

UNITED STATES DISTRICT COURT
DISTRICT OF NEBRASKA

CURTIS KLUG, LAWRENCE NOVER and
NELS ROE, on behalf of themselves and
all others similarly situated,

Plaintiffs,

v.

WATTS REGULATOR COMPANY and WATTS
WATER TECHNOLOGIES, INC.,

Defendants.

Case No.: 8:15-cv-00061-JFB-TDT

**CLASS ACTION SETTLEMENT
AGREEMENT AND RELEASE**

TABLE OF CONTENTS

	Page
I. DEFINED TERMS	1
II. SUMMARY OF LITIGATION.....	6
III. AGREEMENT TERMS.....	8
A. Settlement Class Certification.....	8
B. Consideration to Settlement Class Members	8
C. Reasonable Efforts and Dealings with Putative Settlement Class Members	10
D. The Preliminary Approval Order	10
E. Notice Plan.....	12
F. Opt Outs and Objections.....	14
G. Releases.....	17
H. Payment of Costs and Attorneys’ Fees to the Class Counsel and Representatives	20
I. Claims Process and Eligibility of Settlement Class Members.....	21
J. Claims Period.....	23
K. Replacement Remedy	23
L. Property Damage Remedy	23
M. Final Order and Judgment and Dismissal	27
N. Effective Date	29
O. Exclusive Remedy, Dismissal of Action And Jurisdiction of Court	30
P. Other Terms and Conditions.....	31

CLASS ACTION SETTLEMENT AGREEMENT AND RELEASE

Klug, et al. v. Watts Regulator Co.

Case No.: 8:15-cv-00061-JFB-TDT

Plaintiffs, who are acting as the Class Representatives on behalf of themselves and all other Settlement Class Members of the Settlement Classes set forth herein, and Watts Water Technologies, Inc. and Watts Regulator Co. (collectively “the Watts Defendants”) stipulate and agree, pursuant to the terms and conditions set forth in this Class Action Settlement Agreement and Release, to settle, dismiss, and compromise fully and finally the claims asserted against the Watts Defendants for alleged failures of FloodSafe Connectors (as defined herein) designed, manufactured, distributed and/or sold by the Watts Defendants.

I. DEFINED TERMS

As used in this Agreement, as well as in the notices and other documents contemplated by this Agreement, and any amendments thereto, the following terms shall have the meanings set forth below. Terms used in the singular shall be deemed to include the plural and vice versa.

1. “**Agreement**” shall mean this Class Action Settlement Agreement and Release, including the notices and other documents contemplated by this Agreement, and any amendments thereto.

2. “**Certification Date**” shall mean the date on which the Notice Provider certifies to the Court that compliance with the Notice Plan is complete as required by Paragraph 70 of this Agreement.

3. “**Claimant**” shall mean a Settlement Class Member (including Class Representatives) tendering a Claim Form seeking a Property Damage Remedy and/or a Replacement Remedy from the Common Fund under the terms of this Agreement, including any Person entitled to make a Settlement Claim on behalf of a Settlement Class Member to the extent permissible by law or this Agreement, such as (but not limited to) a subrogated insurance carrier

or a Person who claims contribution or indemnity against Watts based on claims for alleged failures of FloodSafe Connectors within the scope of this Agreement. The term “Claimant” shall also include any Person who elects to submit a claim pursuant to the terms of this Agreement.

4. “**Claims Administrator**” shall mean the company appointed by the Court to administer the claims process provided for in Paragraphs 99 to 109.

5. “**Claim Form**” shall mean the official form approved by the Court for use by the Settlement Class Members in making claims.

6. “**Claim Period**” shall mean the period of time for Settlement Class Members to file Settlement Claims as described in Paragraph 107.

7. “**Class Action**” shall mean and refer to the purported class action filed in the United States District Court for the District of Nebraska captioned *Klug, et al. v. Watts Regulator Company, et al.*, Case No. 8:15-cv-00061-JFB-TDT.

8. “**Class Counsel**” shall mean Berger & Montague, P.C.; Cafferty, Clobes, Meriwether & Sprengel LLP; Greg Coleman Law Firm; Lite DePalma & GreenbergLLC; McCune Wright LLP and Whatley Kallas, LLP, and any other attorneys or firms specifically designated as Class Counsel by the Court, in an attorneys’ fee award or elsewhere, prior to the payment of the attorneys’ fee award contemplated by this Agreement.

9. “**Class Representatives**” shall mean those putative class representatives Curtis Klug, Lawrence Nover and Nels Roe, individually and on behalf of all Settlement Class Members.

10. “**Common Fund**” shall mean and refer to that part of the Total Settlement Amount remaining after the payment of the cost of notice, attorneys’ fees and expenses, Service Awards to Class Representatives and shall be the fund from which Replacement Claims and Damage Claims are paid.

11. “**Complaint**” means the formal legal pleadings, including amended pleadings, filed by Plaintiffs in *Klug, et al. v. Watts Regulator Company*, Case No. 8:15-cv-00061-JFB-TDT.

12. “**Counsel for the Watts Defendants**” shall mean David S. MacCuish and Todd Benoff of the law firm of Alston & Bird LLP.

13. “**Court**” shall mean the United States District Court for the District of Nebraska, in which *Klug, et al. v. Watts Regulator Company*, Case No. 8:15-cv-00061-JFB-TDT, is pending.

14. “**Damage Claims Period**” shall mean four years from the date the Final Order and Judgment is entered by the Court.

15. “**Effective Date**” shall have the meaning in Paragraph 114.

16. “**Excluded Persons**” shall have the meaning in Paragraph 53.

17. “**Final Order and Judgment**” shall mean the Final Order and Judgment of the Court approving the Settlement provided for in this Agreement.

18. “**Final Fairness Hearing**” shall mean the hearing conducted by the Court in connection with the determination of the fairness, adequacy, and reasonableness of this Agreement under Rule 23 of the Federal Rules of Civil Procedure.

19. “**FloodSafe Connector**” shall mean and refer to any FloodSafe brand connector with a water shutoff device that was designed, manufactured, distributed and/or sold by the Watts Defendants.

20. “**Lead Class Counsel**” shall mean and refer to Shanon J. Carson of Berger & Montague, P.C., Bryan L. Clobes of Cafferty Clobes Meriwether & Sprengel LLP, Joseph G. Sauder of McCuneWright LLP and Greg Coleman of Greg Coleman Law, P.C.

21. “**Notice Date**” shall mean the date on which the Notice Provider has implemented all facets of the Notice Plan approved by the Court in the Preliminary Approval Order, and shall not be later than 45 days after the entry of the Preliminary Approval Order.

22. “**Notice Plan**” shall have the meaning ascribed to it in Paragraphs 67 to 80. Unless otherwise provided by the Preliminary Approval Order or set by statute, the Notice Provider shall execute the Notice Plan within 45 days of the Preliminary Approval Order.

23. “**Notice Provider**” shall mean the Person appointed by the Court to administer the Notice Plan.

24. “**Objection Deadline**” shall mean the date set by the Court for Settlement Class Members to deliver written notice regarding their objections or intent to be heard at the Final Fairness Hearing. All objections must be in the form prescribed by the Court, and must be delivered to the Court, Lead Class Counsel and Counsel for the Watts Defendants within 60 days of the Notice Date unless otherwise provided by the Preliminary Approval Order.

25. “**Opt Out Deadline**” shall mean the date set by the Court for any Settlement Class Member to opt out of this Agreement. The Opt Out Deadline shall occur within 60 days of the Notice Date unless otherwise provided by the Preliminary Approval Order.

26. “**Opt Out Form**” shall mean the form or letter by which Settlement Class Members may opt out of the Settlement Classes pursuant to Paragraphs 81 to 85.

27. “**Person**” means any individual or entity, public or private.

28. “**Plaintiffs**” means any Person listed as a Plaintiff in the First Amended Complaint that is currently pending in *Klug, et al. v. Watts Regulator Company, et al.*, Case No. 8:15-cv-00061-JFB-TDT.

29. “**Preliminary Approval Order**” shall mean the Court’s Order, as provided for in Paragraph 65, which shall preliminarily approve this Agreement between the Settlement Class and the Watts Defendants, conditionally certify a settlement class, approve the Claims Administrator, approve the Settlement Notice and Notice Plan, establish the Opt-Out and Objection Deadlines, and fix a hearing date for the Fairness Hearing.

30. “**Property Damage Remedy**” shall mean the remedy provided to Settlement Class members of not less than \$25, but not more than 25% of their reasonably proven property damage caused by, and related to, an alleged failure of a FloodSafe Connector subject to the conditions in Paragraph 109 below. Property damage is defined to mean physical damage to a residence or other structure containing a FloodSafe Connector or to tangible personal property that requires repair or replacement caused by the failure of a FloodSafe Connector.

31. **“Released Claims”** shall have the meaning ascribed to it in Paragraph 86.
32. **“Released Parties”** shall have the meaning ascribed to it in Paragraph 86.
33. **“Releasing Parties”** shall have the meaning ascribed to it in Paragraph 86.
34. **“Replacement Claim Period”** shall mean one year from the Final Order and Judgment.
35. **“Replacement Remedy”** shall mean the remedy provided to Settlement Class Members for reimbursement of \$10 per replacement connector, not to exceed two replacement connectors per residence or other structure (a maximum total of \$20 per household) subject to the conditions in Paragraph 108 below.
36. **“Settlement Claim”** shall mean a claim made by a Settlement Class Member or other Claimant.
37. **“Settlement Class Members”** shall mean all members of the Settlement Class.
38. **“Settlement Class”** shall mean all individuals and entities that own or owned, or lease or leased, a residence or other structure located in the United States containing a FloodSafe Connector after November 4, 2008.
39. **“Settlement Notice”** shall mean the notice or notices required by the Notice Plan approved by the Court for providing notice of this Agreement as set forth in Paragraphs 62 to 75.
40. **“Settling Parties”** shall mean the Watts Defendants and the Settlement Class Members.
41. **“Service Awards”** shall mean an award Class Counsel shall seek from the Court for each Class Representative to be paid from the Total Settlement Amount for their efforts in representing the interests of the Settlement Class.
42. **“Special Master”** shall mean the Person appointed pursuant to Paragraph 101.
43. **“Total Settlement Amount”** shall mean the sum of \$4 million which represents the full amount of the payment obligations by the Watts Defendants and any Released Party, including without limitation all amounts to be paid for notice, attorneys’ fees, and administration

of the Common Fund. Under no circumstances or interpretation of this Agreement shall the Watts Defendants' or the Released Parties' financial obligation exceed \$4 million.

44. “**Watts Defendants**” shall mean Watts Water Technologies, Inc. and Watts Regulator Co. and their respective predecessors, parent and sister companies, successors, subsidiaries, affiliates, agents, insurers and assigns.

II. SUMMARY OF LITIGATION

45. Class Representatives have filed a Complaint seeking to recover damages claimed to have been suffered by themselves and a putative nationwide class as a result of the purchase, installation and/or operation of allegedly defective FloodSafe Connectors in structures owned or occupied by members of the putative class, as well as injunctive, declaratory and other equitable relief. Plaintiffs also alleged the Watts Defendants provided inadequate warnings to prevent failure of the FloodSafe Connectors.

46. Class Counsel have conducted a thorough investigation of the facts and law relating to the matters set forth in the pleadings and retained experts necessary to assist in pursuing this Agreement and developing the proposed claims process.

47. Without conceding any lack of merit of any of their claims, Plaintiffs and Class Counsel have concluded that it is in the best interests of the Settlement Class to settle the Class Action on the terms set forth herein, and that the settlement with the Watts Defendants and Released Parties embodied in this Agreement is fair, reasonable, adequate and in the best interests of the Settlement Class.

48. The Watts Defendants deny any fault, wrongdoing, illegal conduct, or liability whatsoever on their part, or any defect in the FloodSafe Connectors, and have asserted numerous defenses to the facts and causes of action alleged in the Class Action. The Watts Defendants rely on the provisions of this Agreement that the settlement embodied herein shall not be construed as or deemed to be evidence of an admission or a concession on the part of the Watts Defendants of any fault, wrongdoing, or liability whatsoever, or of any defect in the FloodSafe Connectors, or

that any of the allegations in the Complaints in the Class Action are true. Without conceding any lack of merit in their defenses, the Watts Defendants consider it desirable to enter into this Agreement to avoid further expense, to dispose of burdensome and protracted litigation, and to avoid the uncertain outcome of proceeding in the Class Action.

49. During the last several months, the Settling Parties have engaged in extensive, difficult, complex and arm's-length negotiations regarding the settlement of claims involving the FloodSafe Connectors.

50. The settlement was finally achieved after multiple in-person mediation sessions (December 9, 2015 and January 26, 2016) with a private mediator, former Eastern District of Pennsylvania U.S. Magistrate Judge Diane M. Welsh, and numerous communications among counsel over the course of many months.

51. The Settling Parties desire and intend by this Agreement to settle finally and completely, and effectuate a final resolution of, all claims of all Settlement Class Members, whether asserted or not in the Class Action, to establish a claims process, and to provide for a complete full and final release of Released Claims in favor of the Released Parties, as described below in more detail.

NOW, THEREFORE, it is hereby agreed and stipulated by and between Plaintiffs, who are acting as Class Representatives on behalf of themselves and all other Settlement Class Members, and the Watts Defendants, by and through their respective attorneys, and intending to be legally bound, that, except as specifically stated to the contrary in this Agreement, all of the allegations, claims, demands, causes of action, and liabilities, which have been, could have been, or could in the future be asserted by the Class Representatives or any of the Settlement Class Members against the Watts Defendants or other Released Parties relating to, arising out of, or in connection with any of the allegations made in the Complaint in the Class Action, shall be settled and compromised, and the claims asserted therein shall be dismissed on their merits with prejudice, according to the terms and conditions set forth below.

III. AGREEMENT TERMS

A. Settlement Class Certification

52. Plaintiffs will seek conditional class certification for purposes of settlement only. Plaintiffs will seek to conditionally certify the following Settlement Class:

All individuals and entities that own or owned, or lease or leased, a residence or other structure located in the United States containing a FloodSafe Connector after November 4, 2008.

53. Excluded from the Settlement Class are:

a. Those Settlement Class Members who properly exclude themselves from the settlement as approved by the Court;

b. Those Settlement Class Members, and all Persons that have made, can make, or are entitled to make a claim through or in the name or right of a Settlement Class Member (such as a subrogated insurance carrier), who have resolved their claims through settlement or final judgment;

c. Watts Defendants and their affiliates;

d. Except to the extent that they have actually installed in their owned or leased structure a FloodSafe Connector, all those businesses and entities that sold or distributed a FloodSafe Connector, including customers, retailers, resellers, wholesalers and distributors who purchased or acquired FloodSafe Connectors from any Watts Defendant; and

e. The presiding judge in the Class Action and his immediate family.

B. Consideration to Settlement Class Members

54. The Watts Defendants shall pay a Total Settlement Amount of \$4 million, which represents the full extent of their and the Released Parties' liability and payment obligations, inclusive of the Common Fund, Settlement Administration, the cost of all Notice, any Service Awards for Class Representatives and the award of attorneys' fees and expenses, as ordered by the Court.

55. All amounts not required for Notice, Settlement Administration, any Service Awards for Class Representatives and attorneys' fees and expenses shall be paid into a Common Fund for payment to Settlement Class Members and Claimants. This settlement fund shall be treated as a "qualified settlement fund" for federal income tax purposes pursuant to Treas. Reg. § 1.468B-1. Amounts in the Common Fund shall be deposited in an interest bearing escrow account.

56. The Common Fund shall be funded as follows:

a. After payments for notice, attorneys' fees and expenses described in Paragraph 60, Watts shall pay into the Common Fund 40% of the remaining amount of the Total Settlement Amount within 15 days after the Effective Date.

b. Annually thereafter, Watts shall pay into the Common Fund such amounts as may be necessary to maintain 15% of the Total Settlement Amount remaining after payment of the expenses, fees and costs described in Paragraph 55, and shall pay the entire amount remaining after payment of the expenses, fees and costs by the end of the Damage Claims Period. Under no circumstances shall this annual funding require the Watts Defendants to pay more, in the aggregate, than the Total Settlement Amount.

c. Interest earned on the Common Fund shall compound within that Fund, and shall be available to pay Settlement Claims and expenses described in this Agreement.

d. If any money remains in the Common Fund after the end of the Damage Claims Period and after all valid Settlement Claims have been paid up to 25% of their Property Damage Remedy, it shall be distributed to the Settlement Class Members and Claimants who have previously submitted settlement claims for a Property Damages Remedy in proportion to their claims if such further distribution is cost effective, as determined by the Claims Administrator and Lead Class Counsel. If it is determined that a further distribution is not cost effective, then Lead Class Counsel shall move the Court for permission to use the remaining money to fund cy pres awards.

57. The Settling Parties believe that the Common Fund described throughout this Agreement will be sufficient to provide the full amount of benefits available under this Agreement to all Claimants who submit valid Claims Forms in the claim process. All claims shall be paid in the order in which they are received. Any claims not paid in a particular year shall be given priority with respect to payment in the subsequent year of the Claims Period, if any.

C. Reasonable Efforts and Dealings with Putative Settlement Class Members

58. Class Counsel and Counsel for the Watts Defendants agree that they will use reasonable efforts to (i) recommend and obtain approval of this Agreement by the Court; (ii) carry out the terms of this Agreement; (iii) support this Agreement in all public statements; and (iv) secure the prompt, complete and final dismissal on the merits and with prejudice of the Class Action. Class Counsel shall make reasonable efforts to encourage Settlement Class Members to participate in this settlement.

59. If contacted about this Agreement, the settlement contemplated hereby or the subject of this settlement, the Watts Defendants shall refer potential Settlement Class Members to the Claims Administrator or Lead Class Counsel or to any established toll free number and/or website. Nothing in this Agreement shall affect the ability of the Watts Defendants to continue to communicate with their customers and business contacts and members of the public in the ordinary course of their business.

D. The Preliminary Approval Order

60. Lead Class Counsel shall file a motion for the Preliminary Approval Order as soon as practical after the execution of this Agreement, requesting that the Court enter an Order that:

- a. Provides for the conditional certification of the Settlement Class, and approval of the Class Representatives to act as the representative plaintiffs for the Settlement Classes and Lead Class Counsel to represent the Settlement Class;
- b. Determines that the Agreement falls within the range of reasonableness for the settlement of this Class Action;
- c. Provides for dissemination of notice of this settlement in the form and manner set forth in the Notice Plan, or in such different manner as may be required by the Court (“Settlement Notice”);
- d. Establishes the Opt-out and Objection Deadlines, including approval of the procedures set forth in the Settlement Notice;
- e. Schedules a Final Fairness Hearing to: (i) consider the fairness, reasonableness, and adequacy to the Settlement Class Members of the proposed settlement provided for in this Agreement; (ii) consider the granting of final approval of the proposed settlement provided for in this Agreement and the dismissal on the merits and with prejudice of the covered lawsuits; (iii) provide Settlement Class Members with the opportunity to object to the proposed settlement; (iv) consider Class Counsel’s application for an award of attorneys’ fees and reimbursement of costs and awarding Service Awards to Class Representatives; and (v) consider such other matters as the Court may deem to be necessary or proper under the circumstances in accordance with Rule 23 of the Federal Rules of Civil Procedure;
- f. Appoints the Notice Provider and Claims Administrator;
- g. Provides that the conditional class certification for settlement purposes shall expire in the event the Effective Date does not take place; and
- h. Enjoins all Settlement Class Members, and all Persons that can pursue or are entitled to pursue an action in the name or right of a Class Member (including subrogated insurers), from commencing or prosecuting any action asserting any claims that are the subject of the Released Claims until the entry of the Final Order and Judgment, unless they have validly opted out of this settlement and Agreement and the Court has approved such opt out.

61. In the event the Final Order and Judgment is not entered or is reversed for any reason, or this Agreement is voided or terminated for any other reason, any stay imposed under the Preliminary Approval Order shall be automatically lifted and the Settling Parties shall not be deemed to have waived any rights with respect to proceedings in the litigation of such actions that arise during the period of the stay and shall have a full and fair opportunity to present any position in any such proceedings.

E. Notice Plan

62. The Settlement Notice to be provided to Settlement Class Members shall be pursuant to a Notice Plan approved by the Court and effectuated by a Court-approved Notice Provider. The cost of such notice shall be paid by the Watts Defendants and is included in the Total Settlement Amount described in this Agreement.

63. The Settling Parties agree the Settlement Notice should be in the form attached to this Agreement as Exhibits A (Long Form Notice), B (Short Form Notice), and C (Settlement Postcard) and that the Claims Form shall be in the form attached as Exhibit D.

64. The Settling Parties have in general agreed that notice will be delivered through (i) a press release; (ii) direct mailings to relevant homeowners and/or their insurance carriers; (iii) a dedicated website; (iv) published notice in print media and internet postings designed to target home and property owners; and (v) a toll-free telephone number that will provide Settlement Class Members with information and direct them to the settlement website.

65. The Settling Parties shall present the proposed Notice Plan to the Court as part of their Motion for Preliminary Approval and Proposed Preliminary Approval Order, along with a recommendation for the Notice Provider and Claims Administrator.

66. Summary notices shall be disseminated in accordance with the Notice Plan approved in the Preliminary Approval Order.

67. A long-form notice (or postcard notice), as approved by the Court, shall be mailed, first class postage prepaid, to each Settlement Class Member and homeowner's insurance carrier that can be identified by the Settling Parties through reasonable efforts.

68. Pursuant to 28 U.S.C. § 1715, the Watts Defendants, through the Notice Provider or Claims Administrator, shall mail all required notices in accordance with their obligations thereunder.

69. A press release, approved by Class Counsel and Counsel for the Watts Defendants, shall be disseminated by the Settling Parties and the Claims Administrator pursuant to the Court-approved Notice Plan after entry of the Preliminary Approval Order.

70. The Notice Provider shall file proof, by affidavit, of timely completion of the Notice Plan and its reach to Settlement Class Members no later than 15 days prior to the Final Fairness Hearing, unless otherwise provided by the Preliminary Approval Order.

71. No later than the dissemination of the first Settlement Notice pursuant to Paragraphs 68 to 74, the Claims Administrator shall establish a toll-free telephone facility. The toll-free telephone number(s) of such facility shall be included in the published notice. The telephone facility shall be capable of (i) receiving requests for Claims Forms, the long-form notice of this Agreement described in Paragraph 68, or any other materials described in this section, and (ii) providing general information concerning deadlines for opting out of the Agreement or filing a Claims Form, and the dates and locations of relevant Court proceedings, including the Final Fairness Hearing. The toll free number(s) shall be maintained by the Claims Administrator during the entirety of the Claims Period.

72. The Claims Administrator shall mail long-form notices, Claims Forms, or any other required materials to anyone requesting them.

73. The Claims Administrator shall maintain records of its activities, including logs of all telephone calls and mailings, and shall keep a computerized database containing a running tally of the number of and types of materials mailed by it.

74. No later than the time of dissemination of the first Settlement Notice, the Claims Administrator shall establish an Internet website concerning the settlement. The website shall be maintained by the Claims Administrator during the entirety of the Claims Period. The Internet address of the website shall be included in the Settlement Notice. The website shall provide (i) generalized information concerning deadlines for opting out of the Settlement or filing a Claims Form, and the dates and locations of relevant Court proceedings, including the Final Fairness Hearing, (ii) a listing of the toll-free phone number to be established pursuant to paragraph 71, and (iii) copies of this Agreement, the long-form notice, the Claims Form and information concerning the submission of Claims Forms.

75. The Notice Provider must complete the Notice Plan as ordered by the Court.

F. Opt Outs and Objections

76. A Settlement Class Member may opt out of the proposed Settlement Class. To exercise this opt out right, the Settlement Class Member must send written notification of the decision to request exclusion by completing an Opt Out Form, which may be in the form of a letter so long as it provides the information required in Paragraph 77 of this Agreement. The Opt Out Form shall be sent by first class mail to the Claims Administrator. Opt Out Forms must be submitted or approved in writing by individual Settlement Class Members and will not be valid if submitted in the aggregate or on behalf of a purported group or class, except that joint owners of the same residence or structure may opt out by using the same form. An Opt Out Form submitted by any insurer or subrogee must include the written consent of the insured/subrogor and proof of payment by the insurer/subrogee. To be valid, Opt Out Forms must be received by the Claims Administrator on or before the Opt Out Deadline and approved by the Court.

77. The Opt Out Form must bear the signature of the Settlement Class Member and must include: (i) a specific request to opt out of the litigation; (ii) the Settlement Class Member's name, current address, telephone number, and email address; (iii) proof that the Class Member has owned or leased a residence or other structure that contains a FloodSafe Connector; (iv) the

date of purchase or installation of any failed FloodSafe Connector and the date of failure; and (v) an estimate of the amount of damages, if any, that the Person sustained as the result of any alleged failure of a FloodSafe Connector.

78. If the Settlement Class Member has entered into a written or oral agreement to be represented by counsel, the Opt Out Form shall also be signed by the attorney who represents the Settlement Class Member. In seeking Preliminary Approval, the Settling Parties will request that the deadline for submission of requests for exclusion be 45 days after the Notice Date (the “Opt Out Deadline”).

79. Except for those Settlement Class Members who have properly filed a timely written Opt Out Form (and all other Excluded Persons) as approved by the Court, all Persons who meet the definition of Settlement Class Member will be deemed Settlement Class Members for all purposes under this Agreement.

80. Any Settlement Class Member who has not properly filed a timely written Opt Out Form, and any insurer or other party who can or is entitled to pursue a claim through or in the name or right of a Class Member who has not properly filed a timely written Opt Out Form, shall be bound by this Agreement and by all subsequent proceedings, orders, and judgments issued by the Court. Any Settlement Class Member who elects to opt out of the Settlement Class and whose opt out is approved by the Court pursuant to this Agreement shall not be entitled to relief under or be affected by this Agreement.

81. The Agreement and the settlement may be voided, at the election of the Watts Defendants and in their sole discretion, if Settlement Class Members with claims for the Property Damage Remedy totaling more than \$750,000 have opted out of a Settlement Class under the terms of this Agreement.

82. A Settlement Class Member may object to this Agreement by filing written objections. The Settlement Notice shall advise Settlement Class Members of their right to object. To exercise this objection right, the Settlement Class Member must provide written notice of the objection via first class mail, to Lead Class Counsel and Counsel for the Watts

Defendants, by the Objection Deadline. The objection must bear the signature of the Settlement Class Member (even if represented by counsel) with the date signed and must specify: (i) the name of the Class Action, *Klug v. Watts*, Case No. 8:15-cv-00061-JFB-TDT; (ii) the Settlement Class Members current address and telephone number; (iii) whether, on the date of the written objection, the Settlement Class Member owns or rents a residence or structure or formerly owned or rented a residence or structure containing a FloodSafe Connector; (iv) the address of the property(ies) that may contain or have contained the FloodSafe Connectors; (v) proof that the objector's residence or structure contains a FloodSafe Connector designed, manufactured, distributed and/or sold by the Watts Defendants (photographs, contemporaneous installation records, etc.); (vi) the exact nature of the objection, the facts underlying, and legal authority supporting, the objection, and whether or not the Settlement Class Member intends to appear at the Final Fairness Hearing; and (vii) all evidence and supporting papers (including, but not limited to, all briefs, written evidence, and declarations) that the Settlement Class Member wants the Court to consider in support of the objection. If the Settlement Class Member is represented by counsel, the objection shall also be signed by the attorney who represents the Settlement Class Member. If a Settlement Class Member or counsel for the Settlement Class Member has objected to a class action settlement on any prior occasion, the Objection shall disclose all cases in which they have filed an objection by caption, court and case number.

83. The Settling Parties reserve the right to seek depositions or other discovery from any Settlement Class Members or others who object to this Agreement.

84. Lead Class Counsel and Counsel for the Watts Defendants must be served with copies of the objections, postmarked no later than the Objection Deadline. In seeking the Preliminary Approval Order, the Settling Parties will request that the deadline for submission of objections be 45 days from the Notice Date.

85. Settlement Class Members who object to the Agreement may appear and be heard orally at the Final Fairness Hearing provided they file a Notice of Intent to Appear with the Court and with the Claims Administrator no later than the Objection Deadline which specifies, in

detail, the subjects on which they wish to be heard. Lead Class Counsel and Counsel for the Watts Defendants must also be served with copies of the Notice of Appearance, postmarked no later than the Objection Deadline. Failure to abide by the obligation to file a Notice of Appearance and to detail the subjects on which they wish to be heard may constitute a waiver of any right to be heard at the Final Fairness Hearing as determined by the Court.

G. Releases

86. Upon the Effective Date, all Settlement Class Members and any Person who participates in or receives any payment under this Agreement, on behalf of themselves and their agents, heirs, executors and administrators, successors, assigns, insurers, attorneys, representatives, shareholders, owners associations, and any and all Persons who can or are entitled to make a claim through or in the name or right of any of them (the "Releasing Parties"), release and forever discharge each of the Watts Defendants, and each of their administrators, insurers, reinsurers, agents, firms, parent companies/corporations, sister companies/corporations, subsidiaries and affiliates, and all businesses and entities that designed, manufactured, distributed, sold and/or installed a FloodSafe Connector, including all customers, retailers, resellers, wholesalers and distributors who purchased or acquired FloodSafe Connectors from any Watts Defendant and those Persons who installed such FloodSafe Connectors; and all of the foregoing persons' or entities' respective predecessors, successors, subsidiaries, assigns, insurers and present and former officers, directors, shareholders, employees, agents, attorneys, and representatives (collectively, the "Released Parties") from each and every claim of liability, on any legal or equitable ground whatsoever, including relief under federal law or the laws of any state, regarding or related to any alleged failure of a FloodSafe Connector, including without limitation all claims, damages, punitive or exemplary damages, fees, costs, expenses or liability on any legal or equitable ground whatsoever, and regardless of whether such claims might have been or might be brought directly or indirectly, or through subrogation or assignment or otherwise, on account of or related to the failure of a FloodSafe Connector, which have been or

could have been alleged in the Class Action (“Released Claims”). The releases provided for herein are as a result of membership as a Settlement Class Member to this Agreement or status as a Person with a legal right to assert claims of a Settlement Class Member, the Court’s approval process herein, and are not conditional on receipt of payment by any particular member of a Settlement Class. It is the intent of the Settling Parties and this Agreement that Persons who acquire legal rights to assert claims within the scope of this Agreement that belong initially to a Settlement Class Member shall take such rights subject to all of the terms, time periods, releases, prohibitions against double recoveries and other provisions contained herein.

87. The release provided by this Agreement shall include release of all damages, burdens, obligations of liability of any sort, including, without limitation, penalties, punitive damages, exemplary damages, statutory damages, damages based upon a multiplication of compensatory damages, court costs, or attorneys’ fees or expenses, which might otherwise have been made in connection with any claim relating to any failure of a FloodSafe Connector designed, manufactured, distributed and/or sold by the Watts Defendants.

88. The Released Claims include all claims that the Settlement Class Members have or may hereafter discover, including without limitation claims, damages, liabilities or facts in addition to or different from those now known or believed to be true with respect to any matter disposed of by this Agreement. By this Agreement, the Settlement Class Members have fully, finally, and forever settled and released any and all such Released Claims, whether known or unknown, suspected or unsuspected, contingent or non-contingent, past or future, whether or not concealed or hidden, which exist, could exist in the future, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, willful, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, claims, damages or liabilities. The Settlement Class Members shall be deemed by operation of the Final Order and Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a material element of the settlement of which

the releases herein are a part. The Settlement Class Members expressly and intentionally waive any and all rights and benefits which they now have or in the future may have under the terms of the law (whether statutory, common law, regulation, or otherwise) of any other state or territory of the United States as related to matters arising from or in any way related to, connected with, or resulting from the failure of a FloodSafe Connector.

89. It is the intent of the Settlement Class Members that no Releasing Party shall recover, directly or indirectly, any sums for claims released by operation of this Agreement, including, without limitation, on the claims settled and released herein, from the Released Parties, other than sums received under this Agreement, and that the Released Parties shall have no obligation to make any payments to any non-parties for liability arising out of claims released by operation of this Agreement.

90. If, notwithstanding the intention of the Settling Parties expressed herein, any release given by the Releasing Parties is not given its full effect by operation of law, then the Releasing Parties shall be deemed to have and do hereby transfer and assign to the Released Parties all Released Claims, if any, that were deemed not released, to the extent necessary to effectuate the intent of the release.

91. Class Counsel shall cooperate with Released Parties to ensure that the releases set forth in the Final Order and Judgment are given their full force and effect (including by seeking the inclusion of the releases in the Final Order and Judgment and the Claims Forms) and to ensure that Releasing Parties comply with their obligations set forth in this Agreement.

92. Releasing Parties agree that the provisions of this Agreement and any claim thereunder constitute a good faith settlement under California Code of Civil Procedure §§ 877 and 877.6, Hawaii Revised Statutes 663-15.5, and comparable laws in other states, that Class Counsel and Releasing Parties shall cooperate fully in any effort of Released Parties to establish such good faith settlement before any court (including without limitation, by joining in any motion or other procedure and providing declarations and other evidence to establish such good

faith settlement where requested by any Released Party) and that all payments made under this Agreement relate to claims arising out of or related to alleged failures of FloodSafe Connectors.

93. In the event that any Releasing Party seeks to invoke California Civil Code § 1542, which provides that:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

(or any other like provision or principle of law of any jurisdiction) in connection with the alleged failures of FloodSafe Connectors, the Releasing Parties and each of them now expressly waive the provision of California Civil Code § 1542 (or any other like provision or principle of law of any jurisdiction) to the full extent that these provisions may be applicable to this release. Each of the Releasing Parties hereby does, and shall be deemed to, have considered the possibility that the number or magnitude of all claims may not currently be known; nevertheless, each of the Releasing Parties assumes the risk that claims and facts additional, different, or contrary to the claims and facts that each believes or understands to exist, may now exist, or may be discovered after this Agreement becomes effective. Each of the Releasing Parties agrees that any such additional, different, or contrary claims and facts shall in no way limit, waive, or reduce the foregoing release, which shall remain in full force and effect. Nothing in this paragraph shall be construed as modifying or limiting the other provisions of this Agreement concerning the potential availability of Settlement Claims or other claims for failures of FloodSafe Connectors that occur after the date of entry of the Final Order and Judgment.

H. Payment of Costs and Attorneys' Fees to the Class Counsel and Representatives

94. Within the time period established by the Court, Class Counsel may apply for an award of attorneys' fees, plus expenses, to be paid from the Total Settlement Amount. The

application of Class Counsel for an award of attorneys' fees and costs, and the award of Service Awards for Class Representatives shall be filed no later than thirty (30) days prior to the Objection Deadline.

95. Payment of the petition for attorneys' fees and expenses as awarded by the Court shall constitute full satisfaction of any claim for fees and/or costs between and among the Class Counsel, any other attorneys who claim entitlement to fees or costs under this settlement and the Settlement Class Members, on the one hand, and the Watts Defendants and the Released Parties, on the other hand. Class Representatives and Class Counsel, on behalf of themselves and all Settlement Class Members, agree that they shall not seek any additional attorneys' fees and costs under any theory as against the Watts Defendants or the Released Parties.

96. The attorneys' fees and expenses awarded by the Court shall be paid within fifteen (15) business days of the Effective Date and shall be paid by the Watts Defendants to Lead Class Counsel by wire transfer, who shall distribute fees and costs to Class Counsel as they deem appropriate.

97. Except as provided herein, the Settlement Class Members and the Watts Defendants and other Released Parties shall bear their own attorneys' fees and costs.

98. Class Counsel will seek Service Awards (not to exceed \$5,000) from the Court for each Class Representative, to be paid from the Total Settlement Amount. If awarded by the Court, these Service Awards shall be paid to Lead Class Counsel for distribution to the Class Representative within fifteen (15) business days of the Effective Date.

I. Claims Process and Eligibility of Settlement Class Members

99. Class Counsel and Counsel for the Watts Defendants shall work with the Claims Administrator to develop a claims procedure to implement this Agreement and resolve any issues concerning the administration of this settlement.

100. A Claims Administrator will be appointed by the Court in the Preliminary Approval Order. The Claims Administrator shall be responsible for developing and

administering the claims process. The reasonable fees and expenses of the Claims Administrator shall be paid from the Total Settlement Amount.

101. A Special Master will be selected by the Settling Parties and presented to the Court for approval at the Final Fairness Hearing. The Special Master shall be responsible for resolving disputes arising as a result of the claims process, if any.

102. In no event shall Plaintiffs, the Watts Defendants, Counsel for the Watts Defendants, the Released Parties, or Class Counsel have any liability for claims of wrongful or negligent conduct on the part of the Claims Administrator or the Special Master, or their agents.

103. The Claims Administrator shall:

a. use personal information acquired as the result of this Agreement solely for purposes of evaluating and paying claims under this Agreement;

b. assign a manager to oversee the protection and appropriate management of personal information and review its internal system to manage the protection of personal information to ensure consistent performance and constant improvement;

c. take security countermeasures to prevent unauthorized access to personal information and the loss, destruction, falsification and leakage of personal information;

d. if outsourcing the handling of personal information, determine that outsourced companies take steps to ensure appropriate management of the information to prevent leaks of personal or confidential information, and prohibit re-use of information for other purposes;

e. respond immediately with appropriate measures when necessary to disclose, correct, stop using, or eliminate contents of information; and

f. following the completion of the Claims Period and in compliance with applicable retention law, destroy all personal information obtained in connection with this settlement in a manner most likely to guarantee that such information not be obtained by unauthorized persons.

104. The Claims Administrator shall maintain a complete and accurate accounting of the receipts, expenses (including claims administration costs), and the replacement and damage approvals and payments made pursuant to this Agreement. The accounting shall be made available to Lead Class Counsel, Counsel for the Watts Defendants and the Watts Defendants on reasonable notice.

105. Any Settlement Class Member who wishes to make a Settlement Claim must completely fill out and sign a Claim Form and must provide the Claims Administrator with all requested information. The release contained in the Claim Form and required by this paragraph shall in no way be construed to limit, amend, or alter the terms of the releases provided by this Agreement.

106. The Settling Parties intend by this Agreement to bind all Persons who own or rent, have owned or rented, or in the future may own or rent, or have a present or future financial interest or stake in, buildings, homes, residences or any other structures in the United States which contain or have ever contained a FloodSafe Connector to the terms and conditions of this Agreement and to require all such Persons (other than those who validly opt out and exclude themselves as Settlement Class Members from this Agreement) to submit claims only through the claims process described in this Agreement.

J. Claims Period

107. Claims must be made within the applicable Damage Claims Period or Replacement Claims Period. Claims for property damage must also be based on alleged failures of FloodSafe Connectors occurring after November 4, 2008.

K. Replacement Remedy

108. The Common Fund shall be used to pay claims for replacement FloodSafe Connectors at a rate of \$10 per replacement connector, not to exceed two replacement connectors per residence or other structure (a maximum total of \$20 per household).

a. To be eligible to participate in the replacement program, a Settlement Class Member seeking the Replacement Remedy must establish (through the production of a label of the FloodSafe Connector, the FloodSafe Connector itself, or photographic evidence of either) that they owned or leased a residence or other structure containing an installed FloodSafe Connector that was replaced.

b. The “Replacement Claims Period” shall be one year from the Final Order and Judgment. All claims for the Replacement Remedy must be filed within the Replacement Claims Period. All Replacement Claims shall be paid in timely fashion as the claims are received and verified.

c. The Replacement Remedy account shall not exceed \$100,000. All amounts remaining in the Common Fund after payment of all claims for replacement FloodSafe Connectors filed during the Replacement Claims Period shall be retained in the Common Fund and will be available for payment of property damage claims.

L. Property Damage Remedy

109. Except for those amounts paid for replacement FloodSafe Connectors and the cost of administration, the Common Fund shall be applied against claims by Settlement Class Members or other Claimants arising from property damage occurring after November 4, 2008 that are caused by failures of FloodSafe Connectors and submitted during the “Damage Claims Period.”

a. To be eligible to receive a Property Damage Remedy, a Settlement Class Member or other Claimant seeking that remedy must establish that the Settlement Class Member experienced a failure of a FloodSafe Connector occurring after November 4, 2008 and made a claim based on such failure within the “Damage Claims Period” and within the time periods set forth in subparagraph (c)(5) below.

b. The “Damage Claims Period” during which FloodSafe Connector claims for property damage arising from the failure of a FloodSafe Connector can be made against the Common Fund shall be four years from the Final Order and Judgment.

c. Claims for property damage arising from alleged failures of the FloodSafe Connectors shall be administered pursuant to the following guidelines:

1. Claims of Settlement Class Members and other Claimants for the same alleged failure of a FloodSafe Connector shall be made jointly, whenever practicable. Claims for the Property Damage Remedy shall be evaluated in the order in which they are submitted to the Claims Administrator. Except to answer questions regarding the terms of this Settlement Agreement and Claims Process, the Settling Parties shall not participate in the evaluation performed by the Claims Administrator. The Claims Administrator shall provide the Settling Parties weekly reports in Microsoft Excel format of the evaluated claims. The reports shall include the Settlement Class Members’ contact information, the total amount of the claim, any disallowed portion of the claim, the total amount of the claim compensable under the Agreement, and whether the claim is recommended for payment or rejected (and the basis for rejection).

2. All Claimants shall be required to submit to the Claims Administrator available evidence that a FloodSafe Connector failed, including the FloodSafe Connector that allegedly failed; any available photographs of the Connector; and/or available labels, packaging or purchase receipts. The Claimant shall also submit documents substantiating the property damage and cost of repairing damage caused by a failed FloodSafe Connector. With each Claim (or group of Claims where applicable), a Claim Form that includes a release and a certification verifying the date of purchase and when the FloodSafe Connector was installed and when it failed shall be provided by the Claimant.

3. No compensation shall be made for a connector that is determined not to be a FloodSafe Connector.

4. Claimants shall be allowed to recover not less than \$25, but not more than 25% of their reasonably proven property damage caused by, and related to, an alleged failure of a FloodSafe Connector.

5. The Claims Administrator shall determine and pay the amount of the claims as provided herein, and as supplemented by agreed upon claims administration guidelines. To ensure the orderly management and equitable payment of claims, all claims that arose from November 4, 2008 to November 4, 2014 must be submitted within one year after the Final Order and Judgment and must be paid within 30 days after that period or the Effective Date, whichever is later. All claims arising after November 4, 2014, must be made within the Damage Claims Period and will be paid within 30 days after each year remaining in the Damage Claims Period or the Effective Date, whichever is later. Depending on the amount of money in the Common Fund in a particular period, and the volume of claims previously approved and/or paid, the Claims Administrator will have the ability to adjust the initial payments made to Claimants to an amount less than 25% of their approved Claim during each period in the Damage Claims Period. The Claims Administrator may provide for additional payments to be paid to Claimants whose payments had been adjusted to equalize payments to all Claimants, if appropriate in light of subsequent annual funding and claims submissions at the end of the Damages Claims Period. The Claims Administrator may elect to apply a *pro rata* payment to all Claimants during the Damages Claims Period if necessary to provide for equity among all Claimants.

6. To the extent a Claimant does not receive 25 percent of their reasonably proven property damage prior to the end of the Damages Claims Period pursuant to an adjustment by the Claims Administrator, there may be a *pro rata* payment at the end of the Damage Claims Period of the amount remaining in the Common Fund (the "Catch-Up Payment"). This Catch-Up Payment will ensure the fair distribution of the Common Fund to all Claimants, and will be addressed by the Claims Administrator in the final annual time interval in the Damages Claims Period. To the extent necessary, this Catch-Up Payment shall be distributed

to all Settlement Class Members concurrently with any payment of the claims paid after the conclusion of the last annual time interval. However, in no circumstance, shall a Claimant receive more than 25% of their reasonably proven property damages as determined by the Claims Administrator or Special Master, where applicable.

7. The Claim Administrator's determination of the amounts owed to Claimants shall be final, unless appealed to the Special Master. The cost of the Special Master shall be borne by the losing party. If the Claimant loses an appeal, the cost will be paid by that Person. If the Claims Administrator's determination is revised in favor of the Settlement Class Member or other Claimant, then the cost will be paid from the Common Fund.

M. Final Order and Judgment and Dismissal

110. Before the Final Fairness Hearing, Class Counsel shall file a motion requesting that the Court grant final approval of the proposed Settlement and that the Court enter a Final Order and Judgment as required by and conforming to the terms and conditions of this Agreement. The Settling Parties shall make all reasonable efforts to secure the entry of the Final Order and Judgment.

111. The Final Order and Judgment shall *inter alia*:

a. Determine that the Court has and shall retain exclusive jurisdiction over: (i) the Agreement, including its administration, consummation, claim procedures, enforcement, and any other issues or questions that may arise; (ii) the Settling Parties and disputes for purposes of the Agreement; (iii) any applications for attorneys' fees, expenses and costs related to the Agreement, and (iv) all proceedings related to this Agreement both before and after the Final Approval is entered and is no longer subject to appeal, and over enforcement of the Final Order and Judgment.

b. Approve this Agreement and its terms as being a fair, reasonable and adequate settlement as to the Settlement Class Members, and direct that the Agreement be implemented in accordance with its terms.

c. Determine that the Settlement Notice, as approved by the Preliminary Approval Order, constitutes reasonable and the best practicable notice reasonably calculated under the circumstances to apprise members of the Settlement Class of the pendency of the Class Action, the terms of the Agreement, the right to object or opt out, the right to appear at the Final Fairness Hearing, and the Claims Process.

d. Adopt and approve the releases set forth in Paragraphs 91 to 98 of this Agreement.

e. Order that the Class Action and all claims asserted in the Class Action are settled and dismissed on the merits, and with prejudice as to the Class Representatives, all Settlement Class Members and all Persons that have or are entitled to make or pursue a claim or action through or in the name or right of a Settlement Class Member, except for those claims by any Person who have validly opted out of the Settlement Class.

f. Order that all Settlement Class Members and all Persons that have, can or are entitled to make or pursue a claim or action through or in the name or right of a Settlement Class Member, are permanently enjoined from filing, commencing, prosecuting, maintaining, intervening in, participating in (as class members or otherwise) or receiving benefits from any other lawsuit, arbitration, or administrative, regulatory, or other proceeding in any jurisdiction based on or relating to the claims released in this Agreement and from filing, commencing, prosecuting, or maintaining any other lawsuit as a class action (including by seeking to amend a pending complaint to include class allegations, or seeking class certification in a pending action in any jurisdiction) on behalf of members of the Settlement Class, or any Person that has, can or is entitled to make or pursue a claim or action through or in the name or right of a Settlement class Member, if such other class action is based on or relates to the Released Claims, or the facts and circumstances relating thereto.

g. Specify that the benefits and payments described in this Agreement are the only consideration, fees and expenses that the Watts Defendants and Released Parties shall be obligated to give to the Class Representatives, Settlement Class Members, Claimants and Class

Counsel in connection with the Agreement and the payment of attorneys' fees and expenses and that all claims, including Settlement Claims, covered by this Agreement and which could be brought against the Settling Parties shall be barred after the applicable Claims Period expires.

h. Determine that there is no just reason for delay and that the final Order and Judgment shall be final and entered.

i. Enter a separate order pursuant to Fed.R.Civ.P. 54(b) approving the settlement.

112. The failure of the Court or any appellate court to approve in full the request by Class Counsel for attorneys' fees, costs, and other expenses shall not be grounds to cancel or terminate this Agreement.

113. If the Final Order and Judgment is not granted by the Court, or it is not upheld on appeal, or this Agreement is otherwise terminated before the Effective Date, the conditional certification of the Settlement Classes shall cease; the Agreement and all negotiations, proceedings, and documents prepared, and statements made in connection therewith, and the conditional certification of the Settlement Classes shall be without prejudice to any Settling Party and shall not be deemed or construed to be an admission, confession or estoppel by any Settling Party of any fact, matter, or proposition of law; and all Settling Parties shall stand in the same procedural position as if the Agreement had not been negotiated, made, or filed with the Court.

N. Effective Date

114. No payments to Claimants under this Agreement shall be made until the Effective Date of the Settlement. The Effective Date shall occur when all of the following conditions have been satisfied:

- a. The Court has entered a Final Order and Judgment; and
- b. The Final Order and Judgment has become final. The Final Order and Judgment shall become final upon the later of: (i) all periods within which to file an appeal from the Final Orders and Judgments has expired without the filing of any appeal, or (ii) in the event

that an appeal from the Final Order and Judgment is filed, a final order has been entered disposing of the appeal, and any time for seeking leave to appeal or time for further appeal has expired.

c. After the Effective Date, the Watts Defendants may seek the dismissal of any lawsuits or other legal proceedings filed by Claimants or Settlement Class Members who did not properly opt out of the settlement. Class Counsel will affirmatively support such requests for dismissal.

O. Exclusive Remedy, Dismissal of Action and Jurisdiction of Court

115. Each and every Settlement Class Member who has not properly filed a timely written request for exclusion from the Settlement Class submits to the jurisdiction of the Court and will be bound by the terms of this Agreement, including, without limitation, all releases.

116. Except for those claims remaining after the opt out process, this Agreement sets forth the sole and exclusive remedy for any and all pending or future claims of Settlement Class Members or other Claimants against the Watts Defendants and Released Parties arising from the alleged failure of FloodSafe Connectors. Upon entry of the Final Order and Judgment, each Settlement Class Member who has not validly and timely opted out of a Settlement Class and any Person that has made or can or is entitled to make a claim through or in the name or right of a Class Member, shall be barred from initiating, asserting, or prosecuting any such claims against the Watts Defendants or any Released Party.

117. Upon the Effective Date, the Class Action and all claims and allegations concerning alleged failures of FloodSafe Connectors therein will be dismissed with prejudice.

118. The Court shall retain exclusive and continuing jurisdiction to interpret and enforce the terms, conditions, and obligations of this Agreement and its own orders and judgments, In the event of a breach by the Watts Defendants or a Settlement Class Member under this Agreement, the Court may exercise all equitable powers over the Watts Defendants or such Settlement Class Member and Claimant to enforce this Agreement and the Final Order and

Judgment irrespective of the availability or adequacy of any remedy at law. Such powers include, among others, the power of specific performance and injunctive relief.

P. Other Terms and Conditions

119. This Agreement is made for the sole purpose of attempting to consummate a settlement of the Class Action on a class-wide, nationwide basis. This Agreement is made in compromise of disputed claims and shall not be construed as an admission of liability by the Watts Defendants or any Released Party. The Watts Defendants are agreeing to a settlement solely to avoid further litigation. Because this is a class action settlement, this Agreement must receive preliminary and final approvals by the Court. It is an express condition of this Agreement that the Court shall make and enter a Final Order and Judgment in writing and fully in conformance with the terms and conditions of this Agreement. In the event that the Effective Date does not occur, this Agreement shall be terminated and only those provisions necessary to effectuate such termination and to restore fully the Settling Parties to their respective positions before entry of this Agreement shall be given effect and enforced. In such event, the Settling Parties shall bear their own costs (except the costs of the Notice Plan which shall be borne solely by the Watts Defendants) and attorneys' fees in all respects, including without limitation, with regard to the efforts to obtain any Court approval under this Agreement.

120. The Settling Parties and signatories to this Agreement warrant and represent that in executing this Agreement they have each had the opportunity to seek legal advice from the attorney and/or attorneys of his/her/its/their choice, and the terms of this Agreement and its consequences have been completely read and explained to any such Settling Party by such attorney. Irrespective of whether the Settling Parties and signatories have availed themselves of the opportunity to have an attorney review this Agreement, however, each Settling Party represents and expressly warrants that he/she/it/they fully understand both the terms and consequences of executing this Agreement, and executes it and agrees to be bound by the terms set forth herein knowingly, intelligently, and voluntarily.

121. Each Settling Party and signatory further acknowledges and represents that he/she/it/they has/have been apprised of all relevant information and data furnished by his/her/its/their attorneys of record and all other information relevant to this Agreement, including, but not limited to, future risks, complications, and costs. Each Settling Party and signatory further acknowledges and represents that, in executing this Agreement, he/she/it/they has/have not relied upon any inducements, promises, or representations, other than those specifically provided and set forth within this Agreement.

122. Each Settling Party and signatory agrees to execute and deliver to any other Settling Party any and all such additional documents and to perform any and all acts necessary, convenient or desirable, as may be reasonably required to fully carry out and effectuate the intent of this Agreement.

123. The Settling Parties acknowledge that it is their intent to consummate this Agreement and agree to make best efforts to cooperate to the extent necessary to effectuate and implement all terms and conditions of the Agreement and to exercise their best efforts to accomplish the foregoing terms and conditions of the Agreement.

124. This Agreement compromises claims that are contested in good faith, and shall not be deemed an admission by any of the Settling Parties as to the merits of any claim or defense. It is understood and agreed by the Settling Parties that nothing in this Agreement shall be construed as an admission, concession or acknowledgment of any liability or any allegation of fact or law and that this Agreement shall not be used as evidence of any such admission, concession or acknowledgment. All actions taken and statements made by the Settling Parties or their representatives relating to their participation in this Agreement have been and will be taken and made in the context of privileged and confidential settlement negotiations, shall be without prejudice or value as precedent, and shall not be taken or construed as a standard by which other matters may be judged. The Settling Parties agree that the amounts paid in settlement and the other terms of this Agreement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel.

125. All of the notices, orders, judgments, and other documents contemplated by this Agreement (whether in original form or as modified in writing with consent of all Settling Parties) are material and integral parts of this Agreement and are fully incorporated herein by this reference.

126. Class Counsel, on behalf of the Settlement Class Members, expressly warrant that they are authorized by the Class Representatives to take all appropriate action required or permitted to be taken by the Settlement Class Members pursuant to the Agreement to effectuate its terms, and also are expressly authorized to enter into any modifications or amendments to the Agreement on behalf of the Settlement Class Members which they deem appropriate.

127. Each counsel or other Person executing the Agreement on behalf of any party hereto hereby warrants that such Person has the full authority to do so. Class Counsel and Counsel for the Watts Defendants believe the Agreement represents a fair, just, reasonable, and good faith settlement of the claims alleged in the Class Action. The Agreement is binding on the Settling Parties, the Class Representatives, the Settlement Class Members, and as applicable herein, on Class Counsel in their own right.

128. The Agreement shall be binding upon, and inure to the benefit of, the agents, heirs, executors, administrators, successors, and assigns of the Settling Parties.

129. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any Settling Party. No Settling Party shall be deemed the drafter of this Agreement. The Settling Parties acknowledge that the terms of the Agreement are contractual and are the product of negotiations between the Settling Parties and their counsel. Each Settling Party and its counsel cooperated in the drafting and preparation of this Agreement, and this Agreement shall not be construed against either Settling Party because of its role in drafting it. Any canon of contract interpretation to the contrary, under the law of any state, shall not be applied.

130. This Agreement and all of the notices, orders, and judgments required by this Agreement constitute the entire agreement of the Settling Parties with respect to the subject

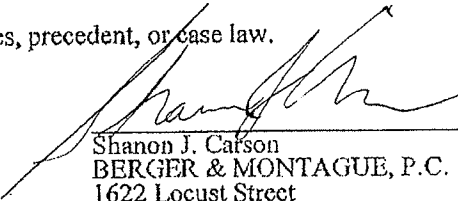
matter thereof. In entering this Agreement, no Settling Party is relying on any promise, inducement, or representation other than those set forth herein. Any agreement purporting to change or modify the terms of this Agreement or all of the notices, orders, and judgments required by this Agreement must be in writing, signed by counsel for each of the parties to this Agreement. Sub-headings in this Agreement are for purposes of clarity only and are not intended to modify the terms of the Agreement's text, which are controlling.

131. The waiver by any party to this Agreement, of any breach of its terms shall not be deemed or construed to be a waiver of any other breach of this Agreement, whether prior, subsequent, or contemporaneous.

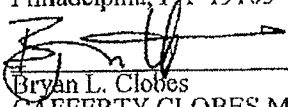
132. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original. All counterparts shall constitute one Agreement, binding on all parties hereto, regardless of whether all parties are signatories to the same counterpart, but the Agreement will be without effect until and unless all parties to this Agreement have executed a counterpart.

133. This Agreement shall be governed by the laws of the State of Massachusetts, without regard to its conflict of laws rules, precedent, or case law.

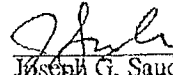
Dated: 4/21, 2016


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Dated: 4/21, 2016


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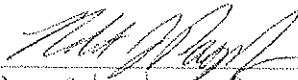
Dated: 4/21, 2016


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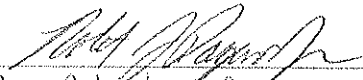
Dated: April 25, 2016

WATTS REGULATOR CO.


By: Robert J. Pagano
Its: CEO

Dated: April 25, 2016

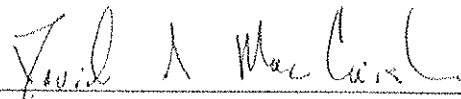
WATTS WATER TECHNOLOGIES, INC.


By: Robert J. Pagano
Its: CEO and President

Dated: April 25, 2016

APPROVED AS TO FORM:

ALSTON & BIRD LLP


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