Notes for that interest period will be the same as that applicable to the Loan Notes during the previous interest period.

3. Redemption

3.1 Each holder of Loan Notes (a “**Noteholder**”) may, by notice, require Colfax Holdings to redeem all or some of the outstanding Loan Notes held by him in amounts or in integral multiples of £100: (i) on the date falling six months and one day after the date of issue of the Loan Notes (the “**Initial Redemption Date**”); or (ii) on any subsequent interest payment date

at par together with accrued interest (subject to any requirement by law to deduct or withhold tax) up to (but excluding) the date of repayment. A notice may be given at any time and from time to time. The notice must be in writing (in the form set out on the Loan Note Instrument) and must be sent to the Registrar, so as to be received not later than 30 days prior to the Initial Redemption Date or the relevant interest payment date.

- 3.2 Unless previously redeemed or purchased and cancelled, Colfax Holdings will redeem the Loan Notes on the date falling five years after the date of issue of the Loan Notes (or, if such date is not a business day, on the next following business day (the “**Final Redemption Date**”)) in full at par together with accrued interest (subject to any requirement by law to deduct or withhold tax) up to (but excluding) the date of repayment.
- 3.3 If, at any time on or after the Initial Redemption Date, the outstanding nominal amount of Loan Notes is equal to or less than £2 million, Colfax Holdings may, on giving to the remaining Noteholders not less than 20 days’ notice in writing, redeem all (but not some only) of the outstanding Loan Notes at par together with accrued interest (subject to any requirement by law to deduct or withhold tax) up to (but excluding) the date of repayment.
- 3.4 Each Noteholder shall be entitled, by notice, to require Colfax Holdings to pay any principal amounts due to such Noteholder on a redemption of the Loan Notes in US Dollars rather than in sterling. Colfax Holdings shall also be entitled, by notice, to pay any principal amounts outstanding to Noteholders on a redemption of the Loan Notes on the Final Redemption Date or in the circumstances described in paragraph 3.3 above in US Dollars rather than in sterling.

4. Repayment on default; acceleration

- 4.1 Each Noteholder shall be entitled, by notice, to require all the Loan Notes held by him or her to be repaid immediately by Colfax Holdings at par together with accrued interest (subject to any requirement by law to deduct or withhold tax) if:
 - (A) any principal or interest on any of the Loan Notes held by that Noteholder shall fail to be paid in full within 10 days of the time at which Colfax Holdings is required to make payment in respect of the relevant amount; or
 - (B) the passing by Colfax Holdings of an effective resolution for its winding up or the making by a court of competent jurisdiction of an order for the winding up of Colfax Holdings or the appointment of a liquidator or the dissolution of Colfax Holdings otherwise than, in each case, for the purposes of an amalgamation, reorganisation, liquidation or reconstruction under which a successor or successors undertake(s) the obligations of Colfax Holdings under the Loan Notes or for the purposes of a members voluntary winding up; or
 - (C) the appointment of an administrator or the making of an administration order in relation to Colfax Holdings or the appointment of a receiver over, or the taking possession of or sale by an encumbrancer of, the whole or substantially all of Colfax Holdings’ assets in each case when such person has not been paid out or such person’s claim has not been discharged within 30 days of the claim being made; or
 - (D) the making by Colfax Holdings of an arrangement or composition with its creditors generally or the making by Colfax Holdings of an application to a court of competent jurisdiction for protection of its creditors generally or a scheme of arrangement under the Companies Act 2006 (other than in the latter case for the purpose of a solvent voluntary reconstruction or amalgamation).
- 4.2 Colfax Holdings shall notify the Noteholders as soon as reasonably practicable of the occurrence of any of the events described in paragraph 4.1 above.

5. Purchase and cancellation

- 5.1 Colfax Holdings may at any time purchase any of the Loan Notes at any price by tender (available to all Noteholders alike) or private treaty or otherwise by agreement with the relevant Noteholder.
- 5.2 Any Loan Notes redeemed or purchased by Colfax Holdings shall forthwith be cancelled and may not be reissued or resold.

6. Registration and transfer

- 6.1 A Noteholder may transfer his or her entire holding of Loan Notes (whatever the amount) or may transfer Loan Notes in amounts or integral multiples of £1 but only to certain permitted transferees (as defined in the Loan Note Instrument) that is, relatives and family trusts. The board of directors of Colfax Holdings retains absolute discretion under the Loan Note Instrument to refuse to register a transfer of Loan Notes.
- 6.2 No transfer of any holding of Loan Notes will be registered during the 14 days preceding an interest payment date or a date by which a payment in respect of interest or principal is required to be made by Colfax Holdings.

7. Colfax guarantee

The Loan Notes will have the benefit of an unsecured guarantee from Colfax in respect of all obligations for the life of the Loan Notes.

8. Substitution of principal debtor

The Loan Notes contain provisions entitling Colfax Holdings, in certain circumstances, without the consent of the Noteholders, to:

- (A) substitute any member of the Colfax Group as the principal debtor or debtors under the Loan Note Instrument in respect of all or any of the Loan Notes, provided that such substitution would not constitute a disposal of the Loan Notes (or any of them) by the Noteholders for the purposes of United Kingdom taxation of chargeable gains; or
- (B) require all, or any, of the Noteholders to exchange the Loan Notes for loan notes of the same principal value issued on the same terms *mutatis mutandis* by any other member or members of the Colfax Group, provided that such exchange will fall within the provisions of section 135 of the Taxation of Chargeable Gains Act 1992 and prior clearance has been received from the HMRC under section 138 of the Taxation Chargeable Gains Act 1992 in respect of such exchange.

9. Taxation

Payments of principal or interest made under the terms of the Loan Notes will be made after deduction or withholding of any amount required by law. No additional amount shall be required to be paid by Colfax Holdings as a result of or in connection with any withholding or deduction.

10. Modification

The provisions of the Loan Note Instrument and the rights of the Noteholders are subject to modification, abrogation or compromise by Colfax Holdings with the sanction of a special resolution of the Noteholders. Colfax Holdings may amend the provisions of the Loan Note Instrument without the consent or sanction of a special resolution of the Noteholders, if (in the opinion of the board of directors of Colfax Holdings, acting reasonably), such amendment is of a formal, minor or technical nature or is required to correct a manifest error and provided that no such amendment may be made which would be prejudicial to the interests of the Noteholders.

11. Governing law

The Loan Notes and the Loan Note Instrument will be governed by, and construed in accordance with, English law.

12. Restriction on offering Loan Notes

The Loan Notes may not be offered, sold or delivered, directly or indirectly, in or into the United States (or to US persons) or to any Restricted Jurisdiction. No transfer of Loan Notes in breach of this restriction will be registered by Colfax Holdings.

13. No recommendation

The Charter Directors cannot and do not give any advice or recommendation to Charter Shareholders as to whether, or to what extent, they should elect for the Loan Note Alternative in connection with the Scheme. Whether to elect for the Loan Note Alternative is a matter for each Charter Shareholder to decide and will be influenced by their individual financial and tax

circumstances. Charter Shareholders should seek advice from their own independent financial and/or tax advisers if they are in any doubt as to the action they should take.

14. Loan Note valuation

Deutsche Bank has advised that, based on market conditions on 14 October 2011 (the last practicable date prior to publication of this document), their estimate of the value of the Loan Notes (assuming the redemption of the Loan Notes on the Initial Redemption Date) would have been not less than 94 pence per £1 in nominal value.

PART FOUR

**CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME
AND THE ACQUISITION**

Part A: Conditions of the Scheme

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming effective by no later than the Long Stop Date, or such later date (if any) as Colfax Holdings and Charter may (with the consent of the Panel) agree and, if required, the Court may allow.
2. The Scheme is conditional upon:
 - (i) its approval by a majority in number representing not less than 75 per cent. of the voting rights of the holders of Charter Shares (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court;
 - (ii) the Resolution being duly passed by the requisite majority at the Charter General Meeting; and
 - (iii) the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Colfax Holdings and Charter) and the confirmation of the Capital Reduction by the Court and:
 - (a) the delivery of the Scheme Court Order to the Registrar of Companies; and
 - (b) the Reduction Court Order and approved minute of the Capital Reduction being filed with and registered by the Registrar of Companies.
3. In addition, Colfax Holdings and Charter have agreed that the Acquisition is conditional upon the following conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following conditions (as amended if appropriate) have been satisfied (and continue to be satisfied pending the commencement of the Court Hearing) or, where relevant, waived prior to the Scheme being sanctioned by the Court:
 - (A) the approval of the Colfax Shareholders of the Equity Capital Raising by the requisite simple majority at a duly convened meeting of Colfax Shareholders;
 - (B) insofar as the Acquisition constitutes, or is deemed to constitute, a concentration with an European Union dimension within the scope of Council Regulation (EC) 139/2004 (as amended) (the “**Regulation**”) or the European Commission otherwise accepts jurisdiction to examine the Acquisition under the Regulation:
 - (i) the European Commission indicating that it does not intend to initiate proceedings under Article 6(1)(C) of the Regulation in respect of the proposed Acquisition of Charter by Colfax Holdings or any aspect of such acquisition or its financing (or being deemed to have done so under Article 10(6) of the Regulation); and
 - (ii) in the event that any request or requests under Article 9(2) of the Regulation have been made by any European Union or EFTA states, the European Commission indicating that it does not intend to refer the proposed acquisition of Charter by Colfax Holdings or any aspect of such acquisition or its financing, to any competent authority of a European Union or EFTA state in accordance with Article 9(3) of the Regulation; and
 - (iii) no indication having been made that a European Union or EFTA state may take appropriate measures to protect legitimate interests pursuant to Article 21(4) of the Regulation in relation to the proposed acquisition of Charter by Colfax Holdings or any aspect of such acquisition or its financing;
 - (C) all necessary filings having been made under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the regulations promulgated thereunder, and the waiting period thereunder having expired, lapsed or been terminated as appropriate in each case in respect of the Acquisition or any aspect of the Acquisition or its financing (including, for the avoidance of doubt, the Equity Capital Raising), the acquisition or proposed acquisition of any shares or other securities in, or control of, Charter or any other member of the Wider Charter Group by any member of the Wider Colfax Group;

- (D) all necessary notifications, filings and applications having been made, all regulatory and statutory obligations in any relevant jurisdiction having been complied with, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulations of any relevant jurisdiction having expired, lapsed or been terminated in each case in respect of the Acquisition or any aspect of the Acquisition or its financing (including, for the avoidance of doubt, the Equity Capital Raising), the acquisition or proposed acquisition of any shares or other securities in, or control of, Charter or any other member of the Wider Charter Group by any member of the Wider Colfax Group or the carrying on by any member of the Wider Charter Group of its business;
- (E) except as Publicly Announced or disclosed in Disclosed Information, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Charter Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in each case as a consequence of the Acquisition, the acquisition or proposed acquisition of any shares or other securities in Charter or because of a change in the control or management of Charter, would or might reasonably be expected to result in (to an extent or in a manner which is material and adverse in the context of the Acquisition or would have a material and adverse effect on the Wider Charter Group as a whole):
- (i) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests or business of any member of the Wider Charter Group thereunder, or interests or business of any such member in or with any other person, firm, company or body (or any arrangements to which any such member is a party relating to any such interests or business), being or becoming capable of being terminated or modified or adversely affected or any obligation or liability arising or any action being taken or arising thereunder;
 - (ii) any assets owned or used by any member of the Wider Charter Group, or any interest in such asset, being or falling to be disposed of or charged or ceasing to be available to any member of the Wider Charter Group or any right arising under which any such asset or interest could be required to be disposed of or charged or cease to be available to any member of the Wider Charter Group;
 - (iii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any member of the Wider Charter Group or any such mortgage, charge or other security (whenever created, arising or having arisen) becoming enforceable or being capable of being enforced;
 - (iv) the rights, liabilities, obligations or interests of any member of the Wider Charter Group in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or adversely affected;
 - (v) the value of any member of the Wider Charter Group or its financial or trading position or prospects being prejudiced or adversely affected;
 - (vi) any member of the Wider Charter Group ceasing to be able to carry on business under any name under which it presently does so;
 - (vii) the creation of any liability, actual or contingent, by any member of the Wider Charter Group;
 - (viii) any liability of any member of the Wider Charter Group to make any severance, termination, bonus or other payment to any of its directors or senior executives; or
 - (ix) any moneys borrowed by or any other indebtedness (actual or contingent) of, or grant available to any member of the Wider Charter Group, being or becoming capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, instrument or other arrangement or the ability of such member of the Wider Charter Group to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider Charter Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, could reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (ix) of this Condition;

(F) no government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, central bank, court, trade agency, association, institution or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps, and there not continuing to be outstanding any statute, regulation or order of any Third Party, in each case which would or might reasonably be expected to (to an extent or in a manner which is material and adverse in the context of the Acquisition):

- (i) require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Colfax Group or any member of the Wider Charter Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof;
- (ii) require, prevent or delay the divestiture by any member of the Wider Colfax Group of any shares or other securities in Charter;
- (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Colfax Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider Charter Group or the Wider Colfax Group or to exercise management control over any such member;
- (iv) otherwise materially adversely affect any or all of the business, assets, liabilities, financial or trading position, profits, operational performance or prospects of any member of the Wider Colfax Group or of any member of the Wider Charter Group;
- (v) make the Acquisition or its implementation or the acquisition or proposed acquisition by Colfax Holdings or any member of the Wider Colfax Group of any shares or other securities in, or control or management of Charter void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional material adverse conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
- (vi) require any member of the Wider Colfax Group or the Wider Charter Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Charter Group or the Wider Colfax Group owned by any third party;
- (vii) impose any limitation on the ability of any member of the Wider Charter Group to co-ordinate its business, or any part of it, with the businesses of any other members; or
- (viii) result in any member of the Wider Charter Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any Charter Shares having expired, lapsed or been terminated;

(G) all notifications, notices, filings or applications in connection with the Acquisition or any aspect of the Acquisition or its financing that are necessary having been made and all authorisations, orders, grants, consents, clearances, licences, confirmations, permissions and approvals which are necessary (“**Authorisations**”), in any jurisdiction, for and in

respect of the Acquisition or any aspect of the Acquisition or its financing or the acquisition or proposed acquisition by any member of the Wider Colfax Group of any shares or other securities in, or control of, Charter by any member of the Wider Colfax Group having been obtained in terms and in a form reasonably satisfactory to Colfax Holdings from all appropriate Third Parties and persons or bodies with whom any member of the Wider Charter Group has entered into contractual arrangements, and all such Authorisations together with all authorisations, orders, grants, consents, clearances, licences, confirmations, permissions and approvals (“**Business Authorisations**”) necessary or appropriate for any member the Wider Colfax Group to carry on its business remaining in full force and effect (where the absence of such Authorisations or Business Authorisations would be material and adverse in the context of the Acquisition) and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

- (H) since 31 December 2010 and except as Publicly Announced or fairly disclosed in Disclosed Information, no member of the Wider Charter Group having (to an extent or in a manner which is material in the context of the Acquisition or would have a material and adverse effect on the Wider Charter Group, taken as a whole):
- (i) save as between Charter and wholly-owned subsidiaries of Charter or for Charter Shares issued pursuant to the award of Charter Shares under the Charter Executive Share Schemes, issued, agreed to issue, authorised or proposed the issue of additional shares of any class;
 - (ii) save as between Charter and wholly-owned subsidiaries of Charter or for the award of Charter Shares under the Charter Executive Share Schemes, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
 - (iii) other than to another member of the Charter Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise;
 - (iv) save for intra-Charter Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business;
 - (v) save for intra-Charter Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital;
 - (vi) issued, authorised or proposed the issue of any debentures or, save for intra-Charter Group transactions and save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;
 - (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs (i) or (ii) above, made any other change to any part of its share capital;
 - (viii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or in respect of the Acquisition;
 - (viii) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be materially restrictive on the businesses of any member of the Wider Charter Group or the Wider Colfax Group

or which involves or could involve an obligation of such a nature or magnitude or which is other than in the ordinary course of business and which is material in the context of the Wider Charter Group taken as a whole;

- (ix) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it or order made (in each case not discharged within 21 days or not being contested in good faith) for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;
- (x) been unable to pay its debts as they fall due or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xi) entered into any contract, transaction or arrangement which would be materially restrictive on the business of any member of the Wider Charter Group or the Wider Colfax Group other than to a nature and extent which is normal in the context of the business concerned;
- (xii) waived or compromised any material claim otherwise than in the ordinary course of business;
- (xiii) entered into any material contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;
- (xiv) in respect of the Charter Group, made any alteration to its memorandum or articles of association (in each case, other than an alteration in connection with the Scheme);
- (xv) proposed, agreed to provide or modified the terms of any employee share scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Charter Group or entered into or changed the terms of any contract with any director or senior executive,

and, for the purposes of sub-paragraphs (iii), (iv) and (v) of this Condition, the term "Charter Group" shall mean Charter and its wholly-owned subsidiaries;

- (I) except as disclosed in the accounts for the period then ended, Publicly Announced or fairly disclosed in Disclosed Information, or where not material in the context of the Wider Charter Group taken as a whole, since 31 December 2010:
 - (i) no material adverse change or deterioration having occurred (or circumstances having arisen which would or might be expected to result in any adverse change or deterioration) in the business, assets, liabilities, financial or trading position or profits, operational performance, prospects of any member of the Wider Charter Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Charter Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any Third Party against or in respect of any member of the Wider Charter Group having been instituted announced or threatened by or against or remaining outstanding in respect of any member of the Wider Charter Group;
 - (iii) no contingent or other material liability in respect of any member of the Wider Charter Group having arisen (or increased) or become apparent to Colfax Holdings; and
 - (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Charter Group which is necessary for the proper carrying on of its business,

in each case, to an extent or in a manner which is material in the context of the Acquisition and would have a material and adverse effect on the Wider Charter Group, taken as a whole;

(J) except as Publicly Announced or fairly disclosed in Disclosed Information, Colfax Holdings not having discovered:

- (i) that any financial, business or other information concerning the Wider Charter Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider Charter Group, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make that information not misleading;
- (ii) that any member of the Wider Charter Group, partnership, company or other entity in which any member of the Wider Charter Group has a significant economic interest and which is not a subsidiary undertaking of Charter is subject to any liability (contingent or otherwise) which is not disclosed in the annual report and accounts of Charter for the year ended 31 December 2010; or
- (iii) any information which affects the import of any information disclosed in writing at any time by or on behalf of any member of the Wider Charter Group,

in each case, to an extent or in a manner which is material in the context of the Acquisition and would have a material and adverse effect on the Wider Charter Group, taken as a whole; and

(K) except as Publicly Announced or fairly disclosed in Disclosed Information, Colfax Holdings not having discovered that:

- (i) any past or present member of the Wider Charter Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters, or that there has otherwise been any such disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the Wider Charter Group;
- (ii) there is, or is likely to be, for that or any other reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider Charter Group to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider Charter Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction;
- (iii) any past or present member of the Wider Charter Group has not complied with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any laws implementing the same, the UK Bribery Act 2010 and the U.S. Foreign Corrupt Practices Act of 1977; or
- (iv) there is, or is likely to be expected to be, or there has been, any:
 - (a) claim brought against any member of the Wider Charter Group by a person or class of persons in respect of;
 - (b) circumstances that exist whereby a person or class of persons would be likely to have a claim; or
 - (c) liability (actual or contingent) of any member of the Wider Charter Group as a result of or relating to,

any material, chemical, product or process of manufacture or materials now or previously held, used, sold, manufactured, carried out or under development or research by any past or present member of the Wider Charter Group,

in each case, other than under sub-paragraphs (i) and (ii), which is material in the context of the Wider Charter Group, taken as a whole.

For the purposes of these Conditions the “**Wider Charter Group**” means Charter and its subsidiary undertakings, associated undertakings and any other undertaking in which Charter and/or such undertakings (aggregating their interests) have a significant interest and the “**Wider Colfax Group**” means Colfax and its subsidiary undertakings, associated undertakings and any other undertaking in which Colfax and/or such undertakings (aggregating their interests) have a significant interest and for these purposes “**subsidiary undertaking**” and “**undertaking**” have the meanings given by the Companies Act 2006, “**associated undertaking**” has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(1)(b) of Schedule 6 to those Regulations which shall be excluded for this purpose, and “**significant interest**” means a direct or indirect interest in ten per cent. or more of the equity share capital (as defined in the Companies Act 2006).

Colfax Holdings reserves the right to waive, in whole or in part, all or any of the Conditions in paragraph 3 above, except for paragraphs 3(A) and (C).

If Colfax or Colfax Holdings is required by the Panel to make an offer for Charter Shares under the provisions of Rule 9 of the City Code, Colfax or Colfax Holdings may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.

The Conditions in paragraphs 2 and 3 above, but excluding sub-paragraph 2(iii), must be fulfilled, or be determined by Colfax Holdings to be or remain satisfied or (if capable of waiver) be waived prior to the commencement of the Court Hearing, failing which the Acquisition will lapse and the Scheme will not proceed. Colfax Holdings shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or treat as fulfilled any of the Conditions set out above at any time prior to the Long Stop Date, notwithstanding that the other Conditions (or any of them) may at an earlier date have been waived (if capable of waiver), satisfied or fulfilled and that there are, at such earlier date, no circumstances indicating that any such Condition may not be capable of satisfaction or fulfilment.

The Acquisition will lapse and the Scheme will not proceed if, prior to the commencement of the Court Hearing, the Acquisition, or any matter arising from the Acquisition, is referred to a serious doubts investigation under Article 6(1)(c) of Council Regulation (EC) 139/2004 or if the Acquisition, or any matter arising from the Acquisition, is referred to the Competition Commission in the United Kingdom.

Colfax Holdings reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a takeover offer (as defined in Article 116 of the Jersey Companies Law) as it may determine in its absolute discretion. In such event, such offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the change in method of effecting the Acquisition, but with an acceptance condition which will be set by reference to shares carrying 75 per cent. (or such lower percentage as Colfax Holdings may decide or the Panel may require) of the voting rights in Charter. Colfax has agreed that any such Offer would remain open for acceptance for at least 60 days after the Offer Document is published.

The availability of the Acquisition to persons not resident in the United Kingdom or Jersey may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or Jersey should inform themselves about and observe any applicable requirements.

The Scheme will be governed by Jersey law and be subject to the jurisdiction of the Jersey courts, to the Conditions set out above and in the Forms of Proxy and Form of Election.

Part B: Certain further terms of the Acquisition

The Acquisition will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of a national securities

exchange of any Restricted Jurisdiction and the Acquisition will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

The New Colfax Shares to be issued pursuant to the Acquisition have not been and will not be registered under any of the relevant securities laws of any Restricted Jurisdiction. Accordingly, the New Colfax Shares may not be offered, sold or delivered, directly or indirectly to any person in any Restricted Jurisdiction, except pursuant to exemptions from applicable requirements of any such Restricted Jurisdiction.

The New Colfax Shares will be issued fully paid and will rank *pari passu* in all respects with the existing Colfax common stock.

Fractions of New Colfax Shares will not be allotted or issued under the Acquisition.

Charter Shares which will be acquired pursuant to the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of the Announcement.

PART FIVE
THE SCHEME OF ARRANGEMENT

ROYAL COURT OF JERSEY
SAMEDI DIVISION

IN THE MATTER OF
CHARTER INTERNATIONAL PLC
AND IN THE MATTER OF
THE COMPANIES (JERSEY) LAW 1991
SCHEME OF ARRANGEMENT
(under Article 125 of the Companies (Jersey) Law 1991)
between
CHARTER INTERNATIONAL PLC
and
THE HOLDERS OF SCHEME SHARES
(as hereinafter defined)

Preliminary

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

Definitions

“A Shares”	A ordinary shares of $\frac{2}{910}$ pence each in the capital of the Company having the rights set out in the new Article 5A referred to in Clause 1.2;
“Acquisition”	the proposed acquisition of the entire issued and to be issued share capital of Charter by Colfax Holdings (other than the Excluded Shares) to be effected by the Scheme (or (subject to the consent of the Panel) the Offer);
“Articles”	the articles of association of the Company;
“B Shares”	B ordinary shares of $\frac{2}{910}$ pence each in the capital of the Company having the rights set out in the new Article 5A referred to in Clause 1.2;
“Business Day”	a day, (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London and Jersey;
“C Shares”	C ordinary shares of $\frac{2}{910}$ pence each in the capital of the Company having the rights set out in the new Article 5A referred to in Clause 1.2;
“Capital Change Event”	means: (a) the payment of any dividend or other distribution by Colfax to its shareholders; (b) the reclassification, subdivision, consolidation or reorganisation of Colfax’s share capital; (c) any issuance of equity securities pursuant to a pre-emptive invitation to the existing shareholders of Colfax as a class subject only to regulatory exclusions; or (d) any transaction similar to the foregoing to the extent it would have a material disproportionate impact on those Charter Shareholders who receive New Colfax Shares pursuant to the Acquisition as compared to the existing Colfax shareholders (taken as a class);

“Capital Reduction”	the proposed reduction of share capital of Charter in connection with the Scheme;
“Cash Election”	has the meaning given in Clause 2.4(C) of the Scheme;
“Certificated Holder”	a Charter Shareholder (other than those with a registered address in the US or in any other CSN Restricted Jurisdiction) who holds his Charter Shares in certificated form (that is, not in CREST);
“certificated” or “in certificated form”	a share which is not in uncertificated form (that is, not in CREST);
“Charter” or “Company”	Charter International plc, incorporated in Jersey with registered number 100249;
“Charter Directors”	the directors of Charter;
“Charter Ordinary Shares”	the ordinary shares of 2 pence each in the capital of Charter;
“Charter Shareholders”	holders of Charter Shares;
“Charter Shares”	(i) prior to the Reorganisation Record Time, Charter Ordinary Shares; and (ii) after the Reorganisation Record Time, the shares in the capital of Charter as reclassified in connection with the Scheme;
“Colfax”	Colfax Corporation, a Delaware corporation having its registered office at 8170 Maple Lawn Blvd, Suite 180, Fulton, MD 20759;
“Colfax CDIs”	dematerialised CREST depositary interests representing New Colfax Shares;
“Colfax Group”	Colfax and its subsidiaries and associated undertakings from time to time;
“Colfax Holdings”	Colfax UK Holdings Ltd, a wholly-owned subsidiary of Colfax;
“Conditions”	the conditions to the Acquisition set out in Part Four of the Scheme Document;
“Court”	the Royal Court of Jersey;
“Court Meeting”	the meeting of the Charter Shareholders convened by order of the Court pursuant to Article 125 of the Companies (Jersey) Law 1991 for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof;
“CREST”	the relevant system (as defined in the Uncertificated Securities Order) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Uncertificated Securities Order);
“CSN”	Computershare Company Nominees Limited, the Corporate Sponsored Nominee for the CSN Facility;
“CSN Facility”	the facility under which the CSN holds Colfax CDIs as nominee on behalf of Certificated Holders and provides certain other services;
“CSN Permitted Jurisdiction”	Argentina, Austria, Belgium, Botswana, Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Guinea, Hungary, Iceland, Indonesia, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Namibia, The Netherlands, Norway, Poland, Paraguay, Peru, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Taiwan and the United Kingdom;
“CSN Restricted Jurisdiction”	any jurisdiction other than a CSN Permitted Jurisdiction;
“DTC”	The Depositary Trust Company;
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms;

“Election Return Time”	1.00 p.m. on 10 January 2012 or such earlier or later time and date (if any) as the Company and Colfax Holdings and Colfax may agree and the Company and Colfax may announce via a Regulatory Information Service;
“Electronic Election”	an election made in respect of the Mix and Match Facility or Loan Note Alternative by a Scheme Shareholder who holds Scheme Shares in a stock account in CREST immediately prior to the Reorganisation Record Time in accordance with the procedure detailed in the section entitled “Notes for making Elections under the Mix and Match Facility and/or Loan Note Alternative – Scheme Shares held in uncertificated form” on pages 13 to 19 (inclusive) of the Scheme Document;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738;
“Exchange Ratio”	means 0.1241 New Colfax Shares for every 1 Charter Ordinary Share;
“Excluded Shares”	any Charter Shares legally or beneficially held by Colfax or any of its subsidiaries or subsidiary undertakings;
“Form of Election”	the form of election for the use by Charter Shareholders in relation to the Mix and Match Facility and the Loan Note Alternative;
“FSA”	the Financial Services Authority;
“holder”	includes a person entitled by transmission;
“Listing Rules”	the rules and regulations made by the FSA in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name, as amended from time to time;
“Loan Note Alternative”	the option whereby Charter Shareholders (other than certain Overseas Shareholders) may elect to receive Loan Notes instead of some or all of the cash consideration to which they would otherwise be entitled under the Acquisition;
“Loan Note Election”	has the meaning given in Clause 2.3 of the Scheme;
“Loan Notes”	the unsecured floating rate loan notes of Colfax Holdings issued pursuant to the Loan Note Alternative;
“Mix and Match Facility”	the mix and match facility under which Charter Shareholders (other than certain Overseas Shareholders) may elect, subject to equal and opposite elections made by other Charter Shareholders, to vary the proportions in which they receive cash and New Colfax Shares under the Acquisition;
“New Colfax Shares”	the new common stock of Colfax to be issued as fully paid up to Scheme Shareholders (other than certain Overseas Shareholders) pursuant to the Scheme;
“New Ordinary Shares”	has the meaning given in Clause 3.2 of the Scheme;
“Offer”	should the Acquisition be implemented by way of a takeover offer, the takeover offer to be made by or on behalf of Colfax Holdings to acquire the entire issued and to be issued ordinary share capital of Charter and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
“Overseas Shareholders”	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or Jersey;
“Panel”	the Panel on Takeovers and Mergers;
“Receiving Agent”	Computershare, having their office at Corporate Actions 2, Bristol, BS99 6AG;

“Reduction Court Order”	the act of Court confirming the Capital Reduction together with the approval minute;
“Registrar”	Computershare Investor Services (Jersey) Limited, having their office at 2nd Floor, Queensway House, Hilgrove Street, St Helier, JE1 1ES, Jersey;
“Registrar of Companies”	the Registrar of Companies for Jersey;
“Regulatory Information Service”	a “Regulatory Information Service” as defined in the Listing Rules;
“Relevant Share Elections”	has the meaning given to it in Clause 2.14.(B)(iii)(a) of the Scheme;
“Reorganisation Record Time”	6.00 p.m. on the Business Day immediately prior to the Court Hearing;
“Restricted Holders”	a Charter Shareholder who holds his Charter Shares in certificated form (that is, not in CREST) and who has a registered address in the US or in any other CSN Restricted Jurisdiction;
“Restricted Jurisdiction”	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which Colfax, Colfax Holdings or Charter regard as unduly onerous;
“Scheme”	the scheme of arrangement in its present form or with or subject to any modification, additions or condition approved or imposed by the Court and agreed to by the Company and Colfax Holdings;
“Scheme Document”	the document dispatched to Charter Shareholders in respect of the Scheme;
“Scheme Record Time”	6.30 p.m. on the Business Day immediately prior to the Court Hearing;
“Scheme Shareholders”	the holders of Scheme Shares;
“Scheme Shares”	<ol style="list-style-type: none"> 1. the Charter Shares in issue at the date of the Scheme Document; 2. any Charter Shares issued after the date of this document and prior to the Voting Record Time; and 3. any Charter Shares issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme, <p>but excluding the Excluded Shares;</p>
“Share Election”	has the meaning given in Clause 2.4(C) of the Scheme;
“Statement of Ownership”	a statement of ownership to be sent to participants in the CSN Facility from the CSN detailing the number of Colfax CDIs held by the relevant participant through the CSN Facility;
“UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“uncertificated” or “in uncertificated form”	a share which is recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
“Uncertificated Holder”	a Charter Shareholder who holds his Charter Shares in uncertificated form through CREST;

“Uncertificated Securities Order”	the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended;
“US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US person(s)”	means any US person as defined in Rule 902(k) of the Regulation S under the Securities Act; and
“Voting Record Time”	6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned Court Meeting;

and references to Clauses are to Clauses of this Scheme, and references to time are to Jersey time.

- (B) The share capital of the Company as at the close of business on 14 October 2011 was £3,341,749.46 divided into 167,087,473 Charter Shares, all of which were credited as fully paid.
- (C) Colfax and Colfax Holdings have agreed to appear by counsel at the hearing of the representation to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by them for the purpose of giving effect to this Scheme.
- (D) The provisions of Part II of this Scheme are subject to the confirmation by the Court of the Capital Reduction provided for by Clause 3.1 and accordingly may not be implemented until a copy of the Reduction Court Order has been delivered to and registered by the Registrar of Companies.

THE SCHEME

PART I

1. Subdivision and reclassification of the Scheme Shares

1.1 At the Reorganisation Record Time:

- (A) each of the Scheme Shares shall be subdivided into 910 ordinary shares of $\frac{2}{910}$ pence each in the capital of the Company and such ordinary shares will be reclassified into A Shares, B Shares and (subject to Clause 2.15 of the Scheme) C Shares carrying the rights attached thereto by the special resolution subdividing and reclassifying such shares. Each Scheme Share shall be subdivided and reclassified in accordance with the special resolution sub-dividing and re-classifying such shares; and
- (B) the A Shares, B Shares and C Shares created by the subdivision and reclassification referred to in Clause 1.1(A) above shall have the rights and be subject to the restrictions set out in the new Article 5A set out in Clause 1.2 below.

1.2 The A Shares, B Shares and C Shares created by the subdivisions and reclassifications referred to in Clause 1.1 shall have the rights and be subject to the restrictions set out in the new Article 5A set out below and, with effect from the Reorganisation Record Time, the Articles shall be amended by the insertion after the current Article 5 in the Articles of the following new Article 5A:

“5A Rights attaching to the Ordinary Shares, A Shares, B Shares and C Shares

The Ordinary Shares, A Shares, B Shares and C Shares shall rank equally as if they were the same class of ordinary shares in all respects and the rights attaching to such shares shall be identical, save that upon the implementation of and pursuant to the Scheme:

- (i) each A Share shall confer upon the holder thereof the right to receive one pence in cash;
- (ii) each B Share shall confer upon the holder thereof the right to receive $\frac{0.1241}{180}$ of a share in the common stock of Colfax (**“New Colfax Shares”**) on the basis described in the Scheme; and
- (iii) each C Share shall confer upon the holder thereof the right to receive one pence in nominal amount of Loan Notes (as defined in the Scheme).”

provided that if the Capital Reduction does not become effective by 6.00 p.m. (Jersey time) on the tenth Business Day following the Reorganisation Record Time, or such earlier or later time and date as Colfax Holdings and the Company may agree and the Company may announce through a Regulatory Information Service, the subdivisions and reclassifications referred to in Clause 1.1 described above shall be reversed and the A Shares, B Shares and C Shares shall be consolidated and reclassified as ordinary shares of 2 pence each, and the new Article 5A described above shall be deleted from the Articles.

2. Mix and Match Facility and Loan Note Alternative

2.1 Elections made by Scheme Shareholders under the Mix and Match Facility and/or the Loan Note Alternative shall not affect the entitlements of Scheme Shareholders who do not make any such election.

2.2 An election shall only be accepted under the Mix and Match Facility in respect of a whole number of Scheme Shares. Any election which is made in respect of a number of Scheme Shares which is not a whole number shall be deemed to be made in respect of the nearest whole number of Scheme Shares when rounded down. Satisfaction under the Mix and Match Facility shall be effected on the basis of 180 pence in cash for 0.1241 of a New Colfax Share.

2.3 An election under the Loan Note Alternative (a **“Loan Note Election”**) will only be accepted in respect of a whole number of Scheme Shares. Any election which is made in respect of a number of Scheme Shares which is not a whole number shall be deemed to be made in respect of the nearest whole number of Scheme Shares when rounded down. Loan Notes will be issued credited fully paid and will only be issued in integral multiples of £1 in nominal

amount for every £1 of cash consideration to which such Scheme Shareholder would otherwise be entitled and any residual entitlement that is not a whole multiple of £1 will instead be settled in cash.

2.4 The following provisions shall apply:

- (A) the aggregate number of New Colfax Shares to be issued to Scheme Shareholders in accordance with Clause 4 shall not be increased or decreased as a result of elections made pursuant to this Clause 2, save where required to accommodate rounding down of individual entitlements or pursuant to Clause 9;
- (B) the aggregate amount of cash consideration to be paid to Scheme Shareholders in accordance with Clause 4 shall not be increased or decreased as a result of elections made pursuant to this Clause 2;
- (C) elections made by Scheme Shareholders to receive more New Colfax Shares than they would receive absent such an election (each such election, being a “**Share Election**”) shall be satisfied only to the extent that other Scheme Shareholders in aggregate make equal and opposite elections under the Mix and Match Facility for more cash than they would receive absent such an election (each such election, irrespective of whether such elector also makes a Loan Note Election in respect of such cash, being a “**Cash Election**”); and
- (D) Cash Elections made by Scheme Shareholders will be satisfied only to the extent that other Scheme Shareholders, in aggregate, make equal and opposite Share Elections under the Mix and Match Facility.

2.5 A Scheme Shareholder may make a Share Election in respect of all or part of his holding of Scheme Shares or a Cash Election in respect of all or part of his holding of Scheme Shares. A Scheme Shareholder may make a Cash Election in respect of some of his Scheme Shares and a Share Election in respect of others. A Scheme Shareholder may, subject to Clause 2.15 below, make a Loan Note Election in respect of some or all of his Scheme Shares in respect of which he would otherwise receive cash.

2.6 To the extent that Share Elections or Cash Elections cannot be satisfied in full:

- (A) the number of Scheme Shares in respect of which a Share Election and/or Cash Election has been made shall be scaled down *pro rata* (or as near thereto as the Company and Colfax Holdings in their absolute discretion consider practicable) amongst all electors who have made valid Share Elections and/or Cash Elections, as the case may be save that, if Cash Elections are reduced, in respect of any Scheme Shareholder who has also made a Loan Note Election such reduction shall apply first to reduce (and if appropriate extinguish) his entitlement to C Shares under the Loan Note Alternative before applying to reduce his Cash Election for A Shares; and
- (B) in respect of the balance of the Scheme Shares held by each such elector, such Scheme Shareholder shall be deemed not to have made any election.

2.7 Minor adjustments to the entitlements of Scheme Shareholders pursuant to elections made under this Scheme may be made by the Registrar with the prior consent of the Company and Colfax Holdings on a basis that the Company and Colfax Holdings consider to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to elections under this Scheme as nearly as may be practicable. Such adjustments shall be final and binding on Scheme Shareholders.

2.8 Each election under the Mix and Match Facility and/or Loan Note Alternative made by a holder of certificated shares shall be made by completion of a Form of Election which shall be executed by the Scheme Shareholder or his duly authorised agent (or, in the case of a body corporate, executed by an authorised representative). Holders of Scheme Shares in uncertificated form shall make any such election by way of an Electronic Election. To be effective, a Form of Election must be completed and returned in accordance with the instructions printed thereon so as to be received by the Registrar by no later than the Election Return Time. To be effective, an Electronic Election must be made and received by the Registrar by no later than the Election Return Time.

- 2.9 If a Form of Election or an Electronic Election is received by the Registrar after the Election Return Time or is received by the Registrar before such time but is not, or is deemed not to be, valid or complete in all respects at such time, then such election shall be void unless and to the extent that the Company and Colfax Holdings, in their absolute discretion, elect to treat as valid in whole or in part any such election.
- 2.10 Upon execution and delivery by a Scheme Shareholder of a valid Form of Election or the making of a valid Electronic Election, such holder shall be bound by the terms and provisions contained in the Form of Election or the Electronic Election and by the terms and provisions contained in the part of the Scheme Document entitled "Notes for making Elections under the Mix and Match Facility and/or the Loan Note Alternative" on pages 13 to 19 (inclusive) of the Scheme Document.
- 2.11 A Form of Election duly completed and delivered or an Electronic Election made in accordance with Clause 2.8 may be withdrawn before the Election Return Time as follows:
- (A) in the case of a Form of Election, by a notice in writing to the Registrar at Computershare, Corporate Actions 2, Bristol, BS99 6AG; and
 - (B) in the case of an Electronic Election made in accordance with Clause 2.8, by contacting the Registrar at Computershare, Corporate Actions 2, Bristol, BS99 6AG or by telephone to the Shareholder Helpline on 0870 889 3281.
- 2.12 If a Scheme Shareholder delivers more than one Form of Election in respect of his Scheme Shares and there is an inconsistency between such Forms of Election, the last Form of Election which is delivered by the Election Return Time shall prevail over any earlier Form of Election. The delivery time for a Form of Election shall be determined on the basis of which Form of Election is last sent or, if the Company is unable to determine which is last sent, is last received. Forms of Election which are sent in the same envelope shall be treated as having been sent and received at the same time, and, in that case, none of them shall be treated as valid (unless the Company and Colfax Holdings otherwise determine in their absolute discretion).
- 2.13 If a Scheme Shareholder has made a valid election in respect of all of his Scheme Shares, then:
- (A) the validity of the Cash Election (including for these purposes any Loan Note Election) or the Share Election (as the case may be) shall not be affected by any alteration in the number of Scheme Shares held by the Scheme Shareholder at any time prior to the Reorganisation Record Time; and
 - (B) accordingly, the Cash Election or the Share Election (as the case may be) shall apply in respect of all of the Scheme Shares which the Scheme Shareholder holds immediately prior to the Reorganisation Record Time.
- 2.14 If a Scheme Shareholder has made a valid Cash Election and/or Share Election, in respect of the same holding, in respect of a specified number representing part (but not all) of his Scheme Shares and immediately prior to the Reorganisation Record Time the number of Scheme Shares held by the Scheme Shareholder is:
- (A) equal to or in excess of the number of Scheme Shares to which such election(s) relate, then the validity of the election(s) made by the Scheme Shareholder shall not be affected by any alteration in the number of Scheme Shares held by the Scheme Shareholder at any time prior to the Reorganisation Record Time and any reduction in his holding shall be treated first as a disposal of those Scheme Shares in respect of which he did not make such election; or
 - (B) less than the aggregate number of Scheme Shares to which such election(s) relate, then:
 - (i) if the Scheme Shareholder has made only a valid Cash Election, he shall be treated as having made a Cash Election in respect of his entire holding of Scheme Shares;
 - (ii) if the Scheme Shareholder has made only a valid Share Election, he shall be treated as having made a Share Election in respect of his entire holding of Scheme Shares; and

- (iii) if the Scheme Shareholder has made both a valid Cash Election and a valid Share Election, then:
 - (a) Share Elections made by the Scheme Shareholder (the “**Relevant Share Elections**”) shall be reduced so as to apply to the number of Scheme Shares calculated by multiplying: (x) the number of Scheme Shares held by the Scheme Shareholder immediately prior to the Reorganisation Record Time, by (y) the fraction calculated by dividing the number of Scheme Shares the subject of the Relevant Share Elections by the aggregate number of Scheme Shares the subject of (i) the Relevant Share Elections, plus (ii) the Cash Elections made by the Scheme Shareholder, and rounding down to the nearest whole number of Scheme Shares; and
 - (b) the Cash Elections made by the Scheme Shareholder shall be reduced (but so as to first apply to any Scheme Shares where a Loan Note Election has been made) so as to apply to all the Scheme Shares held by the Scheme Shareholder immediately prior to the Reorganisation Record Time which are not the subject of Share Elections as scaled down pursuant to Clause 2.14(B)(iii)(a).

2.15 If valid Loan Note Elections would result in the issue of less than £2 million nominal value of Loan Notes in aggregate, Colfax Holdings will not, unless it determines otherwise in its sole discretion, issue any Loan Notes. In such event no subdivided Scheme Share shall be reclassified as a C Share pursuant to Clause 1.1(A). If no Loan Notes are issued as a result of this Clause 2.15, Scheme Shareholders who have made a valid Loan Note Election shall be treated as if such election had not been made and shall receive the cash to which they would otherwise have been entitled under this Scheme had such Loan Note Election not been made.

2.16 The Loan Notes will be constituted by an instrument substantially in the form already prepared and initialled for the purpose of identification by Skadden, Arps, Slate, Meagher & Flom (UK) LLP and Slaughter and May for Colfax Holdings and the Company respectively, with such modifications or additions, if any, as may be agreed prior to the execution thereof between Colfax Holdings and the Company.

PART II

3. Cancellation of the A Shares and B Shares and issue of New Ordinary Shares

- 3.1 Contingently upon the subdivisions and reclassifications referred to in Clause 1.1 taking effect and the requisite entries having been made in the register of members of the Company, the share capital of the Company shall be reduced by cancelling and extinguishing all of the A Shares and the B Shares.
- 3.2 Forthwith and contingently upon the Capital Reduction referred to in Clause 3.1 taking effect and notwithstanding anything to the contrary in the Articles:
- (A) the share capital of the Company shall be increased to its former amount by the creation of such number of new ordinary shares of $\frac{2}{910}$ pence each (the “**New Ordinary Shares**”) as shall be equal to the aggregate number of A Shares and B Shares cancelled pursuant to Clause 3.1; and
- (B) the reserve arising in the books of account of the Company as a result of the reduction of share capital referred to in Clause 3.1 shall be capitalised and applied in paying up in full at par free of liens, charges and other third party rights, the New Ordinary Shares created pursuant to Clause 3.2(A) which shall be allotted and issued credited as fully paid to Colfax Holdings and/or its nominee(s).

4. Consideration for the cancellation of A Shares and B Shares and issue of New Ordinary Shares

- 4.1 In consideration for the cancellation of the A Shares pursuant to Clause 3.1 and the allotment and issue of the New Ordinary Shares as provided in Clause 3.2, Colfax Holdings shall pay to or for the account of the holders of A Shares (as appearing in the register of members of the Company at the Scheme Record Time):

for every A Share one pence in cash

- 4.2 In consideration for the cancellation of the B Shares pursuant to Clause 3.1 and the allotment and issue of the New Ordinary Shares as provided in Clause 3.2, Colfax shall (subject as hereinafter provided) allot and issue to the holders of B Shares (as appearing in the register of members of the Company at the Scheme Record Time):

for every B Share $\frac{0.1241}{180}$ of a New Colfax Share

- 4.3 The New Colfax Shares shall be issued, credited as fully paid, and shall rank equally in all respects with all other fully paid Colfax shares of common stock and shall be entitled to all dividends and other distributions declared, made or paid by Colfax by reference to a record date on or after the Effective Date.

5. Acquisition, transfer and reclassification of the C Shares

- 5.1 Following (and contingently upon) the cancellation of the A Shares and B Shares, and the allotment and issue of the New Ordinary Shares, Colfax Holdings shall acquire the C Shares (if any) fully paid, with full title guarantee, free from all liens, equities, charges, encumbrances and other interests and together with all rights at the date of this Scheme or thereafter attached thereto including the right to receive and retain all dividends and other distributions declared, paid or made thereon.
- 5.2 For such purposes, the C Shares (if any) shall be transferred to Colfax Holdings and/or its nominees and to give effect to such transfer any person may be appointed by Colfax Holdings to execute as transferor an instrument or instruction of transfer of any C Shares and every instrument or instruction of transfer so executed shall be as effective as if it has been executed by the holders or holders of the C Shares thereby transferred.
- 5.3 Contingent on the transfer of the C Shares pursuant to Clause 5.1, the C Shares shall be reclassified as New Ordinary Shares.

6. Consideration for the transfer of C Shares

In consideration for the transfer of the C Shares (if any) pursuant to Clause 5.1, Colfax Holdings shall (subject as provided in this Scheme) allot and issue to the holders of C Shares (as appearing in the register of members of the Company at the Scheme Record Time):

for every 100 C Shares £1 in nominal amount of Loan Notes

7. Overseas Shareholders

7.1 The provisions of Clauses 2, 4, 6 and 8 shall be subject to any prohibition or condition imposed by law. If, in the case of any Scheme Shareholder, Colfax or Colfax Holdings in advised that the law of a country, state, or territory outside the United Kingdom or Jersey precludes:

- (A) the allotment or issue to him of New Colfax Shares under Clause 4; or
- (B) the provision to him of the right to make an election under the Mix and Match Facility and/or the Loan Note Alternative pursuant to Clause 2,

or, in either case, precludes the same except after compliance by the Company, Colfax or Colfax Holdings (as the case may be) with any governmental or other consent or any registration, filing or other formality or condition with which the Company, Colfax or Colfax Holdings (as the case may be) is unable to comply or which the Company, Colfax or Colfax Holdings (as the case may be) regards as unduly onerous, then:

- (i) in the case of sub-clause 7.1(A), Colfax may in its sole discretion determine that no New Colfax Shares shall be allotted and issued to such Scheme Shareholder but instead the New Colfax Shares shall be allotted and issued to a nominee appointed by Colfax as nominee for such Scheme Shareholder, on terms that the nominee shall be authorised on behalf of such Scheme Shareholder to procure that such New Colfax Shares shall, as soon as practicable following the Effective Date, be sold on behalf of such Scheme Shareholder. Any such sale shall be carried out at the best price which can reasonably be obtained and the net proceeds of such sale shall (after deduction of all expenses, taxes and commissions incurred in connection with such sale, including any amount in respect of value added tax thereon) be paid in sterling to such holder by making a payment to such Scheme Shareholder in accordance with Clause 8.2(A) or 8.2(B), as appropriate. To give effect to any such sale, the nominee referred to in this sub-clause (i) shall be authorised as attorney on behalf of the holder concerned to execute and deliver as transferor an instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary to effect such sale. In the absence of bad faith or wilful default, none of the Company, Colfax or Colfax Holdings, the nominee or any broker or agent of any of them shall have any liability for any loss arising as a result of the timing or terms of any such sale; and
- (ii) in the case of sub-clause 7.1(B), no election made by such Scheme Shareholder under the Mix and Match Facility and/or the Loan Note Alternative shall be of any effect and the omission to send a Form of Election to it, or otherwise any election made, shall not constitute a breach by the Company, Colfax or Colfax Holdings (as the case may be) of any of their respective obligations under this Scheme.

8. Settlement

8.1 As soon as reasonably practicable after the Effective Date and subject to clause 9:

- (A) Colfax Holdings shall:
 - (i) pay such cash as is required to be paid; and
 - (ii) issue such Loan Notes as are required to be issued; and
- (B) Colfax shall deliver such New Colfax Shares as are required to be delivered,

in each case to give effect to this Scheme and to the persons respectively entitled thereto, such consideration to be settled as set out in this Clause 8.

8.2 Settlement of any cash consideration to which a Scheme Shareholder is entitled shall be effected by Colfax Holdings as follows:

- (A) in the case of Scheme Shares which at the Scheme Record Time are in certificated form, by procuring the despatch to the persons entitled thereto in accordance with the provisions of Clauses 8.5 and 8.6 of cheques in sterling for the sums payable to them in accordance with Clause 4.1, within 14 days of the Effective Date; and
- (B) in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, by procuring that Euroclear is instructed to create an assured payment obligation in sterling in favour of the payment bank of the persons entitled thereto in accordance

with the CREST assured payment arrangements for the sums payable in accordance with Clause 4.1 within 14 days of the Effective Date, provided that Colfax Holdings reserves the right to make payment of the said sums by cheque as set out in Clause 8.2(A) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 8.2(B).

- 8.3 Settlement of any consideration in the form of Loan Notes to which a Scheme Shareholder is entitled shall (regardless of whether such Scheme Shares at the Scheme Record Time are in certificated form or uncertificated form) be effected by Colfax Holdings by the issue of such Loan Notes to Scheme Shareholders in certificated form no earlier than one day after the Effective Date and no later than 14 days from and including the Effective Date and dispatch by first class post (or by such other method as may be approved by the Panel) to the address appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint holders, to the holder whose name stands first in such register in respect of the joint holding concerned).
- 8.4 Settlement of any consideration in the form of New Colfax Shares to which a Scheme Shareholder is entitled shall be effected as follows:
- (A) in the case of Scheme Shares which at the Scheme Record Time are in certificated form and held by Certificated Holders other than Restricted Holders, the New Colfax Shares to which the Certificated Holder is entitled shall be issued to Cede & Co, which will be the registered holder of such New Colfax Shares. Colfax shall procure that Cede & Co will hold the New Colfax Shares via an account with DTC. Colfax shall procure that the interest in such shares shall be credited by its transfer agent through DTC to the securities deposit account of CREST Depository Limited's nominee, CREST International Nominees Limited. Shortly following the Effective Date, CREST Depository Limited shall issue Colfax CDIs, in CREST, to the Receiving Agent and Colfax shall procure that the Receiving Agent shall then deliver such Colfax CDIs to the CSN and that the CSN shall thereupon deliver (or procure the delivery on its behalf of) a Statement of Ownership detailing such Certificated Holder's entitlement to Colfax CDIs as soon as reasonably practicable and in any event no later than the fourteenth day following the Effective Date;
 - (B) in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, the New Colfax Shares to which the Uncertificated Holder is entitled shall be issued to Cede & Co, which will be the registered holder of such shares. Colfax shall procure that Cede & Co will hold the New Colfax Shares via an account with DTC. Colfax shall procure that the interest in such shares shall be credited by its transfer agent through DTC to the securities deposit account of CREST Depository Limited's nominee, CREST International Nominees Limited. Shortly following the Effective Date, CREST Depository Limited shall issue Colfax CDIs, in CREST, to the Receiving Agent and Colfax shall procure that the Receiving Agent shall thereupon deliver, through CREST to the stock account in CREST in which each such Uncertificated Holder held the relevant Scheme Shares, such Uncertificated Holder's entitlement to Colfax CDIs as soon as reasonably practicable, and in any event no later than the fourteenth day following the Effective Date; and
 - (C) in the case of Scheme Shares which at the Scheme Record Time are in certificated form and held by Restricted Holders, Colfax shall deliver or procure delivery to the Restricted Holder of, or as they may direct, share certificates in respect of the New Colfax Shares to which the Restricted Holder is entitled.
- 8.5 All deliveries of share certificates or cheques and/or payments required to be made pursuant to this Scheme shall be effected by sending the same by first class post in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in such register in respect of such joint holding at the Scheme Record Time), and none of the Company, Colfax, Colfax Holdings or their respective agents shall be responsible for any loss or delay in the transmission or delivery of any share certificates or cheques and/or payment sent in accordance with this Clause 8.5 which shall be sent at the risk of the persons entitled thereto.

- 8.6 All cheques shall be made payable to the persons respectively entitled to the moneys represented thereby (or, in the case of joint holders, to that one of the joint holders whose name stands first in the register of members of the Company in respect of such joint holding) and the issue of any such cheque (in accordance with Clause 8.5) or the creation of any such assured payment obligation as is referred to in Clause 8.2(B) shall be a complete discharge to Colfax Holdings for the moneys represented thereby.
- 8.7 The provisions of this Clause 8 shall be subject to any condition or prohibition imposed by law.

9. Fractional entitlements

- 9.1 The aggregate number of New Colfax Shares to which a holder of B Shares is entitled under Clause 4.2 shall, in each case, be rounded down to the nearest whole number.
- 9.2 No fraction of a New Colfax Share shall be allotted to any holder of B Shares, but all fractions of New Colfax Shares to which such holders would otherwise have been entitled shall be aggregated and the aggregate of such fractions (rounded down to the nearest whole share) shall be allotted and issued to the person appointed by Colfax as nominee for such shareholders on terms that the nominee be authorised to procure that such New Colfax Shares shall as soon as practicable after the Effective Date be sold at the best price reasonably obtainable on behalf of such shareholders and the net proceeds of such sale, after deduction of all expenses, taxes and commissions, including any amount in respect of value added tax thereon, shall be paid in cash in sterling to such holders in accordance with what would otherwise have been their respective fractional entitlements to New Colfax Shares, save that amounts of less than £3 will not be paid and will be used for the benefit of the enlarged Colfax Group.
- 9.3 Payment of any amounts to which a holder of B Shares is entitled under Clause 9.2 will be made in accordance with Clause 8.2(A) or 8.2(B) as appropriate.

10. Share certificates and cancellation of entitlements

- 10.1 With effect from and including the Effective Date:

- (A) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares represented thereby and every holder of Scheme Shares shall be bound at the request of the Company to deliver up the same to the Company or to destroy the same; and
- (B) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form and appropriate entries shall be made in the register of members of the Company with effect from the Effective Date to reflect their cancellation.

- 10.2 No certificates representing the A Shares, the B Shares or the C Shares shall be issued by the Company.

11. Dividend mandates

All mandates and other instructions to the Company in force at the Scheme Record Time relating to Scheme Shares shall, unless and until revoked or amended, be deemed as from the Effective Date to be valid and effective mandates and instructions to Colfax in relation to the New Colfax Shares issued in respect thereof.

12. Capital Change Event adjustment

The parties agree that an appropriate adjustment shall be made to the Exchange Ratio if there is any Capital Change Event between the date of this document and the Effective Date that results in value leakage from the Charter Shareholders out of the Colfax Group compared to the Colfax Shareholders, with the intent that a greater number of New Colfax Shares would be issued to cover the amount of such leakage.

13. Effective time

- 13.1 Part I of the Scheme shall become effective in accordance with its terms as soon as the relevant act of the Court sanctioning this Scheme under Article 125(2) of the Jersey Companies Law has been delivered to the Registrar of Companies for registration under Article 125(3) of the Jersey Companies Law. Implementation of Part II of this Scheme shall be subject to the relevant act of the Court (together with the approved minute attached to it) confirming under Article 63 of the Jersey Companies Law the reduction of capital provided for by this Scheme having been delivered to and, if the Court so orders for such reduction of capital to take effect, registered by the Registrar of Companies in accordance with Article 64 of the Jersey Companies Law.
- 13.2 Unless this Scheme shall have become effective on or before 30 March 2012, or such later date, if any, as the Company and Colfax Holdings may agree and the Court may allow, this Scheme shall never become effective.

14. Modification

The Company and Colfax Holdings may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

Dated: 18 October 2011

PART SIX

FINANCIAL AND OTHER INFORMATION ON CHARTER AND COLFAX

1. Charter

The following information is incorporated by reference into this document and is available free of charge on Charter's website at http://www.charter.ie/chtr_int/investors/recommended-acquisition/. A Charter Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by writing to Computershare, Corporate Actions 2, Bristol, BS99 6AG, or by calling: 0870 889 3281 from within the UK or +44 870 889 3281 from outside the UK. Calls to the 0870 889 3281 number cost approximately 10 pence per minute from a BT landline. Other network providers' costs may vary.

- Charter's interim results for the six months ended 30 June 2011;
- Charter's Annual Report 2010; and
- Charter's Annual Report 2009.

Charter's interim results for the six months ended 30 June 2011 as announced on 26 July 2011 contain Charter's unaudited consolidated financial statements for the six months ended 30 June 2011. Charter's Annual Reports listed above contain Charter's audited consolidated financial statements for the financial years ended 31 December 2010 and 31 December 2009, together with the audit report in respect of each year.

Information incorporated by reference into this document	Reference document	Page number in reference document
For the six months ended 30 June 2011¹		
Consolidated income statement for the six months ended 30 June 2011	Charter's Interim Results Announcement	16
Consolidated statement of comprehensive income for the six months ended 30 June 2011	Charter's Interim Results Announcement	17
Consolidated statement of changes in equity for the six months ended 30 June 2011	Charter's Interim Results Announcement	18
Consolidated balance sheet at 30 June 2011	Charter's Interim Results Announcement	19
Consolidated cash flow statement for the six months ended 30 June 2011	Charter's Interim Results Announcement	20
Notes to the interim financial statements	Charter's Interim Results Announcement	21 to 30
Independent review report to Charter International plc	Charter's Interim Results Announcement	31

Information incorporated by reference into this document	Reference document	Page number in reference document
For the financial year ended 31 December 2010²		
Independent Auditors' report to the members of Charter International plc	Charter's Annual Report 2010	59
Consolidated income statement for the year ended 31 December 2010	Charter's Annual Report 2010	60
Consolidated statement of comprehensive income for the year ended 31 December 2010	Charter's Annual Report 2010	61
Consolidated statement of changes in equity for the year ended 31 December 2010	Charter's Annual Report 2010	62

1. http://www.charter.ie/chtr_int/media/releases/2011releases/2011-07-26/2011-07-26.pdf

2. http://www.charter.ie/chtr_int/investors/reports/2010rep/ar2010/ar2010.pdf

Information incorporated by reference into this document	Reference document	Page number in reference document
Consolidated balance sheet at 31 December 2010	Charter's Annual Report 2010	63
Consolidated cash flow statement for the year ended 31 December 2010	Charter's Annual Report 2010	64
Notes to the consolidated financial statements	Charter's Annual Report 2010	65 to 105
Information incorporated by reference into this document	Reference document	Page number in reference document
For the financial year ended 31 December 2009³		
Independent Auditors' report to the members of Charter International plc	Charter's Annual Report 2009	62
Consolidated income statement for the year ended 31 December 2009	Charter's Annual Report 2009	64
Consolidated statement of comprehensive income for the year ended 31 December 2009	Charter's Annual Report 2009	65
Consolidated statement of changes in equity for the year ended 31 December 2009	Charter's Annual Report 2009	66
Consolidated balance sheet at 31 December 2009	Charter's Annual Report 2009	67
Consolidated cash flow statement for the year ended 31 December 2009	Charter's Annual Report 2009	68
Notes to the consolidated financial statements for the year ended 31 December 2009	Charter's Annual Report 2009	69 to 108

2. Colfax

The following information is incorporated by reference into this document and is available free of charge on Colfax's website at www.colfaxcorp.com. A Charter shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by writing to James Maizels, Deutsche Bank c/o Deutsche Bank AG, 1 Great Winchester Street, EC2N 2DB, London, Great Britain (Tel: +44 (0)207 547 6843):

- Colfax's Annual Report on Form 10-Q filed with the SEC on 29 July 2011;
- Colfax's Annual Report on Form 10-K filed with the SEC on 25 February 2011; and
- Colfax's Amended Annual Report on Form 10-K/A filed with the SEC on 13 December 2010.

Colfax's Quarterly Report on Form 10-Q filed with the SEC on 29 July 2011 contains Colfax's unaudited condensed consolidated financial statements for the six months ended 1 July 2011.

Colfax's Annual Report on Form 10-K filed with the SEC on 25 February 2011 contains Colfax's audited consolidated financial statements for the years ended 31 December 2010, 31 December 2009 and 31 December 2008.

Colfax's Annual Report on Form 10-K/A filed with the SEC on 13 December 2010 contains Colfax's audited consolidated financial statements for the years ended 31 December 2009, 31 December 2008 and 31 December 2007.

3. http://www.investis.com/chtr_int/investors/reports/ar2009v2.pdf

Information incorporated by reference into this document	Reference document	Page number in reference document
For the six months ended 1 July 2011⁽¹⁾		
Condensed consolidated statement of operations for the six months ended 1 July 2011	Colfax's Form 10-Q filed with the SEC on 29 July 2011	1
Condensed consolidated balance sheet at 1 July 2011	Colfax's Form 10-Q filed with the SEC on 29 July 2011	2
Condensed consolidated statements of cash flows for the six months ended 1 July 2011	Colfax's Form 10-Q filed with the SEC on 29 July 2011	3
Notes to the interim financial statements	Colfax's Form 10-Q filed with the SEC on 29 July 2011	4 to 16

Information incorporated by reference into this document	Reference document	Page number in reference document
For the financial year ended 31 December 2010⁽²⁾		
Independent Auditors' report to the members of Colfax Corporation	Colfax's Form 10-K filed with the SEC on 25 February 2011	43
Consolidated statement of operations for the year ended 31 December 2010	Colfax's Form 10-K filed with the SEC on 25 February 2011	44
Consolidated balance sheet at 31 December 2010	Colfax's Form 10-K filed with the SEC on 25 February 2011	45
Consolidated statement of cash flows for the year ended 31 December 2010	Colfax's Form 10-K filed with the SEC on 25 February 2011	47
Notes to the consolidated financial statements	Colfax's Form 10-K filed with the SEC on 25 February 2011	48 to 79

Information incorporated by reference into this document	Reference document	Page number in reference document
For the financial year ended 31 December 2009⁽³⁾		
Independent Auditor's report to the members of Colfax Corporation	Colfax's Form 10-K filed with the SEC on 25 February 2011	43
Consolidated statement of operations for the year ended 31 December 2009	Colfax's Form 10-K filed with the SEC on 25 February 2011	45
Consolidated balance sheet at 31 December 2009	Colfax's Form 10-K filed with the SEC on 25 February 2011	46
Consolidated statement of cash flows for the year ended 31 December 2009	Colfax's Form 10-K filed with the SEC on 25 February 2011	48
Notes to the consolidated financial statements for the year ended 31 December 2009	Colfax's Form 10-K filed with the SEC on 25 February 2011	49 to 80

(1) Available at <http://ir.colfaxcorp.com/secfiling.cfm?filingID=1144204-11-42702>

(2) Available at http://files.shareholder.com/downloads/CLFX/1398890806x0x505052/23f72e70-6f1b-4032-a9a2-1531a5f08912/2010_10k.pdf

(3) Available at http://files.shareholder.com/downloads/CLFX/1398890806x0x364497/b0645f46-2c5e-4b82-a99c-0fdc653dea34/FULL_2009_Annual_Report.pdf

PART SEVEN

TAXATION

A. UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only, are based on current UK tax legislation and what is understood to be the current practice of HMRC, both of which may change, possibly with retroactive effect. They summarise only certain limited aspects of the UK tax treatment of the Scheme, and the holding or disposing of New Colfax Shares (including where represented by Colfax CDIs) and Loan Notes acquired pursuant to the Scheme. They do not constitute tax advice and relate only to the position of Scheme Shareholders (or, as relevant, New Colfax Shareholders or holders of Loan Notes) who are resident (and, in the case of individuals, ordinarily resident and domiciled) for tax purposes solely in the UK, who hold their Scheme Shares (and will hold their New Colfax Shares and Loan Notes) as an investment (other than under an Individual Savings Account), who are the absolute beneficial owners thereof (and of any dividends or, as relevant, interest paid thereon) and who have not (and are not deemed to have) acquired the same by reason of any office or employment.

In addition, certain categories of shareholders, such as brokers, dealers or traders in shares or securities, insurance companies and collective investment schemes may be subject to special rules and this summary does not apply to such shareholders.

If you are in any doubt as to your taxation position, or you are subject to taxation in a jurisdiction other than the UK, you should consult an appropriate independent professional financial adviser immediately.

1. UK taxation of chargeable gains

Liability to UK taxation of chargeable gains will depend on the individual circumstances of Scheme Shareholders and on the form of consideration received.

1.1 Reclassification of Scheme Shares

The reclassification of the share capital of Charter, whereby the Scheme Shares will be reclassified as A Shares, B Shares and C Shares, should be regarded as a reorganisation of Charter's share capital for the purposes of UK taxation of chargeable gains. Accordingly, Scheme Shareholders should not be treated as having disposed of their Scheme Shares, and no liability to UK tax on chargeable gains should arise, as a result of this reclassification. The A Shares, B Shares and C Shares should be treated as the same asset as the original Scheme Shares, acquired at the same time and for the same consideration as the original Scheme Shares were acquired.

1.2 Cash

To the extent that a Scheme Shareholder receives cash under the terms of the Acquisition in respect of some or all of his Scheme Shares, that Scheme Shareholder will be treated as making a disposal or a part disposal of such shares which may, depending on the Scheme Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK taxation of chargeable gains. Any chargeable gain on such a disposal will be computed on the basis of an apportionment of the allowable cost to the holder of acquiring his Scheme Shares, by reference to their market value at the date of the disposal.

1.3 Acquisition of New Colfax Shares

To the extent that a Scheme Shareholder receives New Colfax Shares under the Scheme (including where these are represented by Colfax CDIs) and does not hold (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of Charter (which, in practice, would mean, following the share reclassification referred to in paragraph 1.1 above, five per cent. of any of the three classes of reclassified shares), he should not be treated as having made a disposal of his Scheme Shares. Instead, the New Colfax Shares (including where these are represented by Colfax CDIs) should be treated as the same asset as the shares in respect of which he received the New Colfax Shares, acquired at the same time and for the same consideration as those shares (noting, in this respect, the effect of the treatment described in paragraphs 1.1 and 1.2).

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of, Charter (which, in practice, would mean, following the share reclassification referred to in paragraph 1.1 above, five per cent. of any of the three classes of reclassified shares) is advised that an application is being made to HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Scheme. If such clearance is granted, such a Scheme Shareholder should be treated in the manner described in the preceding paragraph.

1.4 Loan Note Alternative

Scheme Shareholders should take advice as to whether it is desirable, having regard to the particular circumstances of the Scheme Shareholder in question, to elect to receive Loan Notes.

To the extent that a Scheme Shareholder receives Loan Notes under the Scheme and does not hold (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of Charter (which, in practice, would mean, following the share reclassification referred to in paragraph 1.1 above, five per cent. of any of the three classes of reclassified shares), he should not be treated as having made a disposal of his Scheme Shares.

For such a Scheme Shareholder who is an individual, the Loan Notes should not constitute qualifying corporate bonds for the purposes of UK taxation of chargeable gains. Consequently, the Loan Notes received should be treated as the same asset as the Scheme Shares in respect of which he receives Loan Notes, acquired at the same time and for the same consideration as those shares (noting, in this respect, the effect of the treatment described in paragraphs 1.1 and 1.2).

For such a Scheme Shareholder who is within the charge to UK corporation tax, the Loan Notes should constitute qualifying corporate bonds for the purposes of UK corporation tax. Consequently, any chargeable gain or allowable loss which would otherwise have arisen on a disposal of the relevant Scheme Shares, for a consideration equal to the market value of those shares immediately before they are exchanged for Loan Notes, should generally be “held over” and fall into the charge to UK taxation of chargeable gains on a subsequent disposal or part disposal of the Loan Notes.

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of, Charter (which, in practice, would mean, following the share reclassification referred to in paragraph 1.1 above, five per cent. of any of the three classes of reclassified shares) is advised that an application is being made to HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Scheme. If such clearance is granted, such a Scheme Shareholder should be treated in the manner described in the preceding two paragraphs (as relevant).

1.5 Disposal of New Colfax Shares

A subsequent disposal of the New Colfax Shares (including where these are represented by Colfax CDIs) may, depending on the particular circumstances of the person making the disposal (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK taxation of chargeable gains. Any chargeable gain or allowable loss on a disposal of the New Colfax Shares (including where these are represented by Colfax CDIs) should, on the basis that the treatment described in paragraph 1.3 applies, be calculated taking into account a proportion of the allowable cost to the holder of acquiring his Scheme Shares. Additionally for corporate shareholders (but not individual shareholders), indexation allowance on the relevant proportion of the allowable cost can be taken into account for the purposes of calculating a chargeable gain (but not an allowable loss) on a disposal of New Colfax Shares (including where these are represented by Colfax CDIs).

1.6 Disposal of Loan Notes

A subsequent disposal, including a redemption or repayment, of all or any part of the Loan Notes may, depending on the particular circumstances of the person making the disposal (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK taxation of chargeable gains.

For individual Scheme Shareholders, any chargeable gain or allowable loss on a disposal of the Loan Notes should, on the basis that the treatment described in paragraph 1.4 applies, be calculated taking into account a proportion of the allowable cost to the holder of acquiring his Scheme Shares.

For corporate Scheme Shareholders, any “held over” chargeable gain or allowable loss which is deemed to arise on the disposal of the Loan Notes should, on the basis that the treatment described in paragraph 1.4 applies, be calculated taking into account a proportion of the allowable cost to the holder of acquiring the relevant Scheme Shares and (when calculating a chargeable gain but not an allowable loss) indexation allowance on that proportion of the allowable original cost accrued up to the time of exchange of the Scheme Shares for the Loan Notes. No indexation allowance will be available for the period of ownership of the Loan Notes.

A corporate Scheme Shareholder within the charge to UK corporation tax in respect of the Loan Notes will generally be charged to (or, as the case may be, obtain relief from) UK corporation tax on income in respect of all profits, gains and losses (other than any “held over” gain, which will be dealt with as referred to above) arising from its holding or disposal of the Loan Notes under the UK’s loan relationship rules, broadly in accordance with the accounting treatment of the Loan Notes (under generally accepted accounting practice).

2. UK taxation of income

2.1 Dividends on New Colfax Shares

Withholding tax

Colfax will not be required to withhold at source any amount in respect of UK tax when paying a dividend on the New Colfax Shares. As regards US withholding tax, please see section B entitled “US TAXATION” below.

General

A New Colfax Shareholder who receives a dividend on the New Colfax Shares may be subject to UK corporation tax or UK income tax (as the case may be) on that dividend.

As described in section B – US TAXATION below, US tax will generally be required to be withheld from dividends paid on New Colfax Shares. The normal rate of tax to be withheld is 30 per cent. of the gross amount of the dividend. This rate may, however, be reduced under an applicable double tax treaty. The rate of withholding on dividends for New Colfax Shareholders who are entitled to claim (and who make a valid claim for) the benefit of the double tax treaty between the UK and the US is generally 15 per cent. (although lower rates may apply in the case of a company holding shares representing (directly or indirectly) 10 per cent. or more of the voting power of Colfax).

If a New Colfax Shareholder receives a dividend on New Colfax Shares and US tax is withheld from the payment of the dividend which is not recoverable from the US tax authorities, credit for such US tax may be available for set-off against any liability to UK corporation tax or UK income tax on the dividend. The amount of such credit will normally be equal to the lesser of the amount of such tax withheld and the liability to UK tax on the dividend. Such credit will not normally be available for set-off against such shareholder’s liability to UK tax other than on the dividend and, to the extent that such credit is not set off against UK tax on the dividend, the credit will be lost.

Individuals

New Colfax Shareholders who are individuals will generally be subject to UK income tax on the gross amount of any dividend on the New Colfax Shares acquired pursuant to the Scheme (that is, after adding back any US withholding tax). Such individuals should generally be entitled to a non-payable tax credit equal to one ninth of that amount. For such individuals as are eligible for this tax credit, the credit will have the effect of reducing the effective rate of UK income tax on the gross amount of the dividend to zero (for individuals taxable at the dividend ordinary rate), 25 per cent. (for individuals taxable at the dividend upper rate) and approximately 36.1 per cent. (for individuals taxable at the dividend additional rate) subject, in the latter cases, to any credit for US tax withheld (as described above).

Special rules may apply to individuals who are resident but not domiciled in the UK for UK tax purposes.

Companies

New Colfax Shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax on any dividends paid on the New Colfax Shares unless certain conditions for exemption are satisfied. Although it is likely that dividends paid on the New Colfax Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not

comprehensive and is subject to anti-avoidance rules. New Colfax Shareholders within the charge to corporation tax should consult their own professional advisers.

2.2 Interest on the Loan Notes

Interest paid by Colfax Holdings on the Loan Notes will be paid after deduction of UK income tax at the basic rate (currently 20 per cent.) unless either (i) a holder of the Loan Notes can prove to the satisfaction of Colfax Holdings that the payment is an excepted payment under any of sections 933 to 937 (inclusive) of the Income Tax Act 2007, and no direction has been made by HMRC under section 931 of that Act with respect to such payment, or (ii) Colfax Holdings has been directed by HMRC, in respect of a particular holding of Loan Notes, to make the payment without deduction, or subject to a reduced rate of deduction, by virtue of relief under the provisions of a double tax treaty. Colfax Holdings will not gross up payments of interest on the Loan Notes to compensate for any tax which is deducted at source.

For Loan Note holders who are individuals, the gross amount of interest received on the Loan Notes will form part of the recipient's income for the purposes of UK income tax, credit being allowed for the UK tax withheld (if any). Individuals who are taxable only at the basic rate will have no further tax to pay in respect of the interest. Individuals liable to UK income tax at the higher rate or at the additional rate will have to pay further income tax.

As noted above, Scheme Shareholders within the charge to UK corporation tax in respect of the Loan Notes will generally be charged to UK corporation tax on income in respect of all profits and gains in respect of the Loan Notes (including interest) under the UK's loan relationship rules, broadly in accordance with the accounting treatment of the Loan Notes (under generally accepted accounting practice).

3. UK stamp duty and UK stamp duty reserve tax ("SDRT")

The statements below in respect of SDRT assume that: (i) Colfax is a body corporate not incorporated in the UK; (ii) the central management and control of Colfax is not exercised in the UK; (iii) the New Colfax Shares are not registered in a register kept in the UK; (iv) the Colfax CDIs are registered in a register kept in the UK; (v) the New Colfax Shares are not paired with shares issued by a body corporate incorporated in the UK; and (vi) the New Colfax Shares are listed on a recognised stock exchange (within the meaning of section 1137 of the Corporation Tax Act 2010). The Colfax Directors have confirmed that they believe this will be, and will continue to be, the case.

No UK stamp duty or SDRT will be required to be paid by Scheme Shareholders in respect of the cancellation or transfer of Scheme Shares, the issue of New Colfax Shares or Colfax CDIs or the issue of Loan Notes, in each case pursuant to the Scheme.

No UK stamp duty will be payable in respect of a paperless transfer of the Colfax CDIs or of the New Colfax Shares in dematerialised form.

In practice, UK stamp duty will not generally need to be paid on an instrument transferring New Colfax Shares. In particular, no UK stamp duty will be payable on an instrument transferring New Colfax Shares if such instrument is executed and retained outside the UK and does not relate to any property situated in the UK or to any other matter or thing done or to be done in the UK (which may include, without limitation, the involvement of UK bank accounts in payment mechanics).

No SDRT will arise in respect of an agreement to transfer New Colfax Shares or Colfax CDIs.

No stamp duty or SDRT should be required to be paid in respect of a transfer of or agreement to transfer Loan Notes.

B. US TAXATION

To ensure compliance with Treasury Department Circular 230, persons subject to US tax are hereby notified that: (i) any discussion of US federal tax issues in this document is not intended or written to be used, and cannot be used, by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers under the Internal Revenue Code of 1986, as amended (the "Code"); (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

The following discussion is a summary of certain US federal income tax considerations relevant to the cancellation of Scheme Shares for the receipt of New Colfax Shares, Colfax CDIs and/or cash and the ownership and disposition of New Colfax Shares or Colfax CDIs. This discussion is based on the current provisions of the Code, its legislative history, applicable existing and proposed Treasury regulations promulgated thereunder, administrative rulings and pronouncements and judicial decisions, as well as on the double taxation treaty between the US and the UK, all as of the date hereof, all of which are subject to change possibly on a retroactive basis. The summary is not a complete description of all the tax considerations that may be relevant to a particular holder of Scheme Shares. This discussion addresses only a holder that holds the Scheme Shares and New Colfax Shares or Colfax CDIs as capital assets and a US Holder (as defined below) that uses the US dollar as its functional currency. This discussion does not address all aspects of US federal income taxation that may be relevant to any particular holder based on such holder's individual circumstances. In particular, it does not address the potential application of the alternative minimum tax or the US federal income tax consequences to holders subject to special rules, such as brokers, dealers, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, holders of 10 per cent. or more of the Colfax common stock or the Scheme Shares (directly, indirectly or constructively), persons holding Scheme Shares or New Colfax Shares or Colfax CDIs as part of a hedge, straddle, conversion, or other integrated financial transaction and US Holders resident or ordinarily resident in the UK. This discussion does not address the tax consequences to US Holders that receive Loan Notes. This discussion does not address any aspect of taxes other than US federal income taxes.

Each holder is urged to consult his or her tax advisor about the US federal, state and local income tax and any foreign tax consequences of exchanging Scheme Shares for New Colfax Shares, Colfax CDIs and/or cash pursuant to the Scheme.

For the purposes of this discussion, "US Holder" means a beneficial owner of Scheme Shares that is for US federal income tax purposes (i) a US citizen or resident, (ii) a corporation (or other entity taxable as a corporation for US federal income tax purposes) created or organised in or under the laws of the US or any state thereof, or the District of Columbia, (iii) a trust if (a) a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all of the substantial decisions of the trust, or (b) the trust has a valid election in effect under applicable US Treasury regulations to be treated as a US person, or (iv) an estate the income of which is subject to US federal income tax regardless of its source. A "Non-US Holder" is a beneficial owner of Scheme Shares that is not a US Holder or a partnership.

If a partnership (or any entity treated as a partnership for US federal income tax purposes) holds Scheme Shares, the consequences of the Scheme to a partner generally will depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships that hold Scheme Shares are advised to consult their tax advisors regarding the Scheme.

For US federal income tax purposes, holders of Colfax CDIs generally should be treated as owners of the New Colfax Shares represented by the Colfax CDIs. Accordingly, the US federal income tax consequences discussed below apply equally to holders of Colfax CDIs or the underlying New Colfax Shares.

1. US federal income tax consequences of the Scheme

1.1 US Holders

The reclassification of the share capital of Charter, whereby the Scheme Shares will be reclassified as A Shares, B Shares and C Shares, will generally not be a taxable event. The exchange of Scheme Shares for New Colfax Shares, Colfax CDIs and/or cash generally will be a taxable event for US federal income tax purposes. A US Holder generally will recognise capital gain or loss upon exchanging Scheme Shares for New Colfax Shares, Colfax CDIs and/or cash in an amount equal to the difference between the US dollar value of the New Colfax Shares or Colfax CDIs received plus any cash received and the US Holder's tax basis in the Scheme Shares. Any gain or loss generally will be long-term capital gain or loss if the Scheme Shares have been held for more than one year on the Effective Date. Long-term capital gain is eligible for reduced rates of taxation for individuals and certain non-corporate taxpayers. The deductibility of capital losses is subject to limitations. Any gain or loss will generally be treated as arising from US sources.

US Holders will have an initial tax basis in their New Colfax Shares or Colfax CDIs equal to the US dollar value of the New Colfax Shares or Colfax CDIs as of the date of the exchange. US Holders' holding period in the New Colfax Shares or Colfax CDIs will begin on the day after the exchange.

Charter believes, and the discussion in the preceding paragraph assumes, that Charter is not, and never has been, a passive foreign investment company ("PFIC"). If, notwithstanding this belief and assumption, it is determined that Charter is or has been a PFIC in any taxable year during which a US Holder has held Scheme Shares (regardless of whether Charter continues to be a PFIC), any gain realised by such US Holder upon exchanging Scheme Shares for New Colfax Shares and/or cash would be ordinary and would be subject to additional tax. To compute this tax on a gain realised by such US Holder, (i) the gain would be allocated ratably over the US Holder's holding period, (ii) the amount allocated to the current taxable year and to years when Charter was not a PFIC as to such US Holder would be taxed as ordinary income and (iii) the amount allocated to other taxable years would be taxed at the highest applicable marginal rate in effect for each such taxable year and an interest charge would be imposed to recover the deemed benefit from the deferred payment of the tax attributable to each such year.

1.2 Non-US Holders

Subject to the discussion below on backup withholding, a Non-US Holder will not be subject to US federal income tax or withholding tax upon exchanging Scheme Shares for New Colfax Shares, Colfax CDIs and/or cash unless (i) such gain is effectively connected with the Non-US Holder's conduct of a US trade or business (and, if a US double taxation treaty applies, is also attributable to a permanent establishment or fixed base in the US) ("trade or business income") or (ii) the Non-US Holder is an individual who has been present in the US for at least 183 days in the taxable year of the exchange and does not otherwise qualify for an exception from US tax liability. Trade or business income is taxable on a net basis at regular US federal income tax rates and corporations with such income may also be subject to US branch profits tax. An individual non-US Holder described in clause (ii) above is subject to US federal income tax on the non-US Holder's gains (including gain from the sale of New Colfax Shares or Colfax CDIs, net of applicable US source losses incurred on sales or exchanges of other capital assets during the year) at a flat rate of 30 per cent.

1.3 Information reporting and backup withholding tax

Cash proceeds, if any, received from the exchange pursuant to the Scheme may be reported to the Internal Revenue Service ("IRS"). Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish an exemption. Backup withholding is not an additional tax. The holder can claim a credit against its US federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount provided that certain information is timely furnished to the IRS.

1.4 Foreign currency considerations

A US Holder who receives pounds sterling as consideration for the cancellation of its Scheme Shares pursuant to the Scheme will have a tax basis in the pounds sterling equal to the US dollar amount realised. If a US Holder converts the pounds sterling on the settlement date or the Effective Date (whichever date the taxpayer was required to use to calculate the US dollar value of the cash consideration pursuant to the Scheme), the US Holder generally should not recognise any exchange gain or loss in respect of the payment. Upon conversion by a US Holder of foreign currency on a date subsequent to the settlement date or the Effective Date, as applicable, the holder will recognise exchange gain or loss. Any exchange gain or loss recognized generally will be treated as US source ordinary income or loss. US Holders should consult their tax advisors as to the application of these rules to their particular circumstances.

2. Ownership of New Colfax Shares or Colfax CDIs

2.1 Dividends on New Colfax Shares

2.1.1 General

For US federal income tax purposes, distributions made on the New Colfax Shares (including New Colfax Shares underlying Colfax CDIs) will be treated as dividends to the extent of the current and accumulated earnings and profits of Colfax as determined for US federal income tax purposes.

Distributions in excess of the current and accumulated earnings and profits of Colfax will be treated as a non-taxable return of capital to the extent of the holder's tax basis in the New Colfax Shares or Colfax CDIs and, thereafter, as capital gain, subject to the treatment described below under paragraph 2.2 below.

2.1.2 US Holders

Dividends paid on New Colfax Shares (including New Colfax Shares underlying Colfax CDIs) will be included in the gross income of a US Holder as ordinary income from sources within the US. Dividends may be eligible for the dividends received deduction available to US corporations. Dividends received by non-corporate US Holders in taxable years beginning before 1 January, 2013 will be taxed at the same preferential rate allowed for long-term capital gains if the US Holder meets certain eligibility requirements (including a holding period requirement).

2.1.3 Non-US Holders

Dividends paid on New Colfax Shares (including New Colfax Shares underlying Colfax CDIs) will be subject to US withholding at a rate of 30 per cent. unless (i) the Non-US Holder is entitled to a reduced rate of withholding pursuant to the benefits of an applicable US double taxation treaty or (ii) the dividends are effectively connected with the Non-US Holder's conduct of a US trade or business and, if a US double taxation treaty applies, are also attributable to a permanent establishment in the US and the Non-US Holder complies with applicable certification and disclosure requirements. A Non-US Holder eligible for the benefits of the double taxation treaty between the US and the UK will generally be subject to withholding on dividends at a reduced rate of 15 per cent. A Non-US Holder must certify its residency to Colfax on a properly executed IRS Form W-8BEN to claim the benefits of an applicable US double taxation treaty. If the dividends are effectively connected with the Non-US Holder's conduct of a US trade or business and, if a treaty applies, are also attributable to a permanent establishment in the US, a Non-US Holder will be subject to US federal income tax on a net basis at regular US federal income tax rates on the amount of the distribution. In addition, a Non-US Holder that is a corporation may be subject to the US branch profits tax.

2.2 Subsequent dispositions of New Colfax Shares or Colfax CDIs

2.2.1 US Holders

A US Holder generally will recognise capital gain or loss on the sale or other taxable disposition of the New Colfax Shares or Colfax CDIs in an amount equal to the difference between its adjusted tax basis in the New Colfax Shares or Colfax CDIs and the amount realised from the sale or other taxable disposition. Any gain or loss generally will be long-term capital gain or loss if the holding period in the New Colfax Shares or Colfax CDIs is more than one year on the date of sale or exchange. Long-term capital gain is eligible for reduced rates of taxation for individuals and certain non-corporate taxpayers. The deductibility of capital losses is subject to limitations. Any gain or loss generally will be treated as arising from US sources.

2.2.2 Non-US Holders

Any gain realised by a Non-US Holder on the disposition of New Colfax Shares will not be subject to US federal income tax unless (i) the gain is effectively connected with the Non-US Holder's conduct of a US trade or business and, if a US double taxation treaty applies, is also attributable to a permanent establishment in the US (in which case, if the Non-US Holder is a corporation, the US branch profits tax may apply), (ii) the Non-US Holder is an individual present in the US for at least 183 days during the taxable year of disposition and certain other conditions are met or (iii) Colfax is or has been a US real property holding company ("USRPHC") for US federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition and the period that the Non-US Holder held the New Colfax Shares or Colfax CDIs unless the Non-US Holder owns actually or constructively five per cent. or less of the New Colfax Shares sold and such shares are regularly traded on an established securities market. We believe that Colfax is not a USRPHC for US federal income tax purposes nor do we anticipate Colfax will become a USRPHC. However, no assurance can be given that Colfax will not become a USRPHC or that New Colfax Shares will be regularly traded on an established securities market.

2.3 Information reporting and backup withholding tax

Dividends from New Colfax Shares or Colfax CDIs and proceeds from the sale, exchange or other disposition of New Colfax Shares or Colfax CDIs may be reported to the IRS. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or otherwise establish an exemption. Backup withholding tax is not an additional tax. The holder can claim a credit against its US federal income tax liability for the amount of any backup withholding tax and a refund of any excess amount provided that certain information is timely furnished to the IRS.

2.4 Recently Enacted Legislation

Recently enacted legislation will require withholding at a rate of 30 per cent. on dividends in respect of, and gross proceeds from the sale of, New Colfax Shares or Colfax CDIs held by or through certain foreign financial institutions (including investment funds) beginning after 31 December 2013, in the case of dividends, and beginning after 31 December 2014, in the case of such gross proceeds, unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, information with respect to shares in the institution held by certain US persons and by certain non-US entities that are wholly- or partially-owned by US persons. Accordingly, the entity through which New Colfax Shares or Colfax CDIs are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale of, New Colfax Shares or Colfax CDIs held by certain investors that are non-financial non-US entities will be subject to withholding at a rate of 30 per cent., beginning after 31 December 2013, in the case of dividends, and beginning after 31 December 2014 in the case of such gross proceeds, unless such entity either (i) certifies to us that such entity does not have any “substantial United States owners” or (ii) provides certain information regarding the entity’s “substantial United States owners,” which we will in turn provide to the Secretary of the Treasury. **Holders are encouraged to consult with their tax advisors regarding the possible implications of the legislation on their investment in New Colfax Shares or Colfax CDIs.**

PART EIGHT

ADDITIONAL INFORMATION

1. Responsibility statements

- (a) The Charter Directors, whose names are set out in paragraph 2(a) of this Part Eight, accept responsibility for the information contained in this document other than for the information where responsibility has already been taken pursuant to paragraphs 1(b) or 1(c) of this Part Eight. To the best of the knowledge and belief of the Charter Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. Neither Charter nor any of the Charter Directors takes responsibility for the information for which the Colfax Directors or directors of Colfax Holdings take responsibility, including the Colfax Prospectus.
- (b) The Colfax Directors whose names are set out in paragraph 2(b) of this Part Eight, accept responsibility for all the information contained in this document relating to Colfax, the Colfax Group, the Colfax Directors and members of their immediate families, related trusts and persons connected with them, other than information for which the directors of Colfax Holdings take responsibility pursuant to paragraph 1(c) of this Part Eight, and for all the information contained in the Colfax Prospectus (for which they take responsibility on the basis set out therein). To the best of the knowledge and belief of the Colfax Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. Neither Colfax nor any of the Colfax Directors takes responsibility for the information for which the Charter Directors or directors of Colfax Holdings take responsibility.
- (c) The directors of Colfax Holdings whose names are set out in paragraph 2(c) of this Part Eight, accept responsibility for all the information contained in this document relating to Colfax Holdings and the directors of Colfax Holdings. To the best of the knowledge and belief of the directors of Colfax Holdings (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. Neither Colfax Holdings nor any of its directors takes responsibility for the information for which the Charter Directors or Colfax Directors take responsibility.

2. Directors

- (a) The Charter Directors are as follows:

Name of Director	Position
Lars Emilson	<i>Chairman</i>
Gareth Rhys Williams	<i>Chief Executive</i>
John Biles	<i>Independent Non-Executive Director</i>
Robert Careless	<i>Finance Director</i>
James Deeley	<i>Commercial Director</i>
Grey Denham	<i>Senior Independent Non-Executive Director</i>
John Neill	<i>Non-Executive Director</i>
Andrew Osborne	<i>Independent Non-Executive Director</i>
Manfred Wennemer	<i>Independent Non-Executive Director</i>

The registered office of Charter, whose registered number is 100249, is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

(b) The Colfax Directors are as follows:

Name of Director	Position
Mitchell P. Rales	<i>Chairman</i>
Clay H. Kiefaber	<i>President and Chief Executive Officer</i>
Patrick W. Allender	<i>Director</i>
Joseph O. Bunting III	<i>Director</i>
Thomas S. Gayner	<i>Director</i>
A. Clayton Perfall	<i>Director</i>
Steven E. Simms	<i>Director</i>
Rajiv Vinnakota	<i>Director</i>
Rhonda L. Jordan	<i>Director</i>

The registered office of Colfax, whose registered number is 001-34045, is 8170 Maple Lawn Blvd, Suite 180, Fulton, MD 20759.

(c) The directors of Colfax Holdings are as follows:

Name of Director	Position
Clay H. Kiefaber	<i>Director</i>
Charles Scott Brannan	<i>Director</i>
Anne Lynne Puckett	<i>Director</i>

The registered office of Colfax Holdings, whose registered number is 07766350, is c/o Skadden, Arps, Slate, Meagher & Flom (UK) LLP, 40 Bank Street, London E14 5DS.

3. Irrevocable undertakings

Those members of the Charter Board who hold beneficial interests in Charter Shares have irrevocably undertaken to vote in favour of the resolutions relating to the Acquisition at the Meetings (or, in the event that the Acquisition is implemented by way of a takeover offer, to accept the Offer) in respect of their own beneficial holdings of 176,977 Charter Shares representing in aggregate approximately 0.1 per cent. of Charter's issued share capital at the date of the Announcement. These irrevocable undertakings will continue to be binding even if a competing offer is made for Charter which exceeds the value of the Acquisition and even if such higher offer is recommended for acceptance by the Charter Board.

Details of the irrevocable undertakings*

Name of Charter Director	Number of Charter Shares
Lars Emilson	10,000
John Biles	8,461
Robert Careless	56,797
James Deeley	12,441
Grey Denham	1,000
John Neill	87,278
Andrew Osborne	1,000

* The undertakings and numbers referred to in this table refer only to those shares which the relevant director is beneficially entitled to and any share such director is otherwise able to control the exercise of in terms of the rights attaching to such share, including the ability to procure the transfer of such share. These undertakings and the numbers referred to in this table exclude any award that may be outstanding under the Charter Executive Share Schemes.

4. Charter issued share capital and interests and dealings

For the purposes of this paragraph 4 and paragraph 5 of this Part Eight:

(a) "acting in concert" with Colfax Holdings or Charter, as the case may be, means any such person acting or deemed to be acting in concert with Colfax Holdings or Charter, as the case may be, for the purposes of the City Code;

- (b) **“connected adviser”** includes an organisation which (A) is advising Colfax Holdings or (as the case may be) Charter in relation to the Acquisition, (B) is a corporate broker to Colfax Holdings or (as the case may be) Charter, (C) is advising a person acting in concert with Colfax Holdings or (as the case may be) Charter in relation to the Acquisition or in relation to the matter which is the reason for that person being a member of the concert party, in each case above excluding any exempt principal traders and any exempt fund managers;
- (c) **“dealing”** or **“dealt”** includes:
- (i) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
 - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) exercising or converting, whether in respect of new or existing securities, any relevant securities carrying conversion or subscription rights;
 - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (d) **“dealing arrangement”** means an arrangement of the kind referred to in Note 11 on the definition of “acting in concert” in the City Code;
- (e) **“derivative”** includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- (f) **“disclosure date”** means 13 October 2011, being the latest practicable date prior to the posting of this document;
- (g) **“disclosure period”** means the period commencing on 29 June 2010 (being the date 12 months prior to the commencement of the Offer Period and ending on the disclosure date);
- (h) **“a person has an interest”** or is **“interested”** in relevant securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular includes if a person:
- (i) owns them;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (i) **“relevant securities”** means:
- (i) Charter Shares and any other securities of Charter conferring voting rights;
 - (ii) equity share capital of Charter or, as the context requires, Colfax or Colfax Holdings;
 - (iii) securities of Colfax which carry substantially the same rights as the New Colfax Shares; and
 - (iv) securities of Charter or, as the context requires, Colfax or Colfax Holdings carrying conversion or subscription rights into any of the foregoing; and

- (j) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

4.1 Charter issued share capital

As at the disclosure date, the Scheme is made in respect of the entire issued and to be issued share capital of Charter, this being made up of 167,087,473 ordinary shares of 2 pence each.

4.2 Interests and dealings in Charter Shares

- (a) As at the disclosure date, the interests in and rights to subscribe for relevant securities of Charter held by the Charter Directors, their close relatives or any related trusts were as follows:

Director	Number of Charter Shares
John Biles	2,750*
Robert Careless	56,797
Grey Denham	1,000
Lars Emilson	10,000
John Neill	87,278
Andrew Osborne	1,000

* Held indirectly through a Funded Unapproved Retirement Benefit Scheme.

Family member	Number of Charter Shares
Nicola Deeley (James Deeley’s wife)	12,441
Matthew Denham (Grey Denham’s son)	69
François Biles (John Biles’ wife)	5,711

- (b) As at the disclosure date, the following options or awards over relevant securities of Charter had been granted to the Charter Directors, their close relatives or any related trusts:

(i) Long-Term Incentive Plan

Director	Date of Grant	Number of Charter Shares	Performance Period
Robert Careless	9 March 2009	71,684	9 March 2009 – 8 March 2012
	30 April 2010	47,066	1 January 2010 – 31 December 2012
	25 February 2011	53,520	1 January 2011 – 31 December 2013
James Deeley	9 March 2009	62,881	9 March 2009 – 8 March 2012
	30 April 2010	44,315	1 January 2010 – 31 December 2012
	25 February 2011	51,821	1 January 2011 – 31 December 2013

(ii) Deferred Bonus Plan

Director	Year of Grant	Number of Charter Shares*	Exercise Period
Robert Careless	2009	12,436	3 years
	2010	2,578	3 years
	2011	8,449	3 years
James Deeley	2009	12,582	3 years
	2010	2,346	3 years
	2011	7,955	3 years

* Shares are held by Appleby Trust (Jersey) Limited on trust for the relevant directors.

- (c) As at the disclosure date, the details of interests or short positions in relevant securities of Charter which any persons acting in concert with Charter own or control are set out below:

Companies under common ownership with Goldman Sachs

Charter Shares – Borrow/loan

Party	Type	Number of Charter Shares	Interest in Charter (%)
Goldman Sachs, & Co.	Borrow	114,408	0.06
Goldman Sachs, & Co.	Loan	114,408	0.06

- (d) As at the disclosure date, the details of interests or short positions in relevant securities of Colfax which any persons acting in concert with Charter own or control are set out below:

(i) Companies under common ownership with Goldman Sachs:

Colfax common stock

(A) Holding and short position

Party	Type	Number of shares in Colfax common stock	Interest in Colfax (%)
Goldman, Sachs & Co.	Holding	139,840	0.32
Goldman Sachs Financial Markets L.P.	Short position	1	0.00

(B) Options

Party	Option Type	Number of shares in Colfax common stock	Purchased or Written	Exercise Price	Expiry Date
Goldman, Sachs & Co.	Call Option	201,000	Written	30.00 USD	17/12/2011
Goldman, Sachs & Co.	Put Option	201,000	Purchased	30.00 USD	17/12/2011

(C) Borrow/loan

Party	Transaction Type	Number of shares in Colfax common stock	Interest in Colfax (%)
Goldman, Sachs & Co.	Borrow	2,037,714	4.67
Goldman, Sachs & Co.	Loan	344,427	0.79
Goldman Sachs Execution & Clearing L.P.	Borrow	8300	0.01
Goldman Sachs Execution & Clearing L.P.	Loan	0	0.00

(ii) RBS

Colfax Common Stock

(A) Short position

Party	Type	Number of shares in Colfax common stock	Interest in Colfax (%)
Royal Bank of Scotland plc	Short position	898	0.024

(B) Borrow/loan

Under Notes to Rule 8, 5(l) of the City Code, Royal Bank of Scotland plc has borrowed two shares in Colfax common stock which have not been on-lent or sold.

(iii) Companies under common ownership with J.P. Morgan Cazenove

Colfax common stock – Holding and short position

Party	Type	Number of shares in Colfax common stock	Interest in Colfax (%)
J.P. Morgan Securities LLC	Holding	5,543	0.01
J.P. Morgan Securities LLC	Short position	92,908	0.21

- (e) The dealings of persons acting in concert with Charter in relevant securities from the start of the Offer Period until the disclosure date are as follows:

(i) Companies under common ownership with Goldman Sachs

Charter Shares – Borrow/loan

Party	Transaction Type	Number of Charter Shares	Trade Date
Goldman, Sachs & Co.	Borrow – Full Return	30,684	29.06.2011 – 13.10.2011
Goldman, Sachs & Co.	Borrow – Partial Return	22,758	29.06.2011 – 13.10.2011
Goldman, Sachs & Co.	Loan – Partial Return	28,431	29.06.2011 – 13.10.2011

Colfax Common Stock

(A) Sale/Purchase

Party	Transaction Type	Number of shares in Colfax common Stock	Trade Date	High Price	Low Price	Currency
Goldman, Sachs & Co.	Purchase	829,536	29.06.2011 – 13.10.2011	28.62	17.94	USD
Goldman, Sachs & Co.	Sale	473,577	29.06.2011 – 13.10.2011	28.09	18.16	USD
Goldman Sachs Financial Markets L.P.	Purchase	1	29.06.2011 – 13.10.2011	22.03	22.03	USD

(B) Call Options

Party	Transaction Type	Number of shares in Colfax common stock	Trade Date	High Price	Low Price	Currency
Goldman, Sachs & Co.	Sell	201,000	29.06.2011 – 13.10.2011	30.00	30.00	USD

(C) Put Options

Party	Transaction Type	Number of shares in Colfax common stock	Trade Date	High Price	Low Price	Currency
Goldman, Sachs & Co.	Buy	201,000	29.06.2011 – 13.10.2011	30.00	30.00	USD

(D) Borrow/Loan

Party	Transaction Type	Number of shares in Colfax common stock	Trade Date
Goldman, Sachs & Co.	Borrow – New	4,786,487	29.06.2011 – 13.10.2011
Goldman, Sachs & Co.	Borrow – Full Return	2,704,655	29.06.2011 – 13.10.2011
Goldman, Sachs & Co.	Borrow – Partial Return	276,023	29.06.2011 – 13.10.2011
Goldman, Sachs & Co.	Loan – New	2,933,885	29.06.2011 – 13.10.2011
Goldman, Sachs & Co.	Loan – Full Return	2,259,708	29.06.2011 – 13.10.2011
Goldman, Sachs & Co.	Loan – Partial Return	342,734	29.06.2011 – 13.10.2011
Goldman Sachs Execution & Clearing L.P.	Borrow – New	569,486	29.06.2011 – 13.10.2011
Goldman Sachs Execution & Clearing L.P.	Borrow-Full Return	473,552	29.06.2011 – 13.10.2011
Goldman Sachs Execution & Clearing L.P.	Borrow – Partial Return	100,600	29.06.2011 – 13.10.2011
Goldman Sachs Execution & Clearing L.P.	Loan – New	623,767	29.06.2011 – 13.10.2011
Goldman Sachs Execution & Clearing L.P.	Loan – Full Return	538,830	29.06.2011 – 13.10.2011
Goldman Sachs Execution & Clearing L.P.	Loan – Partial Return	84,937	29.06.2011 – 13.10.2011

(ii) Companies under common ownership with J.P. Morgan Cazenove:

Charter Shares – sale/purchase

Party	Transaction Type	Number of Charter Shares	Trade Date	Price	Currency
J.P. Morgan Securities Ltd	Purchase	46,570	06/10/2011	8.6798	GBP

Colfax common stock – sale/purchase

Party	Transaction Type	Number of shares in Colfax common stock	Trade Date	Price	Currency
J.P. Morgan Securities LLC	Sale	118	01/07/2011	24.82	USD
	Sale	9	01/07/2011	24.85	USD
	Sale	100	01/07/2011	24.99	USD
	Sale	100	01/07/2011	25.11	USD
	Sale	200	01/07/2011	25.13	USD
	Purchase	522	05/07/2011	25.49	USD
	Sale	9	07/07/2011	26.09	USD
	Sale	6	19/07/2011	25.81	USD
	Purchase	197	20/07/2011	25.86	USD
	Purchase	200	20/07/2011	25.88	USD
	Purchase	100	20/07/2011	25.91	USD
	Sale	112	21/07/2011	25.95	USD
	Sale	100	21/07/2011	25.97	USD
	Sale	4	21/07/2011	26.04	USD
	Sale	100	21/07/2011	26.24	USD
	Sale	100	21/07/2011	26.35	USD
	Sale	100	21/07/2011	26.38	USD
	Sale	3	26/07/2011	25.38	USD
	Purchase	10	27/07/2011	24.98	USD
	Purchase	29	28/07/2011	24.38	USD
	Sale	147	29/07/2011	27.07	USD
	Purchase	35	01/08/2011	27.93	USD
	Sale	29	08/08/2011	24.71	USD
	Sale	6	08/08/2011	24.86	USD
	Purchase	3	10/08/2011	24.86	USD
	Purchase	13	12/08/2011	25.33	USD
	Sale	100	15/08/2011	25.12	USD
	Sale	100	18/08/2011	22.68	USD
	Sale	100	18/08/2011	22.8	USD
	Sale	100	18/08/2011	22.81	USD
	Purchase	1	19/08/2011	22.27	USD
	Sale	39	22/08/2011	22.15	USD
	Purchase	100	23/08/2011	23.28	USD
	Purchase	100	23/08/2011	23.31	USD
	Sale	25	23/08/2011	22.43	USD
	Sale	2	29/08/2011	24.29	USD
	Sale	3	31/08/2011	25.33	USD
	Purchase	10	02/09/2011	24.14	USD
	Purchase	547	23/09/2011	22.15	USD
	Purchase	53	23/09/2011	22.16	USD
	Purchase	100	23/09/2011	22.125	USD
	Purchase	100	23/09/2011	22.145	USD
	Purchase	100	23/09/2011	22.1474	USD
	Purchase	100	23/09/2011	22.1479	USD
	Purchase	100	23/09/2011	22.1483	USD
	Purchase	100	23/09/2011	22.1488	USD
	Purchase	100	23/09/2011	22.1489	USD
	Purchase	4,300	23/09/2011	22.15	USD
	Purchase	100	23/09/2011	22.155	USD
	Purchase	100	23/09/2011	22.1591	USD
	Purchase	100	23/09/2011	22.16	USD
	Purchase	100	23/09/2011	22.1661	USD
	Purchase	100	23/09/2011	22.1687	USD
	Purchase	700	23/09/2011	22.17	USD
	Sale	6,800	23/09/2011	22.1	USD
	Sale	30	04/10/2011	19.89	USD

(f) Save as disclosed in this document, as at the disclosure date, none of:

(i) Charter;

(ii) the Charter Directors, their close relatives or any related trusts; nor

- (iii) any person acting in concert with Charter,
has:
- (A) any interest in relevant securities;
 - (B) rights to subscribe for relevant securities;
 - (C) short positions in Charter, Colfax or Colfax Holdings;
 - (D) any interest to disclose that they have borrowed or lent relevant securities; or
 - (E) dealt in relevant securities between the start of the Offer Period and the disclosure date.
- (g) There is no person with whom Charter or any person acting in concert with Charter has a dealing arrangement.
- (h) The Charter Directors intend to vote in favour of the resolutions at the Meetings in respect of their own beneficial holdings. See paragraph 9 of Part Two of this document for more information.
- (i) Charter has not redeemed or purchased any relevant securities of Charter during the disclosure period.

5. Colfax interests and dealings

5.1 Interests and dealings in Colfax Shares

- (a) As at the disclosure date, the interests in and rights to subscribe for relevant securities of Colfax or Colfax Holdings held by the Colfax Directors or the directors of Colfax Holdings, their close relatives or any related trusts were as follows:

Interests

Director	Number of shares in Colfax common stock	Interest in Colfax (%)
Clay Kiefaber	29,232	0.07
Patrick Allender (including shares held indirectly by John W. Allender trust, for which Mr. Allender disclaims beneficial ownership)	222,307	0.51
Joseph Bunting III	202,894	0.47
Thomas Gayner (including interests of Markel Corporation)	19,860	0.05
Rhonda Jordan	43,408	0.10
Clayton Perfall	4,280	0.01
Rajiv Vinnakota	12,090	0.03
Mitchell Rales (brother of Steven Rales)	9,145,610	21.0
Steven Rales	9,145,610	21.0
Scott Brannan	12,090	0.03
A. Lynne Puckett	1,111	0.00

Rights to subscribe

Director	Rights to subscribe for Colfax common stock
Mitchell P. Rales*	2,170,139
Steven M. Rales**	2,170,139

* On 12 September 2011, Colfax entered into a securities purchase agreement with Mitchell P. Rales, pursuant to which Colfax agreed to issue to Mitchell P. Rales 2,170,139 newly-issued shares of Colfax common stock for an aggregate payment of \$50 million, representing a purchase price of \$23.04 per share of Colfax common stock.

** On 12 September 2011, Colfax entered into a securities purchase agreement with Steven M. Rales pursuant to which Colfax agreed to issue to Steven M. Rales 2,170,139 newly-issued shares of Colfax common stock for an aggregate payment of \$50 million, representing a purchase price of \$23.04 per share of Colfax common stock.

- (b) As at the disclosure date, the following options and awards over relevant securities of Colfax or Colfax Holdings had been granted to the Colfax Directors or the directors of Colfax Holdings, their close relatives or any related trusts:

Director	Number of shares in Colfax common stock
<i>Outstanding Stock Awards (unvested)</i>	
Clay Kiefaber	81,288
Patrick Allender	8,378
Joseph Bunting III	8,378
Thomas Gayner	8,378
Rhonda Jordan	10,230
Clayton Perfall	8,256
Steve Simms	5,556
Rajiv Vinnakota	8,378
Scott Brannan	13,155
A. Lynne Puckett	4,316

Outstanding Stock Options

Director	Number of options	Option exercise price (\$)	Option grant date⁽¹⁾	Option expiration date
Clay Kiefaber	102,124	12.27	11 January 2010	11 January 2017
Clay Kiefaber	94,937	11.85	29 March 2010	29 March 2017
Clay Kiefaber	51,677	21.77	24 February 2011	24 February 2018
Scott Brannan	59,713	15.70	18 October 2010	18 October 2017
Scott Brannan	17,266	21.77	24 February 2011	24 February 2018
A. Lynne Puckett	58,270	14.48	27 September 2010	27 September 2017
A. Lynne Puckett	14,355	21.77	24 February 2011	24 February 2018

(1) Options vest in three equal instalments beginning on the one year anniversary of the grant date.

- (c) In addition to Mitchell P. Rales and Steven M. Rales entering into the right to subscribe for Colfax common stock described above, during the disclosure period, the dealings of the Colfax Directors and the directors of Colfax Holdings in relevant securities of Colfax or Colfax Holdings were as follows:

Date	Party	Transaction	Number of shares in Colfax common stock	Price of Colfax common stock (USD)
30/06/10	Thomas S. Gayner	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	841	0 ⁽²⁾
30/06/10	Rhonda L. Jordan	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	1081	0 ⁽²⁾
30/06/10	Patrick W. Allender	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	1081	0 ⁽²⁾
21/09/10	A. Clayton Perfall	Grant of director restricted stock units pursuant to Colfax's directors' compensation plan ⁽³⁾	5,556	0 ⁽²⁾
27/09/10	A. Lynne Puckett	Grant of stock options pursuant to the Colfax corporation omnibus plan ⁽⁴⁾	58,270 ⁽⁵⁾	14.48 ⁽⁶⁾
27/09/10	A. Lynne Puckett	Grant of performance-based restricted stock units pursuant to the Colfax corporation omnibus plan ⁽⁴⁾	4,316 ⁽⁷⁾	0 ⁽²⁾
30/09/10	Rhonda L. Jordan	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	757	0 ⁽²⁾
30/09/10	Patrick W. Allender	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	757	0 ⁽²⁾
30/09/10	A. Clayton Perfall	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	83	0 ⁽²⁾
30/09/10	Thomas S. Gayner	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	432	0 ⁽²⁾
18/10/10	C. Scott Brannan	Grant of stock options pursuant to the Colfax corporation omnibus plan ⁽⁴⁾	59,713 ⁽⁵⁾	15.70 ⁽⁶⁾
18/10/10	C. Scott Brannan	Grant of performance-based restricted stock units pursuant to the Colfax corporation omnibus plan ⁽⁴⁾	4,777 ⁽⁷⁾	0 ⁽²⁾
31/12/10	Thomas S. Gayner	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	475	0 ⁽²⁾
31/12/10	Rhonda L. Jordan	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	611	0 ⁽²⁾
31/12/10	Patrick W. Allender	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	611	0 ⁽²⁾
31/12/10	A. Clayton Perfall	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	679	0 ⁽²⁾
24/02/11	A. Lynne Puckett	Grant of stock options pursuant to the Colfax corporation omnibus plan ⁽⁸⁾	14,355 ⁽⁵⁾	21.77 ⁽⁶⁾
24/02/11	A. Lynne Puckett	Grant of performance-based restricted stock units pursuant to the Colfax corporation omnibus plan ⁽⁸⁾	5,742 ⁽⁷⁾	0 ⁽²⁾
24/02/11	A. Lynne Puckett	Certification of performance criteria for 2010 grant of performance-based restricted stock units ⁽⁷⁾	4,316	0 ⁽²⁾
24/02/11	Clay Kiefaber	Grant of stock options pursuant to the Colfax corporation omnibus plan ⁽⁸⁾	51,677 ⁽⁵⁾	21.77 ⁽⁶⁾

Date	Party	Transaction	Number of shares in Colfax common stock	Price of Colfax common stock (USD)
24/02/11	Clay Kiefaber	Grant of performance-based restricted stock units pursuant to the Colfax corporation omnibus plan ⁽⁸⁾	20,671 ⁽⁷⁾	0 ⁽²⁾
24/02/11	Clay Kiefaber	Certification of performance criteria for 2010 grant of performance-based restricted stock units ⁽⁷⁾	37,975	0 ⁽²⁾
24/02/11	C. Scott Brannan	Grant of stock options pursuant to the Colfax corporation omnibus plan ⁽⁸⁾	17,226 ⁽⁵⁾	21.77 ⁽⁶⁾
24/02/11	C. Scott Brannan	Grant of performance-based restricted stock units pursuant to the Colfax corporation omnibus plan ⁽⁸⁾	6,890 ⁽⁷⁾	0 ⁽²⁾
24/02/11	C. Scott Brannan	Certification of performance criteria for 2010 grant of performance-based restricted stock units ⁽⁷⁾	4,777	0 ⁽²⁾
31/03/11	Thomas S. Gayner	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	381	0 ⁽²⁾
31/03/11	Rhonda L. Jordan	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	490	0 ⁽²⁾
31/03/11	Patrick W. Allender	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	490	0 ⁽²⁾
31/03/11	A. Clayton Perfall	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	545	0 ⁽²⁾
18/05/11	All Colfax Directors except Mitchell P. Rales and Steven E. Simms (who was not a member of the Colfax Board at that time)	Grant of director restricted stock units pursuant to Colfax's directors' compensation plan, or, if deferred, deferred stock units pursuant to Colfax's director deferred compensation plan (94)	2,770	0 ⁽²⁾
30/06/11	Thomas S. Gayner	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	353	0 ⁽²⁾
30/06/11	Rhonda L. Jordan	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	454	0 ⁽²⁾
30/06/11	Patrick W. Allender	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	454	0 ⁽²⁾
30/06/11	A. Clayton Perfall	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	504	0 ⁽²⁾
26/07/11	Clay Kiefaber	Certification of performance criteria for new hire grant of performance-based restricted stock units ⁽⁷⁾	40,850	0 ⁽²⁾
27/07/11	Steven E. Simms	Grant of director restricted stock units pursuant to Colfax's directors' compensation plan ⁽³⁾	5,556	0 ⁽²⁾
19/09/11	Rhonda L. Jordan ⁽¹⁰⁾	Open market purchase	25,000	23.11 ⁽¹¹⁾
20/09/11	A. Lynne Puckett ⁽¹²⁾	Open market purchase	1,111	24.00
30/09/11	Thomas S. Gayner	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	588	0 ⁽²⁾
30/09/11	Rhonda L. Jordan	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	555	0 ⁽²⁾
30/09/11	Patrick W. Allender	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	555	0 ⁽²⁾

Date	Party	Transaction	Number of shares in Colfax common stock	Price of Colfax common stock (USD)
30/09/11	A. Clayton Perfall	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	617	0 ⁽²⁾
30/09/11	Steven E. Simms	Grant of deferred stock units pursuant to Colfax's director deferred compensation plan ⁽¹⁾	305	0 ⁽²⁾

(1) Colfax Directors receive a number of units determined by dividing the cash fees earned during, and deferred for, the quarter by the closing price of Colfax's common stock on the date of the grant, which is the last trading date of the quarter. Deferred stock units convert to shares of Colfax's common stock after termination of service from the Colfax Board, based upon a schedule elected by the director in advance.

(2) As an exempt grant, these units do not have a transaction price.

(3) These were awarded in connection with his appointment to the Colfax Board.

(4) These were awarded in connection with hiring.

(5) Options vest in three equal amounts beginning on the first anniversary of the grant date.

(6) Reflects the option exercise price, which is set based on the closing price of Colfax's common stock on the grant date.

(7) Performance-based restricted stock are earned only upon the achievement of performance criteria and certification of the same by Colfax's compensation committee and, if earned, vest in two equal installments on the fourth and fifth anniversary of the grant date. For 2010 grants, these are reflected in this table two times due to certification of the performance criteria achievement in 2011, though the underlying share amount for these restricted stock units remained the same.

(8) Pursuant to annual grant.

(9) These were awarded in connection with Colfax's 2011 annual meeting of stockholders and vest on the first three anniversaries of the grant date.

(10) Together with spouse.

(11) The price reported is a weighted average price. These shares were purchased in multiple transactions at prices ranging from \$22.85 to \$23.36, inclusive.

(12) By spouse.

- (d) As at the disclosure date, details of the interests, rights to subscribe for or short positions in relevant securities of Colfax or Colfax Holdings which any persons acting in concert with Colfax own or control are set out below:

(i) Kazowitz, Benson, Torres & Friedman LLP*

Colfax common stock – Interests

Party	Type	Number of shares in Colfax common stock	Interest in Colfax (%)
Kazowitz, Benson, Torres & Friedman LLP*	Holding	5,000	0.011

* A connected adviser of Colfax.

(ii) Deutsche Bank Securities Inc.

Colfax common stock – Short positions

Party	Type	Number of shares in Colfax common stock	Interest in Colfax (%)
Deutsche Bank Securities Inc.	Short position	409	0.00

(iii) BDT & Company, LLC and Markel Corporation

Colfax common stock

(A) Rights to subscribe

Party	Rights to subscribe for Colfax common stock
Markel Corporation*	1,085,070
BDT CF Acquisition Vehicle, LLC**	14,756,945

* On 12 September 2011, Colfax entered into a securities purchase agreement with Markel Corporation pursuant to which Colfax agreed to issue to Markel 1,085,070 newly-issued shares of Colfax common stock for an aggregate payment of \$25 million, representing a purchase price of \$23.04 per share of Colfax common stock. Tom Gayner, a member of Colfax's board of directors, is the President and Chief Investment Officer of Markel.

** On 12 September 2011 Colfax agreed pursuant the BDT Purchase Agreement to issue to BDT CF Acquisition Vehicle, LLC (i) 14,756,945 newly-issued shares of Colfax common stock, and (ii) 13,877,552 shares of newly created Series A perpetual convertible preferred stock for an aggregate of \$680 million.

*(B) Series A Preferred Stock**

Party	Rights to subscribe for Series A Preferred Stock
BDT CF Acquisition Vehicle, LLC**	13,877,552

* For further information on the rights attaching to the Series A Preferred Stock see paragraph 6.2 of Part Eight of this document.

** On 12 September 2011 Colfax agreed pursuant the BDT Purchase Agreement to issue to BDT CF Acquisition Vehicle, LLC (i) 14,756,945 newly-issued shares of Colfax common stock, and (ii) 13,877,552 shares of newly created Series A perpetual convertible preferred stock for an aggregate of \$680 million.

- (e) In addition to the agreement to subscribe for Colfax common stock of Series A Preferred Stock entered into by Mitchell P. Rales, BDT CF Acquisition Vehicle, LLC and Markel Corporation described elsewhere in this document, the dealings of persons acting in concert with Colfax or Colfax Holdings in relevant securities in Colfax or Colfax Holdings during the disclosure period are as follows:

Deutsche Bank AG and its affiliates

Colfax Common Stock

Party	Transaction Type	Number of shares in Colfax common stock	Date	Price (USD)
Deutsche Bank AG	Buy	3,500	29/04/11 to	21.04 to 21.68
	Sell	(500)	28/05/11	21.66 to 21.66
Deutsche Bank AG	Buy	2,200	29/05/11 to	22.63 to 23.66
	Sell	0	28/06/11	n/a
Deutsche Bank AG	Buy	1,700	29/06/11 to	24.79 to 26.12

Party	Transaction Type	Number of shares in Colfax common stock	Date	Price (USD)
	Sell	0	13/10/11	n/a
Deutsche Bank Securities Inc.	Buy	111,492	29/06/10 to	10.25 to 14.68
	Sell	(35,725)	28/09/10	10.31 to 14.68
Deutsche Bank Securities Inc.	Buy	71,270	29/09/10 to	14.62 to 18.92
	Sell	(123,552)	28/12/10	14.68 to 18.90
Deutsche Bank Securities Inc.	Buy	179,271	29/12/10 to	18.15 to 22.74
	Sell	(77,395)	28/03/11	18.17 to 22.70
Deutsche Bank Securities Inc.	Buy	10,739	29/03/11 to	21.29 to 23.46
	Sell	(8,271)	28/04/11	21.40 to 23.23
Deutsche Bank Securities Inc.	Buy	127,521	29/04/11 to	20.58 to 22.62
	Sell	(82,377)	28/05/11	20.69 to 22.62
Deutsche Bank Securities Inc.	Buy	358,114	29/05/11 to	21.50 to 24.50
	Sell	(189,243)	28/06/11	21.66 to 24.50
Deutsche Bank Securities Inc.	Buy	1,037,285	29/06/11 to	20.27 to 28.74
	Sell	(586,357)	13/10/11	20.27 to 28.63

- (f) Save as disclosed in this document, as at the disclosure date, none of:
- (i) Colfax;
 - (ii) Colfax Holdings;
 - (iii) the Colfax Directors, their close relatives or any related trusts;
 - (iv) the directors of Colfax Holdings, their close relatives or any related trusts; nor
 - (iv) any person acting in concert with Colfax or Colfax Holdings,
- has:
- (A) any interest in relevant securities;
 - (B) rights to subscribe for relevant securities;
 - (C) short positions in Charter, Colfax or Colfax Holdings;
 - (D) any interest to disclose that they have borrowed or lent relevant securities; or
 - (E) dealt in relevant securities during the disclosure period.
- (g) There is no person with whom Colfax, Colfax Holdings or any person acting in concert with Colfax or Colfax Holdings has a dealing arrangement.
- (h) Colfax has not redeemed or purchased any relevant securities of Colfax from the start of the Offer Period until the disclosure date.
- (i) Colfax Holdings has not redeemed or purchased any shares in Colfax Holdings from the start of the Offer Period until the disclosure date.

6. Particulars of Colfax securities

6.1 Rights attached to New Colfax Shares

Subject to the rights of holders of preferred stock in Colfax (including the rights of Series A Preferred Stock referred to in paragraph 6.2), the holders of New Colfax Shares have the following rights:

- (a) Voting rights: holders are entitled to one vote per share held on all matters submitted to a vote at a meeting of stockholders. Each stockholder may exercise its vote either in person or by proxy;
- (b) Dividends: subject to any preferences to which holders of shares of preferred stock, if any, may be entitled, the holders of outstanding shares of common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by the Colfax Board out of funds legally available therefor;

- (c) Dissolution and winding-up: in the event that Colfax liquidates, dissolves or winds up, the holders of outstanding shares of Colfax common stock are entitled to share ratably in all of Colfax's assets which are legally available for distribution to stockholders, subject to the prior rights on liquidation of creditors and to preferences, if any, to which holders of shares of preferred stock, if any, may be entitled.

The New Colfax Shares are expected to be listed on the New York Stock Exchange.

6.2 Rights attaching to Series A Preferred Stock to be issued in connection with the Equity Capital Raising

The material terms of the Series A Preferred Stock include the following:

- (a) Voting rights: each share of Series A Preferred Stock entitles its holder to vote on all matters submitted to the holders of shares of common stock in Colfax, voting together as a single class. Each share of Series A Preferred Stock entitles its holder to cast the number of votes equal to the number of votes which could be cast by a holder of the shares of common stock in Colfax into which such holder's share of Series A Preferred Stock is convertible as of the record date of the relevant vote. In addition, the affirmative vote or consent of more than 50 per cent. of the shares of Series A Preferred Stock, voting separately as a class, is required to approve certain matters.
- (b) Conversion/redemption: the Series A Preferred Stock is convertible, in whole or in part, at the option of the holders thereof at any time after the date on which the shares of Series A Preferred Stock are issued into fully paid and nonassessable shares of common stock in Colfax at a conversion rate determined by dividing the liquidation preference (defined as \$24.50, subject to customary anti-dilution adjustments) by a number equal to 114 per cent. of the liquidation preference, subject to adjustment as set forth in the form of Certificate of Designations. The Series A Preferred Stock is also convertible in certain other circumstances.
- (c) Preferred dividend and liquidation rights/ranking: holders are entitled to receive cumulative cash dividends, payable quarterly, at a per annum rate of 6 per cent. of the liquidation preference (defined as \$24.50, subject to customary anti-dilution adjustments), provided that the dividend rate shall be increased to a per annum rate of 8 per cent. if Colfax fails to pay the full amount of any dividend required to be paid on such shares until the date that full payment is made. Neither Colfax nor its subsidiaries may declare or pay any dividends or other distributions in respect of Colfax common stock or other class of junior stock, unless all accrued but unpaid dividends have been declared and paid (or sums have been set apart for payment) on the Series A Preferred Stock.

Holders are also entitled, upon liquidation, dissolution or winding-up of Colfax, to receive payment out of the assets of Colfax legally available equal to the greater of (i) the liquidation preference or (ii) the amount such holder would have received had each share of Series A Preferred Stock been converted into shares of Colfax common stock immediately prior to the liquidation, dissolution or winding-up before any distribution is made to the holders of Colfax common stock or other junior stock.

- (d) Pre-emptive rights: for a period of 24 months following the issuance of the Series A Preferred Stock, holders of such stock are entitled to certain pre-emptive rights to subscribe for additional shares of Colfax common stock in the event Colfax wishes to make a dilutive issuance of any shares to any person of capital stock or securities convertible into or exchangeable for capital stock of Colfax at a price less than the liquidation preference (which is \$24.50, subject to customary anti-dilution adjustments).

The foregoing pre-emption rights do not apply to certain issuances.

Additionally, it should be noted that BDT CF Acquisition Vehicle, LLC (an entity controlled by BDT Capital Partners Fund I, L.P.) will have the right to exclusively nominate for election up to two members to the Colfax Board and the committees thereof (subject to applicable law and the NYSE Rules) depending on the percentage of Colfax common stock BDT CF Acquisition Vehicle, LLC and of its certain permitted transferees beneficially own from time to time, calculated on a fully-diluted basis:

- (a) where BDT CF Acquisition Vehicle, LLC and its permitted transferees beneficially own, in the aggregate, more than a certain percentage of the outstanding Colfax common stock (as calculated above); and

- (b) so long as the BDT CF Acquisition Vehicle, LLC (an entity controlled by BDT Capital Partners Fund I, L.P.) and its permitted transferees collectively own beneficially, in the aggregate, at least 50 per cent. of the Series A Preferred Stock the written consent of BDT CF Acquisition Vehicle, LLC will be required in order for Colfax to take certain corporate actions.

Further details of the rights attaching to the Series A Preferred Stock are set out in the Colfax Prospectus (for which the Charter Directors take no responsibility).

7. Special arrangements and arrangements for dealings

Save as disclosed in this document, there are no arrangements of the kind referred to in Note 11 on the definition of acting in concert in the City Code which exist between Colfax, or any person acting in concert with Colfax, and any other person, other than as set out below under the terms of the BDT Purchase Agreement (as defined below):

Standstill

Without Colfax's prior approval, BDT CF Acquisition Vehicle, LLC the ("**BDT Investor**") has agreed to not, directly or indirectly, or in concert with any person or as participants in a "group" as defined in Section 13 of the Exchange Act:

- (a) make any public announcement or submit to us or our affiliates any proposal for the acquisition of any Colfax voting stock or with respect to any merger, consolidation, business combination or purchase of any substantial portion of Colfax;
- (b) call or seek to call a special meeting of Colfax's stockholders or out subsidiaries' stockholders, (ii) make or participate in any "solicitation" of "proxies" as defined or used in Regulation 14A under the Exchange Act to vote any of Colfax's stock or (iii) become a "participant" in any "election contest" as such terms are defined or used in Rule 14a-11 under the Exchange Act with respect to any of Colfax's voting stock, except in each case for actions taken by Colfax Directors affiliated with the BDT Investor in their capacities as directors and actions taken for the purpose of electing the BDT Investor's nominees to the Colfax Board in accordance with the Amended and Restated Certificate of Incorporation of Colfax; or
- (c) effect or seek any recapitalization, reclassification, liquidation or dissolution or other extraordinary transaction that would have the effect of any of the matters described above.

The BDT Investor's foregoing obligations shall terminate on the first date that the BDT Investor either has beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act) of less than 5 per cent. of Colfax's outstanding common stock (including securities convertible into common stock) or no longer has the right to nominate for election at least one member of the Colfax Board under the Amended and Restated Certificate of Incorporation of Colfax.

Transfer restrictions: tag-along rights

The BDT Investor has agreed not to sell or transfer any of the common stock issued pursuant to the agreement between Colfax and the BDT Investor described in paragraph 8.2 of Part Two of this document (the "**BDT Purchase Agreement**") for the first 180 days from closing and no more than 50 per cent. of such common stock thereafter until the first anniversary of the closing of the BDT Purchase Agreement. The BDT Investor has also agreed not to sell or transfer any of the common stock issued upon conversion of the Series A Preferred Stock for the first 180 days following conversion and no more than 50 per cent. of such common stock thereafter until the first anniversary of the conversion of such shares into common stock. In addition, the BDT Purchase Agreement provides the BDT Investor with tag-along sale rights in the event of certain sales of Colfax shares by either or both of Mitchell P. Rales or Steven M. Rales, both of which are signatories of the BDT Purchase Agreement solely for purposes of such provisions.

Save as disclosed in this document, there are no arrangements of the kind referred to in Note 11 on the definition of acting in concert in the City Code which exist between Charter, or any person acting in concert with Charter, and any other person.

Save as disclosed herein, no agreement, arrangement or understanding (including any compensation arrangement) exists between Colfax or any person acting in concert with Colfax for the purpose of the Acquisition and any of the directors, recent directors, shareholders or recent shareholders of Charter, or any person interested or recently interested in Charter Shares, having any connection with or dependence upon or which is conditional upon success of the Acquisition.

8. Significant change

The Charter Directors are not aware of any significant change in the financial or trading position of Charter since 30 June 2011, being the date to which the last interim financial statements of Charter were prepared.

The Colfax Directors are not aware of any significant change in the financial or trading position of Colfax since 1 July 2011, being the date to which the last interim financial statements of Colfax were prepared.

9. Effect of completion of the Acquisition

Completion of the Acquisition will result in a maximum cash consideration of £1,220 million becoming payable by Colfax Holdings, which will be provided to Colfax Holdings from Colfax in the form of inter-company loans from Colfax (some or all of which will be via Colfax UK Finance Ltd).

Colfax Holdings is a newly incorporated English company established to effect the Acquisition that has not engaged in any activities, except for entering into transactions relating to the Acquisition. Colfax Holdings is 100 per cent. owned by Colfax UK Finance Ltd which is 100 per cent. owned by Colfax. Colfax Holdings has no subsidiaries. It is anticipated that following the acquisition of Charter, Colfax Holdings will act as an intermediate holding company for Charter.

Colfax Holdings has no material assets. Colfax Holdings currently has no material liabilities other than in connection with the Acquisition. Colfax UK Finance Ltd subscribed for a nominal sum of share capital in Colfax Holdings.

The assets and liabilities of a consolidated Colfax Holdings and Charter would therefore be comprised of the consolidated assets and liabilities of Charter as at the date of the Acquisition and an inter-company liability to Colfax UK Finance Ltd plus any fair value adjustments required to reflect transactions in connection with the Acquisition.

Part 10 (Unaudited Pro Forma Financial Information of the Colfax Group) of the Colfax Prospectus shows the effect on the net assets of Colfax of 1 July 2011 as if the Acquisition had occurred on that date and is incorporated by reference into this document. The information is for illustrative purposes only and, because of its nature, addresses a hypothetical structure and it does not represent Colfax's actual financial position or assets. The pro-forma position of Colfax as if the Acquisition had occurred on 1 July 2011, as set out in Part 10 of the Colfax Prospectus shows (a) total assets of \$5.381 billion; and (b) total liabilities of \$3.806 billion.

Colfax expects that the Acquisition will be significantly accretive to earnings per share and provide double digit returns on invested capital within three to five years*.

10. Proposed investment in Colfax

The details of the Equity Capital Raising are referred to in paragraph 8 of Part Two of this document.

11. Ratings

No ratings agency has publicly accorded Colfax or Charter with any current credit rating or outlook.

12. Middle market quotations

The following table shows the Closing Price of Charter Shares as derived from the Official List and of Colfax Shares as derived from the data of the New York Stock Exchange on:

- a) the first Business Day of each of the six months immediately prior to the date of this document;
- b) 28 June 2011 (the last Business Day before the commencement of the Offer Period);
- c) 9 September 2011 (the last Business Day before the Announcement); and

* This statement should not be taken as a statement regarding Colfax's expectation for earnings per share during the remainder of 2011, for 2012, or for subsequent periods.

d) 14 October 2011 (the last practicable date prior to the publication of this document):

Date	Charter Share (pence)	Colfax common stock (\$)
3 May 2011	825.5	20.85
1 June 2011	778.0	21.69
28 June 2011	615.0	24.50
1 July 2011	816.5	25.28
1 August 2011	798.5	27.97
1 September 2011	799.0	24.85
9 September 2011	804.0	23.04
3 October 2011	858.0	19.07
14 October 2011	863.0	21.60

13. Colfax Directors' emoluments

The emoluments of the Colfax Directors and the directors of Colfax Holdings are subject to the terms of the compensation committee of Colfax and/or the employment agreements of the directors with Colfax that may, in the ordinary course of events, take into account the successful completion of the Acquisition and the enlarged Colfax Group. However, save as aforesaid, the emoluments of the Colfax Directors and Colfax Holdings directors will not be affected by the acquisition of Charter or any other associated transaction.

14. Service contracts and appointments of the Charter Directors

The following are particulars of the current service contracts* between the executive Charter Directors and Charter:

Director	Effective date of contract	Commencement of continuous employment	Current Annual Salary (£)*	Notice period (from Company)	Notice period (from individual)
Gareth Rhys Williams	15 July 2011	15 July 2011	500,000	12 months	9 months
Robert Careless	22 October 2008	13 February 2002	315,000	12 months	6 months
James Deeley	22 October 2008	10 July 2006	305,000	12 months	6 months

* The service contracts of the executive directors are with Charter Central Services Limited. The salary shown above includes directors' fees of £60,250 paid by Charter from the Republic of Ireland.

The following are particulars of the current letters of engagement between the non-executive Charter Directors and Charter:

Director	Date of election	Current annual fees in £	Notice period (from either party)
Lars Emilson*	22 October 2008	215,000	1 month
John Biles	22 October 2008	70,250	1 month
Grey Denham	22 October 2008	73,250	1 month
John Neill	22 October 2008	60,250	1 month
Andrew Osborne	22 October 2008	60,250	1 month
Manfred Wennemer	26 March 2009	60,250	1 month

* On 23 June 2011, the Charter Board approved a three year extension to Mr Lars Emilson's term of office as Chairman, the extension is on the same terms and conditions including the one month notice of termination, as those set out in his original letter of appointment dated 22 October 2008. From 27 June 2011 to 30 September 2011, whilst Charter was in the process of appointing a new Chief Executive and shortly thereafter, Mr Emilson provided additional services to Charter. An interim service agreement was entered into between Charter Central Services Limited and Mr Emilson in respect of these services. Pursuant to this agreement, on 23 September 2011, Mr Emilson received a single payment before tax of £132,692.22 in addition to the Chairman's and directors' fees he currently receives of £215,000 per annum. No further entitlements arise under the interim service agreement.

Tax equalisation arrangements are in place for the Chairman and all other non-executive directors of Charter who were non-executive directors of Charter plc, immediately prior to the corporate head office move to Ireland, with the exception of Manfred Wennemer who is a resident of Germany and was not previously a director of Charter plc.

Under these tax equalisation arrangements, in April 2011 Mr Emilson received a net payment of £12,888 in respect of the additional income tax liability on the fees paid to him by Charter from the Republic of Ireland in the tax year ending 5 April 2011. This is the only payment made or to be

made by the Charter under the tax equalisation arrangements during 2011 and is not included in the fees shown above.

Save as disclosed above, there are no service contracts in force between any Charter Director or any proposed director of Charter and any member of the Charter Group and no such service contracts were entered into during the six months preceding the date of this document nor have any amendments been made to any such service contracts during that period.

15. Material contracts

15.1 Charter

Other than the Implementation Agreement (details of which are set out in paragraph 14 of Part Two of this document), no material contract (other than contracts entered into in the ordinary course of business) has been entered into by Charter or by the Charter Group during the two years prior to the commencement of the Offer Period.

15.2 Colfax

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Colfax Group (i) within the two years immediately preceding the date of this document which are or may be material or (ii) contain any provision under which a member of the Colfax Group has an obligation or entitlement which is material to the Colfax Group as at the date of this document:

Implementation Agreement

Details of the Implementation Agreement are set out in paragraph 14 of Part Two of this document.

Debt financing

Details of Colfax Holdings' loan facilities are set out in paragraph 8.1 of Part Two of this document.

Equity Capital Raising contracts

Details of the main agreements relating to the Equity Capital Raising described in the first paragraph of paragraph 8.2 of Part Two of this document in paragraphs 6.2 and 7 of Part Eight of this document.

Bank of America Securities Credit Agreement

On 13 May 2008, Colfax entered into a credit agreement, led by Bank of America Securities LLC and administered by Bank of America. The credit agreement is a senior secured structure with a \$150 million revolving credit line and a term A note of \$100 million.

The term A note bears interest at LIBOR plus a margin ranging from 2.25 per cent. to 2.75 per cent. determined by the total leverage ratio calculated at quarter end. As of 1 July 2011 and 31 December 2010, the interest rate was 2.44 per cent. and 2.76 per cent., respectively, inclusive of a margin of 2.25 per cent. and 2.50 per cent., respectively. The term A note, as entered into on 13 May 2008, has \$2.5 million due on a quarterly basis on the last day of each March, June, September and December beginning with 30 June 2010 and ending 31 March 2013, and one instalment of \$60 million payable on 13 May 2013.

The \$150 million revolving credit line contains a \$50 million letter of credit sub-facility, a \$25.0 million swing line loan sub-facility and a €100 million sub-facility. The annual commitment fee on the revolving credit line ranges from 0.4 per cent. to 0.5 per cent. determined by the total leverage ratio calculated at quarter end. At 1 April 2011 and 31 December 2010, the commitment fee was 0.4 per cent. and 0.5 per cent., respectively and there was \$21.8 million and \$14.1 million outstanding on the letter of credit sub-facility. As of 1 July 2011, Colfax's availability under the revolving credit facility was \$120.6 million. The bankruptcy of Lehman Brothers, one of the financial institutions in the consortium that provided Colfax's revolving credit line, resulted in their default under the terms of the revolving credit line and Colfax will not be able to draw on Lehman Brothers' commitment of \$6.0 million, leaving approximately \$129.9 million available under the revolving credit line. The credit agreement was amended on 14 February 2011 to eliminate Lehman Brothers' commitment, thereby reducing the total amount of the revolving credit line to \$144.0 million. At 31 December 2009, the commitment fee was 0.4 per cent. and there was \$14.4 million outstanding on the letter of credit sub-facility, leaving approximately \$136 million available under the revolver loan.

Substantially all assets and stock of Colfax's domestic subsidiaries and 65 per cent. 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 Colfax's European subsidiary. The credit agreement contains customary covenants limiting Colfax's ability to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase Colfax 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 Colfax 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 Colfax 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 A note and revolving credit line and foreclose on the collateral. Colfax was in compliance with all such covenants as of 30 September 2011.

16. Material litigation

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Colfax is aware) during the 12 months preceding the date of this document which may have significant effects on the enlarged Colfax Group's financial position or profitability following the completion of the Acquisition, or have had in the recent past, significant effects on the Charter Group's financial position or profitability.

16.1 Central operations

Since about 1985, certain subsidiaries of Charter have been named as defendants in asbestos-related actions in the United States. These lawsuits have alleged that the defendants were liable for the acts of Cape PLC, a former partly-owned subsidiary of Charter Limited. Between 1985 and 1987, the issue was tried in several matters, each of which was resolved in the defendants' favour either at trial or on appeal. In subsequent years, the defendants have continued to be named in asbestos-related lawsuits. The defendants have contested these actions and, in most cases, have obtained dismissals. The defendants have settled some of the cases brought in Mississippi. Currently, the only pending cases against the defendants in which they have received service of process are in Mississippi, which cases are dormant and are not actively being pursued by plaintiffs. The Charter Directors have received legal advice that the defendants and their wholly owned subsidiaries should be able to continue to defend successfully the actions brought against them, but that uncertainty must exist as to the eventual outcome of the trial of any particular action. It is not practicable to estimate in any particular case the amount of damages which might ensue if liability were imposed on any of the defendants. The defence costs and other expenses charged against Charter's operating profits in 2011 were negligible.

The claim amounts in respect of such claims are not reasonably quantifiable. In addition, it is not reasonably practicable to quantify precisely the amount of any potential damages or other costs or liabilities that might ensue if any liability was imposed on any member of the Charter group. For further information on this, please refer to page 102 of Charter's Annual Report and Accounts 2010, and Charter's interim results for the six months ended 30 June 2011.

In these circumstances, the Charter Directors concluded that it was not appropriate to make provision for any liability in respect of such actions in the consolidated balance sheet included in the Charter interim results for the six months ended 30 June 2011.

16.2 Welding

ESAB Group Inc ("**EGI**"), an indirect subsidiary of Charter, has been named as a defendant in a number of lawsuits in state and federal courts in the United States alleging personal injuries from exposure to manganese in the fumes of welding consumables. Other current and former manufacturers of welding consumables have also been named as defendants as well as various other defendants such as distributors, trade associations and others. The claimants seek compensatory and, in some cases, punitive damages for unspecified amounts.

There is one manganese fume trial scheduled for the balance of 2011. Additional trials could also be scheduled. There have been no manganese fume trials involving EGI during the first half of 2011.

For more than 20 years, the Welding Industry Defense group, which was established to represent a number of the welding company defendants, including EGI, in this and other litigation, has

succeeded in obtaining defence verdicts in the vast majority of cases in which one or more of its members have been named as a defendant. EGI, in conjunction with other current and former US manufacturers of welding consumables, is defending these claims vigorously. EGI's defence costs, in relation to the manganese fume cases, net of insurance recoveries, are estimated to be of the order of \$6.0 million, which is reflected in EGI's balance sheet at 30 June 2011.

EGI has also been named as a defendant in a small number of lawsuits in Massachusetts, Pennsylvania, Illinois and Missouri in which claimants allege asbestos-induced personal injuries. The claimants seek compensatory and, in some cases, punitive damages for unspecified amounts from EGI, other welding consumable manufacturers and other defendants who manufactured a variety of asbestos products. EGI has one asbestos case listed for trial for the remainder of 2011 although it is not anticipated that it will proceed to trial as scheduled. EGI has been dismissed prior to trial in the previous cases in which it was named as a defendant.

EGI intends vigorously to defend these lawsuits, which should be covered in whole or in part by insurance. In addition, the majority of defence costs are being borne by EGI's insurers.

The claim amounts in respect of such claims are not reasonably quantifiable. In addition, it is not reasonably practicable to quantify precisely the amount of any potential damages or other costs or liabilities that might ensue if any liability was imposed on any member of the Charter group. For further information on this, please refer to page 102 of Charter's Annual Report and Accounts 2010, and Charter's interim results for the six months ended 30 June 2011.

16.3 Air and gas handling

Howden North America (formerly Howden Buffalo Inc.), an indirect subsidiary of Charter, has been named as a defendant in a number of asbestos-related actions in the United States. On the advice of counsel, Howden North America is vigorously defending all the cases that have been filed against it. Over the past few years, Howden North America has sought and received dismissals in 11,718 cases and has, on the advice of counsel, settled 499 cases. These cases were typically settled for nuisance value amounts, much less than the cost of defending the cases at trial. Howden North America has received legal advice indicating that it should be able to continue to defend successfully the actions that are brought. At this time, it is not practical to estimate the amount of any potential damages or to provide details of the current stage of proceedings in particular cases, as the majority of cases do not specify the amount of damages sought and the cases are at varying stages in the litigation process. However, legal fees associated with the defence of these claims and the cost of the settlements have been covered, in substantial part, by applicable insurance.

The claim amounts in respect of such claims are not reasonably quantifiable. In addition, it is not reasonably practicable to quantify precisely the amount of any potential damages or other costs or liabilities that might ensue if any liability was imposed on any member of the Charter group. For further information on this, please refer to page 102 of Charter's Annual Report and Accounts 2010, and Charter's interim results for the six months ended 30 June 2011.

17. ESAB India

ESAB India Limited is listed on BSE Limited and the National Stock Exchange of India Limited, and Charter (through its subsidiaries) currently indirectly holds approximately 56 per cent. of the issued share capital of the company. Under applicable Indian legislation, Colfax Holdings (alone or in conjunction with Colfax) will be required to make a mandatory open offer for part of the outstanding shares in ESAB India Limited. The relevant Indian regulations are in the process of being repealed and replaced with the new regulations effective from 22 October 2011. It is not yet certain whether the existing or the new regulations will be applicable to the open offer. The new regulations require an open offer to be made for at least 26 per cent. of the issued share capital of ESAB India Limited, as compared to at least 20 per cent. of the issued share capital under the existing regulations. The open offer price to be paid pursuant to any such open offer will also be dependent on which regulations apply. In any event, irrespective of which regulations apply to the open offer, Colfax Holdings (alone or in conjunction with Colfax) will comply with its obligations with respect to such a mandatory open offer and resources will be available to Colfax Holdings (alone or in conjunction with Colfax) to ensure that it is able to satisfy its obligations in connection with such an open offer. Any such open offer will not be required to be made until such time as the Acquisition has been completed.

18. Other information

- (a) No proposal exists in connection with the Acquisition that any payment or other benefit be made or given to any Charter Director as compensation for loss of office or as consideration for or in connection with his retirement from office.
- (b) Save as disclosed in this document, no agreement, arrangement or understanding exists whereby the legal or beneficial ownership of any of the Charter Shares to be acquired by Colfax Holdings in pursuance of the Acquisition will be transferred to any other person, save that Colfax Holdings reserves the right to transfer any such shares to any member of the Colfax Group and the right to assign any such shares by way of security or grant any security interest over such shares in favour of any or all of the parties to any of the facilities described in paragraph 15 above.
- (c) Goldman Sachs International, J.P. Morgan Cazenove, RBS, Deutsche Bank and Ernst & Young have given and have not withdrawn their written consent to the issue of this document with the references to their names in the form and context in which they appear.
- (d) Settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Colfax or Colfax Holdings may otherwise be, or claim to be entitled, against such shareholder.

19. Documents on display

Copies of the documents in paragraph 19.1 below are available for viewing on Charter's website at http://www.charter.ie/chtr_int/investors/recommended-acquisition/ and copies of the documents in paragraph 19.2 below are available for viewing on Colfax's website at <http://ir.colfaxcorp.com/disclaimer.cfm> up to and including the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier.

19.1 Charter

- (a) Charter's current memorandum and articles of association;
- (b) Charter's memorandum and articles of association as proposed to be amended by the Resolution;
- (c) the Implementation Agreement;
- (d) the irrevocable undertakings executed by the Charter Directors;
- (e) a copy of the Announcement;
- (f) a full list of all dealings of companies under common ownership with Goldman Sachs aggregated in paragraph 4.2(e) of Part Eight of this document;
- (g) the Colfax Prospectus;
- (h) the Proxy Statement (as filed with the SEC on 14 October 2011 and as updated (available at <http://ir.colfaxcorp.com/disclaimer.cfm>)); and
- (i) this document.

19.2 Colfax

- (a) Colfax's certificate of incorporation, its amended and restated certificate of incorporation and its bylaws;
- (b) Colfax Holding's certificate of incorporation and memorandum and articles of association;
- (c) the material contracts of the Colfax Group referred to in paragraph 15 above;
- (d) the contracts referred to in paragraph 8 of Part Two of this document;
- (e) the report by Ernst & Young in respect of the *pro forma* financial information contained in Part 10: *Unaudited pro forma financial information of the Colfax Group* of the Colfax Prospectus;
- (f) the report by Ernst & Young and Deutsche Bank in respect of Colfax's profit forecasts contained in the Appendix;
- (g) the voting undertakings of Mitchell P. Rales and Steven M. Rales described in paragraph 8.2 of Part Two of this document;

- (h) a full list of all dealings aggregated in paragraph 5.1(e) of Part Eight of this document;
- (i) a copy of the Announcement;
- (j) the Colfax Prospectus;
- (k) the Proxy Statement (as filed with the SEC on 14 October 2011 and as updated);
- (l) a copy of the terms and conditions of the CSN Facility;
- (m) this document; and
- (n) the CSN facility agreement between the CSN and Colfax.

20. No set-off of consideration

Settlement of the consideration to which any Shareholder is entitled under the Acquisition will be implemented in full in accordance with the terms of the Acquisition without regard to any lien, right of set-off, counterclaim or other analogous right to which Colfax or Colfax Holdings may otherwise be, or claim to be, entitled against such Shareholder.

21. Cash confirmation

Deutsche Bank has confirmed that it is satisfied that sufficient financial resources are available to Colfax Holdings to satisfy, in full, the cash consideration payable to Charter Shareholders pursuant to the Acquisition.

22. Fees and expenses

22.1 Colfax

The aggregate fees and expenses expected to be incurred by Colfax and Colfax Holdings in connection with the Acquisition and during the Offer Period (excluding any applicable VAT) are expected to be:

Category	Amount*
Financing arrangements	£53.7 million**
Financial and corporate broking advice	£17.4 million
Legal advice	£5.4 million
Accounting advice	£0.3 million
Public relations advice	£0.3 million
Other professional services	£0.1 million
Other costs and expenses	£0.2 million
Total	£77.4 million

* Based on an exchange rate of £1:\$1.5808 at 14 October 2011 (the last practicable date prior to the date of publication of this document).

** £3.9 million of which is incurred upon entry into of the hedging arrangements and the balance of which is payable upon drawing down of the financing.

22.2 Charter

The aggregate fees and expenses expected to be incurred by Charter in connection with the Acquisition and during the Offer Period (excluding any applicable VAT) are expected to be:

Category	Amount
Financial and corporate broking advice	£19.5 million
Legal advice	£5.95 million
Accounting advice	£2.1 million
Public relations advice	£1.1 million
Other professional services	£0.1 million
Other costs and expenses	£0.25 million
Total	£29.0 million

PART NINE

BASES AND SOURCES

In this document, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

1. Financial Information:
 - relating to the Colfax Group has been extracted or derived (without any adjustment) from the audited consolidated financial accounts for Colfax for the year ended 31 December 2010 in Colfax's annual report on form 10-K filed with the SEC on 25 February 2011; and
 - relating to the Charter Group has been extracted or derived (without any adjustment) from the audited annual report and accounts for Charter for the year ended 31 December 2010 and Charter's announcement dated 26 July 2011 of its interim results (which are unaudited).
2. The value of the Acquisition is calculated:
 - by reference to the price of \$23.04 per Colfax Share, being the Closing Price on 9 September 2011, the last Business Day prior to the date of publication of the Announcement;
 - by reference to the price of \$21.60 per Colfax Share, being the Closing Price on 14 October 2011, being the last practicable date prior to the publication of this document; and
 - on the basis of the fully diluted number of Charter Shares in issue referred to in paragraph 4 below.
3. As at the close of business on 14 October 2011, being the last practicable date prior to the date of publication of this document, Charter had in issue 167,087,473 Charter Shares. The International Securities Identification Number for Charter Shares is JE00B3CX4509.
4. The fully diluted share capital of Charter (being 167,868,402 Charter Shares) is calculated on the basis of:
 - the number of issued Charter Shares referred to in paragraph 3 above; and
 - the maximum number of Charter Shares which could be issued on or after the date of the publication of this document on the vesting of awards under the Charter Long Term Incentive Plan, amounting in aggregate to 780,929 Charter Shares.
5. Unless otherwise stated, all prices and closing prices for Charter Shares are closing middle market quotations derived from the London Stock Exchange Daily Official List.
6. Unless otherwise stated, all prices and Closing Prices for Colfax Shares are closing middle market quotations derived from the data of the New York Stock Exchange.
7. The premia implied by the value of the Acquisition have been calculated with reference to the Closing Price of 615 pence per Charter Share on 28 June 2011, being the last Business Day before Charter announced it had received a preliminary approach from Melrose regarding a possible offer.
8. The £:\$ exchange rates used in this document are the Bloomberg rates as at 4.00 p.m. New York time on:
 - 9 September 2011 (the last Business Day prior to the Announcement), being £1:\$1.5881; and
 - 14 October 2011 (the last practicable date prior to the date of publication of this document), being £1:\$1.5808.

PART TEN

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“A Shares”	has the meaning given in the Scheme;
“Acquisition”	the proposed acquisition of the entire issued and to be issued share capital of Charter by Colfax Holdings (other than the Excluded Shares) to be effected by the Scheme (or (subject to the consent of the Panel), the Offer);
“Announcement”	the announcement of the Acquisition made by Charter and Colfax to the London Stock Exchange on 12 September 2011 announcing the terms of the recommended offer for Charter to be made by Colfax;
“B Shares”	has the meaning given in the Scheme;
“Bank of America”	Bank of America Merrill Lynch;
“Business Day(s)”	a day, (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London and Jersey;
“C Shares”	has the meaning given in the Scheme;
“Capital Change Event”	has the meaning given in paragraph 2 of the letter from the Chairman of Charter, set out in Part One of this document;
“Capital Reduction”	the proposed reduction of share capital of Charter pursuant to the Scheme;
“Cash Election”	has the meaning given in Clause 2.4(C) of the Scheme;
“CDI”	a CREST depository interest representing an entitlement to a share;
“Certificated Holder”	a Charter Shareholder (other than those with a registered address in the US or in any other CSN Restricted Jurisdiction) who holds his Charter Shares in certificated form (that is, not in CREST);
“Charter” or “Company”	Charter International plc, incorporated in Jersey with registered number 100249;
“Charter Articles”	the articles of association of Charter from time to time;
“Charter Board”	the board of directors of Charter from time to time;
“Charter Directors”	members of the Charter Board;
“Charter Executive Share Schemes”	the Charter International plc Long Term Incentive Plan first approved by shareholders of Charter on 27 August 2008 and first adopted by Charter on 22 October 2008 (including subsequent amendments approved by shareholders on 29 April 2010 and adopted by Charter on 16 February 2011); and the Deferred Share Bonus Plan approved by shareholders of Charter on 27 August 2008 and adopted by Charter on 22 October 2008;
“Charter General Meeting”	the extraordinary general meeting of Charter Shareholders, notice of which is set out in this document, to consider and if thought fit pass, a special resolution in relation to the Acquisition, and any adjournment thereof;
“Charter Group”	Charter and its subsidiaries and associated undertakings from time to time;
“Charter Shares”	the ordinary shares of 2 pence each in the capital of Charter;
“Charter Shareholder”	a holder of Charter Shares;
“City Code”	the City Code on Takeovers and Mergers;

“Closing Price”	the closing middle market quotation of a share derived from (in respect of Charter Shares) the Daily Official List of the London Stock Exchange or (in respect of Colfax shares) the New York Stock Exchange;
“Colfax”	Colfax Corporation, a Delaware corporation, having its registered office at 8170 Maple Lawn Blvd, Suite 180, Fulton, MD 20759;
“Colfax Board”	the board of directors of Colfax from time to time;
“Colfax CDIs”	dematerialised CREST depository interests representing New Colfax Shares;
“Colfax Directors”	members of the Colfax Board;
“Colfax General Meeting”	the meeting of Colfax Shareholders to consider and if thought fit, approve the Equity Capital Raising;
“Colfax Group”	Colfax and its subsidiaries and associated undertakings from time to time;
“Colfax Holdings”	Colfax UK Holdings Ltd, a wholly-owned subsidiary of Colfax;
“Colfax Prospectus”	the prospectus published by Colfax on the date of this document, a copy of which has been distributed with this document on behalf of Colfax (and for which the Charter Directors take no responsibility);
“Colfax Shareholders”	holders of shares in Colfax;
“Competing Proposal”	<p>an approach (whether or not conditional) made by or on behalf of a third party which is not acting in concert with Colfax in relation to:</p> <p>(a) a takeover offer, scheme of arrangement, merger, acquisition or business combination involving Charter or any member of the Charter Group, the purpose of which is to acquire all or a substantial proportion (being 30 per cent. or more when aggregated with shares already held by the relevant third party and any body acting in concert with that third party) of the issued or to be issued share capital of Charter or any member or members of the Charter Group representing a substantial proportion of the Charter Group (being 30 per cent. or more as aforesaid); or</p> <p>(b) a demerger and/or any material reorganisation, compromise, arrangement, division or split of Charter or all or a substantial proportion of the Charter Group; or</p> <p>(c) a transaction which would be an alternative to, or is inconsistent with, or would be reasonably likely to preclude, impede, delay or prejudice the implementation of, the Acquisition, in each case whether implemented in a single transaction or a series of transactions;</p>
“Conditions”	the conditions to the Acquisition set out in Part Four of this document;
“Court”	the Royal Court of Jersey;
“Court Hearing”	the hearing, following the Court Meeting, by the Court of the application to sanction the Scheme and confirm the Capital Reduction;
“Court Meeting”	the meeting of the Charter Shareholders convened by order of the Court pursuant to Article 125 of the Jersey Companies Law for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof;

“CREST”	the relevant system (as defined in the Uncertificated Securities Order) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Uncertificated Securities Order);
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, the CREST International Manual, the CREST Rules, the Registrars Service Standards, the Settlement Discipline Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedure and the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended from time to time;
“CSN”	Computershare Company Nominees Limited, the Corporate Sponsored Nominee for the CSN Facility;
“CSN Facility”	the facility under which the CSN holds Colfax CDIs as nominee on behalf of Certificated Holders and provides certain other services;
“CSN Permitted Jurisdiction”	Argentina, Austria, Belgium, Botswana, Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guinea, Guernsey, Hungary, Iceland, Indonesia, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Namibia, The Netherlands, Norway, Poland, Paraguay, Peru, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Taiwan and the United Kingdom;
“CSN Restricted Jurisdiction”	any jurisdiction other than a CSN Permitted Jurisdiction;
“Deutsche Bank”	Deutsche Bank AG, London Branch;
“Disclosed Information”	any information which has been (i) fairly disclosed by or on behalf of Charter or any of its advisers to Colfax, Colfax Holdings or any of their respective advisers in connection with or in contemplation of the Acquisition prior to the date of the Announcement, whether by electronic means, physical form or orally; (ii) disclosed in Charter’s report and accounts for the year ended 31 December 2010 or its interim accounts for the 6 month period ended 30 June 2011 or (iii) disclosed in the Announcement;
“DTC”	The Depository Trust Company;
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms;
“Equity Capital Raising”	the capital raising described in paragraph 8.2 of Part Two of this document;
“Ernst & Young”	Ernst & Young LLP of The Edgeworth Building, Suite 201, 2100 East Cary Street, Richmond, Virginia 23223, United States;
“ESAB”	Charter’s ESAB business focused on welding, cutting and automation;
“EURIBOR”	Euro inter-bank offered rate;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738;
“Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“Exchange Ratio”	0.1241 New Colfax Shares for every 1 Charter Share;
“Excluded Shares”	any Charter Shares legally or beneficially held by Colfax or any of its subsidiaries or subsidiary undertakings;
“Explanatory Statement”	the explanatory statement relating to the Scheme, as set out in Part Two of this document, which together with the documents incorporated therein constitute the explanatory statement relating

	to the Scheme as required by Article 126 of the Jersey Companies Law;
“Form of Election”	the form of election for the use by Charter Shareholders in relation to the Mix and Match Facility and the Loan Note Alternative;
“Forms of Proxy”	the forms of proxy for use at the Court Meeting and the Charter General Meeting which accompany this document;
“FSA”	the Financial Services Authority;
“HMRC”	Her Majesty’s Revenue and Customs;
“Howden”	Charter’s Howden business focused on air and gas handling;
“Implementation Agreement”	an agreement dated 12 September 2011 between Charter, Colfax and Colfax Holdings relating to the Scheme, as more particularly described in paragraph 14 of Part Two of this document;
“Jersey”	the Bailiwick of Jersey, Channel Islands;
“Jersey Companies Law”	the Companies (Jersey) Law 1991, as amended;
“J.P. Morgan Cazenove”	J.P. Morgan Limited, which conducts its UK investment banking activities as J.P. Morgan Cazenove;
“LIBOR”	London Inter Bank Offer Rate;
“Listing Rules”	the rules and regulations made by the FSA in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name as amended from time to time;
“Loan Note Alternative”	the option whereby Charter Shareholders (other than certain Overseas Shareholders, including Scheme Shareholders in the US and US persons) may elect to receive Loan Notes instead of some or all of the cash consideration to which they would otherwise be entitled under the Acquisition;
“Loan Notes”	the unsecured floating rate loan notes of Colfax Holdings issued pursuant to the Loan Note Alternative;
“Loan Note Election”	has the meaning set out in Clause 2.3 of the Scheme;
“London Stock Exchange”	London Stock Exchange plc;
“Long Stop Date”	30 March 2012, or such later date as Colfax Holdings and Charter may agree and the Court (if required) may allow;
“Meetings”	the Court Meeting and the Charter General Meeting;
“Melrose”	Melrose PLC;
“Mix and Match Facility”	the mix and match facility under which Charter Shareholders (other than certain Overseas Shareholders) may elect, subject to equal and opposite elections made by other Charter Shareholders, to vary the proportions in which they receive cash and New Colfax Shares under the Acquisition;
“New Charter Shares”	the ordinary shares of $\frac{2}{9}_{10}$ pence each in the capital of Charter to be issued credited as fully paid up to Colfax Holdings and/or its nominee(s) pursuant to the Scheme;
“New Colfax Shares”	the new shares in the common stock of Colfax to be issued credited as fully paid up to Scheme Shareholders (other than certain Overseas Shareholders) pursuant to the Scheme;

“New Colfax Shareholder”	a Scheme Shareholder who receives New Colfax Shares pursuant to the Scheme;
“Offer”	should the Acquisition be implemented by way of a takeover offer, the takeover offer to be made by or on behalf of Colfax Holdings to acquire the entire issued and to be issued ordinary share capital of Charter and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
“Offer Consideration”	the consideration payable in connection with the Acquisition;
“Offer Document”	should the Acquisition be implemented by means of the Offer, the document to be sent to Charter Shareholders which will contain, <i>inter alia</i> , the terms and conditions of the Offer;
“Offer Period”	the offer period (as defined in the City Code) in relation to Charter which began on 29 June 2011;
“Official List”	the official list maintained by the UK Listing Authority;
“Overseas Shareholders”	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or Jersey;
“Panel”	the Panel on Takeovers and Mergers;
“Phantom Restricted Share Plan”	the Phantom Restricted Share Plan last approved and adopted by Charter Limited (registered number: 2794949) on 17 May 2011 (including all prior versions thereof);
“Proxy Statement”	the Colfax Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 required in connection with the Equity Capital Raising;
“Publicly Announced”	announced publicly and delivered by or on behalf of Charter through a Regulatory Information Service prior to the date of the Announcement;
“RBS”	RBS Corporate Finance Limited;
“Receiving Agent”	Computershare, having their office at Corporate Actions 2, Bristol BS99 6AG;
“Reduction Court Order”	the act of Court confirming the Capital Reduction together with the approval minute;
“Registrar”	Computershare Investor Services (Jersey) Limited, having their office at 2nd Floor, Queensway House, Hilgrove Street, St. Helier, JE1 1ES, Jersey;
“Registrar of Companies”	the Registrar of Companies for Jersey;
“Regulatory Information Service”	a “Regulatory Information Service” as defined in the Listing Rules;
“Reorganisation Record Time”	6.00 p.m. on the Business Day immediately prior to the Court Hearing;
“Resolution”	the resolution set out in the Notice of the Extraordinary General Meeting set out in Part Twelve of this document;
“Restricted Holder”	a Charter Shareholder who holds his Charter Shares in certificated form (that is, not in CREST) and who has a registered address in the US or in any other CSN Restricted Jurisdiction;
“Restricted Jurisdiction”	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which Colfax, Colfax Holdings or Charter regards as unduly onerous;

“Scheme”	the proposed scheme of arrangement under Article 125 of the Jersey Companies Law between Charter and Charter Shareholders to implement the Acquisition which is set out in Part Five of this document;
“Scheme Court Order”	the act of Court sanctioning the Scheme together with the approval minute;
“Scheme Record Time”	6.30 p.m. on the Business Day immediately prior to the Court Hearing;
“Scheme Shareholders”	the holders of Scheme Shares;
“Scheme Shares”	<ol style="list-style-type: none"> 1. the Charter Shares in issue at the date of this document; 2. any Charter Shares issued after the date of this document and prior to the Voting Record Time; and 3. any Charter Shares issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme, <p>but excluding the Excluded Shares;</p>
“SEC”	The United States Securities and Exchange Commission;
“Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
“Share Election”	has the meaning given in Clause 2.4(C) of the Scheme;
“Shareholder Helpline”	the helpline for Charter Shareholders operated by the Registrar;
“Statement of Ownership”	a statement of ownership to be sent to participants in the CSN Facility from the CSN detailing the number of Colfax CDIs held by the relevant participant through the CSN Facility;
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006;
“subsidiary undertaking”	has the meaning given in section 1159 of the Companies Act 2006;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“Uncertificated Holder”	a Charter Shareholder who holds his Charter Shares in uncertificated form through CREST;
“Uncertificated Securities Order”	the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended;
“US person(s)”	any US person as defined in Rule 902(k) of Regulation S under the Securities Act;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US Dollars”, “USD” or “\$”	US dollars, the lawful currency of the United States;
“VAT”	value added tax;
“Voting Record Time”	6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned Court Meeting;
“Wider Charter Group”	has the meaning given in Part Four of this document; and;
“Wider Colfax Group”	has the meaning given in Part Four of this document.

PART ELEVEN
NOTICE OF COURT MEETING

IN THE ROYAL COURT OF JERSEY

No 417 of 2011

IN THE MATTER OF CHARTER INTERNATIONAL PLC

and

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991

NOTICE IS HEREBY GIVEN that, by an order dated 11 October 2011 made in the above matters, the Court has directed a meeting (the “**Court Meeting**”) to be convened of the holders of Charter ordinary shares of 2 pence each (“**Charter Shares**”) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) pursuant to Article 125 of the Companies (Jersey) Law 1991 (as amended) proposed to be made between Charter International plc (the “**Company**”) and the holders of Scheme Shares (as defined in the Scheme) and that such Court Meeting will be held at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland on 14 November 2011 at 11.00 a.m. at which place and time all holders of Charter Shares are requested to attend either in person or by proxy.

A copy of the said Scheme and a copy of the statement required to be furnished pursuant to Article 126 of the Companies (Jersey) Law 1991 are incorporated in the document of which this Notice forms part.

Holders of Charter Shares entitled to attend and vote at the meeting may vote in person at the Court Meeting or they may appoint another person or persons as their proxy or proxies to vote in their stead. A proxy need not be a member of the Company. A form of proxy for voting at the Court Meeting coloured blue is enclosed with this Notice. The blue form of proxy may be returned by post in the reply-paid envelope for use in the UK only. Completion and return of a form of proxy will not prevent a holder of Scheme Shares from attending and voting at the Court Meeting, or any adjournment thereof, in person if they wish to do so.

In the case of joint holders of Charter Shares, any one such joint holders may tender a vote, whether in person or by proxy, at the Court Meeting, but if more than one such holders shall tender a vote the vote of the person named first in the register of members of the Company shall be accepted to the exclusion of the other joint holder(s).

By the said order, the Court has specified that entitlement to attend and vote at the said Court Meeting of the holders of Charter Shares and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company as at 6.00 p.m. on 12 November 2011 or, in the event that the said Court Meeting is adjourned, the register of members of the Company at 6.00 p.m. on the day which is two days before the date of any adjourned meeting.

It is requested that the blue forms of proxy be lodged with the Company’s registrar, at Computershare, Corporate Actions 2, Bristol, BS99 6AG by 11.00 a.m. on 12 November 2011 but if forms are not so lodged, they may be handed to the Company’s registrar at the venue of the Court Meeting or the Chairman at the Court Meeting before the taking of the poll.

By the said order, the Court has appointed Lars Emilson to act as Chairman of the Court Meeting (and, failing him for any reasons, either Robert Careless or James Deeley) and has directed the Chairman to report the results thereof to the Court.

The said Scheme will be subject to the subsequent sanction of the Court.

Dated: 18 October 2011

Mourant Ozannes
Advocates and Solicitors to the Company

PART TWELVE
NOTICE OF EXTRAORDINARY GENERAL MEETING
CHARTER INTERNATIONAL PLC

(Registered in Jersey No. 100249)

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Charter International plc (the “**Company**”) shall be held at 11.15 a.m. at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland on 14 November 2011 (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

for the purpose of giving effect to the scheme of arrangement dated 18 October 2011 (the “**Scheme**”) between the Company and the holders of the Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman of the meeting, in its original form or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Colfax UK Holdings Ltd (“**Colfax Holdings**”):

1. at the Reorganisation Record Time (as defined in the Scheme) each of the Scheme Shares shall be subdivided and reclassified as follows:
 - 1.1 any Scheme Shares in respect of which no valid election has been made or is deemed to have been made in accordance with the Scheme under the Mix and Match Facility (as defined in the Scheme), shall be subdivided into 910 ordinary shares of $\frac{2}{910}$ pence each and such shares shall be reclassified into 730 A ordinary shares of $\frac{2}{910}$ pence each (the “**A Shares**”) and 180 B ordinary shares of $\frac{2}{910}$ pence each (the “**B Shares**”);
 - 1.2 any Scheme Shares in respect of which a valid election has been made and accepted in accordance with the Scheme under the Mix and Match Facility for cash consideration, shall be subdivided into 910 ordinary shares of $\frac{2}{910}$ pence each and such shares shall be reclassified into 910 A Shares; and
 - 1.3 any Scheme Shares in respect of which a valid election has been made and accepted in accordance with the Scheme under the Mix and Match Facility for New Colfax Shares (as defined in the Scheme), shall be subdivided into 910 ordinary shares of $\frac{2}{910}$ pence each and such shares shall be reclassified into 910 B Shares;

PROVIDED THAT, in any case where a Scheme Shareholder (as defined in the Scheme) makes a valid Loan Note Election (as defined in the Scheme) under the Loan Note Alternative (as defined in the Scheme) which Loan Note Election is satisfied under the terms of the Loan Note Alternative (including Clause 2.15 of the Scheme), the relevant Scheme Shares shall be subdivided and reclassified as provided in this resolution but on the basis that the subdivision and reclassification shall be into A Shares, B Shares and C Shares (as defined below) where:

- (A) the number of A Shares which would otherwise result from the subdivision and reclassification set out in sub-paragraphs 1.1 to 1.3 above is reduced by the number of C Shares determined pursuant to sub-paragraph (C) below;
- (B) the number of B Shares is determined as provided in sub-paragraphs 1.1 to 1.3 above;
- (C) in addition to any A Shares (as reduced by the number of C Shares calculated in accordance with this sub-paragraph (C)) and B Shares into which such Scheme Shares are to be subdivided and reclassified, the Scheme Shares shall be subdivided and reclassified into one C ordinary share of $\frac{2}{910}$ pence each (a “**C Share**”) for each one pence of cash entitlement for which such a valid Loan Note Election has been made, such C Shares having the rights set out in new Article 5A to be adopted pursuant to paragraph 3 of this resolution, PROVIDED THAT Scheme Shares shall only be sub-

divided and reclassified into amounts of 100 C Shares and integral multiples thereof and the balance of such Scheme Shares shall be subdivided and reclassified into one A Share for each one pence in nominal amount of such balance;

and, for the purposes of this paragraph, each portion of a member's holding which is recorded in the register of members of the Company by reference to a separate designation at the Reorganisation Record Time, whether in certificated or uncertificated form, shall be treated as though it were a separate holding held at such time by a separate person;

2. with effect from the Reorganisation Record Time, the Memorandum of Association of the Company be amended by the deletion of paragraph 4 and the insertion in its place of the following new paragraph 4 immediately after paragraph 3 of the Memorandum of Association of the Company:

"The share capital of the Company is £6,000,000 divided into 273,000,000 unclassified shares of $\frac{2}{910}$ pence each which may be issued as ordinary shares of $\frac{2}{910}$ pence each ("**Ordinary Shares**"), A ordinary shares of $\frac{2}{910}$ pence each ("**A Shares**"), B ordinary shares of $\frac{2}{910}$ pence each ("**B Shares**") and C ordinary shares of $\frac{2}{910}$ pence each ("**C Shares**")."

3. with effect from the Reorganisation Record Time, the Articles of Association of the Company be amended by the insertion of the following new Article 5A immediately after the current Article 5:

"5A Rights attaching to the Ordinary Shares, A Shares, B Shares and C Shares

The Ordinary Shares, A Shares, B Shares and C Shares shall rank equally as if they were the same class of ordinary shares in all respects and the rights attaching to such shares shall be identical, save that upon the implementation of and pursuant to the Scheme:

- (i) each A Share shall confer upon the holder thereof the right to receive one pence in cash;
- (ii) each B Share shall confer upon the holder thereof the right to receive $\frac{0.1241}{180}$ of a share in the common stock of Colfax Corporation ("**New Colfax Shares**") on the basis described in the Scheme; and
- (iii) each C Share shall confer upon the holder thereof the right to receive one pence in nominal amount of Loan Notes (as defined in the Scheme)."

provided that if the reduction of share capital referred to in paragraph 4 below does not become effective by 6.00 p.m. (Jersey time) on the tenth business day following the Reorganisation Record Time, or such earlier or later time and date as Colfax Holdings and the Company may agree and the Company may announce through a Regulatory Information Service (as defined in the Listing Rules of the UK Listing Authority), the subdivisions and reclassifications referred to in paragraph 1 above shall be reversed, the A Shares, B Shares and the C Shares shall be consolidated and reclassified as ordinary shares of 2 pence each, and the new Article 5A adopted and included pursuant to this paragraph 3 shall be deleted from the Articles of Association of the Company and the Memorandum of Association of the Company shall be amended by the deletion of paragraph 4 and its replacement with the paragraph 4 of the Memorandum of Association of the Company as existed immediately prior to the passing of this resolution;

4. contingently upon the subdivisions and reclassifications referred to in paragraph 1 above taking effect and the requisite entries having been made in the register of members of the Company, the share capital of the Company be reduced by cancelling and extinguishing all of the A Shares and the B Shares and, following completion of the matters described in paragraphs 5(A) and (B) below, the C Shares shall be transferred to Colfax Holdings in accordance with the Scheme;
5. forthwith and contingently upon the reduction of share capital referred to in paragraph 4 above taking effect and notwithstanding anything to the contrary in the Articles of Association of the Company:
 - (A) the share capital of the Company be increased to its former amount by the creation of such number of new ordinary shares of $\frac{2}{910}$ pence each (the "**New Ordinary Shares**") as shall be equal to the aggregate number of A Shares and B Shares cancelled pursuant to paragraph 4 above; and

- (B) the reserve arising in the books of account of the Company as a result of the reduction of share capital referred to in paragraph 4 above be capitalised and applied in paying up in full at par the New Ordinary Shares created pursuant to paragraph 5(A) above which shall be allotted and issued credited as fully paid to Colfax Holdings or its nominees; and
 - (C) the directors of the Company be generally and unconditionally authorised for the purposes of the Articles of Association of the Company to allot (without prejudice to the provisions of paragraph 7 below) the New Ordinary Shares in accordance with the Scheme, provided that (i) the maximum aggregate nominal amount of the shares which may be allotted under this authority shall be the aggregate nominal amount of the said New Ordinary Shares created pursuant to paragraph 5(A) above, (ii) this authority shall expire on the fifth anniversary of the date of this resolution and (iii) this authority shall be in addition and without prejudice to any other authority previously granted and in force on the date on which this resolution is passed;
6. contingent on the transfer of the C Shares pursuant to the Scheme, the C Shares shall be reclassified as New Ordinary Shares;
7. with effect from the passing of this resolution, the Articles of Association of the Company be altered as follows:
- 7.1 by the adoption and inclusion of the following definition in Article 2(A):
- “**Scheme**” means the scheme of arrangement dated 18 October 2011 between the company and the holders of Scheme Shares (as defined in the Scheme) under Article 125 of the Companies (Jersey) Law 1991, as amended, in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the company and Colfax UK Holdings Ltd.”;
- 7.2 by the adoption and inclusion of the following new Article 161:

“161 Scheme of Arrangement

- (a) Expressions defined in the Scheme shall have the same meanings in this article 161 (save as expressly defined in these articles).
- (b) Notwithstanding any other provision of these articles, if the company issues any shares (other than to Colfax Holdings or its nominee(s)) after the adoption of this article and before the Reorganisation Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the holders of such shares shall be bound by the Scheme accordingly.
- (c) Subject to the implementation of the Scheme, if any shares are issued or transferred to any person or his nominee (a “**new member**”) (other than under the Scheme or to Colfax Holdings or its nominee(s)) after the Reorganisation Record Time (the “**Post-Scheme Shares**”), they shall be immediately transferred to Colfax Holdings (or as it may direct) in consideration of the payment by Colfax Holdings of an amount in cash for each Post-Scheme Share and the allotment and issue or transfer by Colfax to the new member of a number of New Colfax Shares (the “**Consideration Shares**”) for each Post-Scheme Share as that new member would have been entitled to under the Scheme for those Post-Scheme Shares had they been Scheme Shares in respect of which no valid election (whether under the Mix and Match Facility or under the Loan Note Alternative) had been made under the Scheme, provided that if the company is advised that the allotment and/or issue or transfer of Consideration Shares pursuant to this article would or may infringe the laws of a jurisdiction outside the United Kingdom or Jersey or would or may require the company, Colfax or Colfax Holdings to comply with any governmental or other consent or any registration, filing or other formality or condition with which the company, Colfax or Colfax Holdings is unable to comply or compliance with which the company, Colfax or Colfax Holdings regards as unduly onerous, the company may, in its sole discretion, determine that such Consideration Shares shall be sold, in which event the company shall appoint a person to act pursuant to this article and such person shall be authorised on behalf of such holder to procure that any shares in respect of which the company has made such determination shall, as soon as practicable following the allotment, issue or transfer of such shares, be sold and the net proceeds of such disposal paid to the holder of such Consideration Shares.

- (d) Any Consideration Shares to be allotted and issued or transferred to a new member pursuant to paragraph (c) of this article shall be credited as fully paid and shall rank *pari passu* in all respects with all other Colfax shares of common stock in issue at that time (other than as regards any dividend or other distribution payable by reference to a record date preceding the date of allotment) and shall be subject to the constitutional documents of Colfax.
 - (e) The cash payment per share to be paid, and the number of Consideration Shares to be allotted and issued or transferred, to a new member pursuant to paragraph (c) of this Article may be adjusted by the directors, in such manner as the auditors of the company may determine, on any reorganisation of or material alteration to the share capital of either the company or Colfax (including, without limitation, any subdivision and/or consolidation) effected after the close of business on the Effective Date. References in this article to shares shall, following such adjustment, be construed accordingly.
 - (f) No fraction of a Consideration Share shall be allotted to a new member pursuant to this article, but any fraction of a Consideration Share to which a new member would otherwise have become entitled shall be aggregated and sold in the market at the best price which can reasonably be obtained in the market at the time of sale and the proceeds of sale (after deduction of all expenses and commission) distributed *pro rata* to the new members entitled thereto. Fractions of pence shall not be paid to a new member pursuant to this article. All fractional entitlements of pence to which a new member would have become entitled shall be rounded down to the nearest whole number of pence.
 - (g) To give effect to any transfer of Post-Scheme Shares, the company may appoint (and, separately, to the extent necessary, each new member shall therefore also appoint) any person as the company may determine as attorney (under the Powers of Attorney (Jersey) Law 1995 and such appointment shall be irrevocable for a period of one year from the Reorganisation Record Time) for the new member to transfer the Post-Scheme Shares to Colfax Holdings and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Post-Scheme Shares in Colfax Holdings or its nominee(s) and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as Colfax Holdings may direct. If an attorney is so appointed, the new member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of Colfax Holdings) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by Colfax Holdings. The attorney shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the new member (or any subsequent holder) in favour of Colfax Holdings and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register Colfax Holdings as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the new member for the Post-Scheme Shares. The Company shall indemnify the attorney for any loss, cost, expense or liability arising in respect of the exercise of their authority under this article.
 - (h) Colfax and Colfax Holdings shall settle the consideration due under paragraph (c) of this article within 14 days of the issue of the Post-Scheme Shares to the new member.
 - (i) Notwithstanding any other provision of these articles, neither the company nor the directors shall register the transfer of any Scheme Shares effected between the Reorganisation Record Time and the Effective Date.”; and
8. the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect.

By order of the Board

18 October 2011

NOTES TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING

Entitlement to attend and vote

1. Pursuant to Article 40 of the Uncertificated Securities Order, the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 12 November 2011 or if this meeting is adjourned, 6.00 p.m. on the day which is two days before the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after that time shall be disregarded in determining the rights of any person to vote at the meeting.

Attending in person

2. Shareholders who wish to attend the meeting in person should note that the meeting will be held at 11.15 a.m. on 14 November 2011 (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) has concluded or been adjourned) at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland. Shareholders who wish to attend in person are asked to please detach and bring with them the attendance slip attached to the white Form of Proxy to assist in admission to the meeting. Under the Jersey Companies Law, a corporation which is a member may appoint one corporate representative who may exercise, on its behalf, all its powers as a member. A shareholder which is a body corporate that wished to allocate its votes to more than one person should use the proxy arrangements.

Appointment of proxies

3. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a white Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the white Form of Proxy.
4. Lodging a completed white Form of Proxy, an electronic proxy or any CREST Proxy Instruction will not prevent the member from attending and voting in person if he/she wishes to do so.
5. A member may appoint more than one proxy in relation to the meeting provided that each member is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
6. If you are a person who has been nominated under Article 58 of the Company's articles of association to enjoy information rights, ("**Nominated persons**"):
 - you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("**Relevant Member**") to be appointed or to have someone else appointed as a proxy for the meeting;
 - if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
 - your main point of contact in terms of your investment in the Company remains the Relevant Member (or, where applicable, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
7. The statement of rights of shareholders in relation to the appointment of proxies in paragraph 3 above and in relation to CREST as set out below does not apply to nominated persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

Appointment of Proxy (hard copy form)

8. The notes to the white Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the white Form of Proxy, the form must be:

- completed and signed;
- sent or delivered to the Company's Registrar at Computershare, Corporate Actions 2, Bristol, BS99 6AG (together with any power of attorney or other authority under which it is signed, or a duly certified copy of such power of attorney or other authority); and
- received by the Company's Registrar by post at Computershare, Corporate Actions 2, Bristol, BS99 6AG or (during normal working hours only) by hand at Computershare Investor Services PLC, The Pavillions, Bridgwater Road, Bristol, BS13 8AE no later than 48 hours before the time appointed for holding the meeting. Failure to deliver the white Form of Proxy will render the Form of Proxy invalid.

In the case of a member which is a Company, the white Form of Proxy must be executed under its common seal or signed on its behalf by an officer of that Company or an attorney for that Company.

Any power of attorney or any other authority under which the white Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the white Form of Proxy.

Electronic appointment of proxies

9. Members entitled to appoint a proxy may do so electronically by logging on to the website www.eproxyappointment.com. You will need your Shareholder Reference Number, Control Number and PIN which are printed on the Form of Proxy or contained in your email notification. Full details of the procedure are given on the website. If you wish to appoint more than one proxy please contact the Shareholder Helpline on 0870 889 3281 for assistance. Overseas callers should use +44 870 889 3281. The proxy appointment and instructions must be received by the Company's Registrar by no later than 48 hours before the time appointed for holding the meeting. Please note that any electronic communication that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the meeting is governed by the Company's Registrar's conditions of use set out on the website, www.eproxyappointment.com, which may be read by logging on to that website and entering the Shareholder Reference Number, Control Number and PIN printed on the Form of Proxy or contained in your email notification.

Appointment of proxies through CREST

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID is 3RA50) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members

and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of the Uncertificated Securities Order.

Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard white Form of Proxy and would like to change the instructions using another hard copy white Form of Proxy, please contact the Company's Registrar.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrar. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company's Registrar no later than 48 hours before the time appointed for holding the meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

14. As at 14 October 2011, the Company's issued share capital comprised 167,087,473 ordinary shares of 2 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 14 October 2011 is 167,087,473.

Voting results

15. As soon as practicable following the meeting, the results of the voting at the meeting and the number of proxy votes cast in respect of the resolution will be announced via a Regulatory Information Service and also placed on the Company's website.

Questions at the meeting

16. Any member or appointed proxy/proxies attending the meeting has the right to ask questions under article 67 of Charter's articles of association, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Use of electronic address

17. You may not use any electronic address provided in either this notice or any related documents (including the white Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

Documents available for inspection

18. Copies of the Company's existing Articles of Association as proposed to be amended by the special resolution set out in this notice are available for inspection at 27 Northwood House, Northwood Park, Santry, Dublin 9, Ireland during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), until the opening of business on the day on which the meeting is held and will also be available at the place of the meeting for at least 15 minutes prior to and during the meeting.

APPENDIX
PROFIT FORECASTS REPORTS

Part A – Profit Forecasts including Bases and Assumptions

1. General

Colfax made the following public statement on 29 July 2011 within its second quarter earnings release: “we anticipate adjusted earnings per share to be within the range of \$1.20 to \$1.26 for full year 2011 compared to our previous expectation of \$1.12 to \$1.22.” Colfax also included the following table in its second quarter earnings release:

Colfax Corporation
Projected Adjusted 2011 Net Income Per Share
(Unaudited)

	EPS Range	
Projected net income per share – fully diluted	\$ 0.87	\$ 0.93
Restructuring and other related charges	0.12	0.12
Asbestos coverage litigation	0.12	0.12
Asbestos liability and defense costs	0.09	0.09
Projected adjusted net income per share – fully diluted	\$ 1.20	\$ 1.26

Adjusted earnings per share is defined as net earnings attributable to Colfax, adjusted for asbestos liability and defense costs, asbestos coverage litigation expense and restructuring and other related charges to the extent such costs impact periods presented, divided by weighted average diluted shares. Weighted average diluted shares adds back incremental shares from assumed conversions, net of assumed share repurchases and long term incentive plan (“LTIP”) shares to the weighted average basic shares outstanding.

The table above and the statement regarding adjusted earnings per share for the year ending 31 December 2011 constitute profit forecasts (“**Profit Forecasts**”) for the purposes of the City Code.

2. Basis of preparation

The Profit Forecasts have been prepared on a basis consistent with the accounting policies adopted by Colfax which are in accordance with U.S. GAAP and are in accordance with those adopted in the preparation of the interim financial statements for the six months ended 1 July 2011, and those expected to be adopted in the financial statements for the year ending 31 December 2011.

The Profit Forecasts were based on the interim unaudited accounts for the six months ended 1 July 2011 and a forecast for the six months ending 31 December 2011 and on the basis that the proposed acquisition of Charter does not complete before 31 December 2011 and excludes any costs related to the proposed acquisition.

3. Assumptions

The Colfax Directors have prepared the Profit Forecasts on the basis of the following assumptions:

Factors outside the influence or control of the Colfax Directors

- There will not be any changes in general trading conditions, economic conditions, competitive environment or levels of demand, in the countries in which Colfax operates or trades which would materially affect Colfax’s business.
- There will be no material cancellations in respect of orders currently placed with Colfax.
- There will be no business interruptions that materially affect Colfax, its major suppliers or major customers by reason of technological faults, natural disasters, industrial disruption, civil disturbance or government action.
- There will be no material change in legislation (including taxation) or regulatory requirements impacting Colfax’s operations or its accounting policies.

- The estimated effective tax rate remains constant. This rate assumes that the nature (jurisdiction and character) of Colfax's annual income would remain consistent through 31 December 2011.
- There will be no material exchange rate fluctuations.

Factors within the influence or control of the Colfax Directors

- There will be no material change in the current management team or operational strategy of Colfax, nor of the ownership or control of the business.
- The estimated effective tax rate remains constant. This excludes the impact of certain one-time items, such as changes in valuation allowances and tax reserves.

Part B – Report of Reporting Accountant

The Directors
Colfax Corporation
8170 Maple Lawn Blvd. Suite 180
Fulton, MD 20759

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London, EC2N 2DB

3 October 2011

Dear Sirs

We report on the profit forecasts comprising earnings per share and adjusted earnings per share of Colfax Corporation (the “**Company**”) and its subsidiaries (together the “**Group**”) for the year ending 31 December 2011 (the “**Profit Forecasts**”). The Profit Forecasts, and the material assumptions upon which they are based, are set out in Part A of the announcement (the “**Document**”) issued by the Company dated 3 October 2011. This report is required by Rule 28.3(b) of The City Code on Takeovers and Mergers (the “**Code**”) and is given for the purpose of complying with that rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (“**Directors**”) to prepare the Profit Forecasts in accordance with the requirements of the Code.

It is our responsibility to form an opinion as required by the Code as to the proper compilation of the Profit Forecasts and to report that opinion to you.

Basis of preparation of the Profit Forecasts

The Profit Forecasts have been prepared on the basis stated in Part A of the Document and is based on the unaudited interim financial results for the six months ended 1 July 2011 and a forecast for the six months ending 31 December 2011. The Profit Forecasts are required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecasts has been prepared and considering whether the Profit Forecasts have been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Profit Forecasts are based are solely the responsibility of the Directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Profit Forecasts have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecasts have been properly compiled on the basis stated.

Since the Profit Forecasts and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecasts and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Profit Forecasts have been properly compiled on the basis of the assumptions made by the Directors and the basis of accounting used is consistent with the accounting policies of the Group.

Yours faithfully

Ernst & Young LLP

Part C – Report by Deutsche Bank to Colfax

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London
EC2N 2DB
United Kingdom

To: The Directors
Colfax Corporation
8170 Maple Lawn Blvd., Suite 180
Fulton MD 20759

3 October 2011

Dear Sirs

Report on profit forecasts by Colfax Corporation

We refer to the profit forecasts comprising the information disclosed by Colfax Corporation (“**Colfax**”) in respect of the anticipated earnings per share and adjusted earnings per share of Colfax for the year ending 31 December 2011 (the “**Profit Forecasts**”) published in Colfax’s second quarter 2011 results press release dated 29 July 2011.

We have discussed the Profit Forecasts and the bases and assumptions on which they have been prepared with the executive officers of Colfax and with Ernst & Young LLP. Colfax has confirmed to us that all information relevant to the Profit Forecasts have been disclosed to us. We have relied upon the accuracy and completeness of all such information and have assumed such accuracy and completeness for the purposes of providing this letter to you. We have also discussed the accounting policies and basis of calculation for the Profit Forecasts with the executive officers of Colfax and with Ernst & Young LLP and we have considered Ernst & Young LLP’s letter dated 3 October 2011 addressed to you and us on this matter.

This letter is provided to you solely in connection with Rule 28.3(b) of the City Code on Takeovers and Mergers and for no other purpose. Accordingly, save for any responsibility that we may have to those persons to whom this letter is expressly addressed, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such person as a result of, or in connection with, this letter.

On the basis of the foregoing, we consider that the Profit Forecasts, for which you in your capacity as directors are solely responsible, for the purposes of the City Code on Takeovers and Mergers, have been prepared with due care and consideration.

Deutsche Bank AG, London Branch has given and not withdrawn its consent to the publication of the Profit Forecasts with the inclusion of this letter and the references to its name in the form and context in which they appear.

Yours faithfully,
for and on behalf of

Deutsche Bank AG, London Branch

