Table of Contents

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2016

OR

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

Commission file number 001-11625

Pentair plc

(Exact name of Registrant as specified in its charter)

Ireland	**98-1141328**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification number)**

P.O. Box 471, Sharp Street, Walkden, Manchester, M28 8BU United Kingdom

(Address of principal executive offices)

Registrant's telephone number, including area code: 44-161-703-1885

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§223.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

On September 30, 2016, 181,739,834 shares of Registrant's common stock were outstanding.

Pentair plc and Subsidiaries

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Pentair plc and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)

	Three months ended		Nine months ended	
In millions, except per-share data	**September 30, 2016**	**September 26, 2015**	**September 30, 2016**	**September 26, 2015**
Net sales	$ 1,210.7	$ 1,112.8	$ 3,701.9	$ 3,327.4
Cost of goods sold	769.8	718.1	2,347.9	2,161.1
Gross profit	440.9	394.7	1,354.0	1,166.3
Selling, general and administrative	228.4	217.0	728.2	649.6
Research and development	29.7	24.8	86.9	72.3
Operating income	182.8	152.9	538.9	444.4
Other (income) expense:				
Equity income of unconsolidated subsidiaries	(1.2)	(0.2)	(2.7)	(1.3)
Net interest expense	34.3	30.9	105.9	67.5
Income from continuing operations before income taxes	149.7	122.2	435.7	378.2
Provision for income taxes	32.2	27.5	93.7	85.1
Net income from continuing operations	117.5	94.7	342.0	293.1
Income from discontinued operations, net of tax	22.9	20.5	48.6	88.6
Gain (loss) from sale of discontinued operations, net of tax	0.6	—	0.6	(4.8)
Net income	$ 141.0	$ 115.2	$ 391.2	$ 376.9
Comprehensive income (loss), net of tax				
Net income	$ 141.0	$ 115.2	$ 391.2	$ 376.9
Changes in cumulative translation adjustment	34.9	(85.8)	37.1	(238.4)
Changes in market value of derivative financial instruments, net of tax of $0.7, $0.9, $1.2, and $1.3, respectively	(4.8)	(0.7)	(8.6)	(1.6)
Comprehensive income	$ 171.1	$ 28.7	$ 419.7	$ 136.9
Earnings per ordinary share				
Basic				
Continuing operations	$ 0.65	$ 0.53	$ 1.89	$ 1.63
Discontinued operations	0.13	0.11	0.27	0.46
Basic earnings per ordinary share	$ 0.78	$ 0.64	$ 2.16	$ 2.09
Diluted				
Continuing operations	$ 0.64	$ 0.52	1.87	1.61
Discontinued operations	0.13	0.11	0.27	0.45
Diluted earnings per ordinary share	$ 0.77	$ 0.63	$ 2.14	$ 2.06
Weighted average ordinary shares outstanding				
Basic	181.4	180.2	181.1	180.1
Diluted	183.6	182.6	183.0	182.6
Cash dividends paid per ordinary share	$ 0.34	$ 0.32	$ 1.00	$ 0.96

See accompanying notes to condensed consolidated financial statements.

Pentair plc and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per-share data	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 170.9	$ 126.3
Accounts and notes receivable, net of allowances of $44.5 and $46.1, respectively	689.5	773.2
Inventories	556.2	564.7
Other current assets	287.7	220.0
Current assets held for sale	1,042.7	1,093.4
Total current assets	2,747.0	2,777.6
Property, plant and equipment, net	547.3	539.8
Other assets		
Goodwill	4,251.7	4,259.0
Intangibles, net	1,683.0	1,747.4
Other non-current assets	162.2	161.1
Non-current assets held for sale	2,287.8	2,348.6
Total other assets	8,384.7	8,516.1
Total assets	$ 11,679.0	$ 11,833.5
Liabilities and Equity		
Current liabilities		
Accounts payable	348.2	403.8
Employee compensation and benefits	159.3	162.6
Other current liabilities	416.7	487.1
Current liabilities held for sale	363.9	433.0
Total current liabilities	1,288.1	1,486.5
Other liabilities		
Long-term debt	4,411.3	4,685.8
Pension and other post-retirement compensation and benefits	248.5	244.6
Deferred tax liabilities	636.4	670.2
Other non-current liabilities	199.5	192.4
Non-current liabilities held for sale	539.9	545.2
Total liabilities	7,323.7	7,824.7
Equity		
Ordinary shares $0.01 par value, 426.0 authorized, 181.7 and 180.5 issued at September 30, 2016 and December 31, 2015, respectively	1.8	1.8
Additional paid-in capital	2,909.1	2,860.3
Retained earnings	2,060.9	1,791.7
Accumulated other comprehensive loss	(616.5)	(645.0)
Total equity	4,355.3	4,008.8
Total liabilities and equity	$ 11,679.0	$ 11,833.5

See accompanying notes to condensed consolidated financial statements.

Pentair plc and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Nine months ended September 30, 2016	Nine months ended September 26, 2015
Operating activities		
Net income	$ 391.2	$ 376.9
Income from discontinued operations, net of tax	(48.6)	(88.6)
(Gain) loss from sale of discontinued operations, net of tax	(0.6)	4.8
Adjustments to reconcile net income from continuing operations to net cash provided by (used for) operating activities of continuing operations		
Equity income of unconsolidated subsidiaries	(2.7)	(1.3)
Depreciation	64.3	59.8
Amortization	72.6	43.8
Deferred income taxes	(3.8)	(0.9)
Share-based compensation	28.7	27.5
Excess tax benefits from share-based compensation	(8.8)	(6.0)
Amortization of bridge financing fees	—	10.8
Loss (gain) on sale of assets	—	(7.7)
Changes in assets and liabilities, net of effects of business acquisitions		
Accounts and notes receivable	91.8	47.1
Inventories	14.0	(32.7)
Other current assets	(62.5)	(36.3)
Accounts payable	(56.9)	(45.6)
Employee compensation and benefits	(5.2)	(6.4)
Other current liabilities	13.6	25.8
Other non-current assets and liabilities	(27.4)	(16.5)
Net cash provided by (used for) operating activities of continuing operations	459.7	354.5
Net cash provided by (used for) operating activities of discontinued operations	97.1	41.4
Net cash provided by (used for) operating activities	556.8	395.9
Investing activities		
Capital expenditures	(94.5)	(66.3)
Proceeds from sale of property and equipment	24.1	3.6
Acquisitions, net of cash acquired	—	(1,913.0)
Other	(3.8)	—
Net cash provided by (used for) investing activities of continuing operations	(74.2)	(1,975.7)
Net cash provided by (used for) investing activities of discontinued operations	(4.3)	45.1
Net cash provided by (used for) investing activities	(78.5)	(1,930.6)
Financing activities		
Net repayments of short-term borrowings	—	(2.0)
Net (repayments) receipts of commercial paper and revolving long-term debt	(291.1)	276.5
Proceeds from long-term debt	—	1,714.8
Repayments of long-term debt	(0.7)	(4.6)
Debt issuance costs	—	(26.8)
Excess tax benefits from share-based compensation	8.8	6.0
Shares issued to employees, net of shares withheld	20.1	21.9
Repurchases of ordinary shares	—	(200.0)
Dividends paid	(181.6)	(173.3)
Net cash provided by (used for) financing activities	(444.5)	1,612.5
Effect of exchange rate changes on cash and cash equivalents	10.8	(43.3)
Change in cash and cash equivalents	44.6	34.5
Cash and cash equivalents, beginning of period	126.3	110.4
Cash and cash equivalents, end of period	$ 170.9	$ 144.9

See accompanying notes to condensed consolidated financial statements.

Pentair plc and Subsidiaries
Condensed Consolidated Statements of Changes in Equity (Unaudited)

In millions	Ordinary shares Number	Ordinary shares Amount	Treasury shares Number	Treasury shares Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance - December 31, 2015	180.5	$ 1.8	—	$ —	$ 2,860.3	$ 1,791.7	$ (645.0)	$ 4,008.8
Net income	—	—	—	—	—	391.2	—	391.2
Other comprehensive income, net of tax	—	—	—	—	—	—	28.5	28.5
Dividends declared	—	—	—	—	—	(122.0)	—	(122.0)
Exercise of options, net of shares tendered for payment	0.9	—	—	—	30.7	—	—	30.7
Issuance of restricted shares, net of cancellations	0.5	—	—	—	—	—	—	—
Shares surrendered by employees to pay taxes	(0.2)	—	—	—	(10.6)	—	—	(10.6)
Share-based compensation	—	—	—	—	28.7	—	—	28.7
Balance - September 30, 2016	181.7	$ 1.8	—	$ —	$ 2,909.1	$ 2,060.9	$ (616.5)	$ 4,355.3

In millions	Ordinary shares Number	Ordinary shares Amount	Treasury shares Number	Treasury shares Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance - December 31, 2014	202.4	$ 2.0	(19.9)	$ (1,251.9)	$ 4,250.0	$ 2,044.0	$ (380.3)	$ 4,663.8
Net income	—	—	—	—	—	376.9	—	376.9
Other comprehensive loss, net of tax	—	—	—	—	—	—	(240.0)	(240.0)
Dividends declared	—	—	—	—	1.5	(115.7)	—	(114.2)
Share repurchase	(3.1)	—	—	—	(200.0)	—	—	(200.0)
Cancellation of treasury shares	(19.1)	(0.2)	19.1	1,210.9	(1,210.7)	—	—	—
Exercise of options, net of shares tendered for payment	0.1	—	0.7	34.6	(7.9)	—	—	26.7
Issuance of restricted shares, net of cancellations	—	—	0.2	9.5	(9.5)	—	—	—
Shares surrendered by employees to pay taxes	—	—	(0.1)	(3.1)	(1.7)	—	—	(4.8)
Share-based compensation	—	—	—	—	27.5	—	—	27.5
Balance - September 26, 2015	180.3	$ 1.8	—	$ —	$ 2,849.2	$ 2,305.2	$ (620.3)	$ 4,535.9

See accompanying notes to condensed consolidated financial statements.

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

1. Basis of Presentation and Responsibility for Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements of Pentair plc (formerly Pentair Ltd.) and its subsidiaries ("we," "us," "our," "Pentair," or "the Company") have been prepared following the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America can be condensed or omitted.

We are responsible for the unaudited financial statements included in this document. The financial statements include all normal recurring adjustments that are considered necessary for the fair presentation of our financial position and operating results. As these are condensed financial statements, one should also read our consolidated financial statements and notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Revenues, expenses, cash flows, assets and liabilities can and do vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be indicative of those for a full year.

Our fiscal year ends on December 31. Beginning in the first quarter of 2016, we report our interim quarterly periods on a calendar quarter basis. Prior to the first quarter of 2016, we reported our interim quarterly periods on a 13-week basis ending on a Saturday.

New accounting standards

In March 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard that will change certain aspects of accounting for share-based payments to employees, including the accounting for income taxes, forfeitures and statutory withholding requirements, as well as classification in the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the impact this standard will have on our financial condition or results of operations.

In February 2016, the FASB issued new accounting requirements regarding accounting for leases, which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the potential effects on our financial condition or results of operations.

In November 2015, the FASB issued a new accounting standard which clarifies and simplifies the balance sheet classification of deferred tax assets and liabilities. Under the new standard, all deferred tax assets and liabilities are required to be classified as non-current in a classified balance sheet. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the impact this standard will have on our financial condition.

In April 2015, the FASB issued a new accounting standard which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The new standard was effective for annual and interim periods beginning after December 15, 2015. We adopted the new standard during the first quarter of 2016 and, as a result, reclassified unamortized debt issuance costs of $23.5 million from *Other current assets* and *Other non-current assets* to *Long-term debt* on the Condensed Consolidated Balance Sheet as of December 31, 2015.

In May 2014, the FASB issued new accounting requirements for the recognition of revenue from contracts with customers. The new requirements include additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The requirements are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted for reporting periods beginning after December 15, 2016. We have not yet determined the potential effects on our financial condition or results of operations.

2. Acquisitions

On September 18, 2015, we acquired, as part of Technical Solutions, all of the outstanding shares of capital stock of ERICO Global Company ("ERICO") for approximately $1.8 billion (the "ERICO Acquisition"). ERICO is a leading global manufacturer and marketer of engineered electrical and fastening products for electrical, mechanical and civil applications.

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

ERICO has employees in 30 countries across the world with recognized brands including CADDY fixing, fastening and support products; ERICO electrical grounding, bonding and connectivity products and LENTON engineered systems.

The purchase price has been allocated based on the fair value of assets acquired and liabilities assumed at the date of the ERICO Acquisition. The purchase price allocation was completed in the third quarter of 2016.

The following table summarizes the fair values of the assets acquired and liabilities assumed in the ERICO Acquisition as previously reported at December 31, 2015 and as revised at September 30, 2016:

In millions	As Previously Reported	As Revised
Cash	$ 11.8	$ 11.8
Accounts receivable	75.9	75.9
Inventories	102.4	101.8
Other current assets	2.9	2.8
Property, plant and equipment	53.4	53.1
Identifiable intangible assets	1,033.8	1,033.8
Goodwill	1,061.9	1,031.0
Current liabilities	(97.2)	(94.7)
Deferred income taxes, including current	(418.8)	(382.3)
Other liabilities	(8.0)	(15.1)
Purchase price	$ 1,818.1	$ 1,818.1

The excess of purchase price over tangible net assets and identified intangible assets acquired has been allocated to goodwill in the amount of $1,031.0 million, none of which is expected to be deductible for income tax purposes. Identifiable intangible assets acquired as part of the ERICO Acquisition include $228.4 million of indefinite-lived trade name intangible assets and $805.4 million of definite-lived customer relationships with an estimated useful life of 21 years.

The following unaudited pro forma consolidated condensed financial results of operations are presented as if the ERICO Acquisition was consummated on January 1, 2014:

	Three months ended	Nine months ended
In millions, except per-share data	September 26, 2015	September 26, 2015
Pro forma net sales	$ 1,231.6	$ 3,713.6
Pro forma net income from continuing operations	122.9	334.3
Pro forma earnings per ordinary share - continuing operations		
Basic	$ 0.68	$ 1.86
Diluted	0.67	1.83

The pro forma condensed consolidated financial information has been prepared for comparative purposes only and includes certain adjustments, as noted above. The adjustments are estimates based on currently available information and actual amounts may differ materially from these estimates. They do not reflect the effect of costs or synergies that would have been expected to result from the integration of the ERICO Acquisition. The pro forma information does not purport to be indicative of the results of operations that actually would have resulted had the ERICO Acquisition occurred on January 1, 2014.

In April 2015, we acquired, as part of Technical Solutions, all of the outstanding shares of capital stock of Nuheat Industries Limited ("Nuheat") for $96.0 million in cash (120.5 million Canadian dollars translated at the April 2, 2015 exchange rate), net of cash acquired. In November 2015, cash of $0.9 million (1.2 million Canadian dollars translated at the average monthly exchange rate) was paid to Nuheat in settlement of a working capital adjustment. Based in Canada, Nuheat is a leading manufacturer of electric floor heating systems that are distributed across North America. Total goodwill recorded as part of the

purchase allocation was $43.2 million, none of which is tax deductible. Identified intangible assets acquired consisted of definite-lived customer relationships of $53.3 million, with an estimated useful life of 17 years. The pro forma impact of this acquisition was deemed to not be material.

3. Discontinued Operations

On August 18, 2016, we entered into a Share Purchase Agreement (the "Purchase Agreement") to sell our Valves & Controls business to Emerson Electric Co. for a purchase price of $3.15 billion in cash, subject to certain customary adjustments. We expect the sale to close in late 2016 or early 2017, subject to customary regulatory approvals and closing conditions.

We have concluded, as a result of the signing of the Purchase Agreement, that the Valves & Controls business has met the criteria to be held for sale. The results of the Valves & Controls business have been presented as discontinued operations and the related assets and liabilities have been reclassified as held for sale for all periods presented. The Valves & Controls business was previously disclosed as a stand-alone reporting segment.

In addition, during the first and second quarters of 2015, we sold the remaining portions of the Water Transport business in Australia and received cash proceeds of $59.0 million. The results of the Water Transport business have been presented as discontinued operations.

Transaction costs of $15.6 million related to the sale of Valves & Controls were incurred during the nine months ended September 30, 2016.

Operating results of discontinued operations are summarized below:

	Three months ended		Nine months ended	
In millions	**September 30, 2016**	**September 26, 2015**	**September 30, 2016**	**September 26, 2015**
Net sales	$ 410.9	$ 440.9	$ 1,231.6	$ 1,385.2
Cost of goods sold	287.6	295.6	886.7	934.6
Gross profit	123.3	145.3	344.9	450.6
Selling, general and administrative	87.4	113.3	267.6	316.3
Research and development	4.3	5.1	14.2	16.7
Operating income	$ 31.6	$ 26.9	$ 63.1	$ 117.6
Income from discontinued operations before income taxes	$ 32.0	$ 27.4	$ 63.6	$ 117.6
Provision for income taxes	9.1	6.9	15.0	29.0
Income from discontinued operations, net of tax	$ 22.9	$ 20.5	$ 48.6	$ 88.6
				—
Gain (loss) from sale of discontinued operations before income taxes	$ 0.6	$ —	$ 0.6	$ (4.8)
Provision for income taxes	—	—	—	—
Gain (loss) from sale of discontinued operations, net of tax	$ 0.6	$ —	$ 0.6	$ (4.8)

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

The carrying amounts of major classes of assets and liabilities that were classified as held for sale on the Condensed Consolidated Balance Sheets were as follows:

In millions	September 30, 2016	December 31, 2015
Accounts and notes receivable, net	$ 382.8	$ 394.5
Inventories	562.1	609.6
Other current assets	97.8	89.3
Current assets held for sale	$ 1,042.7	$ 1,093.4
Property, plant and equipment, net	$ 381.5	$ 403.1
Goodwill	996.4	996.4
Intangibles, net	708.7	742.7
Asbestos-related insurance receivable	109.3	111.0
Other non-current assets	91.9	95.4
Non-current assets held for sale	$ 2,287.8	$ 2,348.6
Accounts payable	$ 145.0	$ 175.0
Employee compensation and benefits	58.5	100.3
Other current liabilities	160.4	157.7
Current liabilities held for sale	$ 363.9	$ 433.0
Pension and other post-retirement compensation and benefits	$ 36.3	$ 42.6
Deferred tax liabilities	174.3	173.9
Asbestos-related liabilities	231.2	237.9
Other non-current liabilities	98.1	90.8
Non-current liabilities held for sale	$ 539.9	$ 545.2

4. Share Plans

Total share-based compensation expense for the three and nine months ended September 30, 2016 and September 26, 2015 was as follows:

	Three months ended		Nine months ended	
In millions	September 30, 2016	September 26, 2015	September 30, 2016	September 26, 2015
Restricted stock units	$ 3.6	$ 5.4	$ 14.2	$ 17.9
Stock options	1.8	2.7	9.0	9.6
Performance share units	1.0	—	5.5	—
Total share-based compensation expense	$ 6.4	$ 8.1	$ 28.7	$ 27.5

In the first quarter of 2016, we issued our annual share-based compensation grants under the Pentair plc 2012 Stock and Incentive Plan to eligible employees. The total number of awards issued was approximately 1.7 million, of which 1.1 million were stock options, 0.3 million were restricted stock units and 0.3 million were performance share units. The weighted-average grant date fair value of the stock options, restricted stock units and performance share units issued was $10.23, $49.21 and $49.21, respectively.

We estimated the fair value of each stock option award issued in the annual share-based compensation grant using a Black-Scholes option pricing model, modified for dividends and using the following assumptions:

	2016 Annual Grant
Risk-free interest rate	1.57%
Expected dividend yield	2.47%
Expected share price volatility	27.3%
Expected term (years)	5.9

These estimates require us to make assumptions based on historical results, observance of trends in our share price, changes in option exercise behavior, future expectations and other relevant factors. If other assumptions had been used, share-based compensation expense, as calculated and recorded under the accounting guidance, could have been affected.

We based the expected life assumption on historical experience as well as the terms and vesting periods of the options granted. For purposes of determining expected share price volatility, we considered a rolling average of historical volatility measured over a period approximately equal to the expected option term. The risk-free interest rate for periods that coincide with the expected life of the options is based on the U.S. Treasury Department yield curve in effect at the time of grant.

5. Restructuring

During the nine months ended September 30, 2016 and the year ended December 31, 2015, we continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business. Initiatives during the nine months ended September 30, 2016 included the reduction in hourly and salaried headcount of approximately 475 employees, consisting of approximately 75 in Water Quality Systems, 100 in Flow & Filtration Solutions and 300 in Technical Solutions. Initiatives during the year ended December 31, 2015 included the reduction in hourly and salaried headcount of approximately 500 employees, consisting of approximately 100 in Water Quality Systems, 200 in Flow & Filtration Solutions and 200 in Technical Solutions.

Restructuring related costs included in *Selling, general and administrative* expenses in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) included costs for severance and other restructuring costs as follows:

	Three months ended		Nine months ended	
In millions	September 30, 2016	September 26, 2015	September 30, 2016	September 26, 2015
Severance and related costs	$ 7.3	$ 6.8	$ 19.2	$ 13.8
Other	—	0.4	0.7	3.8
Total restructuring costs	$ 7.3	$ 7.2	$ 19.9	$ 17.6

Other restructuring costs primarily consist of asset impairment and various contract termination costs.

Restructuring costs by reportable segment for the three and nine months ended September 30, 2016 and September 26, 2015 were as follows:

	Three months ended		Nine months ended	
In millions	September 30, 2016	September 26, 2015	September 30, 2016	September 26, 2015
Water Quality Systems	$ 0.2	$ 1.5	$ 4.5	$ 4.8
Flow & Filtration Solutions	—	3.5	2.6	7.2
Technical Solutions	7.1	2.2	11.0	5.6
Other	—	—	1.8	—
Consolidated	$ 7.3	$ 7.2	$ 19.9	$ 17.6

Activity in the restructuring accrual recorded in *Other current liabilities* and *Employee compensation and benefits* in the Condensed Consolidated Balance Sheets is summarized as follows for the nine months ended September 30, 2016:

In millions		**September 30, 2016**
Beginning balance	$	37.1
Costs incurred		19.2
Cash payments and other		(23.6)
Ending balance	$	32.7

6. Earnings Per Share

Basic and diluted earnings per share were calculated as follows:

	Three months ended		**Nine months ended**	
In millions, except per-share data	**September 30, 2016**	**September 26, 2015**	**September 30, 2016**	**September 26, 2015**
Net income	$ 141.0	$ 115.2	$ 391.2	$ 376.9
Net income from continuing operations	$ 117.5	$ 94.7	$ 342.0	$ 293.1
Weighted average ordinary shares outstanding				
Basic	181.4	180.2	181.1	180.1
Dilutive impact of stock options, restricted stock units and performance share units	2.2	2.4	1.9	2.5
Diluted	183.6	182.6	183.0	182.6
Earnings per ordinary share				
Basic				
Continuing operations	$ 0.65	$ 0.53	$ 1.89	$ 1.63
Discontinued operations	0.13	0.11	0.27	0.46
Basic earnings per ordinary share	$ 0.78	$ 0.64	$ 2.16	$ 2.09
Diluted				
Continuing operations	$ 0.64	$ 0.52	$ 1.87	$ 1.61
Discontinued operations	0.13	0.11	0.27	0.45
Diluted earnings per ordinary share	$ 0.77	$ 0.63	$ 2.14	$ 2.06
Anti-dilutive stock options excluded from the calculation of diluted earnings per share	1.2	1.2	1.8	1.2

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

7. Supplemental Balance Sheet Information

In millions	September 30, 2016	December 31, 2015
Inventories		
Raw materials and supplies	$ 235.7	$ 243.9
Work-in-process	72.9	74.4
Finished goods	247.6	246.4
Total inventories	$ 556.2	$ 564.7
Other current assets		
Cost in excess of billings	$ 134.6	$ 114.4
Prepaid expenses	92.2	59.1
Deferred income taxes	44.3	35.2
Other current assets	16.6	11.3
Total other current assets	$ 287.7	$ 220.0
Property, plant and equipment, net		
Land and land improvements	$ 67.3	$ 86.6
Buildings and leasehold improvements	338.3	338.9
Machinery and equipment	929.9	960.2
Construction in progress	79.7	68.3
Total property, plant and equipment	1,415.2	1,454.0
Accumulated depreciation and amortization	867.9	914.2
Total property, plant and equipment, net	$ 547.3	$ 539.8
Other non-current assets		
Deferred income taxes	$ 2.1	$ 2.9
Deferred compensation plan assets	47.9	50.8
Other non-current assets	112.2	107.4
Total other non-current assets	$ 162.2	$ 161.1
Other current liabilities		
Dividends payable	$ —	$ 59.6
Accrued warranty	44.2	47.0
Accrued rebates	68.1	50.7
Billings in excess of cost	24.8	32.0
Other current liabilities	279.6	297.8
Total other current liabilities	$ 416.7	$ 487.1
Other non-current liabilities		
Taxes payable	$ 48.9	$ 46.8
Self-insurance liabilities	50.1	49.0
Deferred compensation plan liabilities	47.9	50.8
Other non-current liabilities	52.6	45.8
Total other non-current liabilities	$ 199.5	$ 192.4

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

8. Goodwill and Other Identifiable Intangible Assets

The changes in the carrying amount of goodwill by segment were as follows:

In millions	December 31, 2015	Purchase accounting adjustments	Foreign currency translation/other	September 30, 2016
Water Quality Systems	$ 1,121.1	$ —	$ 6.0	$ 1,127.1
Flow & Filtration Solutions	882.7	—	13.7	896.4
Technical Solutions	2,255.2	(30.9)	3.9	2,228.2
Total goodwill	$ 4,259.0	$ (30.9)	$ 23.6	$ 4,251.7

Identifiable intangible assets consisted of the following:

	September 30, 2016			December 31, 2015		
In millions	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Finite-life intangibles						
Customer relationships	$ 1,491.3	$ (332.6)	$ 1,158.7	$ 1,482.9	$ (266.9)	$ 1,216.0
Trade names	1.9	(1.4)	0.5	1.8	(1.2)	0.6
Proprietary technology and patents	145.5	(100.1)	45.4	144.1	(89.8)	54.3
Total finite-life intangibles	1,638.7	(434.1)	1,204.6	1,628.8	(357.9)	1,270.9
Indefinite-life intangibles						
Trade names	478.4	—	478.4	476.5	—	476.5
Total intangibles, net	$ 2,117.1	$ (434.1)	$ 1,683.0	$ 2,105.3	$ (357.9)	$ 1,747.4

Intangible asset amortization expense was $24.1 million and $14.8 million for the three months ended September 30, 2016 and September 26, 2015, respectively, and $72.6 million and $43.8 million for the nine months ended September 30, 2016 and September 26, 2015, respectively.

Estimated future amortization expense for identifiable intangible assets during the remainder of 2016 and the next five years is as follows:

In millions	Q4 2016	2017	2018	2019	2020	2021
Estimated amortization expense	$ 21.3	$ 85.2	$ 85.0	$ 84.3	$ 82.1	$ 78.9

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

9. Debt

Debt and the average interest rates on debt outstanding were as follows:

In millions	Average interest rate at September 30, 2016	Maturity Year	September 30, 2016	December 31, 2015
Commercial paper	1.755%	2019	$ 454.3	$ 179.5
Revolving credit facilities	2.022%	2019	615.5	1,181.4
Senior notes - fixed rate	1.875%	2017	350.0	350.0
Senior notes - fixed rate	2.900%	2018	500.0	500.0
Senior notes - fixed rate	2.650%	2019	250.0	250.0
Senior notes - fixed rate - Euro	2.450%	2019	560.8	548.4
Senior notes - fixed rate	3.625%	2020	400.0	400.0
Senior notes - fixed rate	5.000%	2021	500.0	500.0
Senior notes - fixed rate	3.150%	2022	550.0	550.0
Senior notes - fixed rate	4.650%	2025	250.0	250.0
Unamortized debt issuance costs and discounts	N/A	N/A	(19.3)	(23.5)
Total debt			4,411.3	4,685.8
Less: Current maturities and short-term borrowings			—	—
Long-term debt			$ 4,411.3	$ 4,685.8

In September 2015, Pentair plc, Pentair Finance S.A. ("PFSA") and Pentair Investments Switzerland GmbH ("PISG"), a 100-percent owned subsidiary of Pentair plc and the 100-percent owner of PFSA, completed public offerings (the "September 2015 Offerings") of $500 million aggregate principal amount of PFSA's 2.90% Senior Notes due 2018, $400 million aggregate principal amount of PFSA's 3.625% Senior Notes due 2020, $250 million aggregate principal amount of PFSA's 4.65% Senior Notes due 2025 and €500 million aggregate principal amount of PFSA's 2.45% Senior Notes due 2019. Pentair plc used the net proceeds from the September 2015 Offerings to finance the ERICO Acquisition.

The Senior Notes issued in the September 2015 Offerings, 1.875% Senior Notes due 2017, 2.65% Senior Notes due 2019, $373.0 million of the 5.00% Senior Notes due 2021 and 3.15% Senior Notes due 2022 issued by PFSA and $127.0 million of the 5.00% Senior Notes due 2021 issued by Pentair, Inc. (collectively, the "Notes") are guaranteed as to payment by Pentair plc and PISG.

In October 2014, Pentair plc, PISG, PFSA and Pentair, Inc. entered into an amended and restated credit agreement (the "Credit Facility"), with Pentair plc and PISG as guarantors and PFSA and Pentair, Inc. as borrowers. The Credit Facility had a maximum aggregate availability of $2,100.0 million and a maturity date of October 3, 2019. Borrowings under the Credit Facility generally bear interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") plus a specified margin based upon PFSA's credit ratings. PFSA must pay a facility fee ranging from 9.0 to 25.0 basis points per annum (based upon PFSA's credit ratings) on the amount of each lender's commitment and letter of credit fee for each letter of credit issued and outstanding under the Credit Facility.

In August 2015, Pentair plc, PISG and PFSA entered into a First Amendment to the Credit Facility (the "First Amendment"), which, among other things, increased the maximum Leverage Ratio (as defined below). In September 2015, Pentair plc, PISG and PFSA entered into a Second Amendment to the Credit Facility (the "Second Amendment"), which, among other things, increased the maximum aggregate availability to $2,500.0 million. Additionally, in September 2016, Pentair plc, PISG and PFSA entered into a Third Amendment to the Credit Facility (the "Third Amendment," and collectively with the First Amendment and the Second Amendment, the "Amendments"), which, among other things, increased the maximum Leverage Ratio to the amounts specified below, and amended the definition of EBITDA to include earnings from discontinued operations for operations subject to a sale agreement until such disposition actually occurs.

PFSA is authorized to sell short-term commercial paper notes to the extent availability exists under the Credit Facility. PFSA uses the Credit Facility as back-up liquidity to support 100% of commercial paper outstanding. As of September 30, 2016 and December 31, 2015, PFSA had $454.3 million and $179.5 million, respectively, of commercial paper outstanding, all of which

was classified as long-term debt as we have the intent and the ability to refinance such obligations on a long-term basis under the Credit Facility.

Our debt agreements contain certain financial covenants, the most restrictive of which are in the Credit Facility (as updated for the Amendments), including that we may not permit (i) the ratio of our consolidated debt plus synthetic lease obligations to our consolidated net income (excluding, among other things, non-cash gains and losses) before interest, taxes, depreciation, amortization, non-cash share-based compensation expense, and up to a lifetime maximum $25.0 million of costs, fees and expenses incurred in connection with certain acquisitions, investments, dispositions and the issuance, repayment or refinancing of debt, ("EBITDA") for the four consecutive fiscal quarters then ended (the "Leverage Ratio") to exceed (a) 4.50 to 1.00 as of the last day of any period of four consecutive fiscal quarters ending on September 30, 2016; (b) 4.50 to 1.00 as of the last day of the period of four consecutive fiscal quarters ending on December 31, 2016; (c) 4.25 to 1.00 as of the last day of the period of four consecutive fiscal quarters ending on March 31, 2017; (d) 4.00 to 1.00 as of the last day of the period of four consecutive fiscal quarters ending on June 30, 2017; and (e) 3.50 to 1.00 as of the last day of any period of four consecutive fiscal quarters ending thereafter, and (ii) the ratio of our EBITDA for the four consecutive fiscal quarters then ended to our consolidated interest expense, including consolidated yield or discount accrued as to outstanding securitization obligations (if any), for the same period to be less than 3.00 to 1.00 as of the end of each fiscal quarter. For purposes of the Leverage Ratio, the Credit Facility provides for the calculation of EBITDA giving pro forma effect to certain acquisitions, divestitures and liquidations during the period to which such calculation relates. As of September 30, 2016, we were in compliance with all financial covenants in our debt agreements.

Total availability under the Credit Facility was $1,430.2 million as of September 30, 2016, which was limited to $733.6 million by the maximum Leverage Ratio in the Credit Facility's credit agreement.

In addition to the Credit Facility, we have various other credit facilities with an aggregate availability of $51.9 million, of which none was outstanding at September 30, 2016. Borrowings under these credit facilities bear interest at variable rates.

We have $350.0 million of fixed rate senior notes maturing in September 2017. We classified this debt as long-term as of September 30, 2016 as we have the intent and ability to refinance such obligation on a long-term basis under the Credit Facility.

Debt outstanding, excluding unamortized issuance costs and discounts, at September 30, 2016 matures on a calendar year basis as follows:

In millions	Q4 2016	2017	2018	2019	2020	2021	Thereafter	Total
Contractual debt obligation maturities	$ —	$ —	$ 500.0	$ 2,230.6	$ 400.0	$ 500.0	$ 800.0	$ 4,430.6

10. Derivatives and Financial Instruments

Derivative financial instruments

We are exposed to market risk related to changes in foreign currency exchange rates and interest rates on our floating rate indebtedness. To manage the volatility related to these exposures, we periodically enter into a variety of derivative financial instruments. Our objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in foreign currency rates and interest rates. The derivative contracts contain credit risk to the extent that our bank counterparties may be unable to meet the terms of the agreements. The amount of such credit risk is generally limited to the unrealized gains, if any, in such contracts. Such risk is minimized by limiting those counterparties to major financial institutions of high credit quality.

Foreign currency contracts

We conduct business in various locations throughout the world and are subject to market risk due to changes in the value of foreign currencies in relation to our reporting currency, the U.S. dollar. We manage our economic and transaction exposure to certain market-based risks through the use of foreign currency derivative financial instruments. Our objective in holding these derivatives is to reduce the volatility of net earnings and cash flows associated with changes in foreign currency exchange rates. The majority of our foreign currency contracts have an original maturity date of less than one year. To hedge currency exposure related to certain non-functional currency intercompany debt, we have entered into cross-currency swap contracts for periods consistent with the underlying debt.

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

At September 30, 2016 and December 31, 2015, we had outstanding foreign currency derivative contracts with gross notional U.S. dollar equivalent amounts of $543.9 million and $331.5 million, respectively. The impact of these contracts on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) is not material for any period presented.

Gains or losses on foreign currency contracts designated as hedges are reclassified out of Accumulated Other Comprehensive Loss ("AOCI") and into *Selling, general and administrative* expense in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) upon settlement. Such reclassifications during the three and nine months ended September 30, 2016 and September 26, 2015 were not material.

Net investment hedge
We have net investments in foreign subsidiaries that are subject to changes in the foreign currency exchange rate. In September 2015, we designated the €500.0 million 2.45% Senior Notes due 2019 (the "2019 Euro Notes") as a net investment hedge for a portion of our net investment in our Euro denominated subsidiaries. The gains/losses on the 2019 Euro Notes have been included as a component of the cumulative translation adjustment account within AOCI. We had deferred foreign currency gains of $4.1 million and $16.4 million in AOCI associated with the net investment hedge activity as of September 30, 2016 and December 31, 2015, respectively.

Fair value measurements
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date:

Level 1: Valuation is based on observable inputs such as quoted market prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Valuation is based on inputs such as quoted market prices for similar assets or liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

In making fair value measurements, observable market data must be used when available. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Fair value of financial instruments
The following methods were used to estimate the fair values of each class of financial instruments:

- short-term financial instruments (cash and cash equivalents, accounts and notes receivable, accounts and notes payable and variable-rate debt) — recorded amount approximates fair value because of the short maturity period;
- long-term fixed-rate debt, including current maturities — fair value is based on market quotes available for issuance of debt with similar terms, which are inputs that are classified as Level 2 in the valuation hierarchy defined by the accounting guidance; and
- foreign currency contract agreements — fair values are determined through the use of models that consider various assumptions, including time value, yield curves, as well as other relevant economic measures, which are inputs that are classified as Level 2 in the valuation hierarchy defined by the accounting guidance.

The recorded amounts and estimated fair values of total debt, excluding unamortized issuance costs and discounts, were as follows:

	September 30, 2016		December 31, 2015	
In millions	Recorded Amount	Fair Value	Recorded Amount	Fair Value
Variable rate debt	$ 1,069.8	$ 1,069.8	$ 1,360.9	$ 1,360.9
Fixed rate debt	3,360.8	3,526.7	3,348.4	3,395.4
Total debt	$ 4,430.6	$ 4,596.5	$ 4,709.3	$ 4,756.3

Financial assets and liabilities measured at fair value on a recurring and nonrecurring basis were as follows:

	September 30, 2016			
In millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Foreign currency contract assets	$ —	$ 3.6	$ —	$ 3.6
Foreign currency contract liabilities	—	(25.5)	—	(25.5)
Deferred compensation plan assets [1]	41.2	6.7	—	47.9
Total recurring fair value measurements	$ 41.2	$ (15.2)	$ —	$ 26.0

	December 31, 2015			
In millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Foreign currency contract assets	$ —	$ 0.1	$ —	$ 0.1
Foreign currency contract liabilities	—	(7.6)	—	(7.6)
Deferred compensation plan assets [1]	43.8	7.0	—	50.8
Total recurring fair value measurements	$ 43.8	$ (0.5)	$ —	$ 43.3

Nonrecurring fair value measurements [2] [3]

(1) Deferred compensation plan assets include mutual funds, common/collective trusts and cash equivalents for payment of certain non-qualified benefits for retired, terminated and active employees. The fair value of mutual funds and cash equivalents were based on quoted market prices in active markets. The underlying investments in the common/collective trusts primarily include intermediate and long-term debt securities, corporate debt securities, equity securities and fixed income securities. The overall fair value of the common/collective trusts are based on observable inputs.

(2) During the fourth quarter of 2015, we performed a goodwill impairment test for the Valves & Controls reporting unit using the required two-step process as of December 31, 2015. As a result, we recorded a non-cash goodwill impairment charge of $515.2 million.

The first step of this process includes comparing the fair value to the carrying value of the reporting unit to which the goodwill is allocated to identify potential impairment. The fair value of the reporting unit was determined using a discounted cash flow analysis and market approach. Projecting discounted future cash flows requires us to make significant estimates regarding future revenues and expenses, projected capital expenditures, changes in working capital and the appropriate discount rate. Use of the market approach consists of comparisons to comparable publicly-traded companies that are similar in size and industry. Actual results may differ from those used in our valuations.

Step two compares the implied fair value of the goodwill with the carrying value of that goodwill. If the carrying value of the goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination.

(3) During the fourth quarter of 2015, we performed an impairment test for the Valves & Controls trade names. As a result, we recorded a pre-tax, non-cash trade name impairment charge of $39.5 million. The fair value of trade names is measured using the relief-from-royalty method. This method assumes the trade name has value to the extent that the owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate the future revenue for the related brands, the appropriate royalty rate and the weighted average cost of capital.

The Valves & Controls business referred to above has met the criteria to be classified as held for sale and is presented as discontinued operations for all periods presented. See Note 3 of the Notes to the Condensed Consolidated Financial Statements for additional information.

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

11. Income Taxes

We manage our affairs so that we are centrally managed and controlled in the United Kingdom (the "U.K.") and therefore have our tax residency in the U.K. The provision for income taxes consists of provisions for U.K. and international income taxes. We operate in an international environment with operations in various locations outside the U.K. Accordingly, the consolidated income tax rate is a composite rate reflecting the earnings in the various locations and the applicable rates.

The effective income tax rate for the nine months ended September 30, 2016 was 21.5%, compared to 22.5% for the nine months ended September 26, 2015. We continue to actively pursue initiatives to reduce our effective tax rate. The tax rate in any quarter can be affected positively or negatively by adjustments that are required to be reported in the specific quarter of resolution.

The liability for uncertain tax positions of continuing operations was $48.3 million and $45.6 million at September 30, 2016 and December 31, 2015, respectively. The liability for uncertain tax positions of discontinued operations was $27.8 million and $24.3 million at September 30, 2016 and December 31, 2015, respectively. We record penalties and interest related to unrecognized tax benefits in *Provision for income taxes* and *Net interest expense*, respectively, on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), which is consistent with our past practices.

12. Benefit Plans

Components of net periodic benefit cost for our pension plans for the three and nine months ended September 30, 2016 and September 26, 2015 were as follows:

	U.S. pension plans			
	Three months ended		Nine months ended	
In millions	September 30, 2016	September 26, 2015	September 30, 2016	September 26, 2015
Service cost	$ 2.8	$ 3.5	$ 8.4	$ 10.5
Interest cost	4.1	3.7	12.3	11.1
Expected return on plan assets	(2.9)	(2.5)	(8.6)	(7.5)
Net periodic benefit cost	$ 4.0	$ 4.7	$ 12.1	$ 14.1

	Non-U.S. pension plans			
	Three months ended		Nine months ended	
In millions	September 30, 2016	September 26, 2015	September 30, 2016	September 26, 2015
Service cost	$ 2.1	$ 2.1	$ 6.2	$ 6.3
Interest cost	1.1	1.1	3.3	3.3
Expected return on plan assets	(0.4)	(0.4)	(1.2)	(1.2)
Net periodic benefit cost	$ 2.8	$ 2.8	$ 8.3	$ 8.4

Components of net periodic benefit cost for our other post-retirement plans for the three and nine months ended September 30, 2016 and September 26, 2015 were not material.

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

13. Shareholders' Equity

Ordinary shares held in treasury

In August 2015, we canceled all of our ordinary shares held in treasury. At the time of the cancellation, we held 19.1 million ordinary shares in treasury at a cost of $1.2 billion.

Share repurchases

In December 2014, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of $1.0 billion. The authorization expires on December 31, 2019. During the nine months ended September 26, 2015, we repurchased 3.1 million of our shares for $200.0 million pursuant to this authorization. There were no share repurchases during the nine months ended September 30, 2016 pursuant to this authorization. As of September 30, 2016, we had $800.0 million available for share repurchases under this authorization.

Dividends payable

On December 8, 2015, the Board of Directors approved a plan to increase the 2016 annual cash dividend to $1.34, to be paid to our shareholders in four quarterly installments of $0.33 in each of the first and second quarters of 2016 and $0.34 in each of the third and fourth quarters of 2016.

On October 4, 2016, the Board of Directors declared a quarterly cash dividend of $0.34 payable on November 4, 2016 to shareholders of record at the close of business on October 21, 2016. As a result, there were no dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets at September 30, 2016 and a balance of $59.6 million at December 31, 2015.

14. Segment Information

We evaluate performance based on net sales and segment income (loss) and use a variety of ratios to measure performance of our reporting segments. Segment income (loss) represents equity income of unconsolidated subsidiaries and operating income exclusive of intangible amortization, certain acquisition related expenses, costs of restructuring activities, "mark-to-market" gain/loss for pension and other post-retirement plans, impairments and other unusual non-operating items.

Financial information by reportable segment is as follows:

	Three months ended		Nine months ended	
In millions	**September 30, 2016**	**September 26, 2015**	**September 30, 2016**	**September 26, 2015**
Net sales				
Water Quality Systems	$ 328.6	$ 322.0	$ 1,057.2	$ 1,016.6
Flow & Filtration Solutions	342.7	362.7	1,049.1	1,087.4
Technical Solutions	543.1	432.3	1,608.3	1,235.2
Other	(3.7)	(4.2)	(12.7)	(11.8)
Consolidated	$ 1,210.7	$ 1,112.8	$ 3,701.9	$ 3,327.4
Segment income (loss)				
Water Quality Systems	$ 69.6	$ 60.5	$ 229.5	$ 200.5
Flow & Filtration Solutions	49.5	53.2	144.5	146.7
Technical Solutions	119.6	101.0	344.0	265.0
Other	(22.5)	(27.2)	(82.9)	(85.4)
Consolidated	$ 216.2	$ 187.5	$ 635.1	$ 526.8

The following table presents a reconciliation of consolidated segment income to consolidated operating income:

	Three months ended		Nine months ended	
In millions	September 30, 2016	September 26, 2015	September 30, 2016	September 26, 2015
Segment income	$ 216.2	$ 187.5	$ 635.1	$ 526.8
Restructuring and other	(8.1)	(3.9)	(20.9)	(20.1)
Intangible amortization	(24.1)	(14.8)	(72.6)	(43.8)
Inventory step-up	—	(1.4)	—	(2.9)
Transaction costs	—	(14.3)	—	(14.3)
Equity income of unconsolidated subsidiaries	(1.2)	(0.2)	(2.7)	(1.3)
Operating income	$ 182.8	$ 152.9	$ 538.9	$ 444.4

15. Commitments and Contingencies

Asbestos matters

Our subsidiaries and numerous other companies are named as defendants in personal injury lawsuits based on alleged exposure to asbestos-containing materials. These cases typically involve product liability claims based primarily on allegations of manufacture, sale or distribution of industrial products that either contained asbestos or were attached to or used with asbestos-containing components manufactured by third-parties. Each case typically names between dozens to hundreds of corporate defendants. While we have observed an increase in the number of these lawsuits over the past several years, including lawsuits by plaintiffs with mesothelioma-related claims, a large percentage of these suits have not presented viable legal claims and, as a result, have been dismissed by the courts. Our historical strategy has been to mount a vigorous defense aimed at having unsubstantiated suits dismissed, and, where appropriate, settling suits before trial. Although a large percentage of litigated suits have been dismissed, we cannot predict the extent to which we will be successful in resolving lawsuits in the future.

As of September 30, 2016, there were approximately 4,000 claims outstanding against our subsidiaries, of which approximately 3,500 relate to the Valves & Control business classified as held for sale. These amounts include adjustments for claims that are not actively being prosecuted. The amounts are not adjusted for claims that identify incorrect defendants or duplicate other actions. In addition, the amount does not include certain claims pending against third parties for which we have been provided an indemnification.

Periodically, we perform an analysis with the assistance of outside counsel and other experts to update our estimated asbestos-related assets and liabilities. Our estimate of the liability and corresponding insurance recovery for pending and future claims and defense costs is based on our historical claim experience and estimates of the number and resolution cost of potential future claims that may be filed. Our legal strategy for resolving claims also impacts these estimates.

Our estimate of asbestos-related insurance recoveries represents estimated amounts due to us for previously paid and settled claims and the probable reimbursements relating to our estimated liability for pending and future claims. In determining the amount of insurance recoverable, we consider a number of factors, including available insurance, allocation methodologies and the solvency and creditworthiness of insurers.

Our estimated liability for asbestos-related claims was $231.2 million and $237.9 million as of September 30, 2016 and December 31, 2015, respectively, and was recorded in *Non-current liabilities held for sale* in the Condensed Consolidated Balance Sheets for pending and future claims and related defense costs. Our estimated receivable for insurance recoveries was $109.3 million and $111.0 million as of September 30, 2016 and December 31, 2015, respectively, and was recorded in *Non-current assets held for sale* in the Condensed Consolidated Balance Sheets.

The amounts recorded by us for asbestos-related liabilities and insurance-related assets are based on our strategies for resolving our asbestos claims and currently available information as well as estimates and assumptions. Key variables and assumptions include the number and type of new claims filed each year, the average cost of resolution of claims, the resolution of coverage issues with insurance carriers, the amounts of insurance and the related solvency risk with respect to our insurance carriers, and the indemnifications we have provided to and received from third parties. Furthermore, predictions with respect to these variables are subject to greater uncertainty in the latter portion of the projection period. Other factors that may affect our liability and cash payments for asbestos-related matters include uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, reforms of state or federal tort legislation and the applicability of insurance

policies among subsidiaries. As a result, actual liabilities or insurance recoveries could be significantly higher or lower than those recorded if assumptions used in our calculations vary significantly from actual results.

Environmental matters
We are involved in or have retained responsibility and potential liability for environmental obligations and legal proceedings related to our current business and, including pursuant to certain indemnification obligations, related to certain formerly owned businesses. Our accruals for environmental matters are recorded on a site-by-site basis when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. Based upon our experience, current information regarding known contingencies and applicable laws, we have recorded reserves for these environmental matters of $18.0 million and $22.8 million as of September 30, 2016 and December 31, 2015, respectively, which relate primarily to the Valves & Controls business classified as held for sale. We do not anticipate these environmental conditions will have a material adverse effect on our financial position, results of operations or cash flows.

Warranties and guarantees
In connection with the disposition of our businesses or product lines, we may agree to indemnify purchasers for various potential liabilities relating to the sold business, such as pre-closing tax, product liability, warranty, environmental, or other obligations. The subject matter, amounts and duration of any such indemnification obligations vary for each type of liability indemnified and may vary widely from transaction to transaction. Generally, the maximum obligation under such indemnifications is not explicitly stated and as a result, the overall amount of these obligations cannot be reasonably estimated. Historically, we have not made significant payments for these indemnifications. We believe that if we were to incur a loss in any of these matters, the loss would not have a material effect on our financial condition or results of operations.

We recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee.

We provide service and warranty policies on our products. Liability under service and warranty policies is based upon a review of historical warranty and service claim experience. Adjustments are made to accruals as claim data and historical experience warrant.

The changes in the carrying amount of service and product warranties of continuing operations for the nine months ended September 30, 2016 were as follows:

In millions		**September 30, 2016**
Beginning balance	$	47.0
Service and product warranty provision		43.9
Payments		(46.9)
Foreign currency translation		0.2
Ending balance	$	44.2

Stand-by letters of credit, bank guarantees and bonds
In certain situations, Tyco International Ltd., Pentair Ltd.'s former parent company ("Tyco"), guaranteed performance by the flow control business of Pentair Ltd. ("Flow Control") to third parties or provided financial guarantees for financial commitments of Pentair Ltd. In situations where Flow Control and Tyco were unable to obtain a release from these guarantees in connection with the spin-off of Pentair Ltd., we will indemnify Tyco for any losses it suffers as a result of such guarantees.

In disposing of assets or businesses, we often provide representations, warranties and indemnities to cover various risks including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities and unidentified tax liabilities and legal fees related to periods prior to disposition. We do not have the ability to reasonably estimate the potential liability due to the inchoate and unknown nature of these potential liabilities. However, we have no reason to believe that these uncertainties would have a material adverse effect on our financial position, results of operations or cash flows.

In the ordinary course of business, we are required to commit to bonds, letters of credit and bank guarantees that require payments to our customers for any non-performance. The outstanding face value of these instruments fluctuates with the value of our projects in process and in our backlog. In addition, we issue financial stand-by letters of credit primarily to secure our performance to third parties under self-insurance programs.

As of September 30, 2016 and December 31, 2015, the outstanding value of bonds, letters of credit and bank guarantees totaled $337.0 million and $402.2 million, respectively, of which $179.7 million and $202.3 million, respectively, relate to the Valves & Controls business.

16. Supplemental Guarantor Information

Pentair plc (the "Parent Company Guarantor") and Pentair Investments Switzerland GmbH (the "Subsidiary Guarantor"), fully and unconditionally, guarantee the Notes of Pentair Finance S.A. (the "Subsidiary Issuer"). The Subsidiary Guarantor is a Switzerland limited liability company and 100 percent-owned subsidiary of the Parent Company Guarantor. The Subsidiary Issuer is a Luxembourg public limited liability company and 100 percent-owned subsidiary of the Subsidiary Guarantor. The guarantees provided by the Parent Company Guarantor and Subsidiary Guarantor are joint and several.

The following supplemental financial information sets forth the Company's Condensed Consolidating Statement of Operations and Comprehensive Income (Loss), Condensed Consolidating Balance Sheets and Condensed Consolidating Statement of Cash Flows by relevant group within the Company: Pentair plc and Pentair Investments Switzerland GmbH as the guarantors, Pentair Finance S.A. as issuer of the debt and all other non-guarantor subsidiaries. Condensed consolidating financial information for Pentair plc, Pentair Investments Switzerland GmbH and Pentair Finance S.A. on a stand-alone basis is presented using the equity method of accounting for subsidiaries.

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Three months ended September 30, 2016

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ —	$ —	$ —	$ 1,210.7	$ —	$ 1,210.7
Cost of goods sold	—	—	—	769.8	—	769.8
Gross profit	—	—	—	440.9	—	440.9
Selling, general and administrative	—	—	0.3	228.1	—	228.4
Research and development	—	—	—	29.7	—	29.7
Operating income (loss)	—	—	(0.3)	183.1	—	182.8
Loss (earnings) from continuing operations of investment in subsidiaries	(117.5)	(117.5)	(145.6)	—	380.6	—
Other (income) expense:						
Equity income of unconsolidated subsidiaries	—	—	—	(1.2)	—	(1.2)
Net interest expense	—	—	27.8	6.5	—	34.3
Income (loss) from continuing operations before income taxes	117.5	117.5	117.5	177.8	(380.6)	149.7
Provision for income taxes	—	—	—	32.2	—	32.2
Net income (loss) from continuing operations	117.5	117.5	117.5	145.6	(380.6)	117.5
Income from discontinued operations, net of tax	—	—	—	22.9	—	22.9
Gain from sale of discontinued operations, net of tax	—	—	—	0.6	—	0.6
Earnings (loss) from discontinued operations of investment in subsidiaries	23.5	23.5	23.5	—	(70.5)	—
Net income (loss)	$ 141.0	$ 141.0	$ 141.0	$ 169.1	$ (451.1)	$ 141.0
Comprehensive income (loss), net of tax						
Net income (loss)	$ 141.0	$ 141.0	$ 141.0	$ 169.1	$ (451.1)	$ 141.0
Changes in cumulative translation adjustment	34.9	34.9	34.9	34.9	(104.7)	34.9
Changes in market value of derivative financial instruments, net of tax	(4.8)	(4.8)	(4.8)	(4.8)	14.4	(4.8)
Comprehensive income (loss)	$ 171.1	$ 171.1	$ 171.1	$ 199.2	$ (541.4)	$ 171.1

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Nine months ended September 30, 2016

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ —	$ —	$ —	$ 3,701.9	$ —	$ 3,701.9
Cost of goods sold	—	—	—	2,347.9	—	2,347.9
Gross profit	—	—	—	1,354.0	—	1,354.0
Selling, general and administrative	1.7	—	1.3	725.2	—	728.2
Research and development	—	—	—	86.9	—	86.9
Operating income (loss)	(1.7)	—	(1.3)	541.9	—	538.9
Loss (earnings) from continuing operations of investment in subsidiaries	(343.6)	(343.6)	(428.8)	—	1,116.0	—
Other (income) expense:						
Equity income of unconsolidated subsidiaries	—	—	—	(2.7)	—	(2.7)
Net interest expense	—	—	83.9	22.0	—	105.9
Income (loss) from continuing operations before income taxes	341.9	343.6	343.6	522.6	(1,116.0)	435.7
Provision (benefit) for income taxes	(0.1)	—	—	93.8	—	93.7
Net income (loss) from continuing operations	342.0	343.6	343.6	428.8	(1,116.0)	342.0
Income from discontinued operations, net of tax	—	—	—	48.6	—	48.6
Gain from sale of discontinued operations, net of tax	—	—	—	0.6	—	0.6
Earnings (loss) from discontinued operations of investment in subsidiaries	49.2	49.2	49.2	—	(147.6)	—
Net income (loss)	$ 391.2	$ 392.8	$ 392.8	$ 478.0	$ (1,263.6)	$ 391.2
Comprehensive income (loss), net of tax						
Net income (loss)	$ 391.2	$ 392.8	$ 392.8	$ 478.0	$ (1,263.6)	$ 391.2
Changes in cumulative translation adjustment	37.1	37.1	37.1	37.1	(111.3)	37.1
Changes in market value of derivative financial instruments, net of tax	(8.6)	(8.6)	(8.6)	(8.6)	25.8	(8.6)
Comprehensive income (loss)	$ 419.7	$ 421.3	$ 421.3	$ 506.5	$ (1,349.1)	$ 419.7

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Balance Sheet
September 30, 2016

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
			Assets			
Current assets						
Cash and cash equivalents	$ —	$ —	$ —	$ 170.9	$ —	$ 170.9
Accounts and notes receivable, net	—	—	—	689.5	—	689.5
Inventories	—	—	—	556.2	—	556.2
Other current assets	10.6	6.4	9.3	293.0	(31.6)	287.7
Current assets held for sale	—	—	—	1,042.7	—	1,042.7
Total current assets	10.6	6.4	9.3	2,752.3	(31.6)	2,747.0
Property, plant and equipment, net	—	—	—	547.3	—	547.3
Other assets						
Investments in subsidiaries	4,430.4	4,414.5	9,204.6	—	(18,049.5)	—
Goodwill	—	—	—	4,251.7	—	4,251.7
Intangibles, net	—	—	—	1,683.0	—	1,683.0
Other non-current assets	6.3	10.8	608.6	1,258.6	(1,722.1)	162.2
Non-current assets held for sale	—	—	—	2,287.8	—	2,287.8
Total other assets	4,436.7	4,425.3	9,813.2	9,481.1	(19,771.6)	8,384.7
Total assets	$ 4,447.3	$ 4,431.7	$ 9,822.5	$ 12,780.7	$ (19,803.2)	$ 11,679.0
			Liabilities and Equity			
Current liabilities						
Accounts payable	$ —	$ —	$ —	$ 348.2	$ —	$ 348.2
Employee compensation and benefits	0.8	—	—	158.5	—	159.3
Other current liabilities	11.6	1.3	16.6	418.8	(31.6)	416.7
Current liabilities held for sale	—	—	—	363.9	—	363.9
Total current liabilities	12.4	1.3	16.6	1,289.4	(31.6)	1,288.1
Other liabilities						
Long-term debt	79.6	—	5,388.1	665.7	(1,722.1)	4,411.3
Pension and other post-retirement compensation and benefits	—	—	—	248.5	—	248.5
Deferred tax liabilities	—	—	3.0	633.4	—	636.4
Other non-current liabilities	—	—	—	199.5	—	199.5
Non-current liabilities held for sale	—	—	—	539.9	—	539.9
Total liabilities	92.0	1.3	5,407.7	3,576.4	(1,753.7)	7,323.7
Equity	4,355.3	4,430.4	4,414.8	9,204.3	(18,049.5)	4,355.3
Total liabilities and equity	$ 4,447.3	$ 4,431.7	$ 9,822.5	$ 12,780.7	$ (19,803.2)	$ 11,679.0

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Statement of Cash Flows
Nine months ended September 30, 2016

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities						
Net cash provided by (used for) operating activities	$ 364.1	$ 327.7	$ 327.1	$ 653.9	$ (1,116.0)	$ 556.8
Investing activities						
Capital expenditures	—	—	—	(94.5)	—	(94.5)
Proceeds from sale of property and equipment	—	—	—	24.1	—	24.1
Net intercompany loan activity	—	—	497.9	(193.9)	(304.0)	—
Other	—	—	—	(3.8)	—	(3.8)
Net cash provided by (used for) investing activities of continuing operations	—	—	497.9	(268.1)	(304.0)	(74.2)
Net cash provided by (used for) investing activities of discontinued operations	—	—	—	(4.3)	—	(4.3)
Net cash provided by (used for) investing activities	—	—	497.9	(272.4)	(304.0)	(78.5)
Financing activities						
Net receipts (repayments) of commercial paper and revolving long-term debt	—	—	(280.2)	(10.9)	—	(291.1)
Repayments of long-term debt	—	—	—	(0.7)	—	(0.7)
Net change in advances to subsidiaries	(202.6)	(327.7)	(557.1)	(332.6)	1,420.0	—
Excess tax benefits from share-based compensation	—	—	—	8.8	—	8.8
Shares issued to employees, net of shares withheld	20.1	—	—	—	—	20.1
Dividends paid	(181.6)	—	—	—	—	(181.6)
Net cash provided by (used for) financing activities	(364.1)	(327.7)	(837.3)	(335.4)	1,420.0	(444.5)
Effect of exchange rate changes on cash and cash equivalents	—	—	12.2	(1.4)	—	10.8
Change in cash and cash equivalents	—	—	(0.1)	44.7	—	44.6
Cash and cash equivalents, beginning of period	—	—	0.1	126.2	—	126.3
Cash and cash equivalents, end of period	$ —	$ —	$ —	$ 170.9	$ —	$ 170.9

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Three months ended September 26, 2015

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ —	$ —	$ —	$ 1,112.8	$ —	$ 1,112.8
Cost of goods sold	—	—	—	718.1	—	718.1
Gross profit	—	—	—	394.7	—	394.7
Selling, general and administrative	17.7	0.1	1.7	197.5	—	217.0
Research and development	—	—	—	24.8	—	24.8
Operating income (loss)	(17.7)	(0.1)	(1.7)	172.4	—	152.9
Loss (earnings) from continuing operations of investment in subsidiaries	(112.4)	(112.5)	(127.8)	—	352.7	—
Other (income) expense:						
Equity income of unconsolidated subsidiaries	—	—	—	(0.2)	—	(0.2)
Net interest expense	—	—	18.0	12.9	—	30.9
Income (loss) from continuing operations before income taxes	94.7	112.4	108.1	159.7	(352.7)	122.2
Provision for income taxes	—	—	—	27.5	—	27.5
Net income (loss) from continuing operations	94.7	112.4	108.1	132.2	(352.7)	94.7
Income from discontinued operations, net of tax	—	—	—	20.5	—	20.5
Earnings (loss) from discontinued operations of investment in subsidiaries	20.5	20.5	20.5	—	(61.5)	—
Net income (loss)	$ 115.2	$ 132.9	$ 128.6	$ 152.7	$ (414.2)	$ 115.2
Comprehensive income (loss), net of tax						
Net income (loss)	$ 115.2	$ 132.9	$ 128.6	$ 152.7	$ (414.2)	$ 115.2
Changes in cumulative translation adjustment	(85.8)	(85.8)	(85.8)	(85.8)	257.4	(85.8)
Changes in market value of derivative financial instruments, net of tax	(0.7)	(0.7)	(0.7)	(0.7)	2.1	(0.7)
Comprehensive income (loss)	$ 28.7	$ 46.4	$ 42.1	$ 66.2	$ (154.7)	$ 28.7

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
Nine months ended September 26, 2015

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ —	$ —	$ —	$ 3,327.4	$ —	$ 3,327.4
Cost of goods sold	—	—	—	2,161.1	—	2,161.1
Gross profit	—	—	—	1,166.3	—	1,166.3
Selling, general and administrative	30.4	0.2	3.8	615.2	—	649.6
Research and development	—	—	—	72.3	—	72.3
Operating income (loss)	(30.4)	(0.2)	(3.8)	478.8	—	444.4
Loss (earnings) from continuing operations of investment in subsidiaries	(322.8)	(324.3)	(334.4)	—	981.5	—
Other (income) expense:						
Equity income of unconsolidated subsidiaries	—	—	—	(1.3)	—	(1.3)
Net interest expense	—	1.3	21.8	44.4	—	67.5
Income (loss) from continuing operations before income taxes	292.4	322.8	308.8	435.7	(981.5)	378.2
Provision (benefit) for income taxes	(0.7)	—	—	85.8	—	85.1
Net income (loss) from continuing operations	293.1	322.8	308.8	349.9	(981.5)	293.1
Income from discontinued operations, net of tax	—	—	—	88.6	—	88.6
Loss from sale of discontinued operations, net of tax	—	—	—	(4.8)	—	(4.8)
Earnings (loss) from discontinued operations of investment in subsidiaries	83.8	83.8	83.8	—	(251.4)	—
Net income (loss)	$ 376.9	$ 406.6	$ 392.6	$ 433.7	$ (1,232.9)	$ 376.9
Comprehensive income (loss), net of tax						
Net income (loss)	$ 376.9	$ 406.6	$ 392.6	$ 433.7	$ (1,232.9)	$ 376.9
Changes in cumulative translation adjustment	(238.4)	(238.4)	(238.4)	(238.4)	715.2	(238.4)
Changes in market value of derivative financial instruments, net of tax	(1.6)	(1.6)	(1.6)	(1.6)	4.8	(1.6)
Comprehensive income (loss)	$ 136.9	$ 166.6	$ 152.6	$ 193.7	$ (512.9)	$ 136.9

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Balance Sheet
December 31, 2015

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
			Assets			
Current assets						
Cash and cash equivalents	$ —	$ —	$ 0.1	$ 126.2	$ —	$ 126.3
Accounts and notes receivable, net	0.1	—	—	773.1	—	773.2
Inventories	—	—	—	564.7	—	564.7
Other current assets	25.2	12.8	—	219.9	(37.9)	220.0
Current assets held for sale	—	—	—	1,093.4	—	1,093.4
Total current assets	25.3	12.8	0.1	2,777.3	(37.9)	2,777.6
Property, plant and equipment, net	—	—	—	539.8	—	539.8
Other assets						
Investments in subsidiaries	4,495.6	4,486.1	10,151.1	—	(19,132.8)	—
Goodwill	—	—	—	4,259.0	—	4,259.0
Intangibles, net	—	—	—	1,747.4	—	1,747.4
Other non-current assets	12.6	—	190.1	145.6	(187.2)	161.1
Non-current assets held for sale	—	—	—	2,348.6	—	2,348.6
Total other assets	4,508.2	4,486.1	10,341.2	8,500.6	(19,320.0)	8,516.1
Total assets	$ 4,533.5	$ 4,498.9	$ 10,341.3	$ 11,817.7	$ (19,357.9)	$ 11,833.5
			Liabilities and Equity			
Current liabilities						
Accounts payable	0.6	—	0.3	402.9	—	403.8
Employee compensation and benefits	0.4	0.1	—	162.1	—	162.6
Other current liabilities	61.7	1.5	27.1	434.7	(37.9)	487.1
Current liabilities held for sale	—	—	—	433.0	—	433.0
Total current liabilities	62.7	1.6	27.4	1,432.7	(37.9)	1,486.5
Other liabilities						
Long-term debt	453.3	1.7	4,535.5	(117.5)	(187.2)	4,685.8
Pension and other post-retirement compensation and benefits	—	—	—	244.6	—	244.6
Deferred tax liabilities	—	—	3.1	667.1	—	670.2
Other non-current liabilities	8.7	—	—	183.7	—	192.4
Non-current liabilities held for sale	—	—	—	545.2	—	545.2
Total liabilities	524.7	3.3	4,566.0	2,955.8	(225.1)	7,824.7
Equity	4,008.8	4,495.6	5,775.3	8,861.9	(19,132.8)	4,008.8
Total liabilities and equity	$ 4,533.5	$ 4,498.9	$ 10,341.3	$ 11,817.7	$ (19,357.9)	$ 11,833.5

Pentair plc and Subsidiaries
Notes to condensed consolidated financial statements (unaudited)

Condensed Consolidating Statement of Cash Flows
Nine months ended September 26, 2015

In millions	Parent Company Guarantor	Subsidiary Guarantor	Subsidiary Issuer	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities						
Net cash provided by (used for) operating activities	$ 421.3	$ 393.3	$ 406.1	$ 408.1	$ (1,232.9)	$ 395.9
Investing activities						
Capital expenditures	—	—	—	(66.3)	—	(66.3)
Proceeds from sale of property and equipment	—	—	—	3.6	—	3.6
Acquisitions, net of cash acquired	—	—	—	(1,913.0)	—	(1,913.0)
Net intercompany loan activity	—	—	1,657.8	(149.8)	(1,508.0)	—
Other	—	—	—	—	—	—
Net cash provided by (used for) investing activities of continuing operations	—	—	1,657.8	(2,125.5)	(1,508.0)	(1,975.7)
Net cash provided by (used for) investing activities of discontinued operations	—	—	—	45.1	—	45.1
Net cash provided by (used for) investing activities	—	—	1,657.8	(2,080.4)	(1,508.0)	(1,930.6)
Financing activities						
Net receipts of short-term borrowings	—	—	—	(2.0)	—	(2.0)
Net receipts (repayments) of commercial paper and revolving long-term debt	—	—	274.9	1.6	—	276.5
Proceeds from long-term debt	—	—	1,714.8	—	—	1,714.8
Repayments of long-term debt	—	—	—	(4.6)	—	(4.6)
Debt issuance costs	—	—	(26.8)	—	—	(26.8)
Net change in advances to subsidiaries	(48.0)	(393.3)	(4,021.2)	1,721.6	2,740.9	—
Excess tax benefits from share-based compensation	—	—	—	6.0	—	6.0
Shares issued to employees, net of shares withheld	—	—	—	21.9	—	21.9
Repurchases of ordinary shares	(200.0)	—	—	—	—	(200.0)
Dividends paid	(173.3)	—	—	—	—	(173.3)
Net cash provided by (used for) financing activities	(421.3)	(393.3)	(2,058.3)	1,744.5	2,740.9	1,612.5
Effect of exchange rate changes on cash and cash equivalents	—	—	(5.5)	(37.8)	—	(43.3)
Change in cash and cash equivalents	—	—	0.1	34.4	—	34.5
Cash and cash equivalents, beginning of period	—	—	0.1	110.3	—	110.4
Cash and cash equivalents, end of period	$ —	$ —	$ 0.2	$ 144.7	$ —	$ 144.9

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking Statements

This report contains statements that we believe to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact are forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets," "plans," "believes," "expects," "intends," "will," "likely," "may," "anticipates," "estimates," "projects," "should," "would," "positioned," "strategy," "future" or words, phrases or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the ability to successfully complete the sale of the Valves & Controls business on anticipated terms and timetable; overall global economic and business conditions, including worldwide demand for oil and gas; the ability to achieve the benefits of our restructuring plans; the ability to successfully identify, finance, complete and integrate acquisitions; competition and pricing pressures in the markets we serve; the strength of housing and related markets; volatility in currency exchange rates and commodity prices; inability to generate savings from excellence in operations initiatives consisting of lean enterprise, supply management and cash flow practices; increased risks associated with operating foreign businesses; the ability to deliver backlog and win future project work; failure of markets to accept new product introductions and enhancements; the impact of changes in laws and regulations, including those that limit U.S. tax benefits; the outcome of litigation and governmental proceedings; and the ability to achieve our long-term strategic operating goals. Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission, including our 2015 Annual Report on Form 10-K. All forward-looking statements speak only as of the date of this report. Pentair plc assumes no obligation, and disclaims any obligation, to update the information contained in this report.

Overview

The terms "us," "we" or "our" refer to Pentair plc (formerly Pentair Ltd.) and its consolidated subsidiaries. We are a focused diversified industrial manufacturing company comprising three reporting segments: Water Quality Systems, Flow & Filtration Solutions, and Technical Solutions. For the first nine months of 2016, Water Quality Systems, Flow & Filtration Solutions and Technical Solutions, represented approximately 27 percent, 28 percent and 45 percent of total revenues, respectively. We classify our operations into business segments based primarily on types of products offered and markets served:

- ***Water Quality Systems*** — The Water Quality Systems segment designs, manufactures, markets and services innovative water system products and solutions to meet filtration and fluid management challenges in food and beverage, water, swimming pools and aquaculture applications.
- ***Flow & Filtration Solutions*** — The Flow & Filtration Solutions segment designs, manufactures, markets and services solutions for the toughest filtration, separation, flow and fluid management challenges in agriculture, food and beverage processing, water supply and disposal and a variety of industrial applications.
- ***Technical Solutions*** — The Technical Solutions segment designs, manufactures, markets and services products that guard and protect some of the world's most sensitive electrical and electronic equipment, as well as heat management solutions designed to provide thermal protection to temperature sensitive fluid applications and engineered electrical and fastening products for electrical, mechanical and civil applications.

On August 18, 2016, we entered into a Share Purchase Agreement to sell our Valves & Controls business to Emerson Electric Co. for a purchase price of $3.15 billion in cash, subject to customary adjustments. We expect the sale to close in late 2016 or early 2017, subject to customary regulatory approvals and closing conditions. The results of the Valves & Controls business have been presented as discontinued operations and the related assets and liabilities have been reclassified as held for sale for all periods presented. The Valves & Controls business was previously disclosed as a stand-alone reporting segment.

On September 18, 2015, we acquired, as part of Technical Solutions, all of the outstanding shares of capital stock of ERICO Global Company ("ERICO") for approximately $1.8 billion (the "ERICO Acquisition"). ERICO is a leading global manufacturer and marketer of engineered electrical and fastening products for electrical, mechanical and civil applications. ERICO has employees in 30 countries across the world with recognized brands including CADDY fixing, fastening and support products; ERICO electrical grounding, bonding and connectivity products and LENTON engineered systems.

Beginning in the first quarter of 2016, we report our interim quarterly periods on a calendar quarter basis. Prior to the first quarter of 2016, we reported our interim quarterly periods on a 13-week basis ending on a Saturday.

Key Trends and Uncertainties Regarding Our Existing Business

The following trends and uncertainties affected our financial performance in 2015 and the first nine months of 2016 and will likely impact our results in the future:

- Despite the favorable long-term outlook for our end-markets, we experience differing levels of volatility depending on the end-market and may continue to do so over the medium and longer term. During 2015 and the first nine months of 2016, our core sales have been challenged by broad-based industrial capital expenditure and maintenance deferrals. We expect this trend to continue throughout 2016.
- We experienced declines in project orders, particularly within the industrial and energy businesses. We expect headwinds in the industrial and energy businesses to continue and oil prices to remain depressed throughout 2016.
- We initiated restructuring actions to offset the negative earnings impact of core revenue decline and foreign exchange. We expect to continue these actions throughout 2016 and that these actions will contribute to margin growth in 2016.
- Our results were negatively impacted due to the strengthening of the U.S. dollar against most key global currencies for the first nine months of 2016. We expect this trend to continue throughout 2016.
- We have identified specific product and geographic market opportunities that we find attractive and continue to pursue, both within and outside the United States. We are reinforcing our businesses to more effectively address these opportunities through research and development and additional sales and marketing resources. Unless we successfully penetrate these markets, our core sales growth will likely be limited or may decline.
- We have experienced material and other cost inflation. We strive for productivity improvements, and we implement increases in selling prices to help mitigate this inflation. We expect the current economic environment will result in continuing price volatility for many of our raw materials, and we are uncertain as to the timing and impact of these market changes.

In 2016, our operating objectives include the following:

- Reducing long-term debt and overall leverage through improved cash flow performance and the pending sale of the Valves & Controls business;
- Driving operating excellence through lean enterprise initiatives, with specific focus on sourcing and supply management, cash flow management and lean operations;
- Achieving differentiated revenue growth through new products and global and market expansion;
- Optimizing our technological capabilities to increasingly generate innovative new products; and
- Focusing on developing global talent in light of our increased global presence.

CONSOLIDATED RESULTS OF OPERATIONS

The consolidated results of operations for the three months ended September 30, 2016 and September 26, 2015 were as follows:

	Three months ended			
In millions	**September 30, 2016**	**September 26, 2015**	**$ change**	**% / point change**
Net sales	$ 1,210.7	$ 1,112.8	$ 97.9	8.8%
Cost of goods sold	769.8	718.1	51.7	7.2%
Gross profit	440.9	394.7	46.2	11.7%
% of net sales	*36.4%*	*35.5%*		*0.9 pts*
Selling, general and administrative	228.4	217.0	11.4	5.3%
% of net sales	*18.8%*	*19.6%*		*(0.8) pts*
Research and development	29.7	24.8	4.9	19.8%
% of net sales	*2.5%*	*2.2%*		*0.3 pts*
Operating income	182.8	152.9	29.9	19.6%
% of net sales	*15.1%*	*13.7%*		*1.4 pts*
Net interest expense	34.3	30.9	3.4	11.0%
Income from continuing operations before income taxes	149.7	122.2	27.5	22.5%
Provision for income taxes	32.2	27.5	4.7	17.1%
Effective tax rate	*21.5%*	*22.5%*		*(1.0) pts*

The consolidated results of operations for the nine months ended September 30, 2016 and September 26, 2015 were as follows:

	Nine months ended			
In millions	**September 30, 2016**	**September 26, 2015**	**$ change**	**% / point change**
Net sales	$ 3,701.9	$ 3,327.4	$ 374.5	11.3%
Cost of goods sold	2,347.9	2,161.1	186.8	8.6%
Gross profit	1,354.0	1,166.3	187.7	16.1%
% of net sales	*36.6%*	*35.1%*		*1.5 pts*
Selling, general and administrative	728.2	649.6	78.6	12.1%
% of net sales	*19.7%*	*19.5%*		*0.2 pts*
Research and development	86.9	72.3	14.6	20.2%
% of net sales	*2.3%*	*2.2%*		*0.1 pts*
Operating income	538.9	444.4	94.5	21.3%
% of net sales	*14.6%*	*13.4%*		*1.2 pts*
Net interest expense	105.9	67.5	38.4	56.9%
Income from continuing operations before income taxes	435.7	378.2	57.5	15.2%
Provision for income taxes	93.7	85.1	8.6	10.1%
Effective tax rate	*21.5%*	*22.5%*		*(1.0) pts*

Net sales
The components of the consolidated net sales change from the prior period were as follows:

	Three months ended September 30, 2016 over the prior year period	Nine months ended September 30, 2016 over the prior year period
Volume	(2.1)%	0.6 %
Price	0.4	0.4
Core growth	(1.7)	1.0
Acquisition	10.5	11.2
Currency	—	(0.9)
Total	8.8 %	11.3 %

The 8.8 and 11.3 percent increases in consolidated net sales in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- net sales of $134.2 million and $396.2 million for the three and nine months ended September 30, 2016, respectively, as a result of the ERICO Acquisition, compared to sales of $13.0 million in the third quarter and first nine months of 2015; and
- core sales growth in Water Quality Systems, primarily as the result of increased volume in the United States and Canada.

These increases were partially offset by:

- continued slowdown in capital spending, particularly in the industrial and energy businesses, driving core sales declines in Flow & Filtration Solutions and Technical Solutions;
- slowing economic activity in certain developing regions, including China and Brazil; and
- a strong U.S. dollar causing unfavorable foreign currency effects for the nine months ended September 30, 2016.

Gross profit
The 0.9 and 1.5 percentage point increases in gross profit as a percentage of sales in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- higher contribution margin as a result of savings generated from our Pentair Integrated Management System ("PIMS") initiatives including lean and supply management practices; and
- selective increases in selling prices to mitigate inflationary cost increases.

These increases were partially offset by:

- inflationary increases related to raw materials and labor costs.

Selling, general and administrative ("SG&A")
The 0.8 percentage point decrease in SG&A expense as a percentage of sales in the third quarter of 2016 from 2015 was primarily driven by:

- cost control and savings generated from back-office consolidation, reduction in personnel and other lean initiatives.

This decrease was partially offset by:

- amortization expense of $24.1 million in the third quarter of 2016, compared to $14.8 million in the third quarter of 2015, respectively, as a result of the ERICO Acquisition; and
- increased investment in sales and marketing to drive growth.

The 0.2 percentage point increase in SG&A expense as a percentage of sales for the first nine months of 2016 from 2015 was primarily driven by:

- amortization expense of $72.6 million in the first nine months of 2016, compared to $43.8 million in the first nine months of 2015, as a result of the ERICO Acquisition; and
- increased investment in sales and marketing to drive growth.

These increases were partially offset by:

- savings generated from back-office consolidation, reduction in personnel and other lean initiatives.

Net interest expense
The 11.0 and 56.9 percent increases in net interest expense in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- the impact of higher debt levels during the third quarter and first nine months of 2016, compared to the third quarter and first nine months of 2015, primarily as the result of the September 2015 issuance of senior notes to finance the ERICO Acquisition; and
- increased overall interest rates in effect on our outstanding debt.

Provision for income taxes
The 1.0 percentage point decrease in the effective tax rate in the third quarter and first nine months of 2016 from 2015 was primarily driven by:

- the mix of global earnings toward lower tax jurisdictions.

SEGMENT RESULTS OF OPERATIONS
The summary that follows provides a discussion of the results of operations of each of our three reportable segments (Water Quality Systems, Flow & Filtration Solutions and Technical Solutions). Each of these segments is comprised of various product offerings that serve multiple end users.

We evaluate the performance of our three reportable segments based on net sales and segment income and use a variety of ratios to measure performance. Segment income represents equity income of unconsolidated subsidiaries and operating income exclusive of intangible amortization, certain acquisition related expenses, costs of restructuring activities, "mark-to-market" gain/loss for pension and other post-retirement plans, impairments and other unusual non-operating items.

Water Quality Systems
The net sales and segment income for Water Quality Systems for the three and nine months ended September 30, 2016 and September 26, 2015 were as follows:

	Three months ended			Nine months ended		
In millions	**September 30, 2016**	**September 26, 2015**	**% / point change**	**September 30, 2016**	**September 26, 2015**	**% / point change**
Net sales	$ 328.6	$ 322.0	2.0%	$ 1,057.2	$ 1,016.6	4.0%
Segment income	69.6	60.5	15.0%	229.5	200.5	14.5%
% of net sales	*21.2%*	*18.8%*	*2.4 pts*	*21.7%*	*19.7%*	*2.0 pts*

Net sales
The components of the change in Water Quality Systems net sales from the prior period were as follows:

	Three months ended September 30, 2016 over the prior year period	Nine months ended September 30, 2016 over the prior year period
Volume	0.8%	3.9 %
Price	1.1	0.5
Core growth	1.9	4.4
Currency	0.1	(0.4)
Total	2.0%	4.0 %

The 2.0 and 4.0 percent increases in net sales for Water Quality Systems in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- core sales growth related to higher sales of certain pool products primarily serving North American residential housing for the third quarter and first nine months of 2016;
- core sales growth in the water filtration business in the United States; and
- selective increases in selling prices to mitigate inflationary cost increases.

These increases were partially offset by

- a strong U.S. dollar causing unfavorable foreign currency effects during the nine months ended September 30, 2016; and
- core sales declines in Western Europe and in certain developing regions, including China and Latin America.

Segment income
The components of the change in Water Quality Systems segment income from the prior period were as follows:

	Three months ended September 30, 2016 over the prior year period	Nine months ended September 30, 2016 over the prior year period
Growth	0.2 pts	0.6 pts
Inflation	(0.8)	(0.8)
Productivity/Price	3.0	2.2
Total	2.4 pts	2.0 pts

The 2.4 and 2.0 percentage point increases in segment income for Water Quality Systems as a percentage of net sales in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- favorable material savings and product mix offsetting inflation;
- selective increases in selling prices to mitigate inflationary cost increases; and
- savings generated from PIMS initiatives including lean and supply management practices.

These increases were partially offset by:

- inflationary increases related to labor costs and certain raw materials; and
- continued growth investments in research & development and sales & marketing.

Flow & Filtration Solutions
The net sales and segment income for Flow & Filtration Solutions for the three and nine months ended September 30, 2016 and September 26, 2015 were as follows:

	Three months ended			Nine months ended		
In millions	September 30, 2016	September 26, 2015	% / point change	September 30, 2016	September 26, 2015	% / point change
Net sales	$ 342.7	$ 362.7	(5.5)%	$ 1,049.1	$ 1,087.4	(3.5)%
Segment income	49.5	53.2	(7.0)%	144.5	146.7	(1.5)%
% of net sales	*14.4%*	*14.7%*	*(0.3) pts*	*13.8%*	*13.5%*	*0.3 pts*

Net sales
The components of the change in Flow & Filtration Solutions net sales from the prior period were as follows:

	Three months ended September 30, 2016 over the prior year period	Nine months ended September 30, 2016 over the prior year period
Volume	(6.5)%	(3.6)%
Price	1.0	0.9
Core growth	(5.5)	(2.7)
Currency	—	(0.8)
Total	(5.5)%	(3.5)%

The 5.5 and 3.5 percent decreases in net sales for Flow & Filtration Solutions in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- core sales declines in the food & beverage business during the nine months ended September 30, 2016 due mainly to weak irrigation sales and lower project sales;
- continued slowdown in industrial capital spending, driving core sales declines in the industrial business;
- continued sales declines in China and Latin America as the result of economic uncertainty; and
- a strong U.S. dollar causing unfavorable foreign currency effects during the nine months ended September 30, 2016.

These decreases were partially offset by:

- core sales growth related to higher sales of pump and filtration solutions serving the infrastructure businesses during the nine months ended September 30, 2016; and
- core sales growth in certain developing regions, including Middle East and Eastern Europe.

Segment income
The components of the change in Flow & Filtration Solutions segment income from the prior period were as follows:

	Three months ended September 30, 2016 over the prior year period	Nine months ended September 30, 2016 over the prior year period
Growth	(0.9) pts	(0.9) pts
Inflation	(1.1)	(1.0)
Productivity/Price	1.7	2.2
Total	(0.3) pts	0.3 pts

The 0.3 percentage point decrease in segment income for Flow & Filtration Solutions as a percentage of net sales in the third quarter of 2016 from 2015 was primarily driven by:

- lower core sales volumes, which resulted in decreased leverage on operating expenses;
- negative product mix and pricing pressure; and

- inflationary increases related to labor costs and certain raw materials.

These decreases were partially offset by:

- selective increases in selling prices to mitigate inflationary cost increases; and
- savings generated from our cost-out actions and PIMS initiatives, including lean and supply management practices.

The 0.3 percentage point increase in segment income for Flow & Filtration Solutions as a percentage of net sales in the first nine months of 2016 from 2015 was primarily driven by:

- selective increases in selling prices to mitigate inflationary cost increases; and
- savings generated from our cost-out actions and PIMS initiatives, including lean and supply management practices.

These increases were partially offset by:

- inflationary increases related to labor costs and certain raw materials; and
- lower core sales volumes, which resulted in decreased leverage on operating expenses.

Technical Solutions

The net sales and segment income for Technical Solutions for the three and nine months ended September 30, 2016 and September 26, 2015 were as follows:

	Three months ended			Nine months ended		
In millions	**September 30, 2016**	**September 26, 2015**	**% / point change**	**September 30, 2016**	**September 26, 2015**	**% / point change**
Net sales	$ 543.1	$ 432.3	25.6%	$ 1,608.3	$ 1,235.2	30.2%
Segment income	119.6	101.0	18.4%	344.0	265.0	29.8%
% of net sales	*22.0%*	*23.4%*	*(1.4) pts*	*21.4%*	*21.5%*	*(0.1) pts*

Net sales

The components of the change in Technical Solutions net sales from the prior period were as follows:

	Three months ended September 30, 2016 over the prior year period	**Nine months ended September 30, 2016 over the prior year period**
Volume	(0.4)%	1.7 %
Price	(0.6)	(0.3)
Core growth	(1.0)	1.4
Acquisition	26.6	30.1
Currency	—	(1.3)
Total	25.6 %	30.2 %

The 25.6 and 30.2 percent increases in net sales for Technical Solutions in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- net sales of $134.2 million and $396.2 million for the three and nine months ended September 30, 2016, respectively, as a result of the ERICO Acquisition, compared to sales of $13.0 million in the third quarter and first nine months of 2015; and
- core sales growth in our industrial and residential and commercial businesses.

These increases were partially offset by:

- continued slowdown in capital spending, particularly in the energy and infrastructure businesses, driving core sales declines for the three and nine months ended September 30, 2016; and
- a strong U.S. dollar causing unfavorable foreign currency effects during the nine months ended September 30, 2016.

Segment income
The components of the change in Technical Solutions segment income from the prior period were as follows:

	Three months ended September 30, 2016 over the prior year period	Nine months ended September 30, 2016 over the prior year period
Growth/Acquisition	(0.5) pts	(0.6) pts
Inflation	(1.0)	(1.2)
Productivity/Price	0.1	1.7
Total	(1.4) pts	(0.1) pts

The 1.4 and 0.1 percentage point decreases in segment income for Technical Solutions as a percentage of net sales in the third quarter and first nine months, respectively, of 2016 from 2015 were primarily driven by:

- lower margin greenfield project sales not offsetting the decline in higher margin product sales; and
- inflationary increases related to labor costs and certain raw materials.

These decreases were partially offset by:

- higher core sales in our industrial and residential and commercial businesses during the nine months ended September 30, 2016, which resulted in increased leverage on operating expenses; and
- strong margin contribution and integration synergies as a result of the ERICO Acquisition.

LIQUIDITY AND CAPITAL RESOURCES

We generally fund cash requirements for working capital, capital expenditures, equity investments, acquisitions, debt repayments, dividend payments and share repurchases from cash generated from operations, availability under existing committed revolving credit facilities and in certain instances, public and private debt and equity offerings. Our primary revolving credit facilities have generally been adequate for these purposes, although we have negotiated additional credit facilities or completed debt and equity offerings as needed to allow us to complete acquisitions. We intend to issue commercial paper to fund our financing needs on a short-term basis and to use our revolving credit facility as back-up liquidity to support commercial paper.

We are focusing on increasing our cash flow and repaying existing debt, while continuing to fund our research and development, marketing and capital investment initiatives. Our intent is to maintain investment grade credit ratings and a solid liquidity position.

We experience seasonal cash flows primarily due to seasonal demand in a number of markets within Water Quality Systems, Flow & Filtration Solutions and Technical Solutions. We generally borrow in the first quarter of our fiscal year for operational purposes, which usage reverses in the second quarter as the seasonality of our businesses peaks. End-user demand for pool and certain pumping equipment follows warm weather trends and is at seasonal highs from April to August. The magnitude of the sales spike is partially mitigated by employing some advance sale "early buy" programs (generally including extended payment terms and/or additional discounts). Demand for residential and agricultural water systems is also impacted by weather patterns, particularly by heavy flooding and droughts. Additionally, Technical Solutions generally experiences increased demand for thermal protection products and services during the fall and winter months in the Northern Hemisphere and increased demand for electrical fastening products during the spring and summer months in the Northern Hemisphere.

Operating activities
Cash provided by operating activities of continuing operations was $459.7 million in the first nine months of 2016, compared to $354.5 million in the same period of 2015.

The $459.7 million in net cash provided by operating activities of continuing operations in the first nine months of 2016 primarily reflects net income from continuing operations, net of non-cash depreciation and amortization of $478.9 million and were negatively impacted by $5.2 million as a result of changes in net working capital.

The $354.5 million in net cash provided by operating activities of continuing operations in the first nine months of 2015 primarily reflects net income from continuing operations, net of non-cash depreciation and amortization of $396.7 million and were negatively impacted by $48.1 million as a result of changes in net working capital.

Investing activities
Cash used for investing activities of continuing operations was $74.2 million in the first nine months of 2016, compared to $1,975.7 million in the same period of 2015. Net cash used for investing activities of continuing operations in the first nine months of 2016 primarily relates to capital expenditures of $94.5 million, partially offset by $24.1 million of proceeds from the sale of property and equipment. Net cash used for investing activities of continuing operations in the first nine months of 2015 relates primarily relates to capital expenditures of $66.3 million and cash of $1,913.0 million (net of cash acquired) used to acquire ERICO Global Company during the third quarter of 2015 and Nuheat Industries Limited during the second quarter of 2015 as part of Technical Solutions, partially offset by $3.6 million of proceeds from the sale of property and equipment.

We anticipate capital expenditures for fiscal 2016 to be approximately $130 million, primarily for capacity expansions of manufacturing facilities, developing new products and general maintenance.

Financing activities
Net cash used for financing activities was $444.5 million in the first nine months of 2016, compared with net cash provided by financing activities of $1,612.5 million in the prior year period. Net cash used for financing activities in the first nine months of 2016 primarily included net repayments of commercial paper and revolving long-term debt and payment of dividends. Net cash provided by financing activities in the first nine months of 2015 was primarily due to cash proceeds received from the September 2015 issuance of senior notes (discussed below), partially offset by share repurchases and payment of dividends.

In September 2015, Pentair plc, Pentair Finance S.A. ("PFSA") and Pentair Investments Switzerland GmbH ("PISG"), a 100-percent owned subsidiary of Pentair plc and the 100-percent owner of PFSA, completed public offerings (the "September 2015 Offerings") of $500 million aggregate principal amount of PFSA's 2.90% Senior Notes due 2018, $400 million aggregate principal amount of PFSA's 3.625% Senior Notes due 2020, $250 million aggregate principal amount of PFSA's 4.65% Senior Notes due 2025 and €500 million aggregate principal amount of PFSA's 2.45% Senior Notes due 2019, all of which are guaranteed as to payment by Pentair plc and PISG. Pentair plc used the net proceeds from the September 2015 Offerings to finance the ERICO Acquisition.

The Senior Notes issued in the September 2015 Offerings, 1.875% Senior Notes due 2017, 2.65% Senior Notes due 2019, $373.0 million of the 5.00% Senior Notes due 2021 and 3.15% Senior Notes due 2022 issued by PFSA and $127.0 million of the 5.00% Senior Notes due 2021 issued by Pentair, Inc. (collectively, the "Notes") are guaranteed as to payment by Pentair plc and PISG.

In October 2014, Pentair plc, PISG, PFSA and Pentair, Inc. entered into an amended and restated credit agreement (the "Credit Facility"), with Pentair plc and PISG as guarantors and PFSA and Pentair, Inc. as borrowers. The Credit Facility had a maximum aggregate availability of $2,100.0 million and a maturity date of October 3, 2019. Borrowings under the Credit Facility generally bear interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") plus a specified margin based upon PFSA's credit ratings. PFSA must pay a facility fee ranging from 9.0 to 25.0 basis points per annum (based upon PFSA's credit ratings) on the amount of each lender's commitment and letter of credit fee for each letter of credit issued and outstanding under the Credit Facility.

In August 2015, Pentair plc, PISG and PFSA entered into a First Amendment to the Credit Facility (the "First Amendment"), which, among other things, increased the maximum Leverage Ratio (as defined below). In September 2015, Pentair plc, PISG and PFSA entered into a Second Amendment to the Credit Facility (the "Second Amendment,"), which, among other things, increased the maximum aggregate availability to $2,500.0 million. Additionally, in September 2016, Pentair plc, PISG and PFSA entered into a Third Amendment to the Credit Facility (the "Third Amendment," and collectively with the First Amendment and the Second Amendment, the "Amendments"), which, among other things, increased the maximum Leverage Ratio to the amounts specified below, and amended the definition of EBITDA to include earnings from discontinued operations for operations subject to a sale agreement until such disposition actually occurs.

PFSA is authorized to sell short-term commercial paper notes to the extent availability exists under the Credit Facility. PFSA uses the Credit Facility as back-up liquidity to support 100% of commercial paper outstanding. As of September 30, 2016 and December 31, 2015, PFSA had $454.3 million and $179.5 million, respectively, of commercial paper outstanding, all of which was classified as long-term debt as we have the intent and the ability to refinance such obligations on a long-term basis under the Credit Facility.

Our debt agreements contain certain financial covenants, the most restrictive of which are in the Credit Facility (as updated for the Amendments), including that we may not permit (i) the ratio of our consolidated debt plus synthetic lease obligations to our consolidated net income (excluding, among other things, non-cash gains and losses) before interest, taxes, depreciation, amortization, non-cash share-based compensation expense, up to a lifetime maximum $25.0 million of costs, fees and expenses incurred in connection with certain acquisitions, investments, dispositions and the issuance, repayment or refinancing of debt, ("EBITDA") for the four consecutive fiscal quarters then ended (the "Leverage Ratio") to exceed (a) 4.50 to 1.00 as of the last

day of any period of four consecutive fiscal quarters ending on September 30, 2016; (b) 4.50 to 1.00 as of the last day of the period of four consecutive fiscal quarters ending on December 31, 2016; (c) 4.25 to 1.00 as of the last day of the period of four consecutive fiscal quarters ending on March 31, 2017; (d) 4.00 to 1.00 as of the last day of any period of four consecutive fiscal quarters ending on June 30, 2017; and (e) 3.50 to 1.00 as of the last day of the period of four consecutive fiscal quarters ending thereafter, and (ii) the ratio of our EBITDA for the four consecutive fiscal quarters then ended to our consolidated interest expense, including consolidated yield or discount accrued as to outstanding securitization obligations (if any), for the same period to be less than 3.00 to 1.00 as of the end of each fiscal quarter. For purposes of the Leverage Ratio, the Credit Facility provides for the calculation of EBITDA giving pro forma effect to certain acquisitions, divestitures and liquidations during the period to which such calculation relates. As of September 30, 2016, we were in compliance with all financial covenants in our debt agreements.

Total availability under the Credit Facility was $1,430.2 million as of September 30, 2016, which was limited to $733.6 million by the maximum Leverage Ratio in the Credit Facility's credit agreement.

In addition to the Credit Facility, we have various other credit facilities with an aggregate availability of $51.9 million, of which none was outstanding at September 30, 2016. Borrowings under these credit facilities bear interest at variable rates.

As of September 30, 2016, we have $99.5 million of cash held in certain countries in which the ability to repatriate is limited due to local regulations or significant potential tax consequences.

We expect to continue to have cash requirements to support working capital needs and capital expenditures, to pay interest and service debt and to pay dividends to shareholders quarterly. We believe we have the ability and sufficient capacity to meet these cash requirements by using available cash and internally generated funds and to borrow under our committed and uncommitted credit facilities.

Share repurchases
In December 2014, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of $1.0 billion. The authorization expires on December 31, 2019. During the three months ended September 26, 2015, we repurchased 3.1 million of our shares for $200.0 million pursuant to this authorization. There were no share repurchases during the nine months ended September 30, 2016. As of September 30, 2016, we had $800.0 million remaining available for share repurchases under this authorization.

Dividends payable
On December 8, 2015, the Board of Directors approved a plan to increase the 2016 annual cash dividend to $1.34, to be paid to our shareholders in four quarterly installments of $0.33 in each of the first and second quarters of 2016 and $0.34 in each of the third and fourth quarters of 2016.

On October 4, 2016, the Board of Directors declared a quarterly cash dividend of $0.34 payable on November 4, 2016 to shareholders of record at the close of business on October 21, 2016. As a result, there were no dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets as of September 30, 2016 and a balance of $59.6 million at December 31, 2015.

We paid dividends in the first nine months of 2016 of $181.6 million, or $1.00 per ordinary share, compared with $173.3 million, or $0.96 per ordinary share, in the prior year period.

Under Irish law, the payment of future cash dividends and redemptions and repurchases of shares may be paid only out of Pentair plc's "distributable reserves" on its statutory balance sheet. Pentair plc is not permitted to pay dividends out of share capital, which includes share premiums. Distributable reserves may be created through the earnings of the Irish parent company and through a reduction in share capital approved by the Irish High Court. Distributable reserves are not linked to a U.S. Generally Accepted Accounting Principles ("GAAP") reported amount (e.g., retained earnings). As of December 31, 2015, our distributable reserve balance was $9.6 billion.

Other financial measures
In addition to measuring our cash flow generation or usage based upon operating, investing and financing classifications included in the Condensed Consolidated Statements of Cash Flows, we also measure our free cash flow. We have a long-term goal to consistently generate free cash flow that equals or exceeds 100 percent conversion of adjusted net income. Free cash flow is a non-GAAP financial measure that we use to assess our cash flow performance. We believe free cash flow is an important measure of operating performance because it provides us and our investors a measurement of cash generated from operations that is available to pay dividends, make acquisitions, repay debt and repurchase shares. In addition, free cash flow is used as a criterion to measure and pay compensation-based incentives. Our measure of free cash flow may not be comparable to similarly titled measures reported by other companies.

The following table is a reconciliation of free cash flow:

In millions	Nine months ended September 30, 2016	Nine months ended September 26, 2015
Net cash provided by (used for) operating activities of continuing operations	$ 459.7	$ 354.5
Capital expenditures of continuing operations	(94.5)	(66.3)
Proceeds from sale of property and equipment of continuing operations	24.1	3.6
Free cash flow from continuing operations	$ 389.3	$ 291.8
Net cash provided by (used for) operating activities of discontinued operations	97.1	41.4
Capital expenditures of discontinued operations	(15.4)	(34.3)
Proceeds from sale of property and equipment of discontinued operations	3.2	21.2
Free cash flow	$ 474.2	$ 320.1

NEW ACCOUNTING STANDARDS

In March 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard that will change certain aspects of accounting for share-based payments to employees, including the accounting for income taxes, forfeitures and statutory withholding requirements, as well as classification in the statement of cash flows. The new standard is effective for annual and interim periods beginning after December 15, 2016. We have not yet determined the impact this standard will have on our financial condition or results of operations.

In February 2016, the FASB issued new accounting requirements regarding accounting for leases, which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the potential effects on our financial condition or results of operations.

In November 2015, the FASB issued a new accounting standard which clarifies and simplifies the balance sheet classification of deferred tax assets and liabilities. Under the new standard, all deferred tax assets and liabilities are required to be classified as non-current in a classified balance sheet. The new standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is permitted. We have not yet determined the impact this standard will have on our financial condition.

In April 2015, the FASB issued a new accounting standard which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The new standard was effective for annual and interim periods beginning after December 15, 2015. We adopted the new standard during the first quarter of 2016 and, as a result, reclassified unamortized debt issuance costs of $23.5 million from *Other current assets* and *Other non-current assets* to *Long-term debt* on the Condensed Consolidated Balance Sheet as of December 31, 2015.

In May 2014, the FASB issued new accounting requirements for the recognition of revenue from contracts with customers. The new requirements include additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The requirements are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted for reporting periods beginning after December 15, 2016. We have not yet determined the potential effects on our financial condition or results of operations.

CRITICAL ACCOUNTING POLICIES

In our 2015 Annual Report on Form 10-K, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our consolidated financial statements. We have not changed these policies from those previously disclosed in our Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk during the quarter ended September 30, 2016. For additional information, refer to Item 7A of our 2015 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in this report. Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter ended September 30, 2016 pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the quarter ended September 30, 2016 to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

(b) Changes in Internal Controls

As part of our ongoing integration activities after the ERICO Acquisition, we are continuing to incorporate our controls and procedures into the ERICO business and to augment our company-wide controls. There was no other change in our internal control over financial reporting that occurred during the quarter ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material developments from the disclosures contained in our 2015 Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in ITEM 1A. of our 2015 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information with respect to purchases we made of our ordinary shares during the third quarter of 2016:

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Dollar value of shares that may yet be purchased under the plans or programs
July 1 - July 30	649	$ 58.30	—	$ 800,000,049
July 31 - August 27	612	$ 62.51	—	$ 800,000,049
August 28 - September 30	82,165	$ 63.15	—	$ 800,000,049
Total	83,426		—	

(a) The purchases in this column include 649 shares for the period July 1 - July 30, 612 shares for the period July 31 - August 27 and 82,165 shares for the period August 28 - September 30 deemed surrendered to us by participants in our 2012 Stock and Incentive Plan (the "2012 Plan") and earlier stock incentive plans that are now outstanding under the 2012 Plan (collectively "the Plans") to satisfy the exercise price or withholding of tax obligations related to the exercise of stock options and vesting of restricted shares.

(b) The average price paid in this column includes shares deemed surrendered to us by participants in the Plans to satisfy the exercise price for the exercise price of stock options and withholding tax obligations due upon stock option exercises and vesting of restricted shares.

(c) The number of shares in this column represents the number of shares repurchased as part of our publicly announced plans to repurchase our ordinary shares up to a maximum dollar limit of $1.0 billion.

(d) In December 2014, our Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of $1.0 billion. This authorization expires on December 31, 2019.

ITEM 6. EXHIBITS

The exhibits listed in the accompanying Exhibit Index are filed as part of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on October 25, 2016.

Pentair plc
Registrant

By /s/ John L. Stauch
John L. Stauch
Executive Vice President and Chief Financial Officer

By /s/ Mark C. Borin
Mark C. Borin
Chief Accounting Officer and Treasurer

Exhibit Index to Form 10-Q for the Period Ended September 30, 2016

2.1	Share Purchase Agreement, dated August 18, 2016, by and between Emerson Electric Co. and Pentair plc.*
3.1	Amended and restated Memorandum and Articles of Association of Pentair plc.
4.1	Third Amendment, dated as of September 15, 2016, among Pentair plc, Pentair Investment Switzerland GmbH, Pentair Finance S.A. and the lenders and agent party thereto (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Pentair plc filed with the SEC on September 16, 2016 (File No. 0001-11625)).
31.1	Certification of Chief Executive Officer.
31.2	Certification of Chief Financial Officer.
32.1	Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Pentair plc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 are filed herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and nine months ended September 30, 2016 and September 26, 2015, (ii) the Condensed Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and September 26, 2015, (iv) the Condensed Consolidated Statements of Changes in Equity for the nine months ended September 30, 2016 and September 26, 2015, and (v) Notes to Condensed Consolidated Financial Statements.

* Certain schedules and exhibits have been omitted and Pentair plc agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedules and exhibits upon request.

SHARE PURCHASE AGREEMENT

BY AND BETWEEN

EMERSON ELECTRIC CO.

AND

PENTAIR PLC

_____

DATED AS OF AUGUST 18, 2016

TABLE OF CONTENTS

Schedules

Exhibits

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "Agreement"), dated as of August 18, 2016, by and between Emerson Electric Co., a Missouri corporation ("Buyer"), and Pentair plc, an Irish public limited company ("Parent").

RECITALS

WHEREAS, Parent, indirectly through its subsidiaries listed as Sellers in Section 3.3 of the Disclosure Schedule (each, a "Seller," and together, the "Sellers"), owns stock, shares, quotas, investment capital, membership units and interests, capital, limited liability or partnership interests or other equity ownership interests (the "Shares") of the entities listed as Companies in Section 3.3 of the Disclosure Schedule (each, a "Company," and together, the "Companies").

WHEREAS, the Companies and the Subsidiaries are engaged in the Business.

WHEREAS, the parties desire that Parent shall cause the Sellers to sell, convey, assign and transfer to Buyer, and to cause to be sold, conveyed, assigned and transferred to Buyer, and Buyer shall purchase, acquire and accept from the Sellers all of the Purchased Shares and, subject to Section 1.3, the Specified Individual Shares, upon the terms and conditions herein set forth.

WHEREAS, capitalized terms not defined in the context in the section in which such terms first appear shall have the meaning set forth in Section 11.16.

NOW THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, agreements and conditions hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1

PURCHASE AND SALE OF THE SHARES

1.1 Purchase and Sale of the Shares. Subject to the terms and conditions of this Agreement, on the Closing Date, Parent shall cause the Sellers to sell, convey, assign and transfer to Buyer, and to cause to be sold, conveyed, assigned and transferred to Buyer, and Buyer shall purchase, acquire and accept from the Sellers, all right, title and interest in and to the Purchased Shares and, subject to Section 1.3, the Specified Individual Shares; provided that in the case of the Purchased Shares that are Individual Shares (other than the Specified Individual Shares), Parent's obligation to sell, convey, assign and transfer to Buyer any such Individual Share shall be satisfied if Parent provides to Buyer a copy of an Ancillary Agreement executed by the Individual Owner of such Individual Share transferring such Individual Share to a Company, Subsidiary, Active Employee or other Person designated by Buyer.

1.2 Designated Purchasers. Prior to the Closing Date, Buyer may, upon not less than five Business Days' prior written notice to Parent, assign its rights and obligations, in whole or in part, under this Agreement to one or more of its wholly-owned subsidiaries (each such entity, a "Designated Purchaser") for the purpose of carrying out the transactions contemplated hereby; provided, however, that (a) such assignment shall be effective only if such Designated Purchaser provides Parent with written acceptance thereof, in form and substance acceptable to Parent, prior to the Closing Date and (b) Buyer

shall be and remain jointly and severally liable for all obligations of Buyer and such Designated Purchaser under this Agreement and all Ancillary Agreements to be executed and delivered by Buyer or such Designated Purchaser pursuant hereto. Section 5.6(a) sets forth certain requirements applicable to any Designated Purchaser that purchases Shares of U.S. Holdco.

1.3 Equity Transfer Documents. The transfer of the Purchased Shares and the Specified Individual Shares will be effected at the Closing pursuant to transfer agreements substantially in the form attached as Exhibit D hereto, with only such modifications as required by applicable Law in the jurisdictions of incorporation or organization of the Companies (the "Equity Transfer Documents"), and the parties shall execute any other forms, notarial deeds, instruments or other similar documents necessary pursuant to applicable Law to transfer the Purchased Shares and the Specified Individual Shares to Buyer or a Designated Purchaser (including any necessary notarizations, legalizations or other attestations and execution formalities to the extent required by applicable Law). Parent shall use reasonable best efforts to cause, to the extent permitted by applicable Law, the Individual Owners to execute any Ancillary Agreement required to transfer the Specified Individual Shares to the Companies, the Subsidiaries or Active Employees or, to the extent not so transferred prior to the Closing, at the Closing to Persons designated by Buyer, such Persons to be designated by Buyer at least ten Business Days prior to the Closing Date, in writing to Parent; provided, however, for purposes of clarity, such transfers shall not be a condition to Buyer's obligation to otherwise consummate the transactions contemplated by this Agreement pursuant to Article VI or otherwise.

1.4 Conflict or Inconsistency. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any Equity Transfer Documents or any other Ancillary Agreement, Buyer and Parent agree, on behalf of themselves and, to the extent permitted by applicable Law, any Designated Purchaser or Seller, that the terms of this Agreement will govern with respect to any such conflict or inconsistency (and then only to the extent provided therein).

ARTICLE II

PURCHASE PRICE; PAYMENT

2.1 Purchase Price. The purchase price (the "Purchase Price") payable by Buyer in consideration for the Purchased Shares and the Specified Individual Shares shall be calculated in accordance with the methods and procedures set forth in this Article II and Exhibit A and shall be an amount equal to (a) the Base Purchase Price, (b) plus the amount of Final Cash, (c) plus (solely in the event that the Final Net Working Capital exceeds the Collar Ceiling) the amount, if any, by which the Final Net Working Capital exceeds the Working Capital Target or minus (solely in the event that the Collar Floor exceeds the Final Net Working Capital) the amount, if any, by which the Working Capital Target exceeds the Final Net Working Capital, (d) minus the amount of Final Indebtedness and (e) minus the amount of Final Accrued Tax Liabilities (with each of clauses (b), (c), (d) and (e) determined in accordance with Section 2.3(c)). Notwithstanding anything to the contrary herein, if any portion of the Purchase Price is required under applicable Law, or as otherwise agreed to by the parties, to be paid in a Foreign Currency and/or to a specific Seller, the applicable United States Dollar amount (allocated pursuant to Section 5.6(m) or as otherwise mutually agreed by the parties hereto) shall be converted into the applicable Foreign Currency at the Exchange Rate and paid by Buyer to Parent or the relevant Seller in accordance with Section 2.2.

2.2 Payment. Immediately prior to the Closing, Buyer shall pay, by wire transfer of immediately available funds, (a) the Estimated Purchase Price to an account or accounts designated by Parent, at least two Business Days prior to the Closing Date, in writing to Buyer and (b) the Debt Payoff Amount, if any, to the lenders of the Companies and the Subsidiaries in retirement of the related Indebtedness in accordance with the terms of the applicable Payoff Letters. All calculations of Indebtedness outstanding as of the Effective Time pursuant to this Article II shall disregard the effect of any payment made or to be made pursuant to the immediately preceding sentence. Notwithstanding anything to the contrary herein or in any Ancillary Agreement, any consideration paid by Buyer to Parent or the relevant Seller pursuant to an Ancillary Agreement shall be deemed for all purposes to comprise part of, and not be in addition to, the Purchase Price payable hereunder.

2.3 Determination of Purchase Price Adjustments.

(a) Estimated Closing Statement. Not less than three Business Days prior to the Closing Date, Parent shall prepare and deliver to Buyer a statement (as updated pursuant to Section 2.3(b), the "Estimated Closing Statement") setting forth Parent's good-faith estimate of each of the following, together with reasonably detailed documentation supporting each estimate: (i) the amount of Cash as of the Effective Time (the "Estimated Cash"), (ii) the amount of Net Working Capital as of the Effective Time (the "Estimated Net Working Capital"), (iii) the amount of Indebtedness as of the Effective Time (the "Estimated Indebtedness") and (iv) the amount of Accrued Tax Liabilities as of the Effective Time (the "Estimated Accrued Tax Liabilities"). The Estimated Closing Statement shall also set forth the "Estimated Purchase Price," which shall be equal to the sum of (A) the Base Purchase Price, (B) plus the Estimated Cash, (C) plus (solely in the event that the Estimated Net Working Capital exceeds the Collar Ceiling) the amount, if any, by which the Estimated Net Working Capital exceeds the Working Capital Target or minus (solely in the event that the Collar Floor exceeds the Estimated Net Working Capital) the amount, if any, by which the Working Capital Target exceeds the Estimated Net Working Capital, (D) minus the Estimated Indebtedness and (E) minus the Estimated Accrued Tax Liabilities.

(b) Pre-Closing Review. Buyer shall have the opportunity to review and make reasonable objections to the matters and amounts set forth on the Estimated Closing Statement and any updates made thereto pursuant to this Section 2.3(b). Parent will cooperate, and will cause the Companies and the Subsidiaries to cooperate, with Buyer in the review of the Estimated Closing Statement, including providing Buyer and its representatives with reasonable access during normal business hours to the relevant books and records, including accounting work papers, pertaining to the Companies and the Subsidiaries and the finance employees of Parent, the Companies and the Subsidiaries. Based on Buyer's reasonable objections, Parent and Buyer will cooperate reasonably to update the initial Estimated Closing Statement delivered by Parent under Section 2.3(a) prior to the Closing Date. In the event Buyer and Parent are unable to agree regarding any of the matters and/or amounts set forth on the Estimated Closing Statement, such matters and amounts set forth on the Estimated Closing Statement delivered by Parent pursuant to Section 2.3(a) shall be used for the purpose of the payment set forth in Section 2.2.

(c) Post-Closing Reconciliation.

(i) No later than 60 days after the Closing Date, Buyer will prepare and deliver to Parent a statement (the "Preliminary Closing Statement") setting forth Buyer's calculation of each of the following, together with reasonably detailed documentation supporting its calculation: (A) the amount of Cash as of the Effective Time, (B) the

amount of Net Working Capital as of the Effective Time, (C) the amount of Indebtedness as of the Effective Time and (D) the amount of Accrued Tax Liabilities as of the Effective Time.

(ii) For the 30-day period following Parent's receipt of the Preliminary Closing Statement (such 30-day period, the "Response Period"), Buyer will cooperate, and will cause the Companies and the Subsidiaries to cooperate, with Parent in the review of the Preliminary Closing Statement, including providing Parent and its representatives with reasonable access during normal business hours to the relevant books and records, including accounting work papers, pertaining to the Companies and the Subsidiaries and the finance employees of Buyer, the Companies and the Subsidiaries. At any time before the end of the Response Period, Parent may deliver a written objection to the amounts set forth in the Preliminary Closing Statement, specifying the item(s) and amount(s) in dispute, accompanied by materials showing in reasonable detail Parent's support for its position (such notice and supporting materials, the "Objection Notice"), and Parent shall be deemed to have agreed with all other items and amounts contained in the Preliminary Closing Statement.

(iii) If Parent delivers an Objection Notice to Buyer within the Response Period, Buyer and Parent will meet within 15 days after the delivery of the Objection Notice to discuss each other's position and to attempt to resolve their differences. If Buyer and Parent are not able to resolve their differences at such meeting (or by any later date that Buyer and Parent may mutually agree upon), Buyer and Parent will prepare a single list of the items that remain in dispute (the "Disputed Items"); any items not set forth in the Disputed Items shall be deemed resolved, final and binding upon all of the parties hereto, and will be non-appealable and may be enforced by a court of competent jurisdiction. Buyer and Parent will separately prepare statements (the "Position Statements") specifying in reasonable detail their respective positions on each of the Disputed Items (including the United States Dollar amount for each item). Buyer and Parent will exchange their Position Statements within 30 days after the Disputed Items list was prepared (such 30-day period, the "Exchange Period").

(iv) Following the end of the Exchange Period, either of Buyer or Parent may submit the Disputed Items (together with both Position Statements) to be resolved by Ernst & Young LLP or, if such firm is unable or unwilling to perform the services required under this Section 2.3(c), such other nationally recognized independent accounting firm as is mutually agreed to by Buyer and Parent (the "Accounting Firm"), who shall act as an expert and not as an arbitrator. Regardless of whether Buyer or Parent submits the matter to the Accounting Firm for resolution, both Buyer and Parent will enter into the Accounting Firm's standard engagement letter and both will instruct the Accounting Firm to resolve each Disputed Item (but no other items) as soon as practicable, but in any event within 60 days of being engaged. Buyer and Parent will cooperate with the Accounting Firm in all reasonable respects, but neither Buyer nor Parent will have ex parte meetings, teleconferences or other correspondence with the Accounting Firm, as it is intended for Buyer and Parent to be included in all discussions and correspondence with the Accounting Firm. In resolving each Disputed Item, the Accounting Firm will not assign a value to any item greater than the greatest value for

such item claimed by either Buyer or Parent or less than the least value for such item claimed by either Buyer or Parent (as each item had been disclosed by Buyer or Parent to the other in its respective Position Statement, as amended in the manner provided below). If either Buyer or Parent fails to provide the other with its Position Statement within the Exchange Period or fails to enter into the Accounting Firm's standard engagement letter, the Accounting Firm must resolve every Disputed Item in the manner set forth in the opposing party's Position Statement.

(v) If both Buyer and Parent present each other with their respective Position Statements within the Exchange Period, the Accounting Firm will schedule a hearing (which may occur on one or more Business Days) commencing on a Business Day within the 15-Business Day period following the end of the Exchange Period. At the hearing, the Accounting Firm will be permitted to ask questions of Buyer and Parent with respect to either or both Position Statements, and Buyer and Parent will each have an opportunity to explain their respective Position Statements, as well as their respective objections to the opposing party's Position Statement. All questions and explanations at the hearing will be conducted in a manner that Buyer and Parent are able to hear the responses and explanations of the other. Following the hearing, the Accounting Firm will give Buyer and Parent 10 days (the "Amendment Period") to amend their respective Position Statements, if they desire, but if either party fails to deliver an amended Position Statement before the end of the Amendment Period, such party will be deemed to have elected not to amend its Position Statement. When amending their respective Position Statements, neither Buyer nor Parent will be permitted to raise new items of dispute or new arguments not presented in such party's initial Position Statement or to revise the amount of any Disputed Item in a manner that increases the aggregate adjustment requested relative to such party's initial Position Statement. The Accounting Firm will notify Buyer and Parent in writing of its determination of each Disputed Item, together with a reasonably detailed explanation of its determination of each Disputed Item, and, to the extent affected by the Accounting Firm's determination of the Disputed Item(s), its calculation of (A) the amount of Cash as of the Effective Time, (B) the amount of Net Working Capital as of the Effective Time, (C) the amount of Indebtedness as of the Effective Time and (D) the amount of Accrued Tax Liabilities as of the Effective Time.

(vi) The fees and expenses of the Accounting Firm will be paid one half by Buyer and one half by Parent.

(vii) The determination of the Accounting Firm with respect to the Disputed Items will be final and binding upon the parties hereto, will be non-appealable and may be enforced by a court of competent jurisdiction.

(viii) The final amount of the Cash as of the Effective Time (the "Final Cash"), the final amount of the Net Working Capital as of the Effective Time (the "Final Net Working Capital"), the final amount of Indebtedness as of the Effective Time (the "Final Indebtedness") and the final amount of Accrued Tax Liabilities as of the Effective Time (the "Final Accrued Tax Liabilities") will be:

(A) As stated in the Preliminary Closing Statement, if Parent fails to deliver an Objection Notice with respect thereto during the Response Period; or

(B) If Parent delivers an Objection Notice with respect thereto during the Response Period, (1) the amount mutually agreed to by Buyer and Parent or (2) in the absence of such agreement, the amount determined by the Accounting Firm computed by using the line items agreed to by Buyer and Parent (i.e., the line items that are not Disputed Items) and each Disputed Item as resolved by the Accounting Firm; provided that in the case of the preceding clause (2) if either Buyer or Parent fails to provide the opposing party with its Position Statement or fails to enter into the Accounting Firm's standard engagement letter in the time periods specified under this Section 2.3(c), then each Disputed Item will be as stated in the opposing party's Position Statement and the Final Cash, Final Net Working Capital, Final Indebtedness and Final Accrued Tax Liabilities, as applicable, will be determined on such basis.

The "Final Closing Statement" shall mean the Preliminary Closing Statement if Parent does not deliver any Objection Notice during the Response Period or the Preliminary Closing Statement as adjusted for the amounts determined pursuant to clause (B) if Parent delivers an Objection Notice during the Response Period.

(d) Adjustment Payment to Buyer. In the event the Purchase Price is less than the Estimated Purchase Price, Parent shall make an adjustment payment to Buyer in an amount equal to the difference of (i) the Estimated Purchase Price minus (ii) the Purchase Price. Any payment required by the first sentence of this Section 2.3(d) shall be made by Parent to Buyer, together with interest thereon at an annual rate equal to the rate calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depositary institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the Closing Date by the Federal Reserve Bank of New York as the federal funds effective rate as of the Closing Date (the "Applicable Rate") calculated on the basis of the number of days elapsed from and including the Closing Date to and excluding the date of payment, in immediately available funds within five Business Days after the determination of the Final Closing Statement.

(e) Adjustment Payment to Parent. In the event the Purchase Price is greater than the Estimated Purchase Price, Buyer shall make an adjustment payment to Parent in an amount equal to the difference of (i) the Purchase Price minus (ii) the Estimated Purchase Price. Any payment required by the first sentence of this Section 2.3(e) shall be made by Buyer to Parent, together with interest thereon at the Applicable Rate calculated on the basis of the number of days elapsed from and including the Closing Date to and excluding the date of payment, in immediately available funds within five Business Days after the determination of the Final Closing Statement.

2.4 Withholding. Buyer and each Designated Purchaser shall be entitled to deduct and withhold from any amount otherwise payable pursuant to this Agreement any Taxes required to be deducted and withheld under any provision of applicable Law. No less than five Business Days prior to the Closing Date, Buyer shall furnish to Parent such information regarding the amounts and types of Taxes to be deducted and withheld as may reasonably be requested by Parent. Buyer and Parent shall

reasonably cooperate with each other to minimize the amounts required to be deducted and withheld. In the event that any withholding Taxes (with respect to amounts otherwise payable pursuant to this Agreement) arise solely by reason of the Designated Purchaser being incorporated in a jurisdiction other than (i) the United States or (ii) the jurisdiction in which the relevant Company or Seller is located, the Purchase Price shall be increased as necessary so that, after all such withholding Taxes have been imposed (including any such withholding Taxes that apply to additional sums payable under this sentence), Parent receives and retains an amount equal to the sum it would have received and retained had such withholding Taxes not been imposed. If any Tax is withheld pursuant to this Section 2.4, the withheld amount shall be treated for all purposes of this Agreement as having been paid to the applicable payee. Within 30 days after the date of payment by Buyer or the Designated Purchaser of any Taxes so withheld, Buyer or the Designated Purchaser, as the case may be, shall furnish to Parent evidence of payment thereof satisfactory to Parent.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARENT

Subject to Section 11.11 , except as set forth in the disclosure schedule delivered by Parent to Buyer concurrently with the execution and delivery of this Agreement (the "Disclosure Schedule"), Parent hereby represents and warrants to Buyer that, as of the date hereof and as of the Closing Date:

3.1 Due Organization and Power. Each of Parent and the Sellers is a corporation or other entity duly organized, validly existing and in good standing (or the local legal equivalent thereof, if any) under the laws of its jurisdiction of incorporation or organization. Each of Parent and the Sellers has all requisite corporate or other power and authority to own, operate and lease its properties and to carry on its business as and where such is now being conducted. Each of Parent and the Sellers has all requisite corporate (or comparable) power to enter into this Agreement (in the case of Parent) and the Ancillary Agreements to be executed and delivered by Parent and the Sellers and to carry out the transactions contemplated hereby and thereby.

3.2 Authority. The execution, delivery and performance of this Agreement and the Ancillary Agreements to be executed, delivered and performed by Parent and the Sellers and the consummation of the transactions contemplated hereby and thereby are within the organizational powers of Parent and the Sellers and have been duly authorized by the Board of Directors of Parent and, to the extent required by applicable Law, prior to the Closing will be duly authorized by the Boards of Directors and, to the extent required by applicable Law, shareholders of the Sellers. No other organizational act or proceeding on the part of Parent or its shareholders or the Sellers is necessary to authorize this Agreement or the Ancillary Agreements to be executed, delivered and performed by Parent and the Sellers or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes, and when executed and delivered, the Ancillary Agreements to be executed, delivered and performed by Parent and the Sellers will constitute (assuming the due authorization, execution and delivery by the other parties hereto and thereto), valid and binding agreements of Parent and the Sellers, enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights and remedies generally, and by general equitable principles (to the extent recognized by applicable Law).

3.3 Companies and Subsidiaries.

(a) (i) Section 3.3 of the Disclosure Schedule sets forth the name and jurisdiction of incorporation or organization of each Company and Subsidiary assuming the transactions contemplated by the Step Plan are completed. The authorized capital stock, voting securities and equity ownership interests of each Company and, assuming the transactions contemplated by the Step Plan are completed, the outstanding shares of capital stock, voting securities and other equity ownership interests of each Company and the holders thereof are set forth on Section 3.3 of the Disclosure Schedule (in the case of the Individual Shares as of the date of this Agreement). Assuming the transactions contemplated by the Step Plan are completed, Parent and its Affiliates will not own, directly or indirectly, any capital stock, voting securities or other equity securities of any corporation or have any direct or indirect equity or other ownership interest in any Person engaged in the Business other than the Companies and the Subsidiaries. Assuming the transactions contemplated by the Step Plan are completed, the Business will not be conducted by Parent or its Affiliates through any Person other than the Companies and the Subsidiaries. (ii) All of the outstanding equity ownership interests of each Company and Subsidiary owned by the Sellers, the Companies, the Subsidiaries or the Individual Owners are free and clear of any Liens, have been duly authorized and are validly issued, fully paid and nonassessable. (iii) Except as set forth in this Section 3.3, there are no outstanding (A) shares of capital stock, voting securities or equity ownership interests of any Company, (B) securities of any Company convertible into or exchangeable for the capital stock, voting securities or other equity ownership interests of any Company; (C) options, warrants or other rights to purchase or subscribe to capital stock, voting securities or equity ownership interests of any Company, or securities which are convertible into or exchangeable for capital stock, voting securities or other equity ownership interests of any Company; or (D) Contracts, commitments or other obligations of any Company relating to the issuance, sale or transfer of any capital stock, voting securities or other equity ownership interests of any Company, any such securities convertible or exchangeable for capital stock, voting securities or other equity ownership interests of any Company or any such options, warrants or other rights (the items in clauses (A), (B), (C) and (D) being referred to collectively as the "Company Securities"). There are no outstanding obligations of any Company or any Subsidiary to repurchase, redeem or otherwise acquire any Company Securities. All outstanding Company Securities are (or will be prior to the Closing) owned by a Seller, a Company or a Subsidiary except for the Specified Individual Shares.

(b) (i) Each Company, Subsidiary and Individual Owner has valid title to the shares of capital stock, voting securities and other equity ownership interests of each Subsidiary owned or purported to be owned by such Person, free and clear of all Liens and any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such shares of capital stock, voting securities and other equity ownership interests). (ii) Except as set forth in this Section 3.3, there are no outstanding (A) shares of capital stock, voting securities or equity ownership interests of any Subsidiary, (B) securities of any Company or any Subsidiary convertible into or exchangeable for the capital stock, voting securities or other equity ownership interests of any Subsidiary; (C) options, warrants or other rights to purchase or subscribe to capital stock, voting securities or equity ownership interests of any Subsidiary, or securities which are convertible into or exchangeable for capital stock, voting securities or other equity ownership interests of any Subsidiary; or (D) Contracts, commitments or other obligations of any Subsidiary relating to the issuance, sale or transfer of any capital stock, voting securities or other equity ownership interests of any Subsidiary, any such securities convertible or exchangeable for capital stock, voting securities or other equity ownership interests of any Subsidiary or any such options, warrants or other rights (the items in clauses (A), (B), (C) and (D) being referred

to collectively as the "Subsidiary Securities"). There are no outstanding obligations of any Company or any Subsidiary to repurchase, redeem or otherwise acquire any Subsidiary Securities. All outstanding Subsidiary Securities are (or will be prior to the Closing) owned by a Company or a Subsidiary except for the Specified Individual Shares.

(c) Each Company and Subsidiary (i) is a corporation or other entity duly organized, validly existing and in good standing (or the local legal equivalent thereof, if any) under the laws of its jurisdiction of incorporation or organization, (ii) has all requisite corporate or other power and authority to own, operate and lease its properties and to carry on its business as and where such is now being conducted and (iii) is in good standing (or the local legal equivalent thereof, if any) and is duly qualified or licensed to do business as a foreign corporation or other entity in each jurisdiction wherein the character of the properties owned by it, or the nature of its business makes such licensing or qualification necessary, except, in the case of clause (iii), where the failure to so qualify or be in good standing (or the local legal equivalent thereof, if any) would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole. Parent has heretofore made available to Buyer true and complete copies of the certificates of formation, certificates of incorporation, articles of association, bylaws, limited liability company operating agreements and other organizational documents of each Company as currently in effect.

3.4 Title. Each Seller and Individual Owner has valid title to the Purchased Shares and Individual Shares owned or purported to be owned by such Person, free and clear of all Liens and any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of the Purchased Shares and Individual Shares). Upon payment for the Purchased Shares and Individual Shares as contemplated herein, the Sellers and Individual Owners will convey to Buyer all of such Person's right, title and interest in and to, and valid title to, the Purchased Shares or the Individual Shares, free and clear of all Liens and any such limitation or restriction.

3.5 No Violation. Neither the execution, delivery and performance of this Agreement or the Ancillary Agreements to be executed, delivered and performed by Parent and the Sellers nor the consummation by Parent and the Sellers of the transactions contemplated hereby and thereby, including the transactions contemplated by the Step Plan, (a) will violate any Law or any Order of any Government Entity applicable to Parent, the Sellers, the Business, the Companies or the Subsidiaries, (b) except for applicable requirements of the HSR Act and any other applicable Competition Laws, will require any action, authorization, consent or approval by, filing with or notice to any Government Entity other than any action, authorization, consent or approval by, filing with or notice to any Government Entity that is required as a result of the status of Buyer, its Affiliates or any Designated Purchaser, (c) will require any consent or other action by any Person under, violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in or give rise to any right to the termination or cancellation of, or to the acceleration of the performance required by, or to a loss of benefit to which Parent, the Sellers, the Business, the Companies or the Subsidiaries are entitled under, or result in the creation of any Liens upon the Purchased Shares or the Specified Individual Shares or any of the assets of the Business, the Companies or the Subsidiaries under, the express terms of any Contract to which Parent, the Sellers, the Business, the Companies or the Subsidiaries are a party or by which Parent, the Sellers, the Business, the Companies or any Subsidiary or any of their respective assets or properties may be bound or affected, or (d) will violate any term or provision of the respective charter or organizational documents of Parent, the Sellers, the Companies or the Subsidiaries, except, in the case of clauses (a), (b) and (c), for such violations, conflicts, defaults,

terminations, cancellations, accelerations, losses of benefits or Liens that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole, or to have a material adverse effect on Parent's ability to perform its obligations hereunder.

3.6 Financial Statements.

(a) Section 3.6(a) of the Disclosure Schedule contains (i) an unaudited combined balance sheet of the Companies and the Subsidiaries as of December 31, 2015 and the related unaudited combined statements of income for the fiscal years ended December 31, 2015 and 2014 and (ii) an unaudited combined balance sheet of the Companies and the Subsidiaries as of June 30, 2016 (the "Recent Balance Sheet") and the related combined statement of income for the six-month period then ended (collectively, the "Financial Statements"). The Financial Statements were prepared in accordance with GAAP, as in effect on the date of such Financial Statements and applied on a consistent basis in such Financial Statements, and such Financial Statements fairly present the consolidated financial position and operating results of the Companies and the Subsidiaries as of their respective dates and for the respective periods covered thereby.

(b) When delivered pursuant to Section 5.19(a), the Carve-Out Financial Statements shall have been prepared in accordance with GAAP, as in effect on the date of such Carve-Out Financial Statements and applied on a consistent basis in such Carve-Out Financial Statements, and with the requirements of Rule 3-05 of Regulation S-X promulgated under the Securities Exchange Act of 1934 ("Rule 3-05") that would be applicable to Buyer if Buyer were required to file such Carve-Out Financial Statements with the United States Securities and Exchange Commission (the "SEC") pursuant to Rule 3-05, except that the Carve-Out Financial Statements do not include statements of comprehensive income, stockholders' equity, cash flows, notes required for audited financial statements or an audit opinion.

(c) When delivered pursuant to Section 5.19 if required to be delivered pursuant to Section 5.19, the Required Financial Statements shall have been prepared in accordance with GAAP, as in effect on the date of such Required Financial Statements and applied on a consistent basis in such Required Financial Statements, and with the requirements of Rule 3-05 that would be applicable to Buyer if Buyer were required to file such Required Financial Statements with the SEC pursuant to Rule 3-05, and shall fairly present the combined financial position, operating results and cash flows of the Business as of their respective dates and for the respective periods covered thereby.

3.7 Tax Matters.

(a) All material Tax returns required to be filed on or prior to the Closing Date by or on behalf of the Companies or the Subsidiaries have been timely filed in accordance with all applicable Law, and when filed were true, correct and complete in all material respects. All material Taxes due and owing by the Companies and the Subsidiaries have either been timely paid or adequately accrued in accordance with GAAP.

(b) (i) There is no claim, audit, examination, proceeding, suit, deficiency or proposed adjustment now pending or threatened in writing against the Companies or the Subsidiaries with respect to any Taxes or Tax asset and (ii) none of the Companies or the Subsidiaries has waived any statute of

limitations that is currently in effect with respect to Taxes or has agreed to an extension of time that is currently in effect with respect to a Tax assessment or deficiency.

(c) Section 3.7(c) of the Disclosure Schedule identifies each affiliated group of corporations that filed a consolidated U.S. federal income Tax return (other than an affiliated group the common parent of which was U.S. Holdco) that included a Company or Subsidiary at any time after September 28, 2012, or, to the knowledge of Parent, at any time on or before September 28, 2012. Section 3.7(c) of the Disclosure Schedule also identifies each group of corporations that, at any time after September 28, 2012, or, to the knowledge of Parent, at any time on or before September 28, 2012, included any Company or Subsidiary if (i) all members of such group filed a consolidated income Tax return pursuant to the Tax Laws of any country other than the United States, and such group included an entity other than a Company or Subsidiary, or (ii) pursuant to "group relief" or similar provisions under the Tax Laws of any country other than the United States, a Company or a Subsidiary surrendered or received Tax items to a group member that is neither a Company nor a Subsidiary.

(d) No Company or Subsidiary has any liability for the Taxes of any Person (other than a Company or a Subsidiary), whether such liability arises under Treasury Regulations Section 1.1502-6 or under any comparable provision of state, local, or foreign law, or arises by contract (excluding contracts executed in the ordinary course of business that customarily include Tax provisions, but do not primarily relate to Taxes (e.g., leases and credit agreements)), or as a transferee or successor, or otherwise.

(e) None of the Companies is, or has been at any time within the five years preceding the Closing Date, a "United States real property holding corporation" within the meaning of Code Section 897(c).

(f) No Company or Subsidiary is or has been at any time after September 28, 2012, or, to the knowledge of Parent, at any time on or before September 28, 2012, a party to any "listed transaction" as defined in Code Section 6707A and Treasury Regulations Section 1.6011-4.

(g) During the three-year period ending on the date hereof, there has been no transaction intended to be governed by Code Sections 355 or 361 in which any Company or Subsidiary was a distributing corporation or a controlled corporation.

(h) To Parent's knowledge, none of the Companies or the Subsidiaries has any liability for Taxes pursuant to Code Section 4980H.

(i) Section 3.7(i) of the Disclosure Schedule sets forth a true and correct listing of the U.S. federal income tax classification for (i) each of U.S. Holdco and any Subsidiary in which U.S. Holdco owns, directly or indirectly, any interest, and (ii) to the knowledge of Parent, each Company or Subsidiary that is not described in clause (i).

(j) Section 3.7(j) of the Disclosure Schedule sets forth a true and correct listing of all (i) grants, subsidies and other similar funds received after September 28, 2012, or, to the knowledge of Parent, received on or prior to September 28, 2012, from any Governmental Entity and (ii) Tax exemptions, reductions, incentives and concessions procured after September 28, 2012, or, to the knowledge of Parent, procured on or prior to September 28, 2012, in each case, of any of the Companies and the Subsidiaries.

(k) None of Parent, the Sellers, the Companies or the Subsidiaries has received any written notice in the prior four years from any Tax authority that (i) any Company or Subsidiary has a permanent establishment in any jurisdiction in which the Company or Subsidiary has not filed Tax returns, or (ii) any of the Companies or the Subsidiaries that does not file Tax returns in a jurisdiction is or may be subject to taxation by that jurisdiction. None of the Companies or Subsidiaries has at any time been treated (including under any double taxation arrangement) as resident for any Tax purpose in any jurisdiction other than the jurisdiction of its incorporation.

(l) There are no outstanding powers of attorney granted by any of the Companies or the Subsidiaries with respect to Taxes.

(m) None of the Companies or the Subsidiaries will be required to include for a taxable period ending after the Closing Date any item of income in, or exclude any item of deduction from, taxable income for such period as a result of any of the following actions taken after September 28, 2012 and on or prior to the Closing Date (or, to the knowledge of Parent, taken on or prior to September 28, 2012): (i) change in method of accounting; (ii) closing agreement executed under Code Section 7121 (or any similar provision of U.S. state Tax law or U.S. local Tax law), or any other agreement executed in connection with the settlement of an audit by a Tax authority or of any other Tax proceeding; (iii) intercompany transaction occurring, or excess loss account created, as described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of U.S. state Tax law or U.S. local Tax law); (iv) except as contemplated by Section 5.6(l) of the Disclosure Schedule, any transaction occurring between members of a group of corporations that file a consolidated income Tax return for non-U.S. Tax purposes; (v) prepaid amount received on or prior to the Closing Date; (vi) installment sale or open transaction disposition; or (vii) election under Code Section 108(i) (or any corresponding or similar provision of U.S. state Tax law, U.S. local tax law, or non-U.S. Tax law), or any election to defer the recognition of cancellation of debt income under a similar provision of non-U.S. Tax law.

(n) (i) Each of the Companies and the Subsidiaries has filed all reports and has created and retained all records required under Code Section 6038A with respect to its ownership by, and transactions with, related parties, and (ii) each of the Companies and the Subsidiaries that files U.S. federal income Tax returns has disclosed on its U.S. federal income Tax returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662.

(o) Neither Parent nor any of its Affiliates has made any requests for rulings or determinations, with respect to any Tax of any of the Companies or the Subsidiaries, that are currently pending before a Tax authority.

(p) Except as contemplated by Section 5.6(l) of the Disclosure Schedule, neither Parent nor any of its Affiliates has entered into an agreement or arrangement with any Tax authority with regard to Tax liabilities of any of the Companies or the Subsidiaries, other than settlements or compromises with respect to asserted Tax liabilities for taxable periods ending on or prior to the Closing Date that do not impose any payment obligation (other than a payment obligation reflected in Final Accrued Tax Liabilities on the Final Closing Statement) on any of the Companies or the Subsidiaries after the Closing Date.

(q) There are no Liens for Taxes on any of the assets of the Business, the Companies or the Subsidiaries other than Permitted Liens.

(r) All related party transactions to which any Company or Subsidiary has been a party, in any taxable year, and which are required to be on an arms'-length basis under applicable Tax law and for which the relevant statute of limitations (taking into account any extensions thereof) with respect to Taxes has not yet expired, have been, in all material respects, on an arms'-length basis in accordance with Code Section 482 and any state or foreign law equivalent.

(s) All material Taxes that any Company or any Subsidiary is (or was) required by applicable Law to withhold or collect in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, member or other third party have been duly withheld or collected, and have been timely paid over to the proper authorities.

(t) No Company that is a "disregarded entity" for U.S. federal income tax purposes holds any United States real property interest within the meaning of Code Section 897(c).

(u) No Company or Subsidiary has any material "intercompany items" that remain to be taken into account with respect to "intercompany transactions" within the meaning of Treasury Regulations Section 1.1502-13.

(v) There is no Contract covering any current or former employee of any Company or any Subsidiary that provides or could provide for the payment of any amount that will or would not be deductible under Code Sections 162(a)(1) or 404.

(w) As of the date hereof, there were no Intercompany Loan Receivables between any Companies or Subsidiaries other than the Intercompany Loan Receivables set forth on Section 3.7(w) of the Disclosure Schedule.

(x) Notwithstanding any of the foregoing provisions of this Section 3.7, no representation or warranty is being made by Parent under this Section 3.7 with respect to (i) the amount of any Tax attributes that will be available to the Companies or the Subsidiaries for taxable periods ending after the Closing Date, or (ii) the Tax effects in taxable periods ending after the Closing Date of related-party pricing arrangements entered into on or prior to the Closing Date.

3.8 Absence of Certain Changes.

(a) Since the date of the Recent Balance Sheet, the Business has been conducted in the ordinary course (except for actions taken to implement or give effect to the Step Plan in compliance with the terms and conditions of this Agreement), and there has not been any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Since the date of the Recent Balance Sheet until the date hereof, there has not been any action taken by any Company or any Subsidiary that, if taken during the period from the date of this Agreement through the Closing Date without Buyer's consent, would constitute a breach of Section 5.2.

3.9 Absence of Undisclosed Liabilities. Except as disclosed in the Recent Balance Sheet, the Companies and the Subsidiaries do not have any liabilities, commitments or obligations of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which would reasonably be expected to result in such a liability, other than (a) liabilities reflected or reserved for on the Recent Balance Sheet or the Final Closing Statement (to the extent reflected in Final Indebtedness, Final Net Working Capital or Final Accrued Tax Liabilities), (b) executory obligations pursuant to (i) the Contracts disclosed on Section 3.18 of the Disclosure Schedule, (ii) Contracts that are not required to be disclosed on Section 3.18 of the Disclosure Schedule or (iii) Contracts entered into after the date of this Agreement as permitted by Section 5.2(m) (but not in each case liabilities for breaches of such Contracts), (c) liabilities disclosed in the Disclosure Schedule, or that are of the type or kind required to be disclosed in the Disclosure Schedule but are not disclosed solely because they fall below the minimum threshold amount, term or materiality of the disclosures required by the terms of this Agreement to be set forth in the Disclosure Schedule and (d) liabilities that have arisen after the date of the Recent Balance Sheet in the ordinary course of business consistent with past practice or otherwise in compliance with the terms and conditions of this Agreement.

3.10 No Litigation. There is no action, suit, arbitration, proceeding, investigation, claim or dispute (or, to the knowledge of Parent, any basis therefor) pending or, to the knowledge of Parent, threatened against the Business, the Companies or the Subsidiaries, and there is no outstanding Order of any Government Entity against or affecting the Business, the Companies or the Subsidiaries, except for such actions, suits, arbitrations, proceedings, investigations, claims, disputes or Orders that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole, or that in any manner seeks to prevent, enjoin, alter or materially delay the consummation of the transactions contemplated by this Agreement.

3.11 Compliance With Laws and Orders. Since January 1, 2013, the Business has been conducted in compliance with all, and not in violation of any, and, to the knowledge of Parent is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of any, and has not conducted any internal investigations or received any internal claims with respect to, any violation of any, Laws applicable to the Business, the Companies, the Subsidiaries or the Company Facilities, except for instances of noncompliance or violations that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole. There is no judgment, decree, injunction, rule or order of any Governmental Entity outstanding against the Business, the Companies or the Subsidiaries that would, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole, or that in any manner seeks to prevent, enjoin, alter or materially delay the consummation of the transactions contemplated by this Agreement.

3.12 Anti-Bribery and Anti-Corruption Laws; Sanctions; Export Controls.

(a) Neither the Companies nor the Subsidiaries, nor any of their respective officers, directors, employees, agents, representatives, intermediaries, consultants, contractors or other persons acting on behalf of the Business, the Companies or the Subsidiaries, including any joint ventures in which the Companies or the Subsidiaries have participated and joint venture partners acting on behalf of such joint venture or the Business, the Companies or the Subsidiaries have (x) to the knowledge of Parent, prior to September 28, 2012, or (y) on and after September 28, 2012:

(i) taken any action, directly or indirectly, that violated any applicable Anti-Corruption Law;

(ii) made any offer, payment, or promise, or authorized the offer, payment or promise, of any money or other property, gift, or anything of value, regardless of form, directly or indirectly, to any Government Official for purposes of influencing any act or decision of such Government Official in his or her official capacity to secure an improper advantage, obtain or retain business or direct business to any Person or away from any Person, in each case, in violation of applicable Law;

(iii) accepted or received any unlawful contributions, payments, gifts, or expenditures in connection with the Business, the Companies or the Subsidiaries; or

(iv) been under administrative, regulatory, civil or criminal investigation, indictment, audit or internal investigation with respect to any suspected, alleged or actual violation of any Anti-Corruption Law, and neither Parent, the Sellers, the Companies or the Subsidiaries are aware of any circumstances reasonably likely to give rise to such action or investigation.

(b) To the extent applicable, each of the Companies and the Subsidiaries is and has been in compliance in all respects with the Non-Prosecution Agreement, dated as of September 20, 2012, between the United States Department of Justice and Tyco International, Ltd. and the Plea Agreement, filed on September 24, 2012, between the United States Department of Justice and Tyco Valves & Controls Middle East. None of the Companies or the Subsidiaries have ever been debarred or blacklisted by any customer or any direct or indirect International Funding Institution due to (i) alleged fraudulent conduct or (ii) alleged conduct that would result in a violation of any applicable Anti-Corruption Law.

(c) Each of the Companies and the Subsidiaries has established and maintains reasonable internal controls and procedures:

(i) to ensure compliance with all applicable Anti-Corruption Laws; and

(ii) which each of the Companies and the Subsidiaries reasonably believes to be adequate to prevent employees, agents, contractors and other persons acting on behalf of the Business, the Companies or the Subsidiaries from bribing any person.

(d) Neither the Companies or the Subsidiaries nor any of their respective officers, directors, shareholders or employees is a target of U.S. economic sanctions or trade controls, including

but not limited to the List of Specially Designated Nationals and Blocked Persons administered by the United States Treasury Department's Office of Foreign Assets Control (the "SDN List"). Without limitation to the foregoing, neither the Companies or the Subsidiaries nor any of their respective officers, directors, shareholders or employees is (i) named on the SDN List, (ii) owned or controlled, in whole or in part, by any Person named on the SDN List, or (iii) acting for or on behalf of any Person on the SDN List.

(e) Since January 1, 2013, the Business, the Companies and the Subsidiaries have been and are in material compliance with all applicable export control and sanctions requirements, including sanctions administered by the Office of Foreign Assets Control of the Treasury Department, the requirements of the Export Administration Regulations (EAR), the International Traffic In Arms Regulations (ITAR) and any orders and licenses issued thereunder, which requirements include obtaining all proper authorizations or licenses from the Department of Commerce or the Department of State for the export or re-export of any item, product, article, commodity or technical data.

3.13 Licenses and Permits. The Companies and the Subsidiaries have all licenses, permits, franchises, approvals, authorizations and consents (the "Permits") of all Government Entities required for the conduct of the Business as presently conducted and the operation of the Company Facilities, except for failures to have such Permits that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole. The Permits are in full force and effect, and the Business, the Companies and the Subsidiaries are in compliance with all such Permits except for such instances of noncompliance as would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole.

3.14 Insurance. Section 3.14 of the Disclosure Schedule contains a list of all insurance policies (other than any owner's title insurance policies relating to Owned Real Property) and fidelity bonds, issued under Parent's insurance programs, which include the Companies or any Subsidiary as an insured, including self-insurance programs and those which pertain to the Companies' and the Subsidiaries' assets, business, employees, officers, directors or operations. All such insurance policies are in full force and effect and none of Parent, the Sellers, the Companies or the Subsidiaries have received any written notice of cancellation or nonrenewal of any such insurance policies. There is no claim by any of the Companies or Subsidiaries pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds or in respect of which such underwriters have reserved their rights. All premiums payable under all such policies and bonds have been timely paid, and no further premiums or adjustments are, or will be, due in the future, and each of the Companies and the Subsidiaries have otherwise complied fully with the terms and conditions of all such policies and bonds.

3.15 Environmental Matters.

(a) Each of the Business, the Companies, the Subsidiaries and the Company Facilities are, and have been since January 1, 2013, in compliance with applicable Environmental Laws except for instances of noncompliance that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole. Each Company and Subsidiary has obtained, and are in compliance, with all Permits required to be obtained by the Business, the Companies or the Subsidiaries under applicable Environmental Laws

("Environmental Permits") except for failures to have Environmental Permits or instances of noncompliance that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole. The Environmental Permits are valid and in full force and effect and will not be terminated or impaired or become terminable, in whole or in part, as a result of the Step Plan transactions contemplated hereby.

(b) No Hazardous Substances have been produced, sold, used, stored, transported, handled, released, dumped, leaked, spilled, emitted, discharged or disposed of at, on, under, to or from (i) any Company Facility, (ii) any property to which the Business, any Company or any Subsidiary has transported or arranged for the transportation of any Hazardous Substances or (iii) any property currently or formerly owned, leased or operated by the Business, any Company or any Subsidiary, including each Company Facility, in the case of each of clauses (i), (ii) and (iii) which would result in a material liability to the Business, the Companies and the Subsidiaries, taken as a whole.

(c) (i) Parent, the Sellers, the Companies and the Subsidiaries have not received written notice from any Government Entity that the Company Facilities are in violation or allegedly in violation of, do not comply or allegedly do not comply with, or are the basis for liability or alleged liability under any applicable Environmental Law and (ii) no other written notice has been received, no complaint filed, no penalty assessed and no investigation, action, claim, suit, proceeding or review is pending, or to Parent's knowledge, threatened by any Person with respect to the Business, any Company or any Subsidiary and relating to any Environmental Law or Hazardous Substance, in the case of each of (i) and (ii), which would result in a material liability to the Business, the Companies and the Subsidiaries, taken as a whole.

(d) None of the Companies nor any Subsidiary has contractually assumed, or otherwise assumed by operation of law, the liabilities of any third party relating to any Environmental Law or Hazardous Substance (other than any indemnity provided pursuant to a commercial Contract entered into by a Company or a Subsidiary in the ordinary course of business consistent with past practice whereby such Company or Subsidiary indemnifies the counterparty to such Contract for the actions of subcontractors of the Companies or the Subsidiaries engaged to install products under such Contract and pursuant to which the applicable Company or Subsidiary is not liable (i) for consequential damages in excess of $5,000,000 or (ii) damages that are uncapped or capped at an amount more than the amount of sales under such Contract other than damages for gross negligence or willful misconduct (any such indemnity, a "Contractor Indemnity")).

(e) Other than with respect to the facilities listed on Section 3.15(e) of the Disclosure Schedule, the transactions contemplated herein and the transactions contemplated by the Step Plan will require no filings or other actions be taken pursuant to the New Jersey Industrial Site Recovery Act or the Connecticut Property Transfer Act, each as amended.

(f) Parent has made available to Buyer all material written environmental audits, and reports (including "Phase I" and "Phase II" environmental reports) in its possession or control, relating to the Business, the Companies, the Subsidiaries or any property currently or formerly owned, leased or operated by the Business, any Company or any Subsidiary (including the Company Facilities).

3.16 Asbestos Matters.

(a) Section 3.16(a) of the Disclosure Schedule lists all Company Asbestos Actions pending as of August 15, 2016 with (i) the plaintiff name and docket number; (ii) the manufacturer, seller or brand to which the pending Company Asbestos Action relates; and (iii) alleged disease.

(b) Section 3.16(b) of the Disclosure Schedule lists as of August 15, 2016 all settled Company Asbestos Actions with (i) the plaintiff name and docket number; (ii) the manufacturer, seller or brand to which the settled Company Asbestos Action relates; (iii) alleged disease; and (iv) all amounts paid with respect to such settled Company Asbestos Action for defense and settlement.

(c) Section 3.16(c) of the Disclosure Schedule lists as of August 15, 2016 all Company Asbestos Actions dismissed without payment since September 28, 2012.

(d) (i) Only the Companies or the Subsidiaries (or their respective predecessors) listed on Section 3.16(d)(i) of the Disclosure Schedule may have ever manufactured, distributed, sold, serviced or placed into commerce any product containing asbestos and no other Companies or Subsidiaries have manufactured, distributed, sold, serviced or placed into commerce any product containing asbestos and (ii) only the Companies or the Subsidiaries (or their respective predecessors) listed on Section 3.16(d)(ii) of the Disclosure Schedule have been named as a defendant in a Company Asbestos Action.

(e) None of the Business, the Companies or the Subsidiaries or any of their respective predecessors manufactured, sold, distributed or otherwise placed into commerce any asbestos or asbestos-containing products after 1992.

(f) Section 3.16(f) of the Disclosure Schedule identifies by Company or Subsidiary all insurance policies or missing insurance policies supported by secondary evidence of coverage, insurance coverage in place agreements, and indemnities to the knowledge of Parent that may provide coverage with respect to Company Asbestos Actions subject to the liability limits, deductibles or self-insured retentions listed therein (the "Coverage Documents"). Each of the Coverage Documents is valid and enforceable by the Companies and the Subsidiaries in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights and remedies generally, and by general equitable principles (solely to the extent recognized by applicable and binding Law) and has not been cancelled or rescinded (other than Coverage Documents that pursuant to their terms have been fully exhausted). The consummation of the transactions contemplated herein and contemplated by the Step Plan will not modify, alter, void, abrogate or otherwise diminish any coverage to the Business, the Companies or the Subsidiaries (or their predecessors, if relevant) under the Coverage Documents. To the knowledge of Parent, the Coverage Documents are not subject to limit erosion as a result of any claims presented, or that could be presented, by any Person other than a Company or a Subsidiary.

(g) Parent has made available to Buyer true and complete copies of all Coverage Documents and insurance coverage charts relating to Company Asbestos Actions.

3.17 Title to Assets; Necessary Assets.

(a) The Companies and the Subsidiaries have good and valid title to (or its equivalent under applicable Law), or, in the case of leased property and assets, valid leasehold interests in, all of their respective properties and assets (whether real, personal, intangible or intangible), including those

properties and assets reflected in the Recent Balance Sheet or acquired after the date of the Recent Balance Sheet, except for property and assets sold since the date of the Recent Balance Sheet in the ordinary course of business consistent with past practice. Such properties and assets are held free and clear of any Liens, except for Permitted Liens.

(b) Section 3.17(b) of the Disclosure Schedule sets forth the street address (or other description) and owner of each real property owned by the Companies or any of the Subsidiaries (the "Owned Real Property"). With respect to each Owned Real Property: (i) a Company or a Subsidiary (as the case may be) holds valid title to such Owned Real Property, which shall be free and clear of all Liens as of the Closing Date, except Permitted Liens, (ii) except for Permitted Liens, such Company or Subsidiary has not leased or otherwise granted to any Person the right to use or occupy any Owned Real Property that is material to the Business, the Companies and the Subsidiaries, taken as a whole, or any portion thereof; (iii) other than the right of Buyer pursuant to this Agreement, there are no outstanding options, rights of first offer or rights of first refusal to purchase any Owned Real Property that is a manufacturing facility or otherwise material to the Business, the Companies and the Subsidiaries, taken as a whole, or any portion thereof or interest therein, (iv) there are no pending, or to the knowledge of Parent, threatened condemnation or similar proceedings related to any Owned Real Property and (v) the current use, occupancy and operation of each Owned Real Property complies, in all material respects, with applicable Laws.

(c) Section 3.17(c) of the Disclosure Schedule sets forth the street address (or other description) of each real property leased, subleased, licensed or otherwise occupied pursuant to similar agreements by any Company or Subsidiary (the "Leased Real Property") as of the date of this Agreement. A Company or Subsidiary (as the case may be) has a valid leasehold, license or similar interest in all Leased Real Property, which shall be free and clear of all Liens as of the Closing Date, except Permitted Liens.

(d) All buildings, plans, improvements and structures located on the Company Facilities have, to the knowledge of Parent, no material defects, are in suitable working condition and repair for use in the ordinary course of business and have been reasonably maintained consistent with standards generally followed in the industry in which the Business, the Companies and the Subsidiaries operate, ordinary wear and tear and scheduled maintenance excepted.

(e) The Companies and the Subsidiaries collectively own, or hold under valid leases, all material machinery, equipment and other tangible personal property used in the conduct of the Business as currently conducted, free and clear of all Liens except for Permitted Liens. Such machinery, equipment and other tangible personal property have no material defects, are in suitable working condition and repair for use in the ordinary course of business and have been reasonably maintained consistent with standards generally followed in the industry (given due account to the age and length of use of same, ordinary wear and tear excepted).

(f) Except for services provided pursuant to the Transition Services Agreement, the assets and properties of the Companies and the Subsidiaries as of the Closing will comprise all of the material assets and properties used or held for use in connection with the Business and are adequate to conduct the Business as currently conducted and as conducted during the twelve months preceding the date hereof.

3.18 Material Contracts. Section 3.18 of the Disclosure Schedule sets forth a true and complete list as of the date hereof of each of the following types of Contracts to which any Company or any Subsidiary is a party or bound, other than any Carve-Out Document (each such Contract disclosed or required to be disclosed pursuant to this Section 3.18, a "Material Contract"):

(a) Any collective bargaining agreement or other Contract to or with any labor union or other employee representative of a group of employees;

(b) Any Contract (other than any Contract for the lease of Leased Real Property) (i)(A) that requires annual payments or consideration furnished by any of the Companies or the Subsidiaries of more than $1,000,000 or its Foreign Currency equivalent on the date hereof, (B) that requires aggregate payments or consideration furnished by any of the Companies or the Subsidiaries of more than $5,000,000 or its Foreign Currency equivalent on the date hereof or (C) pursuant to which there were during 2015 payments or consideration furnished by any of the Companies or Subsidiaries of more than $2,000,000 or (ii)(A) that requires annual payments or consideration furnished to any of the Companies or the Subsidiaries of more than $1,000,000 or its Foreign Currency equivalent on the date hereof, (B) that requires aggregate payments or consideration furnished to any of the Companies or the Subsidiaries of more than $5,000,000 or its Foreign Currency equivalent on the date hereof; or (C) pursuant to which there were during 2015 payments or consideration furnished to any of the Companies or Subsidiaries of more than $5,000,000;

(c) Any employment Contract with the President of the Business, the employees of the Companies or the Subsidiaries who are his direct reports and the employees of the Companies or the Subsidiaries who are the direct reports of his direct reports;

(d) Any joint venture or partnership Contract, or other similar Contract, with a party that is not a Company or a Subsidiary;

(e) Any Contract (other than distribution Contracts) that contains covenants that restrict the business activity of any Company or Subsidiary or limits the freedom of any Company or any Subsidiary to compete in any line of business or with any Person in any area or which would so limit the freedom of any Company or any Subsidiary after the Closing;

(f) Any Contract relating to the borrowing of money with a party that is not a Company or a Subsidiary;

(g) Any Contract for the lease of personal property that has future liability in any calendar year in excess of $500,000 or its Foreign Currency equivalent on the date hereof;

(h) Any Contract for the lease of Leased Real Property either (i) consisting of (A) a manufacturing facility containing 50,000 rentable square feet or more or (B) any other facility containing 50,000 rentable square feet or more and with a future liability in any calendar year in excess of $500,000 or its Foreign Currency equivalent on the date hereof or (ii) that has future liability in any calendar year in excess of $500,000 or its Foreign Currency equivalent on the date hereof;

(i) Any Contract (excluding licenses for commercial off the shelf Software that are generally available on nondiscriminatory pricing terms) pursuant to which any of the Companies or the

Subsidiaries (i) obtains the right to use, or a covenant not to be sued under, any Intellectual Property Right or (ii) grants the right to use, or a covenant not to be sued under, any Intellectual Property Right;

(j) Any sales agent or sales representative agreement pursuant to which the Companies and/or the Subsidiaries made aggregate payments to the sales agent or sales representative of at least $500,000 or its Foreign Currency equivalent during 2015;

(k) Any dealer or distribution agreement pursuant to which the Companies and/or the Subsidiaries received aggregate payments of at least $2,000,000 or its Foreign Currency equivalent during 2015;

(l) Any Contract with any director or officer of any of the Companies or any Subsidiary, other than any Contracts disclosed in Section 3.18(c) of the Disclosure Schedule;

(m) Any Contract relating to the acquisition or disposition of (i) any material business (whether by merger, sale of stock, sale of assets or otherwise) entered into during the five-year period immediately preceding the date hereof relating to the Business or (ii) any business (whether by merger, sale of stock, sale of assets or otherwise) with respect to which any Company or Subsidiary will have any liabilities or obligations after giving effect to the Closing;

(n) Any Contract with any Material Customer or Material Supplier that is not otherwise disclosed in Section 3.18(b) of the Disclosure Schedule;

(o) Any Contract or purchase order providing for the sale of products or the provision of services (i) pursuant to which any Company or any Subsidiary has agreed to indemnify or hold harmless the other party thereto for any actions of a Person other than a Company or a Subsidiary or any employee thereof, other than any such Contract or purchase order where a Company or Subsidiary has agreed to such indemnification solely pursuant to a Contractor Indemnity, or (ii) pursuant to which the other party thereto has the right to set off amounts owed by any Company or Subsidiary against amounts owed by or claims against a Person other than a Company or Subsidiary thereof;

(p) Any Contract, bid or offer providing for the sale of products or the provision of services to third parties which (i) to the knowledge of Parent, is at a price which would result in a net loss of $250,000 or more on the sale of such products or provision of such services, (ii) contains terms or conditions which such Company or Subsidiary cannot reasonably be expected to satisfy or fulfil in whole or in part, (iii) would permit such third party to seek or recover consequential, special or similar damages or provides for liquidated damages, in each case that does not contain a cap on damages of $5,000,000 or less, or (iv) does not contain a cap on damages other than damages for gross negligence or willful misconduct; or

(q) Any other Contract not made in the ordinary course of business that is material to the Business, the Companies and the Subsidiaries, taken as a whole.

Each Material Contract is in full force and effect and is valid and enforceable by the Companies or the Subsidiaries in accordance with its terms. The Companies and the Subsidiaries are in compliance with all material terms and requirements of each Material Contract, and none of the Companies, the Subsidiaries or, to the knowledge of Parent, any other party thereto is in default or breach in any material respect under the terms of any such Material Contract, and, to the knowledge of

Parent, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute any event of default thereunder. True and complete copies of all Material Contracts have been made available to Buyer.

3.19 Employee Benefit Plans.

(a) Section 3.19(a)(i) of the Disclosure Schedule lists each Company Benefit Plan, except that, with respect to employment agreements, only those agreements specified in Section 3.18(c) and those in effect with the direct reports of any such individual described in Section 3.18(c) are listed. "Company Benefit Plan" means each (i) "employee benefit plan" (within the meaning of ERISA, whether or not subject to ERISA), (ii) stock option, stock appreciation right, phantom stock, restricted stock, consulting, severance, termination protection, change in control, transaction bonus, retention, or other compensation or benefits plan, program, arrangement, agreement or understanding or (iii) other plan, program, arrangement, agreement or understanding providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation or expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers' compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits) that, in each case, is maintained or contributed to by the Companies or the Subsidiaries, or by Parent or any of its Affiliates for the benefit of current or former Service Providers, or for which the Business or any of the Companies or the Subsidiaries have any direct or indirect liability, other than in each case plans, programs, arrangements, housing funds, agreements or other understandings (collectively, "Government Plans") that are mandated by applicable Law and that are maintained either solely by a Government Entity or on behalf of a Government Entity by a third-party entity other than Parent or one of its Affiliates (including the Company or any Subsidiary) (such as Social Security contributions or the foreign equivalent thereof). Section 3.19(a)(i) of the Disclosure Schedule identifies which Company Benefit Plans are sponsored or maintained by the Companies or the Subsidiaries ("Purchased Entity Plans"), which Company Benefit Plans are sponsored or maintained by Parent or one of its Affiliates (other than the Companies or the Subsidiaries) and which Company Benefit Plans are defined benefit pension plans. Except for those non-material, non-U.S., welfare-related plans and non-material bonus and commission plans set forth on Section 3.19(a)(ii) of the Disclosure Schedule, with respect to each of the Company Benefit Plans listed in Section 3.19(a)(i) of the Disclosure Schedule, if applicable, Parent has made available to Buyer a true and complete copy of (A) each Company Benefit Plan (or a description, if such Company Benefit Plan is not written), (B) the summary plan description for each such Company Benefit Plan, (C) the most recent actuarial or financial valuation reports, (D) the trust (and any amending trust documentation) or other funding agreement and (E) the most recently issued favorable determination letter from the IRS or by the equivalent Government Entity in relation to the Foreign Plans, as may be applicable. With respect to those documents listed in Section 3.19(a)(ii) of the Disclosure Schedule, Parent shall make such documents available to Buyer not later than 30 days after the date hereof. Without limiting clause (C) of the immediately preceding sentence, Parent has used reasonable best efforts to make available to Buyer prior to the date hereof, with respect to each Company Benefit Plan that is a defined benefit plan, a true and complete copy of the most recent actuarial reports (if such reports exist) signed by an independent local actuary that meet the reporting requirements of local actuarial standards of practice and, to the extent that Parent has not made such reports available to Buyer prior to the date hereof, Parent shall make such reports (if such reports exist) available to Buyer not later than 30 days after the date hereof.

(b) Each Company Benefit Plan has been maintained in compliance in all respects with all provisions of ERISA, the Code or their foreign equivalents, and other Laws applicable to the Company Benefit Plans, and each such plan has been administered in accordance with its terms, except where the failure to do so would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries taken as a whole. With respect to each Company Benefit Plan that is intended to be a "qualified plan" within the meaning of Code Section 401(a), the IRS has issued a favorable determination letter or a determination letter with respect to such plan is pending, and no circumstances exist that would reasonably be expected to result in any such letter being revoked or not being issued or reissued or a penalty under the IRS Closing Agreement Program if discovered during an IRS audit or investigation. None of the Companies or the Subsidiaries maintain or contribute to (or have within the past six years maintained or contributed to) or have any actual or contingent liability with respect to any plan subject to Title IV of ERISA (including any "multiemployer plan," as defined in Section 3(37) of ERISA), ERISA Section 302 or Code Sections 412 or 4971(a).

(c) With respect to Company Benefit Plans subject to ERISA or the Code, there are and have been no "prohibited transactions" (within the meaning of ERISA Sections 406 or 407 or Code Section 4975) with respect to any Company Benefit Plan for which a statutory or administrative exemption does not exist. With respect to each Company Benefit Plan, there is no litigation, action, suit, investigation, audit, proceeding or claim pending (other than routine claims for benefits) or, to Parent's knowledge, threatened with respect to such plan or against the assets of any such plan.

(d) None of the Companies or the Subsidiaries are required to provide any current or former Service Providers with a gross-up, make-whole or other additional payment with respect to Taxes, interests or penalties imposed under any Tax provisions, including Code Sections 409A or 4999.

(e) None of the Companies or the Subsidiaries have any current or projected liabilities for, and no Company Benefit Plan provides or promises, any post-employment or post-retirement medical, dental, disability, hospitalization, life or similar benefits (whether insured or self-insured) to any current or former Service Provider (other than coverage mandated by applicable Law).

(f) All contributions, premiums and payments that are due have been made for each Company Benefit Plan and Government Plan within the time periods prescribed by the terms of such plan and applicable Law.

(g) There has been no action or announcement (whether or not written) by the Companies or the Subsidiaries or by Parent or any of its Affiliates relating to, or change in employee participation or coverage under, any Company Benefit Plan that would increase in any material respect the expense of maintaining such plan above the level of expense incurred in respect thereof for the most recent fiscal year ended prior to the date hereof.

(h) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby (either alone or together with any other event) will (i) entitle any current or former Service Provider to any payment or benefit, including any bonus, retention, severance, retirement or job security payment or benefit, (ii) accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, or increase the amount payable or trigger any other obligation under, any Company Benefit Plan or (iii) limit or restrict the right of the Companies or any of the Subsidiaries or, after the Closing, Buyer, to

merge, amend or terminate any Company Benefit Plan that is maintained by the Companies or any of the Subsidiaries.

(i) No Company Benefit Plan, individually or collectively, would reasonably be expected to provide for the payment of any amount that would not be deductible under Section 280G of the Code as a result of the transactions contemplated by this Agreement (either alone or together with any event).

(j) Each Company Benefit Plan, and any award thereunder, that is or forms part of a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code has been timely amended (if applicable) to comply and has been operated in compliance with, and the Companies and the Subsidiaries have complied in practice and operation with, all applicable requirements of Section 409A of the Code.

(k) Parent has provided to Buyer a true and complete list, as of a date that is within 15 days prior to the date of execution of this Agreement, of all Active Employees in all executive, technical, sales, administrative and marketing positions, which indicates for each such employee his or her position, base compensation, bonus opportunity, date of hire, employment status and for U.S. employees, job classification (exempt or non-exempt); provided that no later than the Closing Date, Parent will provide Buyer with a revised version of such list, updated as of the most recent practicable date (and in no event as of earlier than 15 days prior to the Closing Date); provided, further, that such information shall be provided for Active Employees in Germany and The Netherlands on an (i) anonymized basis to the extent required by applicable Law and (ii) individualized basis no later than the Closing Date (and in no event as of earlier than 15 days prior to the Closing Date).

(l) The only Company Benefit Plan that is a pension plan that is required in respect of the Companies or Subsidiaries in The Netherlands is the pension plan of the Metal and Engineering Industry Pension Fund and no other pension plans apply in The Netherlands under any other collective labor agreements or mandatory industry wide pension funds.

3.20 Labor.

(a) The Business, the Companies and the Subsidiaries are, and have been since January 1, 2013, in compliance with all applicable Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, employee classification, discrimination, sexual harassment, civil rights, affirmative action, work authorization, immigration, safety and health, information privacy and security, workers compensation, continuation coverage under group health plans, wage payment and the payment and withholding of Taxes, except for instances of noncompliance that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole.

(b) There are no pending grievances, labor arbitrations or other labor disputes relating to Service Providers, except for grievances, arbitrations or disputes that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole. None of the Companies or the Subsidiaries have engaged in any unfair labor practices, as defined in the National Labor Relations Act or breached the requirements of any local Laws applicable to such employees, and there is no unfair labor practice charge or complaint against the Business, any of the Companies or the Subsidiaries pending or, to the knowledge of Parent, threatened

before the National Labor Relations Board, relevant national authorities or any similar Government Entity.

(c) None of the Companies or the Subsidiaries is a party to or subject to, or is currently negotiating in connection with entering into, any collective bargaining, works council or other labor agreement. Since January 1, 2013, no employees or groups of employees of the Companies or any of the Subsidiaries have engaged in any strike, picketing, labor disturbance, slowdown or work stoppage affecting the Business, the Companies or the Subsidiaries. To the knowledge of Parent, there is no union organizing effort under way, pending or threatened with respect to the Companies or any of the Subsidiaries.

(d) The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or other employee representative body is not required for Parent to enter into this Agreement or to consummate any of the transactions contemplated hereby.

(e) None of Parent, the Sellers, the Companies or the Subsidiaries have taken any action that would reasonably be expected to cause Buyer or any of its Affiliates to have any liability or other obligation following the Closing Date under the WARN Act.

(f) The Business, the Companies and the Subsidiaries have all necessary visas, work permits, registrations or other arrangements in place as required by applicable Law in relation to all applicable employees.

3.21 Intellectual Property Rights.

(a) Section 3.21(a) of the Disclosure Schedule sets forth a true and complete list, as of the date hereof, of all patents, trademarks, trade names, copyrights, design rights and domain names in any jurisdiction that, in each case, are registered (including applications therefor) and that, in each case, are owned by the Companies and the Subsidiaries. To the knowledge of Parent, the conduct of the Business as currently conducted does not conflict with any valid patents, trademarks, trade names, design rights or copyrights of others.

(b) The Licensed Intellectual Property Rights and the Owned Intellectual Property Rights together constitute all the Intellectual Property Rights necessary to, or used or held for use in, the conduct of the Business as currently conducted. To the knowledge of Parent, there exist no material restrictions on the disclosure, use, license or transfer of the Owned Intellectual Property Rights. The consummation of the transactions contemplated by this Agreement will not (i) alter, encumber, impair or extinguish any Owned Intellectual Property Rights or Licensed Intellectual Property Rights or (ii) encumber any of the Intellectual Property Rights licensed or owned by Buyer.

(c) None of the Business, the Companies or the Subsidiaries have infringed, misappropriated or otherwise violated any Intellectual Property Right of any other Person. There is no claim, action, suit, investigation or proceeding pending against, or, to the knowledge of Parent, threatened against or affecting, any of the Business, the Companies or any of the Subsidiaries, or any present or former officer, director or employee of any of the Companies or any of the Subsidiaries, (i) based upon, or challenging or seeking to deny or restrict, the rights of any of the Companies or any of the Subsidiaries in any of the Owned Intellectual Property Rights, (ii) alleging that the use of the Owned Intellectual Property Rights or the Licensed Intellectual Property Rights or any services provided, processes used

or products manufactured, used, imported, offered for sale or sold by any of the Companies or any of the Subsidiaries do or may conflict with, misappropriate, infringe or otherwise violate any Intellectual Property Right of any third party or (iii) alleging that any of the Business, the Companies or any of the Subsidiaries have infringed, misappropriated or otherwise violated any Intellectual Property Right of any third party, or (iv) offering an "invitation to license" as a means to avoid infringement or potential infringement of any Intellectual Property Rights of any third party.

(d) The Companies and the Subsidiaries are the sole owners of all Owned Intellectual Property Rights and hold all right, title and interest in and to all Owned Intellectual Property Rights and licensed right in and to the Licensed Intellectual Property Rights, free and clear of any Lien (other than any Permitted Lien). The Companies and the Subsidiaries have taken all commercially reasonable actions necessary to maintain and protect the Owned Intellectual Property Rights, including payment of applicable maintenance fees and filing of applicable statements of use. The Companies and the Subsidiaries have taken all commercially reasonable actions necessary to maintain their rights in Licensed Patent Rights, and are in good standing under all agreements with third parties regarding such Licensed Patent Rights. None of the Owned Intellectual Property Rights has been adjudged invalid or unenforceable in whole or part, and, to the knowledge of Parent, all such Owned Intellectual Property Rights are valid and enforceable.

(e) To the knowledge of Parent, no Person has infringed, misappropriated or otherwise violated any Owned Intellectual Property Right or Licensed Intellectual Property Right in a manner that is material to the Business. The Companies and the Subsidiaries have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of all Intellectual Property Rights of the Companies and the Subsidiaries that are material to the Business, the Companies and the Subsidiaries, taken as a whole, and the value of which to the Business, the Companies and the Subsidiaries is contingent upon maintaining the confidentiality thereof, and none of such Intellectual Property Rights have been disclosed other than to employees, representatives and agents of any Company or any Subsidiary, all of whom are bound by written confidentiality agreements substantially in the form previously disclosed to Buyer.

(f) The IT Assets operate and perform in a manner that permits the Companies and the Subsidiaries to conduct the Business as currently conducted. The Companies and the Subsidiaries have taken commercially reasonable actions, consistent with current industry standards, to protect the confidentiality, integrity, operation and security of the IT Assets (and all information and transactions stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption, including the implementation of commercially reasonable (i) data backup, (ii) disaster avoidance and recovery procedures, (iii) business continuity procedures and (iv) encryption and other security protocol technology. There has been no unauthorized use, access, interruption, modification or corruption of any IT Assets (or any information or transactions stored or contained therein or transmitted thereby).

3.22 Intercompany Accounts. Section 3.22 of the Disclosure Schedule contains a true and complete list of all intercompany balances as of the date of the Recent Balance Sheet between Parent and its Affiliates (other than any Company or any Subsidiary), on the one hand, and each of the Companies and the Subsidiaries, on the other hand. Since the date of the Recent Balance Sheet, there has not been any accrual of liability by any Company or any Subsidiary to Parent or any of its Affiliates (other than any Company or any Subsidiary) or any other transaction between any Company or any Subsidiary, on

the one hand, and Parent or any of its Affiliates (other than any Company or any Subsidiary), on the other hand, except in the ordinary course of business consistent with past practice and except for actions taken to implement or give effect to the Step Plan in compliance with the terms and conditions of this Agreement.

3.23 Product Liabilities and Recalls. Section 3.23 of the Disclosure Schedule sets forth a list of (a) each product and service warranty claim, or group of claims arising from substantially similar occurrences, events or set of facts, of the Business, the Companies and the Subsidiaries involving an amount in excess of $100,000 and that is reflected on the Recent Balance Sheet and (b) each product liability and product recall claim of the Business, the Companies and the Subsidiaries, in each of clauses (a) and (b) outstanding or experienced since January 1, 2013.

3.24 Material Customers. Section 3.24 of the Disclosure Schedule lists the ten largest customers of the Business (measured by aggregate payments to the Business) for the last full fiscal year and the six months ended June 30, 2016 of the Business. Since January 1, 2013, to the knowledge of Parent, no customer listed or required to be listed on Section 3.24 of the Disclosure Schedule (each a "Material Customer") has notified, in writing, Parent, the Sellers, the Business, the Companies or the Subsidiaries that such customer intends to terminate buying services from any of the Business, the Companies or the Subsidiaries. There are no claims against or by, or material disputes pending or, to the knowledge of Parent, threatened with, any of the Material Customers.

3.25 Material Suppliers. Section 3.25 of the Disclosure Schedule lists the ten largest suppliers of the Business (measured by aggregate payments by or in respect of the Business) for the last full fiscal year and the five months ended May 31, 2016 of the Business. Since January 1, 2013, to the knowledge of Parent, no supplier listed or required to be listed on Section 3.25 of the Disclosure Schedule (each a "Material Supplier") has notified, in writing, Parent, the Sellers, the Business, the Companies or the Subsidiaries that such supplier intends to terminate supplying services to any of the Business, the Companies or the Subsidiaries. There are no claims against or by, or material disputes pending or, to the knowledge of Parent, threatened with, any of the Material Suppliers.

3.26 Guarantees, Bonds and Letters of Credit. Section 3.26 of the Disclosure Schedule lists all material guarantees (including of performance under Contracts including under foreign exchange Contracts), letters of credit or other credit arrangements, including surety and performance bonds and similar documents, agreements or arrangements, issued and outstanding or entered into by or on behalf of, or in support of any liability or obligation of, any of the Business, the Companies or the Subsidiaries, or that, to the knowledge of Parent, are required to be issued by any Company or Subsidiary pursuant to any existing Contract or awarded bid or request for proposals, in each case guaranteeing obligations of the Business, the Companies or the Subsidiaries in excess of $100,000 in any instance, indicating in each case the obligor with respect to such guarantee, letter of credit or other credit arrangement and the beneficiary thereof.

3.27 Related Party Transactions. Section 3.27 of the Disclosure Schedule lists all material Contracts and transactions between Parent and its Affiliates (other than any Company or Subsidiary), on the one hand, and a Company or Subsidiary, on the other hand, except for actions taken to implement or give effect to the Step Plan in compliance with the terms and conditions of this Agreement.

3.28 Bank Accounts. Section 3.28 of the Disclosure Schedule lists all bank accounts, safety deposit boxes, securities accounts and lock-boxes of the Companies and the Subsidiaries.

3.29 Step Plan. Parent has made available to Buyer a true and complete copy of the Step Plan and has or will make available prior to the Closing true and complete copies of the implementing documents in respect thereof (the "Carve-Out Documents"). Each of the Carve-Out Documents (a) is or when executed will be a valid and binding agreement of the parties thereto, enforceable in accordance with its terms, except as such may be limited by bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights and remedies generally, and by general equitable principles, (b) does not (or, when executed and consummated, will not) violate any applicable Law and (c) will not result in any liability or cost to any Company or any Subsidiary, except as specifically provided in such Carve-Out Document (including the assumption of any liability or cost specifically provided in such Carve-Out Document) and consented to by Buyer in accordance with Section 5.15.

3.30 Fees. Except for the fees payable to Citigroup Global Markets Inc. and Goldman, Sachs & Co., which shall be paid by Parent, none of Parent, the Sellers, the Companies or the Subsidiaries have paid or become obligated to pay any fee or commission to any broker, finder or other intermediary who might be entitled to any fee or commission in connection with the transactions provided for herein or in connection with the negotiation thereof.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth herein, Buyer hereby represents and warrants to Parent that, as of the date hereof and as of the Closing Date:

4.1 Due Organization and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Missouri. Buyer has all requisite corporate power to enter into this Agreement and the Ancillary Agreements to be executed by Buyer and to carry out the transactions contemplated hereby and thereby.

4.2 Authority. The execution, delivery and performance of this Agreement and the Ancillary Agreements to be executed, delivered and performed by Buyer and the consummation of the transactions contemplated hereby and thereby are within the corporate powers of Buyer and have been duly authorized by the Board of Directors of Buyer. No other corporate act or proceeding on the part of Buyer or its shareholders is necessary to authorize this Agreement or the Ancillary Agreements to be executed, delivered and performed by Buyer or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes, and when executed and delivered, the Ancillary Agreements to be executed, delivered and performed by Buyer will constitute (assuming the due authorization, execution and delivery by the other parties hereto and thereto), valid and binding agreements of Buyer, enforceable in accordance with their respective terms, except as such may be limited by bankruptcy, insolvency, reorganization or other Laws affecting creditors' rights generally, and by general equitable principles.

4.3 No Violation. Neither the execution, delivery and performance of this Agreement or the Ancillary Agreements to be executed, delivered and performed by Buyer nor the consummation by Buyer of the transactions contemplated hereby and thereby (a) will violate any Law or any Order of any Government Entity applicable to Buyer, (b) except for applicable requirements of the HSR Act and any other applicable Competition Laws, will require any action, authorization, consent or approval by, filing with or notice to any Government Entity, (c) will require any consent or other action by any Person

under, violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in or give rise to any right to the termination or cancellation of, or to the acceleration of the performance required by, or to a loss of benefit to which Buyer is entitled under, the express terms of any Contract to which Buyer is a party or by which Buyer or any of its assets or properties may be bound or affected, or (d) will violate any term or provision of the charter of Buyer, except, in the case of clauses (a), (b) and (c), for such violations, conflicts, defaults, terminations, cancellations, accelerations or losses of benefit that would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Buyer's ability to perform its obligations hereunder.

4.4 Financial Capacity. Buyer has and will have at the Closing cash on hand or undrawn amounts under existing credit facilities necessary to consummate the transactions contemplated by this Agreement. There has not been any event, circumstance or change that would adversely impact Buyer's ability to have such funds available as of the Closing. For the avoidance of doubt, Buyer's obligations under this Agreement are not subject to any conditions regarding Buyer's or its Affiliates' ability to obtain financing for the consummation of the transactions contemplated by this Agreement.

4.5 No Litigation or Impediment. There are no legal proceedings pending or, to the knowledge of Buyer, threatened that are reasonably likely to prohibit or restrain the ability of Buyer to enter into this Agreement or of Buyer to consummate the transactions contemplated hereby, and there is no transaction currently contemplated or pending by Buyer or any of its Affiliates that would be reasonably expected to have the effect of preventing, delaying, making illegal or otherwise interfering with any of the transactions contemplated hereby.

4.6 Fees. Except for the fees payable to Greenhill & Co., LLC, which shall be paid by Buyer, neither Buyer nor any of its Affiliates (including any Designated Purchaser) has paid or become obligated to pay any fees or commissions to any broker, finder or other intermediary who might be entitled to any fee or commission in connection with the transactions provided for herein or in connection with the negotiation thereof.

4.7 Application to Designated Purchaser. The representations and warranties set forth in this Article IV (other than Section 4.4) are true and correct with respect to each Designated Purchaser to which Buyer assigns any of its rights or obligations under this Agreement in accordance with Section 1.2 (for purposes of this Article IV, the term "Buyer" in each of the representations and warranties set forth in Article IV (other than Section 4.4) shall be deemed to be replaced with the term "Designated Purchaser" and any terms or concepts therein not recognized under the Laws of such Designated Purchaser's jurisdiction of incorporation or organization shall be replaced with the local legal equivalent thereof).

4.8 No Other Representations or Warranties; Projections.

(a) Buyer acknowledges that the detailed representations and warranties contained herein have been negotiated at arm's length among sophisticated business entities. Except for the representations and warranties contained in Article III, Buyer agrees that none of Parent nor any other Person acting on behalf of Parent makes or has made any other express or implied representation or warranty to Buyer as to the accuracy or completeness of any information regarding the Companies, the Subsidiaries, the Business or the transactions contemplated by this Agreement. Buyer agrees that, except for the representations and warranties contained herein, the assets and the business of the Companies

and the Subsidiaries are being transferred on a "where is" and, as to condition, "as is" basis. Parent makes no other representation or warranty, express or implied, with respect to the design, condition, capacity, value, utility, performance or quality of such assets (including inventory), and Parent makes no implied warranty of merchantability or fitness for a particular purpose with respect thereto, or as to the condition or the absence of any defects therein. Buyer further agrees that, except as expressly set forth in this Agreement or in the case of fraud, none of Parent or any other Person will have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer, or their use, of any information, document or material made available or provided to Buyer in certain data rooms, management presentations or any other form in expectation of the transactions contemplated by this Agreement. Buyer acknowledges that it is Buyer's understanding that the burden to conduct an investigation of the Companies and the Subsidiaries lies solely with Buyer and that Buyer bears the risk that any information, document or material made available or provided to Buyer in the course of its investigation is inaccurate or incomplete, except as expressly set forth in this Agreement or in the case of fraud.

(b) Without limitation, in connection with Buyer's investigation of the Companies and the Subsidiaries, Buyer has received from or on behalf of Parent certain projections, forecasts and business plans. Buyer acknowledges that there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, that Buyer is familiar with such uncertainties, that Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such estimates, projections and forecasts), and that, except in the case of fraud, Buyer shall have no claim against Parent, the Companies or the Subsidiaries or any other Person acting for or on behalf of Parent, the Companies or the Subsidiaries with respect thereto. Accordingly, none of Parent or any Person acting on its behalf makes any representation or warranty with respect to such estimates, projections and other forecasts and plans (including the reasonableness of the assumptions or the accuracy of the information underlying such estimates, projections and forecasts).

ARTICLE V

COVENANTS

5.1 Access to Information Concerning Properties and Records; Confidentiality.

(d) Except for information that (i) Parent reasonably believes is competitively sensitive, relating to the trade secrets of the Companies or the Subsidiaries, (ii) if provided, would adversely affect the ability of Parent, the Companies or the Subsidiaries to assert attorney-client or attorney work product privilege or other similar privilege and (iii) in the reasonable opinion of Parent's legal counsel, may result in a violation of any Law or Contract applicable to Parent, the Companies or the Subsidiaries, Parent agrees to cause the Companies and the Subsidiaries, during the period commencing on the date hereof and ending on the Closing Date, to furnish or cause to be furnished to Buyer and its representatives, at reasonable times and upon reasonable notice, (A) such access, during normal business hours, to the Company Facilities as Buyer may from time to time reasonably request with due regard to minimizing disruption of the business of the Companies and the Subsidiaries; (B) such access to the books and records of Parent, the Companies and the Subsidiaries relating to the Companies and the Subsidiaries as Buyer may from time to time reasonably request; and (C) such access to financial and operating data and other information with respect to the Companies and the Subsidiaries,

including access to the work papers of Parent's independent auditors (with the consent of such auditors, which Parent shall use its reasonable best efforts to obtain), as Buyer may from time to time reasonably request. Further, during such period, upon reasonable advance notice to and with the prior consent of Parent in each instance (which consent shall not be unreasonably withheld), Buyer and its representatives shall be entitled to such access to the officers and key employees of the Companies and the Subsidiaries as Buyer may reasonably request; provided that prior to withholding any information described in clauses (i), (ii) or (iii), Parent shall notify Buyer in writing of the nature of such information being withheld and take any actions as may reasonably be requested by Buyer to implement alternate arrangements (including entering into confidentiality agreements or joint defense agreements, redacting parts of documents or preparing "clean" summaries of information) in order to allow Buyer access to such information to the fullest extent reasonably practicable under the circumstances. Buyer agrees that it will treat all information obtained from Parent, the Companies or the Subsidiaries or otherwise obtained in its due diligence investigation of the Companies and the Subsidiaries, including pursuant to Section 5.9, as "Proprietary Information" under the letter agreement entered into between Buyer and Parent dated April 12, 2016 (the "Confidentiality Agreement") and will continue to honor its obligations thereunder.

(e) After the Closing, Parent and its Affiliates will hold, and will cause their respective officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of applicable Law, all confidential documents and information concerning the Companies and the Subsidiaries, except to the extent that such information can be shown to have been (i) previously known on a nonconfidential basis by Parent or any of its Affiliates, (ii) in the public domain through no fault of Parent or its Affiliates or (iii) later lawfully acquired by Parent or any of its Affiliates from sources other than those related to its prior ownership of the Companies and the Subsidiaries. The obligation of Parent and its Affiliates to hold any such information in confidence shall be satisfied if they exercise the same care with respect to such information as they would take to preserve the confidentiality of their own similar information.

(f) Prior to the Closing, with respect to the matter described in Item 9 of Section 3.12(a) of the Disclosure Schedule, (i) Parent shall promptly inform Buyer of any material communication received from, or given to, any Government Entity regarding such matter, (ii) Buyer shall have the right to review in advance, and to the extent practicable Parent shall consult with Buyer on and consider in good faith the views of Buyer in connection with, any material filing made with, or material written materials to be submitted to any Government Entity in connection with such matter, (iii) Parent shall make available to Buyer copies of all material filings, notices and other written communications submitted or made by Parent or its Affiliates to any Government Entity or received from any Government Entity in connection with such matter and (iv) Parent shall consult with Buyer in advance of any material meeting, discussion, telephone call or conference with any Government Entity, and to the extent not expressly prohibited by the Government Entity or Person, give Buyer the opportunity to attend and participate in such meetings and conferences, in each case, regarding such matter, and (v) Parent shall consult with Buyer with respect to such matter and shall, upon Buyer's reasonable request and in any event no less often than biweekly, provide Buyer with reasonably detailed oral reports on the progress and status of such matter (including an opportunity to discuss such matter with the counsel for such matter and review any documents discovered or produced in connection with such matter).

5.2 Conduct of the Business Pending the Closing. From the date hereof until the Closing, except (i) as expressly required by this Agreement, (ii) for any actions set forth in Section 5.2 of the Disclosure Schedule, (iii) for actions taken to implement or give effect to the Step Plan in compliance with the terms and conditions of this Agreement, (iv) as otherwise consented to by Buyer in writing (which consent shall not be unreasonably withheld, conditioned or delayed) or (v) as is required to comply with applicable Law, Parent shall cause each of the following to occur:

(a) The Companies and the Subsidiaries will operate their business in the ordinary course of business on a basis consistent with past practice and (x) use their reasonable best efforts to (i) preserve intact their present business organization, (ii) maintain in effect all of their foreign, federal, state and local Permits, (iii) keep available the services of their directors, officers and employees including maintaining applicable visas where necessary, (iv) maintain satisfactory relationships with their customers, lenders, suppliers and others with which they have material business relationships, (v) maintain satisfactory relationships with relevant trade unions and other employee representative groups, (vi) manage their working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) in the ordinary course of business consistent with past practice and (vi) manage their contractual obligations (including the timing of performance of such contractual obligations by the Companies and Subsidiaries and counterparties thereto) in the ordinary course of business consistent with past practice and (y) maintain the Company Facilities and make capital expenditures in the ordinary course of business consistent with past practices taking into account the performance of the Business;

(b) The Companies and the Subsidiaries shall not amend their articles of incorporation, bylaws or other similar organizational documents (whether by merger, consolidation or otherwise);

(c) The Companies and the Subsidiaries shall not create, incur, assume, suffer to exist, guarantee or otherwise be liable with respect to any indebtedness for borrowed money or guarantees thereof, other than through intercompany borrowings from Parent, another Company or another Subsidiary in the ordinary course of business consistent with past practice;

(d) The Companies and the Subsidiaries shall not grant any severance, retention or termination pay to, or enter into or amend any severance, retention, termination, employment, consulting, bonus or change in control agreement with, any current or former Service Providers;

(e) The Companies and the Subsidiaries shall not grant any increase in the compensation, benefits, salaries or wages payable to Service Providers, except (i) for reasonable increases of salaries or wages for Service Providers who are not Key Employees in the ordinary course of business and consistent with past practice (including with respect to the timing and amount of such increases), provided that in no event shall any such increase for any such Service Provider exceed 5%, (ii) for reasonable increases of salaries or wages in connection with the promotion of a Service Provider who is not a Key Employee, consistent with the established salary grade guidelines as in effect on the date hereof and as provided to Buyer prior to the date hereof, (iii) for reasonable increases in benefits at the time of renewal of such benefit programs with third-party vendors in the ordinary course of business and consistent with past practice or (iv) as required by a Company Benefit Plan or collective bargaining or other labor agreement existing on the date hereof and provided to Buyer prior to the date hereof;

(f) Except as required by a Company Benefit Plan or collective bargaining or other labor agreement existing on the date hereof or as required by applicable Law, the Companies and the Subsidiaries shall not (i) grant any equity or equity-based awards to, or discretionarily accelerate the vesting or payment of any such awards held by, any current or former Service Providers, (ii) establish, adopt, enter into or amend any Company Benefit Plan or collective bargaining or other labor agreement, (iii) hire any employees (other than employees who are not Key Employees in the ordinary course of business and consistent with past practice to either fill vacancies arising due to terminations of employment of employees who are not Key Employees or to fill new positions (other than for Key Employees) that have been posted for either internal or external candidates as of the date hereof and provided to Buyer prior to the date hereof), (iv) terminate the employment of any employees other than (A) for cause or (B) on an individual basis in the ordinary course of business consistent with past practice and not involving a plant or division closing, mass layoff or other layoff involving multiple employees or (v) negotiate with any trustee of any Purchased Entity Plan;

(g) None of the Companies or the Subsidiaries shall (i) split, combine or reclassify any shares of capital stock of the Company or any Subsidiary or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of the capital stock of the Company or any Subsidiary, or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any Company Securities or any Subsidiary Securities, except for dividends by any Subsidiary on a pro rata basis to the equity owners thereof, (ii) incorporate or form any subsidiary of any Company or any Subsidiary or (iii) make a contribution of capital to any Subsidiary;

(h) (i) None of the Companies or the Subsidiaries shall issue, deliver or sell or authorize the issuance, delivery or sale of, any shares of any Company Securities or Subsidiary Securities or (ii) amend any term of any Company Security or any Subsidiary Security (in each case, whether by merger, consolidation or otherwise);

(i) None of the Companies or the Subsidiaries shall acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, securities, properties, interests or businesses, other than supplies in the ordinary course of business of the Companies and the Subsidiaries in a manner that is consistent with past practice;

(j) None of the Companies or the Subsidiaries shall sell, lease, sublease or otherwise transfer or dispose of, or create or incur any Lien on, or mortgage or pledge, any properties, assets, securities, interests or businesses of the Companies or the Subsidiaries, except for sales of inventory or obsolete equipment in the ordinary course of business consistent with past practice;

(k) None of the Companies or the Subsidiaries shall incur or commit to any capital expenditures or any obligations or liabilities in respect thereof, except to the extent that all unpaid obligations and liabilities in respect thereof as of the Closing do not exceed $5,000,000 in the aggregate;

(l) Except as contemplated by Section 5.6(l) of the Disclosure Schedule, none of the Companies or the Subsidiaries shall make any loans, advances or capital contributions to, or investments in, any other Person, other than to any of the Companies and/or Subsidiaries;

(m) None of the Companies or the Subsidiaries shall (i) enter into any agreement or arrangement that limits or otherwise restricts in any material respect any Company, any Subsidiary or any of their respective Affiliates or any successor thereto or that would, after the Closing Date, limit or

restrict in any material respect any Company, any Subsidiary, Buyer or any of their respective Affiliates, from engaging or competing in any line of business, in any location or with any Person, (ii) enter into, amend or modify in any material respect or terminate any Contract required to be disclosed by Section 3.18 (or that would have been required to be disclosed if entered into prior to the date hereof) other than to enter into or renew, in the ordinary course of business, any Contract required to be disclosed by Sections 3.18(b) 3.18(i)(i), 3.18(j), 3.18(k) or 3.18(n) (or that would have been required to be disclosed if entered into prior to the date hereof) that is not also required to be disclosed by any other subsection of Section 3.18 (or that would have been required to be disclosed if entered into prior to the date hereof), or (iii) except as permitted by Section 5.2(p), otherwise waive, release or assign any material rights, claims or benefits of any Company or any Subsidiary;

(n) None of the Companies or Subsidiaries shall change their methods of accounting, except as required by concurrent changes in GAAP, as agreed to by Parent's independent public accountants;

(o) Except as contemplated by Section 5.6(l) of the Disclosure Schedule, and except for any actions by Tyco International plc or The ADT Corporation pursuant to the Pentair-Tyco TSA with respect to Tax matters relating to the Companies and the Subsidiaries that may be taken without Parent's consent, none of the Companies or the Subsidiaries shall (i) make or change any Tax election, change any annual Tax accounting period (other than a change that results in the Closing Date, or a day before the Closing Date, becoming the end of a Tax accounting period), adopt or change any method of Tax accounting, file any amended Tax return, enter into any closing agreement under Code Section 7121 (or any similar provision of U.S. state Tax law or U.S. local Tax law), or enter into any other agreement in connection with the settlement of an audit by a Tax authority or of any other Tax proceeding, settle any Tax claim or assessment, surrender any right to claim a Tax refund, offset or other reduction in Tax liability, consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment, or (ii) take or omit to take any other action outside of the ordinary course of business consistent with past practice if it would have the effect of increasing the Tax liability of any of the Companies or the Subsidiaries for any taxable period ending after the Closing Date (other than an increase attributable to a reduction in the amount of any Tax asset that would otherwise exist as of the Closing Date);

(p) (i) None of the Companies or Subsidiaries shall settle, or offer or propose to settle, (A) any litigation, investigation, arbitration, proceeding or other claim involving or against the Business, any Company, any Subsidiary or any Company Facility, except for any settlement that solely involves a monetary payment by any Company or Subsidiary in an amount less than or equal to $1,000,000 and that does not involve any equitable or other non-monetary relief, (B) any litigation, arbitration, proceeding or dispute that relates to the transactions contemplated hereby, (C) any litigation, proceeding or other claim involving any insurer relating to a Company Asbestos Action, except in a manner consistent with past practice or (D) any Company Asbestos Action, except in the ordinary course of business, provided that new commitments for settlements may not exceed a per month average of $600,000 net of insurance recoveries and (ii) the Companies and the Subsidiaries shall continue to defend all Company Asbestos Actions and other lawsuits pending against any Company or Subsidiary in a manner consistent with past practice; and

(q) None of the Companies or Subsidiaries will agree, resolve or commit to do any of the foregoing clauses (b) through (p).

(r) The Companies and the Subsidiaries shall maintain and protect any and all registrations or applications of registration included in the Owned Intellectual Property Rights (including any Intellectual Property Rights currently intended to be abandoned as set forth in Section 3.21(a) of the Disclosure Schedule) and shall pay all applicable maintenance fees and file all applicable statements of use with respect thereto (it being understood that Parent and Buyer shall cooperate in good faith to determine whether any such Intellectual Property Right is no longer needed for use in the Business such that it may be abandoned instead of maintained).

5.3 Reasonable Best Efforts.

(a) Subject to the terms and conditions hereof, Parent and Buyer shall use their reasonable best efforts (including for purposes of this Section 5.3 with respect to Buyer as described in Section 5.3 of the Disclosure Schedule) to take, or cause to be taken, all action and to do, or cause to be done, and to cooperate fully with each other with respect to, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement, including using all reasonable best efforts: (i) to obtain prior to the Closing Date all consents, approvals, Permits and Orders of (A) Government Entities (including those contemplated by Section 5.3(b)) and (B) parties to Contracts with the Companies and the Subsidiaries that are necessary for the consummation of the transactions contemplated hereby; provided, however, that with respect to clause (B), except with respect to the implementation of the Step Plan, such efforts shall not include any requirement of Parent, the Companies or the Subsidiaries to expend money (other than overhead costs, attorneys' fees and administrative filing fees), commence any litigation or offer or grant any accommodation (financial or otherwise) to any other party; provided, further, that to the extent that any such expenditure or accommodation is contingent upon and payable by the Business, the Companies or the Subsidiaries after the Closing, Parent shall offer or grant such expenditure or accommodation to the extent consented to or directed by Buyer; and (ii) to effect all necessary registrations and filings (including the filings contemplated by Section 5.3(b)).

(b) Buyer and Parent shall each make or cause to be made, as promptly as practicable, (i) an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby (which filing shall be made in any event within ten Business Days following the date hereof) and (ii) all other necessary filings with other Government Entities under other applicable Competition Laws relating to the transactions contemplated hereby as set forth on Section 5.3 of the Disclosure Schedule, and, in each case, Buyer and Parent shall bear the costs and expenses of their respective filings; provided, however, that Buyer shall pay any filing fees in connection therewith. For purposes of this Section 5.3, Buyer's "reasonable best efforts" includes an obligation for Buyer and its Affiliates to respond to and comply with at the earliest practical date any requests for additional information and documentary material made by any Government Entities responsible for the enforcement of the Competition Laws, including but not limited to any "Second Request" issued by the Federal Trade Commission or the United States Department of Justice; provided that Parent and its Affiliates cooperate with Buyer to respond to and comply with any such requests.

(c) Notwithstanding the foregoing, each party further agrees that (i) neither Buyer nor any of its Affiliates will be required pursuant to this Agreement to take (and without Buyer's prior written consent, Parent, the Companies and the Subsidiaries shall be prohibited from taking) any remedial actions, including any Burdensome Condition, or (ii) none of Buyer, Parent or any of their respective Affiliates will be required pursuant to this Agreement to commence or undertake any litigation in order

to avoid, vacate, modify or suspend any injunction or other Order in connection with the transactions contemplated by this Agreement. Subject to the preceding sentence, any proposing, negotiating, committing to and effecting any divesture, sale, disposition, hold separate or limitation on freedom of action with regard to any aspect of the Companies or the Subsidiaries that is part of the proposed acquisition by Buyer under this Agreement shall, at the sole discretion of Parent, be subject to the consummation of the transactions contemplated hereby, and in any event nothing in this Agreement imposes any obligation on Parent or its Affiliates as to any other interests or holdings of Parent or its Affiliates either prior to or after the Closing.

(d) In connection with this Section 5.3, Buyer and Parent shall, and shall cause their respective Affiliates to: (i) cooperate in all respects with each other in connection with any filing, submission, investigation, action or inquiry, (ii) promptly inform the other party of any communication received from, or given to any Government Entity and of any material communication received or given in connection with any proceeding by a private party, in each case, regarding any of the transactions contemplated hereby, (iii) have the right to review in advance, and to the extent practicable each shall consult the other on and consider in good faith the views of the other party in connection with, any filing made with, or written materials to be submitted to any Government Entity or, in connection with any proceeding by a private party, any other Person, in connection with any of the transactions contemplated hereby, (iv) make available to the other party copies of all filings, notices and other written communications submitted or made by any party or its Affiliates to any Government Entity or received from any Government Entity in connection with any of the transactions contemplated hereby and (v) consult with each other in advance of any meeting, discussion, telephone call or conference with any Government Entity or, in connection with any proceeding by a private party, with any other Person, and to the extent not expressly prohibited by the Government Entity or Person, give the other party the opportunity to attend and participate in such meetings and conferences, in each case, regarding any of the transactions contemplated hereby. With regard to any sharing of information contemplated under this Section 5.3, (A) any disclosure of information shall been done in a manner consistent with applicable Law and subject to the confidentiality provisions of this Agreement, (B) information may be withheld as necessary to address reasonable attorney–client privilege concerns or as necessary to comply with restrictions set forth in any Contract, (C) any party may, as it deems advisable or necessary, reasonably designate any confidential or competitively sensitive information as for "outside counsel only" and (D) materials provided to the other party or its counsel may be redacted to remove proprietary information relating to transaction assessment and analysis. Buyer shall, subject to and without limiting Buyer's obligations under Section 5.3, control the antitrust strategy and defense in all respects; provided that Buyer shall (x) regularly and timely consult with Parent and keep Parent informed regarding the antitrust strategy and defense, and (y) consider in good faith the views of Parent with regard to the antitrust strategy and defense.

5.4 Notification.

(d) Prior to the Closing, Parent shall promptly notify Buyer (after Parent has notice thereof) and Buyer shall promptly notify Parent (after Buyer has notice thereof) and keep such other party advised as to (i) any litigation or administrative proceeding pending and known to such party or, to its knowledge, threatened against such party that challenges the transactions contemplated hereby, (ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement or (iii) any event,

condition or circumstance that would reasonably be expected to cause any condition set forth in Article VI or Article VII not to be satisfied; and

(e) Prior to the Closing, Parent shall promptly notify Buyer (after Parent has notice thereof) of any material adverse change in the results of operations or financial condition of the Companies and the Subsidiaries taken as a whole other than any Excluded Matter;

provided, however, that the delivery of any notice pursuant to this Section 5.4 shall not limit or otherwise affect the remedies available hereunder to the party receiving that notice.

5.5 Contract Matters.

(y) Termination of Intercompany Contracts. Prior to or at the Closing, Parent shall cause all Contracts and intercompany accounts between Parent or any of its Affiliates (other than a Company or a Subsidiary), on the one hand, and any Company or Subsidiary, on the other hand, to be terminated or settled and paid in full in cash (except as contemplated by the Step Plan in compliance with the terms and conditions of this Agreement), as applicable except for those Contracts described in Section 5.5(a) of the Disclosure Schedule, in each case, in such a manner as will not result in any post-Closing liabilities or obligations for any Company or Subsidiary.

(z) Parent Guarantees. Prior to the Closing, Buyer shall use its reasonable best efforts to cause itself or one or more of its Affiliates to be substituted in all respects for any of Parent and its Affiliates and their respective successors and assigns (but excluding the Companies and the Subsidiaries) (collectively, the "Parent Guarantors") effective as of the Closing, and for each Parent Guarantor to be fully and irrevocably released and discharged effective as of the Closing, in respect of all obligations of each Parent Guarantor under any guarantee, indemnity, surety bond, letter of credit, bank guarantee, keepwell agreement, indemnification agreement, financing arrangement or other similar commitment, understanding, agreement or obligation relating to any of the Companies, the Subsidiaries, any Indebtedness or the Business (i) set forth in Section 5.5(b) of the Disclosure Schedule (each such instrument, a "Parent Existing Guarantee") or (ii) entered into after the date hereof and prior to Closing that (A) is entered into in the ordinary course of business consistent with past practice, (B) to the extent related to a bank guarantee, such bank guarantee is issued by a bank listed in Section 5.5(b) of the Disclosure Schedule and (C) does not exceed $10,000,000 (the instruments in clauses (i) and (ii) collectively, the "Parent Guarantees"). Notwithstanding the preceding sentence, Buyer may, at its sole discretion, seek to implement any other arrangement (the "UK Pension Alternative Mechanism") which shall, effective as of the Closing, fully and irrevocably release and discharge each Parent Guarantor in respect of all obligations of each Parent Guarantor under the guarantees in respect of the UK Defined Benefits Pension Scheme (the "UK Pension Plan Guarantees"). For any Parent Guarantees for which Buyer or its Affiliate is not substituted in all respects for the applicable Parent Guarantor and for which the applicable Parent Guarantor is not released effective as of the Closing or for which a UK Pension Alternative Mechanism is not adopted, Buyer shall continue using its reasonable best efforts to effect such substitution and release or UK Pension Alternative Mechanism as promptly as practicable after the Closing Date, except that, if four months after the Closing Date, a UK Pension Alternative Mechanism has not been put in place, then Parent may at its sole discretion direct Buyer to use its reasonable best efforts to cause itself or one or more of its Affiliates to be substituted in all respects for any of Parent and its Affiliates and their respective successors and assigns in respect of the UK Pension Plan Guarantees. Notwithstanding anything to the contrary herein, Buyer shall not be required to expend

any money or offer or grant any accommodation (financial or otherwise) to any other Person in order to cause the substitutions described in the foregoing part of this Section 5.5(b). Buyer further agrees that, to the extent the beneficiary or counterparty under any Parent Guarantee does not accept any such substitute arrangement proffered by Buyer or its Affiliate or to the extent each Parent Guarantor is not fully and irrevocably released and discharged, Buyer shall reimburse each Parent Guarantor for reasonable out-of-pocket costs or expenses paid in connection with maintaining such Parent Guarantee, whether or not any such Parent Guarantee is drawn upon or required to be performed. From and after the Closing, other than with respect to the UK Pension Plan Guarantees, Buyer shall indemnify and hold harmless the Parent Guarantors against any Losses that any Parent Guarantor suffers, incurs or is liable for by reason of or arising out of or in consequence of: (i) any Parent Guarantor issuing, making payment under, or being a party to, any Parent Guarantees; (ii) any claim or demand for payment made on any Parent Guarantor with respect to any of the Parent Guarantees; or (iii) any action, claim or proceeding by any Person who is or claims to be entitled to the benefit of or claims to be entitled to payment, reimbursement or indemnity with respect to any Parent Guarantee. From and after the Closing, with respect to the UK Pension Plan Guarantees, Buyer shall indemnify and hold harmless the Parent Guarantors against any amounts paid under the UK Pension Plan Guarantees set forth in Section 5.7(a)(iii) of the Disclosure Schedule.

(aa) Shared Contracts. Parent shall use reasonable best efforts to cause the Contracts set forth on Section 5.5(c) of the Disclosure Schedule (each, a "Shared Contract") to be assigned, transferred or conveyed only with respect to (and preserving the meaning of) those parts that relate primarily to the Business, if so assignable, transferrable or conveyable, or appropriately amended prior to, on or after the Closing, so that, to the extent permitted by applicable Law, the Companies and the Subsidiaries shall be entitled to the rights and benefits of those parts of each Shared Contract that relate primarily to the Business and shall assume the portion of the liabilities that relate primarily to the Business under such Shared Contract; provided, however, that (i) in no event shall any Person be required to assign (or amend), either in its entirety or in part, any Shared Contract that is not assignable (or cannot be amended) by its terms without obtaining one or more consents from third parties and (ii) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended, without such consent or consents, then Parent and Buyer will use reasonable best efforts to cooperate to establish an agency type or other similar arrangement as may be permitted by applicable Law so that the Companies and the Subsidiaries shall be entitled to the rights and benefits of those parts of the Shared Contract that relate primarily to the Business and shall assume the portion of the liabilities under such Shared Contract that relate primarily to the Business.

(bb) Transferred Contracts. Parent shall use reasonable best efforts to cause the Contracts set forth on Section 5.5(d) of the Disclosure Schedule (each, a "Transferred Contract") to be assigned, transferred or conveyed, if so assignable, transferrable or conveyable, or appropriately amended prior to, on or after the Closing, so that, to the extent permitted by applicable Law, the Companies and the Subsidiaries shall be entitled to the rights and benefits of and shall assume the liabilities under each Transferred Contract; provided, however, that (i) in no event shall any Person be required to assign (or amend), either in its entirety or in part, any Transferred Contract that is not assignable (or cannot be amended) by its terms without obtaining one or more consents from third parties and (ii) if any Shared Contract cannot be so assigned by its terms or otherwise, or cannot be amended, without such consent or consents, then Parent and Buyer will use reasonable best efforts to cooperate to establish an agency type or other similar arrangement as may be permitted by applicable Law so that

the Companies and the Subsidiaries shall be entitled to the rights and benefits of and shall assume the liabilities under such Transferred Contract.

(cc) Prior to the Closing, Parent shall use its reasonable best efforts to cause itself or one or more of its Affiliates (excluding the Companies or the Subsidiaries) to be substituted in all respects for any of the Companies or the Subsidiaries and their respective successors and assigns (collectively, the "Company Guarantors") effective as of the Closing, and for each Company Guarantor to be fully and irrevocably released and discharged effective as of the Closing, in respect of all obligations of each Company Guarantor under any guarantee, indemnity, surety bond, letter of credit, bank guarantee, keepwell agreement, indemnification agreement, financing arrangement or other similar commitment, understanding, agreement or obligation relating to any of Parent or its Affiliates (but excluding the Companies and the Subsidiaries) set forth in Section 5.5(e) of the Disclosure Schedule (collectively, the "Company Guarantees"). For any Company Guarantees for which Parent or its Affiliates (excluding the Companies and the Subsidiaries) is not substituted in all respects for the applicable Company Guarantor and for which the applicable Company Guarantor is not released effective as of the Closing, Parent shall continue using its reasonable best efforts to effect such substitution and release as promptly as practicable after the Closing Date. Notwithstanding anything to the contrary herein, Parent shall not be required to expend any money or offer or grant any accommodation (financial or otherwise) to any other Person in order to cause the substitutions described in the foregoing part of this Section 5.5(e). Parent further agrees that, to the extent the beneficiary or counterparty under any Company Guarantee does not accept any such substitute arrangement proffered by Parent or its Affiliate (excluding the Companies and the Subsidiaries) or to the extent each Company Guarantor is not fully and irrevocably released and discharged, Parent shall reimburse each Company Guarantor for reasonable out-of-pocket costs or expenses paid in connection with maintaining such Company Guarantee, whether or not any such Company Guarantee is drawn upon or required to be performed. From and after the Closing, Parent shall indemnify and hold harmless the Company Guarantors against any Losses that any Company Guarantor suffers, incurs or is liable for by reason of or arising out of or in consequence of: (i) any Company Guarantor issuing, making payment under, or being a party to, any Company Guarantees; (ii) any claim or demand for payment made on any Company Guarantor with respect to any of the Company Guarantees; or (iii) any action, claim or proceeding by any Person who is or claims to be entitled to the benefit of or claims to be entitled to payment, reimbursement or indemnity with respect to any Company Guarantee.

5.6 Tax Matters.

(c) Parent Pre-Closing Returns. Parent, at its sole cost and expense, shall (i) prepare or cause to be prepared (A) all Tax returns (whether original Tax returns or amended Tax returns) of any Company or Subsidiary that relate to taxable periods ending on or prior to the Closing Date and that are due on or prior to the Closing Date and (B) all income or franchise Tax returns (whether original Tax returns or amended Tax returns) listed on Schedule 5.6(a) of any Company or Subsidiary that relate to taxable periods ending on or prior to the Closing Date and that are due after the Closing Date (collectively, the "Parent Pre-Closing Returns") and (ii) (A) with respect to any Parent Pre-Closing Return due on or prior to the Closing Date, cause the Companies or the Subsidiaries to pay as they fall due all Taxes that are actually payable in respect of the Parent Pre-Closing Return and (B) with respect to each Parent Pre-Closing Return due after the Closing Date, no later than three days before the date on which payment is due in respect of such Taxes, pay to Buyer all Taxes that are actually payable in respect of the Parent Pre-Closing Return, in each case to the extent that such Taxes are not reflected in

Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement). To the extent the amount of Taxes actually payable in respect of a Parent Pre-Closing Return due after the Closing Date is less than the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes, then Buyer shall make a payment to Parent equal to the difference between the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes and the amount of Taxes actually payable in respect of such Parent Pre-Closing Return no later than three days before the date on which payment is due in respect of such Taxes. Any payment made pursuant to the obligations in the immediately preceding two sentences shall be adjusted as necessary if the Final Accrued Tax Liabilities are different from the Estimated Accrued Tax Liabilities. Parent shall deliver unsigned drafts of any Parent Pre-Closing Returns that are due after the Closing Date to Buyer at least 30 days prior to the due date for the respective Parent Pre-Closing Return for Buyer's review and comment. With respect to any Parent Pre-Closing Return that is due after the Closing Date, Parent shall consider Buyer's reasonable comments with respect to such Tax return, as requested by Buyer within 15 days after a draft of the Parent Pre-Closing Return has been furnished to Buyer. The parties agree to consult and to attempt to resolve in good faith any issues arising as a result of the review of any such Parent Pre-Closing Return. If Buyer reasonably believes that any position taken by Parent on any such Parent Pre-Closing Return could result in the assertion of penalties, Parent shall reflect any comments that Buyer reasonably believes are necessary to avoid the assertion of penalties unless Parent obtains a written opinion reasonably acceptable to Buyer, delivered for the benefit of the relevant Company or Subsidiary by an accounting or law firm nationally recognized as an expert in the relevant Tax matter, to the effect that such position is supported by substantial authority (or, if applicable, a standard under non-U.S. law that would avoid the imposition of penalties), provided that Buyer shall be responsible for up to the first $50,000 of the costs of each such opinion for each position and Parent shall be responsible for any costs of such opinion in excess of $50,000. The final version of each Parent Pre-Closing Return that is due after the Closing Date shall be delivered by Parent to Buyer no less than five days prior to the due date for the filing of such Parent Pre-Closing Return; and Buyer shall arrange for the signing and timely filing of such Parent Pre-Closing Returns and cause the Companies and the Subsidiaries to timely pay any Taxes that are actually payable in respect of such Parent Pre-Closing Returns. Any original Parent Pre-Closing Return shall not be amended without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned, or delayed). Unless otherwise required by applicable Laws, all Parent Pre-Closing Returns that are due after the Closing Date shall be prepared in accordance with existing practices and accounting methods of the Companies and the Subsidiaries. Any U.S. federal income Tax return of a U.S. Group Entity for a taxable period ending on the Closing Date shall not include a ratable allocation under Treasury Regulation Section 1.1502-76(b)(2)(ii). Buyer shall cause all the shares of U.S. Holdco that are purchased pursuant to this Agreement to be purchased by a single Designated Purchaser that is a domestic corporation (within the meaning of Code Section 7701(a)), and Buyer shall cause both U.S. Holdco and such Designated Purchaser to be members of an affiliated group (as defined in Code Section 1504(a)) as of the close of business on the Closing Date. Buyer shall cause such affiliated group to file a consolidated U.S. federal income Tax return for a period that includes the day immediately following the Closing Date, as a result of which Buyer and Parent agree and intend that for U.S. federal income Tax purposes the Closing Date shall constitute the end of a taxable period of U.S. Holdco.

(d) Buyer Pre-Closing Returns and Straddle Returns. Buyer, at its sole cost and expense, shall prepare or cause to be prepared (i) all Tax returns (whether original Tax returns or amended Tax returns) that are not listed on Schedule 5.6(a) of any Company or Subsidiary that relate to taxable periods ending on or prior to the Closing Date and that are due after the Closing Date (collectively, the "Buyer Pre-Closing Returns") and (ii) all Tax returns (whether original Tax returns or amended Tax returns) of any Company or Subsidiary that relate to taxable periods beginning on or before the Closing Date and ending after the Closing Date (collectively, the "Straddle Returns"). Buyer shall deliver unsigned drafts of any Buyer Pre-Closing Returns and Straddle Returns to Parent at least 30 days prior to the due date for the respective Buyer Pre-Closing Return or Straddle Return for Parent's review and comment. With respect to any Buyer Pre-Closing Return or Straddle Return (i) that is an income Tax return, Buyer shall, to the extent such Tax return could result in a Tax liability for which Parent would be responsible under this Agreement, reflect Parent's reasonable comments with respect to such Tax return, except to the extent that Buyer reasonably believes that the inclusion of such comments could result in the assertion of penalties, unless Parent obtains a written opinion reasonably acceptable to Buyer, delivered for the benefit of the relevant Company or Subsidiary by an accounting or law firm nationally recognized as an expert in the relevant Tax matter, to the effect that the position taken by such comments is supported by substantial authority (or, if applicable, a standard under non-U.S. law that would avoid the imposition of penalties), provided that Buyer shall be responsible for up to the first $50,000 of the costs of each such opinion for each position and Parent shall be responsible for any costs of such opinion in excess of $50,000, and (ii) that is not an income Tax return, Buyer shall consider Parent's reasonable comments with respect to such Tax return, as requested by Parent within 15 days after a draft of the Buyer Pre-Closing Return or Straddle Return has been furnished to Parent. The final version of each Buyer Pre-Closing Return or Straddle Return shall be delivered by Buyer to Parent no less than five days prior to the due date for the filing of such Buyer Pre-Closing Return or Straddle Return. Parent shall pay to Buyer, no later than three days before the date on which payment is due in respect of such Taxes, (A) in the case of a Buyer Pre-Closing Return, an amount equal to the Taxes actually payable in respect of such Buyer Pre-Closing Return to the extent that such Taxes are not reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) or (B) in the case of a Straddle Return, an amount equal to the portion of the Taxes actually payable in respect of the Straddle Return that are allocable (under Section 5.6(c)) to the portion of the Straddle Period that ends on the Closing Date to the extent that such portion of such Taxes is not reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement). To the extent the amount of Taxes actually payable in respect of a Buyer Pre-Closing Return is less than the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes, then Buyer shall make a payment to Parent equal to the difference between the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes and the amount of Taxes actually payable in respect of such Buyer Pre-Closing Return no later than three days before the date on which payment is due in respect of such Taxes. To the extent the amount of the portion of the Taxes actually payable in respect of the Straddle Return that are allocable (under Section 5.6(c)) to the portion of the Straddle Period that ends on the Closing Date is less than the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in

Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes, then Buyer shall make a payment to Parent equal to the difference between the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes and the amount of the portion of the Taxes actually payable in respect of the Straddle Return that are allocable (under Section 5.6(c)) to the portion of the Straddle Period that ends on the Closing Date no later than three days before the date on which payment is due in respect of such Taxes. Any payment made pursuant to the obligations in the immediately preceding three sentences shall be adjusted as necessary if the Final Accrued Tax Liabilities are different from the Estimated Accrued Tax Liabilities. Buyer shall arrange for the signing and timely filing of such Buyer Pre-Closing Returns and Straddle Returns and cause the Companies and the Subsidiaries to timely pay any Taxes that are actually payable in respect of such Buyer Pre-Closing Returns and Straddle Returns. Any original Buyer Pre-Closing Return or Straddle Return shall not be amended without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned, or delayed). Unless otherwise required by applicable Laws, (i) all Buyer Pre-Closing Returns and Straddle Returns that are described in Section 5.6(l) of the Disclosure Schedule shall be prepared, and where applicable, payments in respect of such returns shall be made (but, for the avoidance of doubt, without limiting any obligation of any party under Section 5.6(h) or Section 5.6(i)), in accordance with the procedures set forth therein; and (ii) all Buyer Pre-Closing Returns and Straddle Returns shall be prepared in accordance with existing practices and accounting methods of the Companies and the Subsidiaries, provided that Buyer may prepare in any manner permitted by Law any Buyer Pre-Closing Return or Straddle Return, so long as any inconsistency with existing practices and accounting methods does not increase the indemnification obligation of Parent pursuant to Section 5.6(h) and so long as any applicable procedures set forth in Section 5.6(l) of the Disclosure Schedule are followed.

(e) Taxes Relating to Straddle Period. For purposes of determining the amount of Taxes that is allocable to the portion of a Straddle Period that ends on the Closing Date, the following provisions shall apply:

(v) In the case of any Tax other than (i) a Tax based upon or related to income, receipts, wages, capital expenditures or expenses or (ii) a franchise Tax not based on income, the amount of Tax that is allocable to the portion of the Straddle Period that ends on the Closing Date shall be deemed to be the amount of the Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the portion of the Straddle Period that ends on the Closing Date and the denominator of which is the number of days in the entire Straddle Period.

(vi) In the case of a franchise Tax not based on income, the amount of Tax that is allocable to the portion of the Straddle Period that ends on the Closing Date shall be deemed to be equal to the amount of the franchise Tax for the entire Straddle Period that would have been imposed if such franchise Tax were determined based on the assets and liabilities of the Companies or the Subsidiaries as of the Closing, or the amount of the franchise Tax for the Straddle Period based on the number of shares of stock outstanding as of the Closing, whichever amount is applicable, in each case multiplied by a fraction the numerator of which is the number of days in the portion of the Straddle Period that ends on the Closing Date and the denominator of which is the number of days in the entire Straddle Period.

(vii) In the case of any Tax based upon or related to income, receipts, wages, capital expenditures or expenses, the amount of Tax that is allocable to the portion of the Straddle Period that ends on the Closing Date shall be deemed to equal the amount which would be payable if the relevant taxable period (of the Company or a Subsidiary, as the case may be, and of any partnership or other "flowthrough" entity in which the Company or a Subsidiary holds, directly or indirectly, an interest) had ended on the Closing Date, using the "closing of the books" method of accounting; provided, however, that all exemptions, allowances, or deductions for the entire Straddle Period which are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the two short periods in proportion to the number of days in each period. Any credits relating to a Straddle Period shall be taken into account as though the relevant taxable period ended on the Closing Date.

(f) Tax Contests.

(i) If any Government Entity issues to a Company or a Subsidiary a written notice of deficiency, or a written notice of its intent to audit, with respect to Taxes of the Company or the Subsidiary for any taxable period ending on or prior to the Closing Date or with respect to any Straddle Period (a "Tax Claim"), Buyer shall promptly (but in any event within 30 days of the receipt of such written notice) notify Parent of its receipt of such written notice from the Government Entity; provided, however, that any failure by Buyer to so notify Parent shall not relieve Parent of any of its indemnification obligations under Section 5.6(h), except to the extent that Parent is materially and actually prejudiced as a result of such failure. Parent shall have the right to control any audit, litigation or other proceeding in respect of a Tax Claim (a "Tax Contest") if the relevant taxable period ends on or prior to the Closing Date. Buyer shall control (A) any other Tax Contest, including if the relevant taxable period is a Straddle Period, and (B) any Tax Contest if the relevant taxable period ends on or prior to the Closing Date if Parent does not elect to control such a Tax Contest.

(ii) If a Tax Contest is controlled by Buyer: (A) Buyer shall control the Tax Contest in good faith; (B) subject to Parent's indemnification obligations under Section 5.6(h), Buyer shall bear all of its costs in connection with such Tax Contest; (C) Buyer shall keep Parent reasonably informed regarding the status of such Tax Contest; (D) Parent shall have the right, at the sole cost and expense of Parent, to participate in such Tax Contest (which right shall include the right to receive copies of all documents furnished or received by the applicable Company or Subsidiary in connection with the Tax Contest, the right to be involved, where practicable, in any oral communications between any representative of the Company or Subsidiary and the Government Entity, the right to be consulted about all significant decisions made on behalf of the Company or Subsidiary regarding the conduct of the Tax Contest, and the right to have a reasonable opportunity to provide input to the representatives of the Company or Subsidiary regarding all such significant decisions); and (E) without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed), Buyer shall not allow the applicable Company or Subsidiary to settle, resolve or abandon such Tax Contest (or any portion thereof) if such settlement, resolution or abandonment would

result in Parent being required under this Agreement to make a payment in respect of Taxes or would result in a reduction in any Tax asset of Parent or its Affiliates.

(iii) If a Tax Contest is controlled by Parent: (A) Parent shall control the Tax Contest in good faith; (B) subject to Buyer's indemnification obligations under Section 5.6(i), Parent shall bear all of its costs in connection with such Tax Contest; (C) Parent shall keep Buyer reasonably informed regarding the status of such Tax Contest; (D) Buyer, at the sole cost and expense of Buyer, shall have the right to participate, or cause the applicable Company or Subsidiary to participate, in such Tax Contest (which right shall include the right to receive copies of all documents furnished or received by Parent in connection with the Tax Contest, the right to be involved in any oral communications, where practicable, between any representative of Parent and the Government Entity, the right to be consulted about all significant decisions made on behalf of Parent regarding the conduct of the Tax Contest, and the right to have a reasonable opportunity to provide input to the representatives of Parent regarding all such significant decisions); and (E) without Buyer's prior written consent (which shall not be unreasonably withheld, conditioned or delayed), Parent shall not settle, resolve or abandon (or allow the applicable Company or Subsidiary to settle, resolve, or abandon) the Tax Contest (or any portion thereof) if such settlement, resolution or abandonment could adversely impact Buyer or any of its Affiliates (including the Companies and the Subsidiaries) with respect to a taxable period ending after the Closing Date.

(iv) In the event of any conflict between the provisions of this Section 5.6(d) and the provisions of Article IX, the provisions of this Section 5.6(d) shall control.

(g) Cooperation. After the Closing Date, each party to this Agreement shall: (i) make available to the other party, as reasonably requested, and to any Tax authority (which such authority is legally permitted to receive pursuant to its subpoena power or its equivalent) all information, records, or documents that are possessed by the cooperating party and that relate to Tax liabilities of the Companies and the Subsidiaries for taxable periods ending on or prior to the Closing Date or for Straddle Periods; and (ii) preserve all such information, records, and documents until the expiration of any applicable statute of limitations for assessment or refund of Taxes or extensions thereof. After the Closing Date, Buyer shall make available to Parent, at such times and under such circumstances so as not to unreasonably disrupt business, the relevant personnel of Buyer and its Affiliates to assist Parent in connection with the preparation of Parent Pre-Closing Returns or participation in a Tax Contest, and Buyer shall take all such action (including the execution and delivery of documents and instruments, and the execution of powers of attorney) as Parent reasonably requests in connection with any Parent Pre-Closing Returns or Tax Contests; provided, however, that Parent shall promptly reimburse Buyer for all reasonable out-of-pocket costs directly relating to such cooperation of any of the personnel of Buyer or its Affiliates who assist Parent. Without limiting the foregoing, Parent shall exercise all of its rights under the Pentair-Tyco TSA to obtain from Parent's counterparties under such tax sharing agreement any information reasonably requested by Buyer, including any information, records or documents Buyer may request to assist in determining the overall foreign losses and separate limitation losses associated with the Companies and the Subsidiaries.

(h) Actions by Buyer. Neither Buyer nor any Affiliate of Buyer will make (i) any election under Code Section 338 with respect to the acquisition of the Shares of a U.S. Group Entity

pursuant to this Agreement, or (ii) except as expressly permitted by Section 5.6(l) of the Disclosure Schedule, any election (including any election under Treasury Regulation Section 301.7701-3) that would have effect on or prior to the Closing Date or create Tax liability with respect to any taxable period ending on or prior to the Closing Date or that is allocable (under Section 5.6(c)) to the portion of a Straddle Period that ends on the Closing Date. Buyer shall cause each Company and each Subsidiary to refrain from making any sale (or other disposition) of assets outside the ordinary course of business on the Closing Date after the Closing.

(i) Tax Refunds. Any refunds of Tax (including interest paid thereon) (i) that are received by Buyer or an Affiliate of Buyer (or any credits allowed in lieu of such refunds that reduce Taxes otherwise payable) after the Closing Date of Taxes paid or incurred in respect of taxable periods of the Companies or the Subsidiaries that end on or prior to the Closing Date (or in respect of the portion of a Straddle Period that ends on the Closing Date) and (ii) that were not reflected in the Final Accrued Tax Liabilities on the Final Closing Statement (except, in the case of clause (ii), to the extent that Parent has previously made an indemnity payment in respect of such refund pursuant to Section 5.6(h)(v)) shall be for the account of Parent, and Buyer shall pay over (or, in the event that an Affiliate of Buyer receives the refund or credit, Buyer shall cause such Affiliate to pay over) to Parent the amount of any such refund or credit (after reduction by the amount of any Tax imposed on Buyer or its Affiliate as a result of the receipt of the refund or allowance of the credit) within 15 days after such receipt or allowance.

(j) Indemnification by Parent. Parent shall, or shall cause the relevant Seller to, indemnify, defend and hold harmless Buyer and each of Buyer's successors, assigns and Affiliates from and against any Losses attributable to (i) notwithstanding anything to the contrary in Section 5.6(l) or Section 5.6(l) of the Disclosure Schedule, any Taxes of the Companies or the Subsidiaries (including any Taxes of the Companies and the Subsidiaries attributable to a transaction undertaken pursuant to the Step Plan) with respect to any taxable period ending on or prior to the Closing Date or that are allocable (under Section 5.6(c)) to the portion of a Straddle Period that ends on the Closing Date, (ii) any liability (whether arising under Treasury Regulation Section 1.1502-6 or under any comparable provision of state, local or foreign Tax Law, or arising by Contract (excluding Contracts executed in the ordinary course of business that customarily include Tax provisions, but do not primarily relate to Taxes (e.g., leases and credit agreements)), or as a transferee or successor, or otherwise) of the Companies or the Subsidiaries for Taxes of any Person other than a Company or a Subsidiary, with respect to taxable periods ending on or prior to the Closing Date or with respect to the portion of a Straddle Period that ends on the Closing Date, (iii) any failure by Parent or its Affiliates to comply with any of its obligations pursuant to this Section 5.6; (iv) any sales, use, transfer, intangible, recordation, documentary, stamp or similar Taxes or charges, of any nature whatsoever, applicable to, or resulting from, the purchase and sale of the Purchased Shares and Specified Individual Shares contemplated by this Agreement, for which Parent is responsible pursuant to Section 11.10; (v) any refund reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized at the time that a claim is made under this clause (v), are reflected in Estimated Accrued Tax Liabilities on the Estimated Closing Statement) that is not received (either in cash or through the allowance of a credit that is available (whether or not actually availed of) to reduce Taxes otherwise payable) by Buyer or any of its Affiliates within the one-year period following the Closing Date; (vi) notwithstanding anything to the contrary in Section 5.6(l) or Section 5.6(l) of the Disclosure Schedule, any Taxes of the Companies or the Subsidiaries attributable to the inclusion of any item of income or gain in, or the exclusion of any item of deduction from, taxable income for any taxable period beginning after the Closing Date or that are allocable (under Section 5.6(c)) to the portion of a Straddle Period that begins on the day after the

Closing Date, in each case as a result of any transaction, procedure, agreement or other action undertaken pursuant to Section 5.6(l) of the Disclosure Schedule, if, in the absence of such transaction, procedure, agreement or other action, such item of income or gain would otherwise have been included in, or such item of deduction would otherwise have been excluded from, any taxable period ending on or prior to the Closing Date or allocable (under Section 5.6(c)) to the portion of a Straddle Period that ends on the Closing Date; and (vii) any Taxes of the Companies or the Subsidiaries attributable to any prepaid amounts received on or prior to the Closing Date to the extent such amounts (x) have not been included in taxable income on or prior to the Closing Date and (y) are not reflected as a liability in Final Net Working Capital on the Final Closing Statement; provided, however, that any such obligation to indemnify, defend and hold harmless shall not apply with respect to any Taxes that (A) except as provided under clause (v) above, are reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, are reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement), or (B) are Taxes for which Buyer has an obligation to indemnify pursuant to Section 5.6(i). Any payment made pursuant to this Section 5.6(h) shall be adjusted as necessary if the Final Accrued Tax Liabilities are different from the Estimated Accrued Tax Liabilities.

(k) Indemnification by Buyer. Buyer shall indemnify, defend and hold harmless Parent and each of Parent's successors, assigns and Affiliates from and against any Losses attributable to (i) any Taxes of the Companies or the Subsidiaries with respect to any taxable period beginning after the Closing Date or that are allocable (under Section 5.6(c)) to the portion of a Straddle Period that begins on the day after the Closing Date, (ii) any Taxes arising from any position taken by Buyer or its Affiliates (including, after the Closing Date, the Companies and the Subsidiaries) on any Straddle Return that is not consistent with past practice with respect to prior applicable Tax Returns, unless such position is required by applicable Law, (iii) any failure by Buyer or its Affiliates to comply with any of its obligations pursuant to this Section 5.6, and (iv) any sales, use, transfer, intangible, recordation, documentary stamp or similar Taxes or charges, of any nature whatsoever, applicable to, or resulting from, the purchase and sale of the Purchased Shares and the Specified Individual Shares contemplated by this Agreement for which Buyer is responsible pursuant to Section 11.10.

(l) Calculation of Losses. The amount of any Loss for which Parent or Buyer shall have an indemnification obligation under Section 5.6(h) or Section 5.6(i), respectively, shall be reduced to take into account any net Tax benefits actually realized as a result of such Loss in or prior to the taxable year such Loss is incurred by the indemnified party or the five taxable years immediately following such year. For this purpose, the indemnified party shall be deemed to realize a Tax benefit with respect to a taxable year as a result of such Loss if, and to the extent that, the indemnified party's cumulative liability for Taxes through the end of such taxable year, calculated by excluding any Tax items attributable to the Loss from all taxable years, exceeds the indemnified party's actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items relating to such Loss for all taxable years (to the extent permitted by relevant Tax law and treating such Tax items as the last items claimed for any taxable year). The amounts of Tax benefits realized or to be realized shall be determined in good faith by the indemnified party, and information regarding this determination shall be promptly furnished by the indemnified party to the indemnifying party in as much detail as reasonably requested by the indemnifying party.

(m) Sale of Tracer. Buyer shall cause Flow Control US Holding Corp., a Delaware corporation ("U.S. Holdco"), to join with Panthro Acquisition Co., a Delaware corporation ("Panthro"), in making an election under Code Section 338(h)(10) (and any corresponding elections under U.S. state

Tax law or U.S. local Tax Law) with respect to the shares of Tracer Industries, Inc., a Delaware corporation (" Tracer"), that are sold by U.S. Holdco to Panthro as set forth in the Step Plan, and with respect to the shares of Alliance Integrated Systems, Inc., a Delaware corporation, that are owned by Tracer at the time of such sale.

(n) Group Relief Elections and Non-U.S. Consolidated Groups. Section 5.6(l) of the Disclosure Schedule sets forth procedures relating to the separation of certain Companies and Subsidiaries from other members of groups of corporations that file a consolidated income Tax return, or have filed an election to apply "group relief" or similar provisions, pursuant to the Tax Laws of certain countries other than the United States. Buyer and Parent shall comply, and shall cause their respective Affiliates to comply, with such procedures. To the extent that any provision of this Section 5.6(l) or Section 5.6(l) of the Disclosure Schedule conflicts with any other provision of this Section 5.6, the other provisions of this Section 5.6 shall apply. For the avoidance of doubt, any payment obligations specified in (1) clauses (i), (iv) and (v) of the second paragraph of the portion of Section 5.6(l) of the Disclosure Schedule that relates to France and (2) the second sentence of paragraph (b) of the portion of Section 5.6(l) of the Disclosure Schedule that relates to Germany shall not be treated as conflicting with any other provision of Section 5.6, and shall not limit any obligation of any party under Section 5.6(h) and Section 5.6(i).

(o) Purchase Price Allocation. During the 60 day period following the date of this Agreement, Buyer and Parent shall negotiate in good faith with a view to reaching agreement on a preliminary allocation of the Base Purchase Price among the Shares of the various Companies (the "Preliminary Allocation"). Parent shall furnish Buyer with all information Buyer reasonably requests in connection with the negotiation and drafting of the Preliminary Allocation. If Buyer and Parent are unable to reach an agreement on the Preliminary Allocation by the end of such period, Parent and Buyer shall follow reconciliation procedures similar to those described in Section 2.3(c) and, if necessary, shall submit the dispute to the Accounting Firm for resolution not later than 30 days prior to the Closing Date. Not later than 30 days after the Closing Date, Parent shall prepare and deliver to Buyer for its review a schedule that allocates, in a manner consistent with and based upon the Preliminary Allocation, the Estimated Purchase Price among the Shares of the various Companies for all purposes (including Tax and financial accounting purposes) (the "Final Allocation"). The parties agree that any adjustment to the Purchase Price pursuant to Section 2.3 shall be reflected through the allocation amount assigned to the Shares of one or more Companies designated in the Preliminary Allocation and need not be allocated among the Shares of all of the Companies, unless otherwise required by applicable Law. If, within 30 days after Parent delivers the Final Allocation to Buyer, Buyer does not provide a written objection to the Final Allocation, the Final Allocation shall be considered to have been approved by Buyer. If, within 30 days after Parent delivers the Final Allocation to Buyer, Buyer provides a written objection to the Final Allocation, Parent and Buyer shall follow reconciliation procedures similar to those described in Section 2.3(c) and, if necessary, shall submit the dispute to the Accounting Firm. Unless required by applicable Law, and notwithstanding any provisions to the contrary herein, the parties agree that any adjustment payment made by either party pursuant to Section 2.3 shall be made between Parent and Buyer.

(p) No Intermediary Transaction Tax Shelter. After the Closing, Buyer shall not take any action (and shall cause its Affiliates not to take any action) with respect to the Companies or Subsidiaries that would cause the transactions contemplated by this Agreement to constitute part of a

transaction that is the same as, or substantially similar to, the "Intermediary Transaction Tax Shelter" described in IRS Notices 2001-16 and 2008-111.

(q) Equity Award Deductions. In the event that Buyer or any of its Affiliates actually realizes a reduction in income Tax liability as a result of any Equity Award Deductions in a taxable period beginning after the Closing Date or in the portion of a Straddle Period beginning on the day after the Closing Date, Buyer shall deliver to Parent, within 30 days after the date on which such reduction in income Tax liability is actually recognized, an amount equal to such reduction, net of the employer share of any employment or other payroll Taxes that are the liability of Buyer or any of its Affiliates and that are attributable to the vesting of any restricted share units or performance share units or the exercise of any options giving rise to such Equity Award Deductions; provided that Buyer's obligation to pay amounts to Parent pursuant to this Section 5.6(o) shall not apply to any reduction in income Tax liability realized by Buyer or any of its Affiliates in a taxable year beginning more than five years after the Closing Date. For this purpose, Buyer or the applicable Affiliate shall be deemed to realize a reduction in income Tax liability as a result of an Equity Award Deduction if, and to the extent that, the cumulative liability for Taxes of Buyer or its applicable Affiliate through the end of such taxable year, calculated by excluding such Equity Award Deduction, exceeds the actual cumulative liability for Taxes of Buyer or its applicable Affiliate through the end of such taxable year, calculated by taking into account such Equity Award Deduction (to the extent permitted by relevant Tax law and treating such Equity Award Deduction as the last item claimed for the applicable taxable year). Buyer shall promptly furnish Parent with such information regarding the amounts of Equity Award Deductions as is reasonably requested by Parent. All determinations regarding the amount of income Tax liability, and the amount of any reductions in income Tax liability, for purposes of this Section 5.6(o) shall be made by Buyer in its reasonable discretion exercised in good faith. If, after the payment by Buyer to Parent of any amount under this Section 5.6(o), there shall be a final determination which reduces the amount of the reduction in any income Tax liability which gave rise to such payment, as determined pursuant to this Section 5.6(o) taking into account such final determination, Parent shall repay to Buyer, within 90 days after such final determination, any amount which would not have been payable to Parent pursuant to this Section 5.6(o) had such reduction in income Tax liability been determined taking into account such final determination.

(r) Specified Carryforwards. If Buyer or any of its Affiliates actually realizes a reduction in income Tax liability in a taxable period beginning after the Closing Date or in the portion of a Straddle Period beginning on the day after the Closing Date as a result of the use of any Specified Carryforwards, Buyer shall deliver to Parent, within 30 days after the date on which such reduction in income Tax liability is actually realized, an amount equal to such reduction; provided that Buyer's obligation to pay amounts to Parent pursuant to this Section 5.6(p) shall not apply to any reduction in income Tax liability recognized by Buyer or its Affiliates in a taxable period beginning more than seven years after the Closing Date. For this purpose, Buyer or the applicable Affiliate shall be deemed to realize a reduction in Tax liability with respect to a taxable year as a result of the use of a Specified Carryforward if, and to the extent that, the cumulative liability for Taxes of Buyer or its applicable Affiliate through the end of such taxable year, calculated by excluding the Specified Carryforward, exceeds the actual cumulative liability for Taxes of Buyer or its applicable Affiliate through the end of such taxable year, calculated by taking into account the Specified Carryforward (to the extent permitted by relevant Tax law and treating such carryforward as the last item claimed for the applicable taxable year). All determinations regarding the amount of income Tax liability, and the amount of any reductions in income Tax liability, for purposes of this Section 5.6(p) shall be made by Buyer in its reasonable

discretion exercised in good faith. If, after the payment by Buyer to Parent of any amount under this Section 5.6(p), there shall be a final determination which reduces the amount of the reduction in any income Tax liability which gave rise to such payment, as determined pursuant to this Section 5.6(p) taking into account such final determination, Parent shall repay to Buyer, within 90 days of such final determination, any amount which would not have been payable to Parent pursuant to this Section 5.6(p) had such reduction in income Tax liability been determined taking into account such final determination.

5.7 Employee Matters.

(c) General.

(i) Cessation of Coverage, Benefit Commitment and Notice. On or prior to the Closing Date, Parent, the Companies or the Subsidiaries, as the case may be, shall give notice to Active Employees, Former Employees and any person deriving benefits through them that, except as otherwise provided herein, all benefits (excluding equity compensation) previously provided with respect to such persons under the Parent Sponsored Benefit Plans will, to the extent permitted by applicable Law, cease to be provided thereunder as of the Closing Date. Except as otherwise provided herein with respect to specific plans, programs or arrangements, for the one-year period immediately following the Closing, Buyer shall, or shall cause the Companies and the Subsidiaries to, provide such benefit plans, programs and arrangements, including severance, that are substantially comparable in the aggregate to the Company Benefit Plans, other than the Excluded Plans and other than any Company Benefit Plan or portion thereof pursuant to which benefits are provided in the form of Parent shares, rights to such shares, or payments or other benefits directly derived from or directly based upon the value of such shares.

(ii) Mixed Foreign Retirement Plans.

(A) The Company Benefit Plans listed in Section 5.7(a)(ii) of the Disclosure Schedule constitute the "Mixed Foreign Retirement Plans". Section 5.7(a)(ii) of the Disclosure Schedule separately identifies the Mixed Foreign Retirement Plans sponsored by Parent or any of its Affiliates (other than any Company or Subsidiary) (the "Parent Sponsored Mixed Foreign Retirement Plans") and the Mixed Foreign Retirement Plans sponsored by any Company or Subsidiary (the "Company Sponsored Mixed Foreign Retirement Plans"). Where a pension plan has not been listed as a Mixed Foreign Retirement Plan in Section 5.7(a)(ii) of the Disclosure Schedule but either Buyer or Parent identifies to the other in writing that it is, as a matter of fact, a Mixed Foreign Retirement Plan, then the provisions of this Section 5.7(a)(ii) shall, if Buyer directs, apply equally to such plans.

(B) To the extent permitted by applicable Law and except as otherwise agreed by Parent and Buyer, effective as of the Closing Date, Buyer or its Affiliates shall become responsible for sponsorship of the Company

Sponsored Mixed Foreign Retirement Plans and Parent or its Affiliates shall retain sponsorship of the Parent Sponsored Mixed Foreign Retirement Plans.

(C) Except as otherwise agreed by Parent and Buyer, Parent or its Affiliates shall use commercially reasonable efforts to establish or maintain as soon as practicable following the Closing Date one or more retirement plans (each, a "New Seller Foreign Retirement Plan") in each country in which there is a Company Sponsored Mixed Foreign Retirement Plan immediately prior to the Closing Date and shall use commercially reasonable efforts to cause each active member of the Company Sponsored Mixed Foreign Retirement Plans who is an employee of Parent or its Affiliates (excluding the Companies and Subsidiaries) immediately prior to the Closing Date (the "Parent Active Employees") to cease to be an active member of each Company Sponsored Mixed Foreign Retirement Plan on and from the Closing Date and to become an active member of the applicable New Seller Foreign Retirement Plan on and from the Closing Date.

(D) Where Buyer or its Affiliates does not have a suitable existing pension plan for the purpose of this Section 5.7(a)(ii) ("Existing Buyer Foreign Retirement Plan"), Buyer or its Affiliates shall use commercially reasonable efforts to establish or maintain as soon as practicable following the Closing Date one or more retirement plans (each, a "New Buyer Foreign Retirement Plan") in each country in which there is a Parent Sponsored Mixed Foreign Retirement Plan immediately prior to the Closing Date. The Existing Buyer Foreign Retirement Plans and the New Buyer Foreign Retirement Plans shall be collectively known as the "Buyer Foreign Retirement Plans". Except as otherwise agreed by Parent and Buyer, Parent or its Affiliates shall use commercially reasonable efforts to cause each Active Employee to cease to be an active member of each Parent Sponsored Mixed Foreign Retirement Plan on and from the Closing Date and Buyer or its Affiliates shall use reasonable best efforts to cause each Active Employee to become an active member of the applicable Buyer Foreign Retirement Plan on and from the Closing Date and shall provide benefits in accordance with Section 5.7(a)(i).

(E) To the extent permitted by applicable Law, as soon as practicable following the Closing Date, Parent or its Affiliates shall use commercially reasonable efforts to cause the Parent Sponsored Mixed Foreign Retirement Plans which provide benefits of a defined contribution nature to transfer, and Buyer or its Affiliates shall use commercially reasonable efforts to cause the New Buyer Foreign Retirement Plans to accept a transfer of, the defined contribution account balances of the Active Employees. To the extent permitted by applicable Law, as soon as practicable following the Closing Date, Buyer or its Affiliates shall use commercially reasonable efforts to cause the Company Sponsored Mixed Foreign Retirement Plans which provide benefits of a defined contribution nature to transfer, and Parent or its Affiliates shall use commercially reasonable efforts to cause the New Seller Foreign Retirement Plans to accept

a transfer of, the defined contribution account balances of the Parent Active Employees.

(F) Except as otherwise agreed by Parent and Buyer and to the extent permitted by applicable Law, as soon as practicable following the Closing Date Parent or its Affiliates shall use commercially reasonable efforts to cause the Parent Sponsored Mixed Foreign Retirement Plans which provide benefits of a defined benefit nature to transfer, and Buyer or its Affiliates shall use commercially reasonable efforts to cause the Buyer Foreign Retirement Plans to accept a transfer of: (i) defined benefit liabilities (the "Mixed Foreign Retirement Plan DB Liabilities") relating to the Active Employees in respect of the period up to the Closing Date; and (ii) assets equal in value to such Mixed Foreign Retirement Plan DB Liabilities calculated in accordance with the rules of the Parent Sponsored Mixed Foreign Retirement Plan concerned and applicable Law. Except as otherwise may be agreed by Parent and Buyer and to the extent permitted by applicable Law, as soon as practicable following the Closing Date Buyer or its Affiliates shall use commercially reasonable efforts to cause the Company Sponsored Mixed Foreign Retirement Plans which provide benefits of a defined benefit nature to transfer, and Parent or its Affiliates shall use commercially reasonable efforts to cause the New Seller Foreign Retirement Plans to accept a transfer of: (i) the Mixed Foreign Retirement Plan DB Liabilities relating to the Parent Active Employees in respect of the period up to the Closing Date; and (ii) assets equal in value to such Mixed Foreign Retirement Plan DB Liabilities calculated in accordance with the rules of the Parent Sponsored Mixed Foreign Retirement Plan concerned and applicable Law.

(G) Notwithstanding anything in this Section 5.7(a)(ii) to the contrary, if Buyer and Parent mutually determine that it would not be commercially reasonable to establish a New Buyer Foreign Retirement Plan with respect to Active Employees located in a particular jurisdiction who participate in a Parent Sponsored Mixed Foreign Retirement Plan, then, to the extent permitted by applicable Law, Buyer may elect to provide, as applicable, that (x) the account balances of such Active Employees shall not be transferred to a New Buyer Foreign Retirement Plan or (y) the Mixed Foreign Retirement Plan DB Liabilities relating to such Active Employees and the applicable assets relating thereto shall not be transferred to a New Buyer Foreign Retirement Plan. In addition, if such Parent Sponsored Mixed Foreign Retirement Plan provides benefits of a defined benefit nature, then effective as of the Closing Date, such Active Employees shall cease to accrue benefits under such Parent Sponsored Mixed Foreign Retirement Plan, and Buyer shall provide such Active Employees with compensation or benefits that have a value that is comparable to the value of the benefits provided to such Active Employees under such Parent Sponsored Mixed Foreign Retirement Plan as of immediately prior to the Closing Date in accordance with the second sentence of Section 5.7(a)(i).

(H) Notwithstanding anything in this Section 5.7(a)(ii) to the contrary, if Buyer and Parent mutually determine that it would not be commercially reasonable to establish a New Seller Foreign Retirement Plan with respect to Parent Active Employees located in a particular jurisdiction who participate in a Company Sponsored Mixed Foreign Retirement Plan, then, to the extent permitted by applicable Law, Parent may elect to provide, as applicable, that (x) the account balances of such Parent Active Employees shall not be transferred to a New Seller Foreign Retirement Plan or (y) the Mixed Foreign Retirement Plan DB Liabilities relating to such Parent Active Employees and the applicable assets relating thereto shall not be transferred to a New Seller Foreign Retirement Plan. In addition, if such Company Sponsored Mixed Foreign Retirement Plan provides benefits of a defined benefit nature, then effective as of the Closing Date, such Parent Active Employees shall cease to accrue benefits under such Company Sponsored Mixed Foreign Retirement Plan, and Parent shall provide such Parent Active Employees with compensation or benefits that have a value that is comparable to the value of the benefits provided to such Parent Active Employees under such Company Sponsored Mixed Foreign Retirement Plan as of immediately prior to the Closing Date.

(iii) UK Pension Plan. As soon as practicable after the date hereof, but no later than 30 days after the date hereof, Parent shall (or shall cause one of the Companies or the Subsidiaries to) (A) notify the trustees of the UK Defined Benefits Pension Scheme (the "UK Pension Plan") of the transactions contemplated by this Agreement, (B) use its reasonable best efforts to obtain any relevant documentation that Buyer reasonably determines is necessary, including in respect of advice on the employer covenant, in relation to the UK Pension Plan and (C) provide Buyer, its Affiliates and its advisors with unrestricted access to the trustees of the UK Pension Plan. Parent will not agree to, and will cause the Companies and the Subsidiaries not to agree to, any actuarial valuation, recovery plan, statement of investment principles or schedule of contributions (as defined in Part 3 of the Pensions Act 2004) with respect to the UK Pension Plan without the prior written consent of Buyer (not to be unreasonably withheld, conditioned or delayed). Prior to the Closing, if the trustees of the UK Pension Plan consult with Parent, any Company or any Subsidiary in relation to the funding or investment of the UK Pension Plan, Parent shall, and shall cause such Company or Subsidiary to, notify Buyer as soon as practicable and shall enter into such consultation on the reasonable direction of Buyer. Parent shall not, and shall cause the Companies or Subsidiaries not to, take any action prior to the Closing which could result in the triggering of any guarantee to the UK Pension Plan all of which are separately identified as being a guarantee to the UK Pension Plan in Section 5.7(a)(iii) of the Disclosure Schedule together with their guaranteed amounts. In the event that any guarantee to the UK Pension Plan is triggered prior to the Closing, Parent shall indemnify and hold harmless Buyer against any amounts payable by any of the Companies or Subsidiaries in respect of any such guarantee to the UK Pension Plan. If a wind-up of the UK Pension Plan is triggered prior to the Closing, Parent shall indemnify and hold harmless Buyer against any amounts payable by any of the Companies or Subsidiaries to the UK Pension Plan.

(iv) Agreements and Bonuses. From and after the Closing, and subject to Section 5.7(g), Buyer shall or shall cause the Companies and the Subsidiaries to (A) honor in accordance with their terms all existing contractual obligations under Company Benefit Plans that are employment, severance, retention, bonus (not including change of control or transaction bonuses or payments or payments with respect to cash performance unit awards, which are governed by the provisions of clause (B) hereof), consulting or other compensation agreements, plans or contracts (other than any such agreements, plans or contracts relating to equity-based awards or other Parent long-term incentive cash awards) between any Company or any Subsidiary and any current or former officer, director or employee of any Company or any Subsidiary, (B) pay any change of control bonuses due under any agreement listed in Section 5.7(a)(iv) of the Disclosure Schedule; provided that Buyer's obligation under this clause (B) shall apply only to the extent that such amounts are reflected in the Final Net Working Capital, (C) pay any cash payments due under a Parent long-term incentive cash award in effect with any current or former officer or employee of any Company or any Subsidiary and (D) pay any bonus payments that are (or will be) due with respect to calendar year 2016 to any current or former officer or employee of the Companies or any Subsidiary under any cash incentive plan of Parent applicable to such officer or employee and disclosed in Section 3.19(a)(i) of the Disclosure Schedule; provided that Buyer's obligation under this clause (D) shall apply only to the extent that (x) such officers and employees are employed through the applicable regular payment date of such bonuses (other than any such officer or employee whose employment was earlier terminated by Buyer without cause) unless otherwise provided by the terms of the plan or agreement governing such bonuses as in effect as of the date hereof and disclosed to Buyer and (y) such amounts are reflected in the Final Net Working Capital. Except as provided in this paragraph, Parent shall retain all liability (and Buyer and its Affiliates shall have no liability) for any amounts payable under any employment, severance, retention, change of control, transaction bonus or similar agreement entered into between Parent or any of its Affiliates (other than any Company or Subsidiary) and any Active Employee or Former Employee, and Parent shall not (and shall cause its Affiliates not to) assign or transfer any such agreement to any Company or Subsidiary. With respect to any employee of Parent or its Affiliates (other than any Company or Subsidiary) whose employment is transferred to any Company or Subsidiary pursuant to the Step Plan, if under applicable Law, any agreement between such employee and Parent or its Affiliates (other than any Company or Subsidiary) is transferred to or assumed by any Company or Subsidiary, or any Company or Subsidiary otherwise becomes responsible for any amounts payable under such agreement, Parent shall retain all liability (and Buyer and its Affiliates shall have no liability) for such amounts to the extent such amounts are not reflected in Final Net Working Capital.

(v) Service Credit. Without limiting any other covenant herein, Buyer shall use reasonable best efforts to ensure that all service credited to Active Employees through the Closing Date shall be recognized by Buyer, the Companies and the Subsidiaries for purposes of eligibility, participation, vesting and benefit accrual (other than benefit accrual under a defined benefit pension plan) under Buyer's benefit plans without application of any preexisting condition or similar exclusion that did not apply to such employees or their dependents immediately prior to the Closing Date; provided that the

foregoing shall not apply to the extent that it would result in the duplication of benefits for the same period of service and subject always to the terms of the applicable benefit plans and local Laws.

(d) 401(k) and ESOP.

(viii) As of the Closing Date, the Companies and the Subsidiaries shall cease to be participating employers under the Pentair Retirement Savings and Investment Plan (the "RSIP") and Parent shall take, or cause to be taken, all such action as may be necessary to effect such cessation of participation.

(ix) As soon as reasonably possible after the Closing Date, Active Employees with account balances under the RSIP shall be entitled to request a lump sum distribution of such account balances and, if requested by the participant concerned, Buyer's existing defined contribution plan or such other qualified defined contribution plan as may be designated or established by Buyer or caused to be designated or established by Buyer (the "Buyer Rollover Plan") shall accept a direct transfer pursuant to Code Section 401(a)(31) or participant rollover of such account balances; provided, however, (A) no such distribution or transfer shall be made solely by reason of the sale of the Purchased Shares and the Specified Individual Shares to the extent such a distribution or transfer may adversely affect the qualified status of the RSIP or the Buyer Rollover Plan, (B) any such distribution or transfer shall be subject to the otherwise applicable benefit payment rules and procedures under the RSIP and (C) in no event shall the Buyer Rollover Plan be obligated to accept a direct transfer or rollover unless made in cash or a cash equivalent, except that the Buyer Rollover Plan shall be obligated to accept the transfer of promissory notes evidencing participant loans, but subject to Buyer's reasonable determination that Parent has provided to Buyer adequate information to permit Buyer to administer such loans. Pending such a distribution or transfer or in the event such a distribution or transfer is not made and except as otherwise required under the Code or ERISA, Active Employees shall be entitled to retain or receive their benefits under the RSIP subject to such rules, procedures and limitations which otherwise apply thereunder to terminated vested participants.

(e) Other Retirement Plan Arrangements. As of the Closing Date, the Companies and the Subsidiaries shall cease to be participating employers under the Excluded Plans, and Parent, to the extent permitted by applicable Laws, shall take, or cause to be taken, all such actions as may be necessary to effectuate such cessation of participation. Notwithstanding such cessation, however, the Companies and the Subsidiaries shall timely transmit to the trustee of the grantor trust related to the Parent NQ 401(k) Plans and properly account for, in accordance with the customary procedures under the Parent NQ 401(k) Plans, amounts withheld from Active Employees' salary, wages or other covered compensation, for deposit with such trustee. For the avoidance of doubt, Buyer shall not assume and Parent shall retain any obligations or liabilities arising under the Excluded Plans or the Parent NQ 401(k) Plans.

(f) Health and Welfare Benefit Plans.

(iii) Termination of Coverage. Parent will cause the cessation of coverage under all insurance policies, contracts, programs or similar arrangements through which health or welfare benefits have been provided (each, a "Health and Welfare Benefit Plan") to or on behalf of (x) Active Employees under Parent Sponsored Benefit Plans and (y) employees of Parent or its Affiliates (other than any Company or Subsidiary) under Company Benefit Plans that are not Parent Sponsored Benefit Plans.

(iv) Benefit Plan Claims. Subject to Section 5.7(d)(vi), Buyer shall assume, or shall cause the Companies and the Subsidiaries to assume or retain, responsibility for the payment of all covered claims or expenses actually incurred under a Health and Welfare Benefit Plan, whether prior to the Closing Date or on account of a continuous period of hospitalization or other course of treatment which commences prior to the Closing Date and ends on or after the Closing Date, by or on behalf of any Active Employee enrolled in such benefit plan (or the covered spouse or dependent of any such individual); it being understood that Buyer's responsibility for the payment of such covered claims or expenses shall be deemed met to the extent that the cost of such coverage was allocated to any Company or Subsidiary (e.g., via a deemed premium). Parent shall assume or retain, or shall cause its Affiliates (other than the Companies and the Subsidiaries) to assume or retain, responsibility for the payment of all covered claims or expenses actually incurred under a Health and Welfare Benefit Plan, whether prior to the Closing Date or on account of a continuous period of hospitalization or other course of treatment which commences prior to the Closing Date and ends on or after the Closing Date, by or on behalf of any individual other than an Active Employee enrolled in such benefit plan (or the covered spouse or dependent of any such individual). For the avoidance of doubt, this Section 5.7(d)(ii) does not apply to any Company Benefit Plan which is a pension plan or arrangement.

(v) COBRA. Parent shall provide or cause to be provided to any Former Employee (and such individual's "qualified beneficiaries" within the meaning of COBRA) and to the qualified beneficiaries of an Active Employee whose "qualifying event" (within the meaning of COBRA) occurs on or prior to the Closing Date with such COBRA continuation coverage as any such individual has elected or may elect. Buyer shall provide, or shall cause to be provided, COBRA continuation coverage to any Active Employee and such individual's qualified beneficiaries whose qualifying event occurs after the Closing Date.

(vi) Long-Term Disability. Buyer shall provide or cause to be provided long-term disability benefits with respect to any Active Employee who is or becomes disabled prior to, on or after the Closing Date, regardless of whether such employee has as of the Closing Date, completed the elimination period necessary for the payment of long-term disability benefits to begin; provided, however, that Parent shall retain responsibility for payment of any long-term disability benefits to or on behalf of any individual who, prior to the Closing Date and while an employee of any of the Companies or the Subsidiaries, qualified to receive payment of long-term disability benefits.

(vii) Flexible Benefit Plan. For the post-Closing portion of the calendar year in which the Closing Date occurs, Buyer shall, or shall cause the Companies and the Subsidiaries to, make available a cafeteria plan within the meaning of Code Section 125 for Active Employees who were, as of immediately prior to Closing, participants in Parent's Flexible Benefit Plan.

(viii) Retiree Medical and Life Insurance. Parent shall indemnify and hold harmless Buyer and its Affiliates against, and shall hold each of them harmless from, any and all liabilities and costs incurred or suffered by Buyer or any of its Affiliates (including any Company or Subsidiary) relating to any retiree health or welfare benefits with respect to any Former Employee, Active Employee or other employee of Parent or its Affiliates. Without limiting the foregoing, effective as of the Closing Date, Parent shall (or shall cause its Affiliates, other than the Companies and Subsidiaries) to assume or retain, as applicable, sponsorship of (and the obligation to provide benefits under) each Company Benefit Plan that provides retiree health or welfare benefits with respect to any Former Employee, Active Employee or other employee of Parent or its Affiliates, and Buyer and its Affiliates (including the Companies and Subsidiaries) shall have no obligation to provide any such benefits to such persons.

(ix) WARN Act. Buyer shall be responsible for all obligations or liabilities under the WARN Act, or under any other Laws which provide to employees protections similar to the WARN Act, resulting from actions taken by Buyer or the Companies or Subsidiaries after the Closing Date, including the relocation of any U.S. operations from their current location. Parent shall be responsible for all obligation or liabilities under the WARN Act, or any other Laws which provide to employees protections similar to the WARN Act, resulting from actions taken by Parent, the Companies or the Subsidiaries on or prior to the Closing Date. Buyer and Parent will work together in good faith to avoid triggering any liabilities to either party under the WARN Act, or any such other Laws.

(g) Information and Consultation.

(i) Parent shall, to the extent permitted by applicable Law, cause each of the Companies and the Subsidiaries to undertake all reasonably necessary or legally required provisions of information to, or consultations, discussions or negotiations with, each union, works council or other employee representative group as required by applicable Law or the applicable agreement with such union, works council or other employee representative group in connection with the transactions contemplated by this Agreement, each in a timely manner, in accordance with applicable Law and any applicable agreement, and Buyer shall provide such reasonable cooperation in connection with the foregoing (and, with respect to any cooperation related to transactions contemplated by Section 5.7(e)(ii)), as is reasonably requested by Parent. Buyer and Parent shall, and shall, to the extent permitted by applicable Law, cause their respective Affiliates to, reasonably cooperate in carrying out such provisions of information to, or consultations, discussions or negotiations with, such unions, works councils or other employee representative groups. Parent shall use reasonable best efforts to complete, or, to the extent permitted by applicable Law, cause to be completed, prior

to the Closing, and Buyer shall use reasonable best efforts to assist and cooperate with Parent in causing to be completed, all notifications required by applicable Law to, and all consultations required by applicable Law with, the employees, employee representatives, work councils, unions, labor boards and relevant Government Entities concerning the transactions contemplated by this Agreement with respect to the employees of the Companies and the Subsidiaries, including with respect to any cooperation related to transactions contemplated by Section 5.7(e)(ii); provided that in no event will Parent, and Parent will, to the extent permitted by applicable Law, cause its Affiliates not to, make any agreement that would increase Buyer's or any of its Affiliates' liabilities or obligations hereunder without Buyer's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

(ii) Notwithstanding any other provision of this Agreement, this Agreement shall not constitute a binding agreement to sell or purchase the Shares of entities organized in France or The Netherlands. At any time after the date on which the required information and consultation process(es) with each union, works council or other employee representative group with respect to each of entities organized in France or The Netherlands, as applicable, are complete under applicable Law, but prior to the Closing, Parent may, at its sole option (for each such entity, a "Put Option") determine to sell and transfer (and shall cause the relevant Seller to sell and transfer) to Buyer or the relevant Designated Purchaser all of the Shares of each such entity, if any, and, in such event, shall encourage all employees of each such entity to continue employment with such entity as part of the sale of such Shares; provided that (A) nothing herein shall be interpreted as requiring Parent or any of its Affiliates to provide any employees of the Companies or the Subsidiaries with any additional compensation or benefits to incentivize such Person to continue employment with such entity as part of the sale of such Shares, (B) if Parent does not exercise the Put Option for the entities organized in France prior to the Closing, the Base Purchase Price shall be reduced by the amount set forth in Section 5.7(e)(ii) of the Disclosure Schedule and (C) if Parent does not exercise the Put Option for the entities organized in The Netherlands prior to the Closing, the Base Purchase Price shall be reduced by the amount set forth in Section 5.7(e)(ii) of the Disclosure Schedule. Upon Parent's exercise of a Put Option, the purchase and sale of such Shares shall be deemed a part of, and undertaken on the same terms and conditions as, the purchase and sale of the Purchased Shares and Specified Individual Shares under Article I of this Agreement (and without the payment of any additional consideration), subject in all respects to the terms and conditions of this Agreement, including this Section 5.7 with respect to the employees of the Companies or the Subsidiaries, and the consummation of the Put Option shall occur simultaneously with, and as part of, the Closing. In case of concerns raised by a union, works council or other employee representative group with respect to any of entities organized in France or The Netherlands in connection with the purchase and sale of such Shares in accordance with this Section 5.7(e)(ii), which would reasonably be addressed by updates, modifications or amendments to this Agreement or any section of the Disclosure Schedule to the extent related to such Shares, Parent and Buyer shall negotiate in good faith with respect to any such updates, modifications or amendments designed to carry out, so far as possible while addressing such concerns, the intent and purpose of this Agreement and the purchase and sale of such Shares; provided that none of Parent, any Company or any

Subsidiary shall agree to any such updates, modifications or amendments or any matters which could impact the transactions contemplated by, or the terms of, this Agreement without Buyer's express written consent and Buyer may in its sole discretion reject Parent's exercise of a Put Option if such consent has not been provided.

(h) Cooperation. With respect to such actions as may be necessary to effectuate the provisions of this Section 5.7, but only to the extent otherwise consistent with each party's duties and responsibilities with respect to employee benefit plans under applicable Law, Parent and Buyer shall, and Buyer shall cause the Companies and the Subsidiaries to, reasonably cooperate with each other with respect to such matters, including (i) sharing notices or other information related to employee benefit plans to be filed or provided to Government Entities pursuant to the Code or ERISA with respect to the sale of the Purchased Shares and the Specified Individual Shares and the transactions described in this Section 5.7, including any notice required under ERISA Section 4043, (ii) gathering information necessary for each party to file annual reports with the IRS or such other governmental filing as may be required with respect to employee benefit plans for reporting periods ending in or with the plan year which includes the Closing Date and (iii) properly effectuating any blackout notice and procedures required pursuant to 29 CFR §2520.101-3(b) in connection with the applicable plan asset transfers hereunder. Parent and Buyer shall cooperate in good faith to take the actions set forth in Section 5.7(f) of the Disclosure Schedule.

(i) Certain Employee Transaction Costs. Except for liabilities which are reflected in the Final Net Working Capital (not including liabilities relating to cash performance unit awards, equity-based awards or other Parent long-term incentive awards), Parent shall indemnify Buyer and its Affiliates from and against any Losses attributable to any stay or retention bonus, change in control bonus, transaction bonus, amounts due or that become due under a cash performance unit award, equity-based award or other Parent long-term incentive award or other payment to be made to any Active Employee or Former Employee (and the employer portion of any payroll, employment or similar Taxes associated with any of the foregoing payments) that is payable as a result of, or in connection with, this Agreement and the transactions and other agreements contemplated hereby.

(j) Saudi Arabia and the United Arab Emirates. Prior to the Closing Date, Parent shall, to Buyer's reasonable satisfaction, use its reasonable best efforts to (i) modify the working arrangements and relevant work permit and visa arrangements of the individuals working for the benefit of the Business located in the Kingdom of Saudi Arabia and (ii) rectify any failure by Parent or any of its Affiliates to comply with rules relating to overtime or end-of-service gratuities with respect to individuals working for the benefit of the Business located in the United Arab Emirates. Parent shall indemnify Buyer and its Affiliates against, and shall hold each of them harmless from, any and all liabilities and costs (including employment Taxes, penalties, fees and contributions) with respect to the arrangements and rules described in the immediately preceding sentence.

(k) Certain Employees. With respect to employees of the Business who, as of the date hereof, are employed by Parent or its Affiliates (other than any Company or Subsidiary), including such employees located in Turkey, Kazakhstan and Russia, prior to the Closing Date, Parent and Buyer shall cooperate in good faith to determine the manner in which, and the date on which, such employees will become employees of Buyer or its Affiliates, and whether such employees will provide services to Buyer or its Affiliates after the Closing Date pursuant to the Transition Services Agreement.

(l) Tyco Benefit Plans. With respect to any Company Benefit Plan that is not a Parent Sponsored Benefit Plan, at Buyer's request at any time after the Closing Date and at Buyer's sole expense, Parent will use reasonable best efforts to promptly seek to enforce, to the extent permitted by the Separation Agreement, any right of indemnification that such Company Benefit Plan may have against Tyco International Ltd. pursuant to the Separation Agreement.

(m) Company Benefit Plans. Parent shall indemnify Buyer and its Affiliates against, and shall hold each of them harmless from, any and all liabilities and costs incurred or suffered by Buyer or any of its Affiliates (including any Company or Subsidiary) with respect to any Company Benefit Plan that is (x) not set forth on Section 3.19(a)(i) of the Disclosure Schedule or (y) set forth on Section 3.19(a)(i) of the Disclosure Schedule but for which Parent has not made available to Buyer, prior to the date hereof, a true and complete copy of the items set forth in clauses (A) through (E) of the fourth sentence of Section 3.19(a). Notwithstanding the foregoing, Parent shall not be liable pursuant to this Section 5.7(k) (x) unless the aggregate amount of such liabilities and costs exceeds $4,000,000 or (y) to the extent that such liabilities and costs have been taken into account, on a dollar for dollar basis, in the determination of any adjustment pursuant to Section 2.3.

5.8 Property Transfer Statute Compliance.

(a) From the date hereof until the Closing, Parent shall cause the relevant Subsidiaries (the "New Jersey Entities") listed on Section 5.8(a) of the Disclosure Schedule to comply with all obligations, if any, imposed by the New Jersey Industrial Site Recovery Act, all regulations promulgated thereunder, and all directives, orders or requirements of the New Jersey Department of Environmental Protection ("NJDEP") issued thereunder ("ISRA") resulting from the entering into this Agreement or the consummation of the transactions contemplated hereby or by the Step Plan. Prior to the Closing, Parent shall cause the New Jersey Entities to use reasonable best efforts to achieve receipt of a Response Action Outcome issued by a Licensed Site Remediation Professional (as such terms are defined under the New Jersey Site Remediation Reform Act, N.J.S.A. 58-10C-1 et seq.) or other written determination of the NJDEP or an LSRP that the requirements of ISRA have been satisfied with respect to the subject site, including without limitation a written determination that the de minimis quantity exemption applies to the subject site ("Compliance with ISRA"). In the event that the New Jersey Entities do not achieve Compliance with ISRA prior to the Closing, the New Jersey Entities shall file a Remediation Certification (as such term is defined under ISRA) with the NJDEP.

(b) From the date hereof until the Closing, Parent shall, and shall cause the New Jersey Entities to, give Buyer and its representatives reasonable opportunity to review all drafts of all filings under ISRA, shall incorporate any reasonable comments from Buyer, and shall provide Buyer a copy of the final ISRA filing or document following submission to the NJDEP. From the date hereof until the Closing, Parent shall, and shall cause the New Jersey Entities to use reasonable best efforts to design and implement any investigation or remediation activities conducted or proposed by or on behalf of such Company or Subsidiary in a manner so as not to unreasonably adversely affect the ongoing operations at the relevant site.

(c) For the avoidance of doubt, (i) the New Jersey Entities listed on Section 5.8(a) of the Disclosure Schedule shall bear all responsibility for, and liability related to, ISRA or Compliance with ISRA as a result of entering into this Agreement or the consummation of the transactions contemplated hereby or by the Step Plan, and under no circumstances shall Parent or Buyer have any

such responsibility or liability and (ii) Parent's obligations under this Section 5.8 shall terminate upon the earlier of the Closing Date or Compliance with ISRA.

5.9 Asbestos Matters and Other Litigation Matters.

(a) Parent agrees to cause the Companies and the Subsidiaries, during the period commencing on the date hereof and ending on the Closing Date, upon reasonable advance notice to and with the prior consent of Parent in each instance (which consent shall not be unreasonably withheld), to use reasonable best efforts to provide Buyer and its representatives such access to the insurers that are parties to coverage in place agreements providing coverage under the Coverage Documents and to the Defense Firms (subject to appropriate arrangements to maintain all applicable privileges) for telephone conferences or meetings (which conferences or meetings Parent and its representatives may also attend). In addition, on and after the Closing Date, at Buyer's request, Parent will afford promptly to Buyer and its agents, and shall use reasonable best efforts to obtain for Buyer and its agents, access to documentation of losses relating to Coverage Documents, or prior Company Asbestos Actions, paid to any predecessor entities.

(b) Prior to the Closing, Parent shall promptly notify Buyer (after Parent has notice thereof) of all material developments in any pending Company Asbestos Action or lawsuit against any Company or Subsidiary, as well as provide to Buyer, on a monthly basis, a list of all new (i) Company Asbestos Actions filed after the date hereof (with plaintiff name and docket number, the manufacturer, seller or brand to which such Company Asbestos Action relates and the alleged disease) and (ii) lawsuits against any Company or any Subsidiary filed after the date hereof; provided that notwithstanding the foregoing, Parent shall promptly notify Buyer of any Company Asbestos Actions that has an expedited trial date.

(c) As of the Closing, Parent and each Seller, as applicable, shall, without the necessity of further documentation of transfer, be deemed to have irrevocably assigned and transferred to the applicable Companies and Subsidiaries all of their right to, title to and interest in all communications with, and work product of, Morgan Lewis and Bockius LLP, Forman Watkins & Krutz LLP, Nelson Mullins Riley & Scarborough LLP, Gardner Trabolsi & Associates, PLLC, Segal McCambridge Singer & Mahoney, Ltd., Shook, Hardy & Bacon LLP, McMillan LLP, Pepper Hamilton LLP and any other law firms involved in Company Asbestos Actions and other lawsuits against any Company or Subsidiary (collectively, the "Defense Firms"), together with all written or other materials consisting of, containing, summarizing or embodying such communications and work product (collectively, the "Privilege Items"); provided that, for the sake of clarity, Privilege Items does not include engagement letters between a Defense Firm and Parent or any Seller. Parent agrees the intent and effect of this provision is to grant the applicable Companies and Subsidiaries control over the exercise of the attorney-client privilege, if any, held by Parent or any Seller, in respect of communications with the Defense Firms regarding the Company Asbestos Actions and other lawsuits against any Company or Subsidiary and the Privilege Items. Parent agrees, and shall cause each Seller to agree, after the Closing to refrain from and cause each Seller to (i) refrain from, knowingly waiving the attorney-client privilege belonging to the Companies or the Subsidiaries, relating to any current or future Company Asbestos Action or other lawsuit or the Privilege Items and (ii) allow the Defense Firms to represent Buyer and/or its Affiliates (including the Companies and the Subsidiaries) in connection with any Company Asbestos Actions or asbestos insurance recovery matters. Parent shall take the actions set

forth in Section 5.9(c) of the Disclosure Schedule and shall permit Buyer and its Affiliates (including the Companies and Subsidiaries) to take the actions set forth in Section 5.9(c) of the Disclosure Schedule.

5.10 Post-Closing Access to Information. For a period of seven years following the Closing Date, or, with respect to records relating to Tax liabilities of the Companies and the Subsidiaries for taxable periods ending on or prior to the Closing Date, until the expiration of any applicable statute of limitations for assessment or refund of Taxes of assessments thereof, if shorter, each party hereto shall provide, and shall cause its appropriate personnel to provide, when reasonably requested to do so by another party hereto, access to all Tax, financial, accounting and personnel records of or relating to the Companies or the Subsidiaries and the right to make copies or extracts therefrom at its expense; provided that no party shall be required to provide to the other party information that (i) such party reasonably believes is competitively sensitive, relating to trade secrets, (ii) if provided, would adversely affect the ability of such party to assert attorney-client or attorney work product privilege or other similar privilege and (iii) in the reasonable opinion of such party's legal counsel, may result in a violation of any Law or Contract applicable to such party; provided, further, that prior to withholding any information described in the preceding clauses (i), (ii) or (iii), the withholding party shall notify the other party in writing of the nature of such information being withheld and take any actions as may reasonably be requested by the other party to implement alternate arrangements (including entering into confidentiality agreements or joint defense agreements, redacting parts of documents or preparing "clean" summaries of information) in order to allow the other party access to such information to the fullest extent reasonably practicable under the circumstances. No party shall, nor shall it permit its Affiliates to, intentionally dispose of, alter or destroy any such books, records and other data without giving 30 days' prior written notice to the other party and permitting the other party hereto, at the other party's expense, to examine, duplicate or repossess such records, files, documents and correspondence. Notwithstanding the provisions of this Section 5.10, while the existence of an adversarial proceeding between the parties will not abrogate or suspend the provisions of this Section 5.10, as to such records or other information directly pertinent to such dispute, the parties may not utilize this Section 5.10 but rather, absent agreement, must utilize the rules of discovery.

5.11 Further Assurances. From and after the Closing, the parties agree to execute and deliver, or to cause to be executed and delivered, all further documents and instruments and to take all further action as shall be reasonably necessary or appropriate to confirm or carry out the provisions and intent of this Agreement.

5.12 Intellectual Property.

(a) License. Effective as of the Closing:

(x) Parent (on behalf of itself and its Affiliates) hereby grants and agrees to grant to Buyer and its Affiliates a non-exclusive, perpetual, irrevocable, nonsublicensable (except as provided in Section 5.12(a)(iii)) and non-assignable (except as provided in Section 5.12(a)(ii)), royalty-free, fully paid up, worldwide license, in connection with the current and future operation of the Business, to use, reproduce, create derivative works of, modify, distribute, make, have made, sell, offer for sale, import or otherwise commercially exploit products and services that incorporate any and all Intellectual Property Rights owned by Parent and its Affiliates (other than any

trademarks or domain names) that were used in connection with the Business as of the Closing.

(xi) Notwithstanding the assignment provision in Section 11.8, Buyer and its Affiliates may (A) assign the license set forth in Section 5.12(a)(i) in whole or in part in connection with a merger, consolidation, or sale of all, or substantially all, of the Business or any material portion of the assets of the Business, and (B) assume such license in bankruptcy.

(xii) Buyer and its Affiliates may sublicense the license set forth in Section 5.12(a)(i) to (A) its and their vendors, consultants, contractors and suppliers, in connection with their providing services to the Business and (B) its and their distributors, customers and end-users, in connection with the distribution, licensing, offering and sale of the current and future products and services of the Business.

(xiii) To the extent that Buyer and its Affiliates do not, as of the Closing Date, have access to or control of any tangible embodiments of Intellectual Property Rights licensed to Buyer and its Affiliates pursuant to Section 5.12(a)(i), Parent shall (or shall cause its Affiliate to) deliver to Buyer, or otherwise provide Buyer access to, such Intellectual Property Rights upon Buyer's request and at Buyer's expense.

(b) Buyer acknowledges that Parent and its Affiliates have the absolute and exclusive proprietary right to all names, trade names, trademarks, service names and service marks and domain names incorporating "Pentair" and Parent's corporate logo or any derivation thereof and any corporate symbols or logos related thereto or incorporating "Pentair" (collectively, the "Parent Names"). Buyer agrees that it will not, and will cause the Companies and the Subsidiaries not to, use any Parent Name or any confusingly similar trademark, symbol or logo in connection with the sale of any products or services or otherwise in the conduct and operation of their businesses except as set forth in this Section 5.12(b). As soon as reasonably practicable following the Closing and in any event no more than 180 days following the Closing, Buyer shall cause each Company or Subsidiary with a name including the word "Pentair" to file with an appropriate Government Entity an amendment to such Company or Subsidiary's charter or other organizational documents or take such other steps as are required by applicable Law to eliminate the word "Pentair" and any other Parent Name from such Company or Subsidiary's name. Effective from and after the Closing, except as otherwise provided in this Section 5.12(b), until a date that is 18 months from the Closing Date, Parent hereby grants the Companies and the Subsidiaries the nonexclusive, royalty-free right to use (without right of sublicense, other than to its and their distributors, representatives, resellers, contractors, service providers, contract manufacturers, customers and end-users, in connection with the Business) the Parent Names, but only in connection with the conduct and operation of the Business in a manner consistent with their use as of the Closing Date. Notwithstanding the foregoing, (i) as to any item of tooling in existence on the Closing Date that bears any such Parent Names, the Companies and Subsidiaries may continue to use such tooling until it becomes necessary for the Companies and the Subsidiaries to replace such tooling in the ordinary course of business consistent with past practice, at which time the Companies and the Subsidiaries shall replace such tooling with tooling that does not bear such Parent Names, and to sell inventory produced after the Closing Date using such tooling, only until such inventory is exhausted and (ii) to the extent any such Parent Names appear on stationary, packaging, materials, supplies or inventory, the Companies and the Subsidiaries shall use commercially reasonable efforts to remove or

strike over such Parent Names as soon as reasonably practicable after the Closing Date. Notwithstanding the foregoing, (A) Buyer shall not permit the Companies and the Subsidiaries to represent or hold themselves out as representing Parent or its Affiliates, (B) Parent shall have the right to require the Companies and the Subsidiaries to take such reasonable action as Parent deems necessary to maintain appropriate quality control of the products and services of the Companies and the Subsidiaries that use any Parent Names and (C) Buyer shall indemnify and hold harmless Parent and its Affiliates from any Losses incurred by Parent or its Affiliates as a result of any breaches of subclauses (A) or (B) of this Section 5.12(b). Notwithstanding anything in this Agreement to the contrary, and for the avoidance of doubt, nothing in this Agreement shall be construed as restricting or limiting Buyer or any of its Affiliates (including, after the Closing, the Companies and the Subsidiaries) from using or referencing the Parent Names (x) in any materials or documents to indicate Parent's and its Affiliates' historical or factual relationship to the Companies and the Subsidiaries or (y) in a manner that would constitute "fair use" under applicable Law if such use were made by any other Persons.

(c) To the extent that any Intellectual Property set forth in Section 3.21(a) of the Disclosure Schedule is not owned by and/or registered in the name of any Company or any Subsidiary as of the date hereof, then, (i) prior to the Closing Date, Parent and its Affiliates shall use reasonable best efforts to effect all transfers and take all such actions (including filings with the United States Patent and Trademark Office and its foreign equivalents) as are necessary so that all such Intellectual Property is transferred to, owned by, and registered in the name of, one of the Companies or Subsidiaries as of the Closing Date and (ii) following the Closing Date, Parent and its Affiliates shall, as promptly as possible, effect all transfers and take all such actions (including filings with the United States Patent and Trademark Office and its foreign equivalents) as are necessary so that any such Intellectual Property that has not been transferred to or registered in the name of one of the Companies or Subsidiaries pursuant to the foregoing clause (i) is transferred to, owned by, and registered in the name of, one of the Companies or Subsidiaries. Parent and Buyer shall cooperate in good faith to determine whether any such Intellectual Property is no longer needed for use in the Business such that it may be abandoned instead of transferred.

5.13 No Competition; No Solicitation.

(g) During the period commencing on the Closing Date and ending on the date that is three years after the Closing Date, Parent will not, and will cause its Affiliates not to, conduct or engage in the Business as conducted and engaged in by the Companies and the Subsidiaries on the Closing Date (a "Competitive Business"). Notwithstanding the foregoing, nothing in this Section 5.13(a) shall prohibit Parent or any of its Affiliates from (i) owning securities of corporations engaged in a Competitive Business that are listed on a national securities exchange or traded in the national over-the-counter market in an amount which shall not exceed 5% of the outstanding shares of any such corporation or (ii) acquiring any entity or business partially engaged in a Competitive Business; provided that such activities do not exceed 20% of the revenues or net equity of the acquired entity or business and that Parent shall use reasonable best efforts to divest the Competitive Business as soon as practicable, but in any event within 18 months of Parent's acquisition of such entity or business, to an unaffiliated third party.

(h) During the period commencing on the Closing Date and ending on the date that is two years after the Closing Date, Parent will not, and will cause its Affiliates not to, take any action to solicit or induce for employment any employee of the Companies or the Subsidiaries. Notwithstanding the foregoing, nothing in this Section 5.13(b) shall prohibit Parent or its Affiliates from soliciting or

inducing any employee of the Companies or the Subsidiaries (i) who responds to a public advertisement of general solicitation that is not targeted at such employees or (ii) whose employment with the applicable Company or Subsidiary (A) has ceased at least six months prior to such solicitation or inducement or (B) was terminated by the Companies or the Subsidiaries without cause.

(i) During the period commencing on the Closing Date and ending on the date that is three years after the Closing Date, Parent will not, and will cause its Affiliates not to, take any action to offer employment to, engage in discussions regarding employment with, or hire any employee of the Companies or the Subsidiaries set forth in Section 5.13(c) of the Disclosure Schedule. Notwithstanding the foregoing, nothing in this Section 5.13(c) shall prohibit Parent or its Affiliates from offering employment to, engaging in discussions regarding employment with, or hiring any such employee whose employment with the applicable Company or Subsidiary (i) has ceased at least six months prior to such offer, discussion or hire or (ii) was terminated by the Companies or the Subsidiaries without cause.

(j) If any provision contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section, but this Section shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable Law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such applicable Law. Parent acknowledges that Buyer would be irreparably harmed by any breach of this Section and that there would be no adequate remedy at law or in damages to compensate Buyer for any such breach. Parent agrees that Buyer shall be entitled to injunctive relief requiring specific performance by Parent of this Section, and Parent consents to the entry thereof.

5.14 Insurance. Prior to the Closing Date, commercial general liability (including products liability) and other insurance policies (collectively, the "Parent Policies") have been provided to the Companies and the Subsidiaries (the "Insured Subsidiaries") including, but not limited to, the insurance policies listed on Section 3.14 of the Disclosure Schedule. Coverage under the current Parent Policies and all other current insurance coverage for the Companies and/or the Subsidiaries shall be canceled effective on the Closing Date and Parent shall have no further obligation to provide insurance coverage for occurrences, accidents or diseases, as the case may be, which occur after the Closing Date. However, to the extent the Parent Policies afford coverage, or continue to afford coverage, to the Insured Subsidiaries for occurrences, accidents or diseases, as the case may be, taking place on or prior to the Closing Date (collectively, "Pre-Closing Occurrences"), Buyer and the Insured Subsidiaries shall have the right to present claims under the Parent Policies in accordance with this Section 5.14. Further, at the reasonable request of Buyer, Parent agrees to present claims of the Insured Subsidiaries (to the extent such claims are eligible to be so presented) under any third party insurance policies (other than the Parent Policies), or other agreements, which provide coverage for Pre-Closing Occurrences of the Insured Subsidiaries. Buyer agrees to, and shall cause the Insured Subsidiaries to, after the Closing comply with all terms and conditions of any Parent Policies affording coverage for Pre-Closing Occurrences:

(h) Comply with all terms and conditions of the claims handling procedures set forth in Section 5.14 of the Disclosure Schedule, as such may be amended by Parent from time to time with written notice to Buyer, provided that any such amendments shall not adversely impact insurance coverage offered under the Parent Policies for any Pre-Closing Occurrences covered by the Parent Policies or the ability of Buyer and the Insured Subsidiaries to access the Parent Policies in accordance with the terms hereof;

(i) Comply with all terms and conditions of any Parent Policies and any other umbrella or excess insurance policies affording coverage for Pre-Closing Occurrences; and

(j) Provide Parent, at no cost to Parent and/or its insurers, reasonable access to the Insured Subsidiaries' (i) product engineers and other personnel and (ii) documents, documentation and other records, when, and as necessary, for consultation relative to Pre-Closing Occurrence claims issues. This access shall include, but is not limited to, access for the purpose of reviewing and preparing claims and litigation reports, providing written analyses and consultation relative to product design and construction and serving and testifying as witnesses relative to claims and litigation arising from or based upon Pre-Closing Occurrences.

Further, for any claims or Pre-Closing Occurrences for which the Separation Agreement is applicable, Parent shall present such claims promptly on behalf of Buyer and the Insured Subsidiaries in accordance with the Separation Agreement and provide any support necessary to ensure that such claims are accepted.

Without limiting the foregoing, Buyer agrees that the Insured Subsidiaries may only submit claims for payment under the Parent Policies with respect to Pre-Closing Occurrences if and to the extent Buyer and the Insured Subsidiaries have reasonably complied with all terms and conditions of the claims handling procedures set forth in Section 5.14 of the Disclosure Schedule.

Parent shall not seek to amend any of the Parent Policies in any manner which adversely modifies coverage afforded to the Insured Subsidiaries.

For the avoidance of doubt, this Section 5.14 shall not apply to Company Asbestos Actions.

5.15 Step Plan; Certain Restrictions on Intercompany Loan Receivables. Each Carve-Out Document shall be in form and substance reasonably acceptable to Buyer (with Buyer's consent not to be unreasonably withheld, conditioned or delayed), and prior to executing (or permitting any Affiliate to execute) any Carve-Out Document, Parent shall provide Buyer with a reasonable opportunity to review and comment thereon, and Buyer shall conduct its review and provide any comments thereon reasonably promptly (and in no event later than five Business Days) after receipt of such Carve-Out Document (the "Carve-Out Document Approval"). Parent shall provide copies to Buyer of each executed final Carve-Out Document prior to the Closing. Parent shall use its reasonable best efforts to complete the transactions contemplated in the Step Plan as soon as reasonably practicable after the date hereof and, in any event, shall, and shall cause its Affiliates to, complete the transactions contemplated in the Step Plan, including obtaining all regulatory approvals and making all regulatory filings set forth in the Step Plan and obtaining all regulatory approvals and making all regulatory filings required in connection with any repatriation, withdrawals, distributions or contributions of cash or capital or repayment of intercompany accounts or loans between any Company or Subsidiary, on the one hand, and Parent or any of its Affiliates (including the Companies and the Subsidiaries), on the other hand, that will occur after the date hereof and prior to the Closing (such actions collectively, the "Repatriation Plan"), in each

case prior to the Closing. Parent shall not make any modifications to the Step Plan or its implementation without the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed) (the "Step Plan Modifications"). Buyer will use its reasonable best efforts to cooperate with Parent to complete the Step Plan, the Carve-Out Document Approvals and any Step Plan Modifications, and the individual listed in Section 5.15(b) of the Disclosure Schedule will act as the primary contact person in the event of any dispute relating to the Step Plan, its implementation, the Carve-Out Document Approval, the Step Plan Modifications or any allegation Buyer is being insufficiently responsive to such matters. Prior to the Closing, Parent shall not cause or permit (i) any of the Companies or the Subsidiaries to create any new Intercompany Loan Receivables between any Companies or Subsidiaries that are not organized in the same jurisdiction, (ii) any of the Companies or Subsidiaries organized in Italy to create any new Intercompany Loan Receivables, or increase the balance of any existing Intercompany Loan Receivables, between any such Companies or Subsidiaries organized in the same jurisdiction, (iii) the Companies or Subsidiaries organized in a jurisdiction other than Italy to create any new Intercompany Loan Receivables in the aggregate in excess of $75,000,000 with the balance of each such Intercompany Loan Receivable measured in the applicable Foreign Currency and converted into United States Dollars using the Exchange Rate on June 30, 2016, and (iv) the balance at the Effective Time of each Intercompany Loan Receivable in existence on the date hereof to exceed the balance of such Intercompany Loan Receivable set forth on Section 3.7(w) of the Disclosure Schedule by more than 5%. Parent will use its reasonable best efforts to cooperate with Buyer to minimize the amount of Cash held by the Companies and the Subsidiaries organized in (i) the United States and (ii) the Other Countries, in each case as of the Closing consistent with the Repatriation Plan.

5.16 Resignations. Parent will deliver to Buyer the resignations of all officers and directors of each Company and each Subsidiary who will be officers, directors or employees of Parent or any of its Affiliates after the Closing Date from their positions with any Company or any Subsidiary at or prior to the Closing Date.

5.17 Title Insurance Cooperation. From the date hereof until the Closing, Parent shall, and shall cause each Seller to, cooperate with Buyer to obtain, at Buyer's sole cost and expense, owner's title insurance policies (or, at Parent's election, endorsements to any existing owner's title insurance policies) with respect to the Company Facilities located in the United States and Canada, only, dated the Closing Date and issued from a title insurance company and in amounts reasonably satisfactory to Buyer; provided, however, such cooperation shall be at no cost, expense or liability to Parent or any Seller, including no obligation to deliver any affidavits, statements, certificates, indemnities, surveys or instruments of any kind to the title insurance company or any other party and no obligation to take any measures or actions to cure title defects or satisfy any title insurance company requirements.

5.18 Transition Services Agreement. As soon as practicable following the date hereof, Parent and Buyer will work together in good faith to complete the schedules to the Transition Services Agreement setting forth the services to be provided under the Transition Services Agreement and the fees and duration thereof (it being understood that such schedules shall be completed prior to the Closing). Parent and Buyer agree that (a) Parent will make available to the Business, the Companies and the Subsidiaries, to the extent so requested by Buyer, the full range of services provided by Parent or its Affiliates to the Business during the twelve-month period prior to the date hereof, (b) Buyer will cause the Companies and the Subsidiaries to make available to Parent and its Affiliates, to the extent so requested by Parent, services provided by the Companies or the Subsidiaries to businesses of Parent other than the Business during the twelve-month period prior to the date hereof, (c) each such service

shall be provided for a period of at least twelve months from the Closing Date (but subject to the extension and termination provisions set forth in the Transition Services Agreement) and (d) the fees for each such service shall be as set forth in the Transition Services Agreement.

5.19 Required Financial Statements.

(g) Parent shall deliver to Buyer (i) as soon as reasonably practicable after the date hereof, but in any event no later than September 30, 2016, the combined balance sheet of the Business as of and for the fiscal year ended December 31, 2015 and the related combined statement of income for the fiscal year ended December 31, 2015, in substantially the form set forth on Section 5.19(a) of the Disclosure Schedule, prepared in accordance with GAAP and Rule 3-05 and (ii) if the Closing has not occurred on or prior to December 31, 2016, as soon as reasonably practicable after December 31, 2016, but in any event no later than January 31, 2017, the combined balance sheet of the Business as of and for the fiscal year ended December 31, 2016 and the related combined statement of income for the fiscal year ended December 31, 2016, in substantially the form set forth on Section 5.19(a) of the Disclosure Schedule, prepared in accordance with GAAP and Rule 3-05 (the financial statements in clauses (i) and (ii) collectively, the "Carve-Out Financial Statements").

(h) On or prior to October 31, 2016, Buyer shall make a determination whether the 2015 Required Financial Statements are required under Rule 3-05 with respect to its acquisition of the Business and provide Parent with written notice of such determination. If Buyer makes a determination that the 2015 Required Financial Statements are required under Rule 3-05 with respect to its acquisition of the Business (a "2015 Audit Determination"), then Parent shall deliver to Buyer (i) as soon as reasonably practicable after the date hereof, but in any event prior to the Closing, (A) audited combined financial statements of the Business as of and for the fiscal year ended December 31, 2015, (B) unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of and for the three-month and nine-month period ended September 30, 2016 and (C) unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of and for the three-month period ended December 31, 2015, and (ii) if the Closing occurs prior to December 31, 2016, as soon as reasonably practicable after the Closing Date, but in any event no later than 40 days after the Closing Date, unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of and for the period starting from October 1, 2016 and ending on the Closing Date, in each of clauses (i) and (ii) prepared in accordance with GAAP and as required by Rule 3-05 and in comparative form to the extent required (the financial statements in clauses (i) and (ii) collectively, the "2015 Required Financial Statements").

(i) Unless Buyer has made a 2015 Audit Determination, within five Business Days after receipt of the Carve-Out Financial Statements as of and for the fiscal year ended December 31, 2016, Buyer shall make a determination whether the 2016 Required Financial Statements are required under Rule 3-05 with respect to its acquisition of the Business and provide Parent with written notice of such determination. If the Closing has not occurred on or prior to December 31, 2016 and (x) Buyer makes a determination that the 2016 Required Financial Statements are required under Rule 3-05 with respect to its acquisition of the Business or (y) Buyer made a 2015 Audit Determination, then in the case of each of clauses (x) and (y) Parent shall also deliver to Buyer (i) on or prior to the earlier of (A) the date on which Parent files its Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (the "2016 10-K") with the SEC and (B) the latest date on which Parent is required to file the 2016 10-K with the SEC, audited combined financial statements of the Business as of and for the fiscal year

ended December 31, 2016, (ii) on or prior to the earlier of (A) the date on which Parent files each Quarterly Report on Form 10-Q for each quarter of Parent's fiscal year ended December 31, 2017 that is completed prior to the Closing (each such report, a "10-Q") with the SEC and (B) the latest date on which Parent is required to file each such 10-Q with the SEC, unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of the end of and for the quarter for which such 10-Q was filed or required to be filed, (iii) on or prior to February 7, 2017, unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of the end of and for the quarter ended December 31, 2016, and (iv) as soon as reasonably practicable after the Closing Date, but in any event no later than 40 days after the Closing Date, unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of the end of and for the period starting from the day after the last quarter for which Parent is required to deliver to Buyer unaudited condensed combined financial statements in accordance with the preceding clause (ii) and ending on the Closing Date, in each of clauses (i), (ii), (iii) and (iv) prepared in accordance with GAAP and as required by Rule 3-05 and in comparative form to the extent required (the financial statements in clauses (i), (ii), (iii) and (iv) collectively, the "2016 Required Financial Statements" and, together with the 2015 Required Financial Statements, the "Required Financial Statements").

(j) After the Closing, Parent shall use reasonable best efforts to prepare, or assist Buyer in the preparation of, any financial statements of the Business (or pro forma financial statements of Buyer to the extent related to the Business) to the extent requested by Buyer (in addition to the financial statements set forth in clauses (a), (b) and (c) of this Section 5.19) and required in connection with Buyer's obligations under the Securities Act of 1933 or the Securities Exchange Act of 1934.

(k) Parent and Buyer shall each be responsible for 50% of the fees and expenses of Parent's independent accountants incurred in connection with the review or audit of the Required Financial Statements.

ARTICLE VI

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

Each and every obligation of Buyer under this Agreement to consummate the Closing is subject to the satisfaction (or waiver by Buyer) prior to or at the Closing of each of the following conditions:

6.1 Accuracy of Representations and Warranties; Performance of Obligations. The Fundamental Representations (excluding, for this purpose, the representations set forth in (x) Section 3.3(a)(ii), Section 3.3(b)(i) and Section 3.4 (in each case, solely with respect to the representations and warranties made thereunder related to the Individual Shares and the Individual Owners), (y) Section 3.3(c) and (z) Section 3.17(a)) of Parent set forth in Article III shall be true and correct, except for de minimis inaccuracies, as of the date hereof and as of the Closing Date, as though made on and as of the Closing Date, except for such representations made as of an earlier date or time, which need be true and correct only as of such earlier date or time. The representations and warranties of Parent (other than the Fundamental Representations (excluding, for this purpose, the representations set forth in (x) Section 3.3(a)(ii), Section 3.3(b)(i) and Section 3.4 (in each case, solely with respect to the representations and warranties made thereunder related to the Individual Shares and the Individual Owners), (y) Section 3.3(c) and (z) Section 3.17(a))) set forth in Article III shall be true and correct in all respects (without

giving effect to any limitation indicated by the words "Material Adverse Effect," "in all material respects," "material," or "materiality") as of the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date, and Parent shall have performed or complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Parent by the Effective Time, except (a) for representations and warranties that speak as of a specific date or time (which need only be true and correct as of such date or time) and (b) for breaches of such representations and warranties that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Parent shall have delivered to Buyer a certificate dated the Closing Date and signed by an officer of Parent in the officer's capacity as such confirming the foregoing in this Section 6.1.

6.2 No Legal Prohibition. No Law or Order shall have been enacted, entered, promulgated, adopted, issued or enforced by any Government Entity that is then in effect and has the effect of making the transactions contemplated hereby illegal, otherwise prohibiting or restraining the consummation of the transactions contemplated hereby or imposing a Burdensome Condition, and there shall be no proceeding pending by any Governmental Entity seeking such an Order.

6.3 HSR Act and Other Approvals. All applicable waiting periods under the HSR Act and any other applicable Competition Laws as set forth in Section 5.3 of the Disclosure Schedule shall have expired or terminated, and all approvals by, and filings with, Government Entities with respect to the transactions contemplated by this Agreement required under applicable Competition Laws as set forth in Section 5.3 of the Disclosure Schedule shall have been obtained and made, in each case without the imposition of a Burdensome Condition.

6.4 Delivery of Documents. Parent shall be prepared to deliver, or cause to be delivered, to Buyer the documents described in Section 8.2 at the Closing.

6.5 Buyer's Frustration of Closing Conditions. Buyer may not rely on the failure of any condition set forth in this Article VI if such failure was caused by Buyer's failure to comply with any provision of this Agreement.

ARTICLE VII

CONDITIONS PRECEDENT TO PARENT'S OBLIGATIONS

Each and every obligation of Parent under this Agreement to consummate the Closing is subject to the satisfaction (or waiver by Parent) prior to or at the Closing of the following conditions:

7.1 Accuracy of Representations and Warranties; Performance of Obligations. The Fundamental Representations of Buyer set forth in Article IV shall be true and correct, except for de minimis inaccuracies, as of the date hereof and as of the Closing Date, as though made on and as of the Closing Date, except for such representations made as of an earlier date or time, which need be true and correct only as of such earlier date or time. The representations and warranties of Buyer (other than the Fundamental Representations) set forth in Article IV shall be true and correct in all respects (without giving effect to any limitation indicated by the words "material adverse effect," "in all material respects," "material," or "materiality") as of the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date, and Buyer shall have performed or complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Buyer by the Effective Time, except (a) for representations and warranties that speak as of a specific date or

time (which need only be true and correct as of such date or time) and (b) for breaches of such representations and warranties that, in the aggregate, would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby. Buyer shall have delivered to Parent a certificate dated the Closing Date and signed by an officer of Buyer in the officer's capacity as such confirming the foregoing in this Section 7.1.

7.2 No Legal Prohibition. No Law or Order shall have been enacted, entered, promulgated, adopted, issued or enforced by any Government Entity that is then in effect and has the effect of making the transactions contemplated hereby illegal or otherwise prohibiting the consummation of the transactions contemplated hereby.

7.3 HSR Act and Other Approvals. All applicable waiting periods under the HSR Act and any other applicable Competition Laws as set forth in Section 5.3 of the Disclosure Schedule shall have expired or terminated, and all approvals by, and filings with, Government Entities with respect to the transactions contemplated by this Agreement required under applicable Competition Laws as set forth in Section 5.3 of the Disclosure Schedule shall have been obtained and made.

7.4 Delivery of Purchase Price and Documents. Buyer shall be prepared to deliver, or cause to be delivered, to Parent the cash payment contemplated by Section 2.2 and the documents described in Section 8.3 at the Closing.

7.5 Parent's Frustration of Closing Conditions. Parent may not rely on the failure of any condition set forth in this Article VII if such failure was caused by Parent's failure to comply with any provision of this Agreement.

ARTICLE VIII

CLOSING

8.1 Closing Date. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 10.1, and provided that the conditions to the Closing set forth in Article VI and Article VII are satisfied or waived (other than those, that by their terms, are capable of being satisfied only at the Closing), the closing with respect to the transaction (the "Closing") shall take place at 9:00 a.m. Eastern Time on the fifth Business Day immediately following the satisfaction or waiver of the conditions to the Closing set forth in Section 6.3 and Section 7.3, or at such other date and time as the parties hereto shall agree upon in writing. The actual date of the Closing is referred to in this Agreement as the "Closing Date," and if the Closing occurs, the Closing shall be deemed to have become effective at 12:01 a.m. Eastern Time on the Closing Date (the "Effective Time"), and for all purposes under this Agreement and each Ancillary Agreement, to the extent permitted by applicable Law, unless Parent and Buyer agree otherwise, the Closing will be deemed to have occurred at 12:01 a.m. local time in each applicable jurisdiction on the Closing Date regardless of the actual occurrence of the Closing at any particular time on the Closing Date. The parties intend that the Closing shall be effected, to the extent practicable, by conference call and the electronic delivery (or, if necessary, the prior physical exchange) of documents, to be held in escrow by outside counsel to the recipient party pending authorization by the delivering party (or its outside counsel) of the release of such documents at the Closing.

8.2 Documents to be Delivered by Parent. At the Closing, Parent shall deliver or cause to be delivered to Buyer (or, to the extent required by applicable Law, to the relevant Designated Purchaser) the following documents, in each case duly executed or otherwise in proper form:

(dd) Instruments of Transfer. The Equity Transfer Documents executed by the relevant Sellers and the certificates, if any, representing the Purchased Shares and the Specified Individual Shares duly endorsed in blank, or accompanied by stock powers duly executed in blank by the respective Seller (provided that such requirements in relation to certificates and stock powers shall be subject to such other equivalent or alternative procedures as are required under applicable Law to effect the valid transfer of the Purchased Shares and the Specified Individual Shares), and such other deeds, documents and instruments as are necessary or appropriate to effect the valid transfer of the Purchased Shares and the Specified Individual Shares.

(ee) Compliance Certificate. The certificate described in Section 6.1, duly executed by an officer of Parent.

(ff) Transition Services Agreement. The Transition Services Agreement, duly executed by Parent.

(gg) Payoff Letters. The Payoff Letters, duly executed by the lenders of the Companies and the Subsidiaries to which Buyer will deliver the Debt Payoff Amount pursuant to Section 2.2.

(hh) Certificates With Respect to United States Real Property. With respect to the Shares of the Companies set forth on Section 8.2(e) of the Disclosure Schedule, a certificate, in customary form and substance reasonably acceptable to Buyer, certifying that the Shares of such Company do not constitute "United States real property interests" within the meaning of Code Section 897(c).

(ii) Other Documents. Each of the other Ancillary Agreements duly executed by Parent or the relevant Seller and such other certificates of authority and documents as Buyer may reasonably request.

8.3 Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver or cause to be delivered to Parent (or, to the extent required by applicable Law, to the relevant Seller) the following documents, in each case duly executed or otherwise in proper form:

(s) Compliance Certificate. The certificate described in Section 7.1, duly executed by an officer of Buyer.

(t) Transition Services Agreement. The Transition Services Agreement, duly executed by Buyer.

(u) Other Documents. Each of the other Ancillary Agreements duly executed by Buyer or the relevant Designated Purchaser and such other certificates of authority and documents as Parent may reasonably request.

ARTICLE IX

SURVIVAL; INDEMNIFICATION

9.1 Survival. The representations and warranties of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing until the third anniversary of the Closing Date; provided that the Fundamental Representations shall survive until the sixth anniversary of the Closing Date. The covenants and agreements of the parties hereto contained in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing until the third anniversary of the Closing Date, except that those covenants and agreements (i) that by their nature are to be performed after the Closing shall survive (A) with respect to any covenant or agreement that expires or terminates by its terms, for a period of three years following the date of such expiration or termination, and (B) with respect to any covenant or agreement that does not expire or terminate by its terms, indefinitely after the Closing, (ii) set forth in Article I shall survive the Closing indefinitely and (iii) set forth in Section 5.6 shall survive until 60 days following the expiration of the applicable statute of limitations (taking into account any waiver or extension thereof). Notwithstanding the preceding sentences, any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, but only if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time.

9.2 Indemnification.

(v) Effective at and after the Closing, Parent hereby indemnifies Buyer, its Affiliates and their respective successors and assignees and, effective at the Closing, without duplication, each Company, each Subsidiary and their respective successors and assignees against and agrees to hold each of them harmless from any and all Losses incurred or suffered by Buyer, any Affiliate of Buyer, any Company, any Subsidiary or any of their respective successors and assignees arising out of (i) any misrepresentation or breach of warranty (determined, except with respect to Section 3.8(a), without regard to any qualification or exception contained therein relating to materiality or Material Adverse Effect or any similar qualification or standard) (each such misrepresentation and breach of warranty a "Warranty Breach"); provided that, (1) except (A) in the case of fraud and (B) with respect to a Warranty Breach of any Fundamental Representation or of Section 3.7(m): (x) Parent shall not be liable pursuant to this Section 9.2(a)(i) unless the aggregate amount of Losses with respect to such Warranty Breaches exceeds $15,750,000 and then only to the extent of such excess and (y) Parent's maximum liability shall not exceed $15,750,000, and (2) with respect to a Warranty Breach of Section 3.7(m), Parent's maximum liability shall not exceed $100,000,000; (ii) any breach of covenant or agreement made or to be performed by Parent pursuant to this Agreement or to be performed by any Company or any Subsidiary prior to or at the Closing; provided, that Parent's maximum liability for breaches of any covenant set forth under Section 5.2 shall not exceed the Base Purchase Price; (iii) (A) any Asbestos Action brought against Buyer, any Affiliate of Buyer, any Company or any Subsidiary to the extent relating to Parent, any of its Affiliates or any of their respective businesses and (B) any Asbestos Action which is the subject of indemnification under Section 8.2 of the Separation Agreement; (iv) the failure of Parent to deliver, or cause to be delivered, to Buyer or a Designated Purchaser any Specified Individual Share at the Closing; provided that Parent's maximum liability pursuant to this Section 9.2(a)(iv) shall not exceed $500,000

and that Parent shall have no liability pursuant to this Section 9.2(a)(iv) after the second anniversary of the Closing Date (except for any indemnification claim made pursuant to this Section 9.2(a)(iv) prior to the second anniversary of the Closing Date); (v) any sale or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise) of the Companies, the Subsidiaries or the Business to a third party, that was entered into or consummated after the date of the Recent Balance Sheet and prior to the Closing, including any payment obligations to any third party, restructuring costs, payments which are required to be made to any Active Employee or Former Employee, inventory write-offs, in each case solely to the extent that such Losses have not been taken into account, on a dollar for dollar basis, in the determination of any adjustment pursuant to Section 2.3; (vi) any non-compliance with, or breach or violation of, or any alleged non-compliance with, or alleged breach or alleged violation of, any Anti-Corruption Law by any Company or Subsidiary or any person acting on behalf of the Business, the Companies or the Subsidiaries, including any joint venture in which the Companies or the Subsidiaries have participated and joint venture partners acting on behalf of such joint venture or the Business, the Companies or the Subsidiaries, in each case that occurred prior to the Closing (including, for the avoidance of doubt, any such non-compliance, breach or violation that is disclosed in the Disclosure Schedule); provided that Parent shall have no liability pursuant to this Section 9.2(a)(vi) after the fourth anniversary of the Closing Date (except for any indemnification claim made pursuant to this Section 9.2(a)(vi) prior to the fourth anniversary of the Closing Date); and (vii) the Liens described in Items 2 through 9 of Section 3.17(a) of the Disclosure Schedule after the Closing, including any actions taken to cause the removal, discharge and release in full of such Liens. Notwithstanding the foregoing, in no event shall Parent's aggregate indemnification obligations under Section 9.2(a)(i) with respect to Warranty Breaches of Fundamental Representations exceed the Base Purchase Price.

(w) Effective at and after the Closing, Buyer hereby indemnifies Parent, its Affiliates and their respective successors and assignees against and agrees to hold each of them harmless from any and all Losses incurred or suffered by Parent, any of its Affiliates or any of their respective successors and assignees arising out of (i) any Warranty Breach; provided that, except (A) in the case of fraud and (B) with respect to a Warranty Breach of any Fundamental Representation: (x) Buyer shall not be liable pursuant to this Section 9.2(b) unless the aggregate amount of Losses with respect to such Warranty Breaches exceeds $15,750,000 and then only to the extent of such excess and (y) Buyer's maximum liability shall not exceed $15,750,000; (ii) any breach of covenant or agreement made or to be performed by Buyer pursuant to this Agreement or to be performed by any Company or any Subsidiary after the Closing; and (iii) any Company Asbestos Action brought against Parent or any of its Affiliates to the extent relating to any Company, any Subsidiary or any of their respective businesses.

(x) The amount of any Losses for which indemnification is provided under this Article IX shall be net of any (i) amounts actually recovered by the indemnified party pursuant to any indemnification by or indemnification or other agreement with any third party or (ii) insurance proceeds or other cash receipts or sources of reimbursement actually received by the indemnified party as an offset against such Loss, in each of clauses (i) and (ii) net of any Tax or costs incurred to recover such amounts; provided that if the indemnified party is Buyer, the amount of any such Losses shall be net of any such amounts, insurance proceeds, cash receipts or sources of reimbursement only to the extent that such amounts, insurance proceeds, cash receipts or sources of reimbursement are recovered or received pursuant to Contracts or insurance policies entered into prior to the Closing by or on behalf of or for the benefit of the Business, a Company or a Subsidiary.

(y) No Losses may be claimed under this Article IX to the extent such Losses are (i) taken into account, on a dollar for dollar basis, in the determination of any adjustment pursuant to Section 2.3 or (ii) indemnifiable by a party hereto pursuant to Section 5.6.

9.3 Third Party Claim Procedures.

(n) The party seeking indemnification under Section 9.2(a) or Section 9.2(b) (the "Indemnified Party") agrees to give prompt notice in writing to the party against whom indemnity is to be sought (the "Indemnifying Party") of the assertion of any claim or the commencement of any suit, action or proceeding by any third party ("Third Party Claim") in respect of which indemnity may be sought under such Section. Such notice shall set forth in reasonable detail such Third Party Claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have materially and adversely prejudiced the Indemnifying Party.

(o) The Indemnifying Party shall be entitled to participate in the defense of any Third Party Claim and, subject to the limitations set forth in this Section, shall be entitled to control and appoint lead counsel for such defense, in each case at its own expense; provided that prior to assuming control of such defense, the Indemnifying Party must acknowledge that it would have an indemnity obligation for the Damages resulting from such Third Party Claim as provided under this Article IX.

(p) The Indemnifying Party shall not be entitled to assume or maintain control of the defense of any Third Party Claim and shall pay the fees and expenses of counsel retained by the Indemnified Party if (i) the Indemnifying Party does not deliver the acknowledgment referred to in Section 9.3(b) within 30 days of receipt of notice of the Third Party Claim pursuant to Section 9.3(a), (ii) the Third Party Claim relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (iii) the Third Party Claim seeks as the primary remedy an injunction or equitable relief against the Indemnified Party or any of its affiliates, (iv) the Indemnifying Party has failed or is failing to prosecute or defend vigorously the Third Party Claim or (v) such Third Party Claim relates to an indemnification claim under Section 9.2(a)(vi); provided, however, that in such circumstances, (A) the Indemnifying Party shall be entitled to participate in the defense of any Third Party Claim and to employ separate counsel of its choice for such purpose, in which case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party, (B) the Indemnified Party shall promptly inform the Indemnifying Party of any material communication received from, or given to, any Government Entity regarding any such Third Party Claim, (C) the Indemnifying Party shall have the right to review in advance, and to the extent practicable the Indemnified Party shall consult with the Indemnifying Party on and consider in good faith the views of the Indemnifying Party in connection with, any material filing made with, or material written materials to be submitted to any Government Entity in connection with any such Third Party Claim, (D) the Indemnified Party shall make available to the Indemnifying Party copies of all material filings, notices and other written communications submitted or made by the Indemnified Party or its Affiliates to any Government Entity or received from any Government Entity in connection with any such Third Party Claim and (E) the Indemnified Party shall consult with the Indemnifying Party in advance of any material meeting, discussion, telephone call or conference with any Government Entity, and to the extent not expressly prohibited by the Government Entity or Person, give the Indemnifying Party the opportunity to attend and participate in such meetings and conferences, in each case, regarding any such Third Party Claim,

(F) the Indemnified Party shall consult with the Indemnifying Party with respect to such Third Party claim and shall, upon the Indemnifying Party's reasonable request and in any event no less often than biweekly, provide the Indemnifying Party with reasonably detailed oral reports on the progress and status of such Third Party Claim (including an opportunity to discuss the Third Party Claim with the counsel defending against the Third Party Claim on behalf of the Indemnified Party and review any documents discovered or produced in connection with the Third Party Claim) and (G) the Indemnified Party shall obtain the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld or delayed) before entering into any settlement of such Third Party Claim, if the settlement does not expressly unconditionally release the Indemnifying Party and its Affiliates from all liabilities and obligations with respect to such Third Party Claim or the settlement imposes injunctive or other equitable relief against the Indemnifying Party or any of its Affiliates.

(q) If the Indemnifying Party shall assume the control of the defense of any Third Party Claim in accordance with the provisions of this Section 9.3, the Indemnifying Party shall obtain the prior written consent of the Indemnified Party (which shall not be unreasonably withheld) before entering into any settlement of such Third Party Claim, if the settlement does not expressly unconditionally release the Indemnified Party and its affiliates from all liabilities and obligations with respect to such Third Party Claim or the settlement imposes injunctive or other equitable relief against the Indemnified Party or any of its affiliates.

(r) In circumstances where the Indemnifying Party is controlling the defense of a Third Party Claim in accordance with paragraphs (b) and (c) above, the Indemnified Party shall be entitled to participate in the defense of any Third Party Claim and to employ separate counsel of its choice for such purpose, in which case the fees and expenses of such separate counsel shall be borne by the Indemnified Party; provided that in such event the Indemnifying Party shall pay the fees and expenses of such separate counsel (i) incurred by the Indemnified Party prior to the date the Indemnifying Party assumes control of the defense of the Third Party Claim or (ii) if representation of both the Indemnifying Party and the Indemnified Party by the same counsel would create a conflict of interest.

(s) Each party shall cooperate, and cause their respective affiliates to cooperate, in the defense or prosecution of any Third Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

9.4 Direct Claim Procedures. In the event an Indemnified Party has a claim for indemnity under Section 9.2(a) or Section 9.2(b) against an Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party agrees to give prompt notice in writing of such claim to the Indemnifying Party. Such notice shall set forth in reasonable detail such claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have materially and adversely prejudiced the Indemnifying Party. If the Indemnifying Party does not notify the Indemnified Party within 30 days following the receipt of a notice with respect to any such claim that the Indemnifying Party disputes its indemnity obligation to the Indemnified Party for any Losses with respect to such claim, such Losses shall be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall promptly pay to the Indemnified Party any and all Losses arising out of such claim. If the Indemnifying Party has timely disputed its indemnity obligation for any Losses with respect to such claim, the parties shall proceed in

good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of jurisdiction determined pursuant to Section 11.2.

ARTICLE X

TERMINATION

10.1 General. This Agreement may be terminated, and the transactions contemplated herein may be abandoned, only:

(z) By mutual written agreement of Buyer and Parent;

(aa) By Parent or Buyer, if:

(i) The Closing shall not have occurred on or before February 18, 2017 (the "Outside Date"); provided, however, that, if on the Outside Date all of the conditions to Closing contained in Article VI and Article VII have been satisfied (other than those, that by their terms, are capable of being satisfied only at the Closing) other than the conditions set forth in Section 6.2, Section 6.3, Section 7.2 or Section 7.3 (provided in the case of Section 6.2 and Section 7.2 to the extent related in whole or in part to or arising under any Competition Law) or the condition set forth in Section 6.1 as a result of Parent's inability to complete the transactions contemplated in the Step Plan because all approvals by, and filings with, Government Entities set forth in the Step Plan or required in connection with the Repatriation Plan have not been obtained or made, then either Parent or Buyer may, by written notice to the other party, extend the Outside Date to May 18, 2017; provided, further, that, if on such extended date set forth in the preceding proviso all of the conditions to Closing contained in Article VI and Article VII have been satisfied (other than those, that by their terms, are capable of being satisfied only at the Closing) other than the conditions set forth in Section 6.2, Section 6.3, Section 7.2 or Section 7.3 (provided in the case of Section 6.2 and Section 7.2 to the extent related in whole or in part to or arising under any Competition Law) or the condition set forth in Section 6.1 as a result of Parent's inability to complete the transactions contemplated in the Step Plan because all approvals by, and filings with, Government Entities set forth in the Step Plan or required by the Repatriation Plan have not been obtained or made, then either Parent or Buyer may, by written notice to the other party, further extend the Outside Date to August 18, 2017; provided, further, that if a party seeking termination pursuant to Section 10.1(b)(i) is in breach in any material respect of any of its covenants and agreements under this Agreement, then that party may not terminate this Agreement pursuant to Section 10.1(b)(i);

(ii) Any Order or Law enacted, entered, promulgated, adopted, issued or enforced by a Government Entity permanently restrains, enjoins, prohibits or makes illegal the consummation of the transactions contemplated hereby in a manner that would give rise to the failure of a condition set forth in Section 6.2 or Section 7.2, and such Order or Law becomes effective (and final and non-appealable) (except for Orders or Laws relating to Competition Laws, which shall be governed by Section 10.1(b)(iii)); or

(iii) Any Government Entity that must grant a Permit in order for Parent and Buyer to consummate the transactions contemplated hereby shall have denied or conditioned such grant in a manner that would give rise to a failure of a condition set forth in Section 6.3 or Section 7.3, or any Order or Law enacted, entered, promulgated, adopted, issued or enforced by a Government Entity that would give rise to the failure of a condition set forth in Section 6.2 or Section 7.2 to the extent related in whole or in part to or arising under any Competition Law, and such denial, condition, Order or Law shall have become effective (and final and non-appealable); provided, however, that the party seeking termination pursuant to Section 10.1(b)(iii) shall have complied with its covenants and agreements set forth in Section 5.3;

(bb) By Parent if there is any breach of any representation, warranty, covenant or agreement on the part of Buyer set forth in this Agreement, such that the conditions specified in Section 7.1 would not be satisfied at the Closing and such breach cannot be cured by the Outside Date, or if capable of being cured, is not cured within 30 days after written notice of such breach is given (or, if earlier, the Outside Date); or

(cc) By Buyer if there is any breach of any representation, warranty, covenant or agreement on the part of Parent set forth in this Agreement, such that the conditions specified in Section 6.1 would not be satisfied at the Closing and such breach cannot be cured by the Outside Date, or if capable of being cured, is not cured within 30 days after written notice of such breach is given (or, if earlier, the Outside Date).

10.2 Notice of Termination. In the event of termination of this Agreement by either or both of Parent and Buyer pursuant to Section 10.1, written notice of such termination shall be given by the terminating party to the other party to this Agreement.

10.3 Effect of Termination. In the event of the termination of this Agreement by either or both of Parent or Buyer pursuant to Section 10.1, this Agreement shall terminate and become void and have no effect, and there shall be no liability on the part of either Parent or Buyer; provided, however, that the provisions of Section 10.4 and Article XI shall survive the termination of this Agreement and nothing in this Agreement shall relieve either Parent or Buyer from liability for fraud; provided, further, that no such termination shall relieve any party from liability for any willful breach of this Agreement or willful failure to perform its obligations under this Agreement. The obligations of Parent and Buyer under the Confidentiality Agreement shall survive the termination of this Agreement unchanged.

10.4 Termination Fee.

(d) Each of Buyer and Parent agrees that if Buyer or Parent terminates this Agreement pursuant to (i) Section 10.1(b)(i) and at the time of such termination (A) the conditions set forth in Section 6.2, Section 6.3, Section 7.2 or Section 7.3 shall not have been satisfied (in the case of Section 6.2 and Section 7.2 solely to the extent related in whole or in part to or arising under Competition Laws), (B) the failure described in clause (A) shall not have been caused by, or the result of, Parent's breach of this Agreement or failure to perform its obligations under this Agreement and (C) all other conditions set forth in Article VI and Article VII have been satisfied (other than those, that by their terms, are capable of being satisfied only at the Closing; provided that such conditions (except for the conditions set forth in Section 7.4) would be satisfied if the Closing Date were the date of such

termination), including the conditions set forth in Section 6.2 and Section 7.2 to the extent not related to or arising under Competition Laws, shall have been satisfied or (ii) Section 10.1(b)(iii), then Buyer shall, within two Business Days after this Agreement is so terminated, pay to an account designated by Parent by wire transfer of immediately available funds in the amount set forth on Section 10.4(a) of the Disclosure Schedule (the "Termination Fee"), which obligation will survive the termination of this Agreement.

(e) Each of Buyer and Parent acknowledges and agrees that the agreements contained in this Section 10.4 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, the other party would not enter into this Agreement. Each of Buyer and Parent acknowledges and agrees that the Termination Fee shall not constitute a penalty but is liquidated damages, in a reasonable amount that will compensate Parent in the circumstances in which the Termination Fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, which amount would otherwise be impossible to calculate with precision. For the avoidance of doubt, unless Parent receives the Termination Fee, nothing in this Agreement shall limit or otherwise affect Parent's right to specific performance as provided in Section 11.7.

(f) The parties agree that if this Agreement is terminated in circumstances in which the Termination Fee is payable, then (i) Parent's sole remedy against Buyer or any of its Affiliates and any of their respective former, current or future direct or indirect equity holders, controlling persons, stockholders, agents, Affiliates, members, managers, partners, assignees or representatives (collectively, the "Buyer Related Parties"), whether at law or equity, in contract, in tort or otherwise, shall be to collect the Termination Fee and (ii) upon payment of the Termination Fee to Parent, the Buyer Related Parties shall have no further liability or obligation whatsoever relating to or arising out of this Agreement or the Ancillary Agreements or any of the transactions contemplated hereby or thereby.

ARTICLE XI

MISCELLANEOUS

11.1 Publicity. Parent and Buyer agree that, from the date hereof through the Closing Date, no public release or announcement concerning the transactions contemplated hereby shall be issued or made by any party without the prior consent of the other party (which consent shall not be unreasonably withheld), except as such release or announcement may, in the judgment of the releasing party, be required by Law or of any United States securities exchange on which the releasing party is listed. Notwithstanding the foregoing, Buyer and Parent may each issue a press release and file a Current Report on Form 8-K with the United States Securities and Exchange Commission at the time of the signing of this Agreement (and Parent, the Companies and the Subsidiaries may make such announcements to their respective employees) and on the Closing Date provided that the party issuing the release shall allow the other party reasonable time to review such release in advance of such issuance.

11.2 Consent to Service of Process; Waiver of Jury Trial; Venue.

(d) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the delivery of a copy thereof in accordance with the provisions of Section 11.5.

(e) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any right that they may have to trial by jury of any claim or cause of action, or in any legal proceeding, directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort, or any other theory).

(f) Each of the parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts located in the County of New Castle, State of Delaware for any action, suit or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby.

11.3 Entire Agreement; Amendments and Waivers.

(g) This Agreement (including the schedules and exhibits hereto), the Ancillary Agreements and the Confidentiality Agreement represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and thereof.

(h) This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought. Either party to this Agreement may, only by an instrument in writing, waive compliance by the other party to this Agreement with any term or provision of this Agreement on the part of such other party to this Agreement to be performed or complied with. The waiver by any party to this Agreement of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(i) The parties hereto have voluntarily agreed to define their rights, liabilities and obligations respecting the subject matter of this Agreement exclusively in contract pursuant to the express terms and provisions of this Agreement. From and after the Closing, except for claims for fraud and except with respect to the remedies set forth in Section 2.3(c), Section 5.6(m), Section 5.13(c) and Section 11.7, the sole and exclusive remedies for any breach of the terms and provisions of this Agreement (including any representations and warranties set forth herein) shall be the indemnification provisions set forth in Section 5.5(b), Section 5.6(h), Section 5.6(i), Section 5.6(l), Section 5.7(a)(iii), Section 5.7(d)(iv), Section 5.7(d)(vi), Section 5.7(g), Section 5.7(h), Section 5.12(b) and Article IX.

11.4 Governing Law. This Agreement, and all claims or causes of action that may be based upon, arise out of or related to this Agreement or the negotiation, execution or performance of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts negotiated, made and performed in the State of Delaware, without giving effect to the choice of law principles of such state that would require or permit the application of the laws of another jurisdiction.

11.5 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand (with written confirmation of receipt), (b) when sent by facsimile (with written confirmation of transmission), or (c) one Business Day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following

addresses and facsimile numbers set forth below (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision). If the addressee fails or refuses to accept delivery, such notice or other communication under this Agreement shall be deemed given as of the date of such failure or refusal.

(a) If to Buyer, to:

Emerson Electric Co.
8000 West Florissant Avenue
P.O. Box 4100
St. Louis MO 63136
Attention: Robert M. Levy
Vanessa R. McKenzie
Facsimile: (314) 553-2706
(314) 553-1232

(with a copy to)

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: Phillip R. Mills
Marc O. Williams
Facsimile: (212) 701-5800

(b) If to Parent, to:

Pentair plc
c/o Pentair Management Company
5500 Wayzata Boulevard, Suite 600
Golden Valley, Minnesota 55416
Attention: Angela D. Jilek
John L. Stauch
Facsimile: (763) 656-5403
(with a copy to)

Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202-5306
Attention: Benjamin F. Garmer, III
John K. Wilson
Facsimile: (414) 297-4900

11.6 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon

such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

11.7 Specific Performance. Notwithstanding anything to the contrary contained in this Agreement, the parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at Law or in equity.

11.8 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement, except as expressly provided otherwise herein. No assignment of this Agreement or of any rights or obligations hereunder may be made by either Buyer or Parent, directly or indirectly (by operation of law or otherwise), without the prior written consent of the opposing party (such consent not to be unreasonably withheld), except that Buyer may, without such consent, assign its rights and obligations, in whole or in part, under this Agreement to one or more Designated Purchasers pursuant to Section 1.2, and any attempted assignment without the required consents shall be void. No assignment of any obligations hereunder shall relieve the parties hereto of any such obligations. Upon any such permitted assignment, the references in this Agreement to Buyer shall also apply to any such assignee unless the context otherwise requires.

11.9 Expenses. Except as otherwise provided in this agreement, including pursuant to Section 5.3, Section 5.19(e), Section 10.4 and Section 11.10 all costs, fees and expenses incurred by the parties hereto in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby (including the Step Plan and the implementation thereof) shall be borne solely and entirely by the party that has incurred such expenses, and all such costs, fees and expenses incurred by any Company or Subsidiary shall be paid in full prior to the Effective Time or otherwise borne by Parent.

11.10 Payment of Sales, Use or Similar Taxes. All sales, use, transfer, intangible, recordation, documentary stamp or similar Taxes or charges, of any nature whatsoever, applicable to, or resulting from, the purchase and sale of the Purchased Shares and the Specified Individual Shares contemplated by this Agreement shall be borne 50% by Buyer and 50% by Parent.

11.11 Schedules. The disclosures set forth in the Disclosure Schedule are not intended to constitute, and shall not be construed as constituting, any representation or warranty or covenant of Parent, the Companies or the Subsidiaries except as and to the extent expressly provided in this Agreement. The disclosures set forth in the Disclosure Schedule are not intended to constitute, and shall not be construed as constituting, an admission or indication that any such matters are required to be disclosed, nor shall such disclosure be construed as an admission or indication that such information would be material or would have a Material Adverse Effect or that such items did not arise in the ordinary course of business or be deemed to establish a standard of materiality. Such additional matters are set forth for informational purposes only. No disclosure in the Disclosure Schedule relating to any possible breach or violation of any Contract, Law or Order shall be construed as an admission or indication that

any such breach or violation exists or has actually occurred. References to any Contract, Company Benefit Plan, Order, action, suit, arbitration proceeding or investigation are qualified in their entirety by reference to more detailed information in documents attached to the Disclosure Schedule. The parties hereto agree that any reference in a particular section of the Disclosure Schedule shall only be deemed to be an exception to (or, as applicable, a disclosure for purposes of) the representations and warranties (or covenants, as applicable) of the relevant party that are contained in the corresponding Section of this Agreement, except that any fact or item disclosed in any Section of the Disclosure Schedule shall be deemed disclosed in any other Section of the Disclosure Schedule as to which it is readily apparent that such fact or item would apply so long as such disclosure is in sufficient detail to enable a party hereto to identify the facts or items to which it applies.

11.12 Knowledge. The term "knowledge" when used in the phrases "to the knowledge of Parent" or "Parent has no knowledge" or words of similar import shall mean, and shall be limited to, the actual knowledge of the individuals listed on Section 11.12 of the Disclosure Schedule and shall only include their actual knowledge obtained in their respective capacities with Parent and/or a Company or a Subsidiary.

11.13 Interpretation.

(l) For the purposes of this Agreement, (i) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (ii) references to the terms Article, Section, clause and Exhibit are references to the Articles, Sections, clauses and Exhibits to this Agreement unless otherwise specified; (iii) the terms "hereof," "herein," "hereby," "hereto" and derivative or similar words refer to this entire Agreement, including the Disclosure Schedule and Exhibits hereto; (iv) references to "$" shall mean United States Dollars; (v) the word "including" and words of similar import when used in this Agreement and the Ancillary Agreements shall mean "including without limitation," unless otherwise specified; (vi) the word "or" shall not be exclusive; (vii) references to "written" or "in writing" include in electronic form; (viii) the Article and Section headings contained in this Agreement, the Table of Contents to this Agreement and the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or the Ancillary Agreements; (ix) a reference to any Person includes such Person's successors and permitted assigns; (x) any reference to "days" means calendar days unless Business Days are expressly specified; and (xi) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and if the last day of such period is not a Business Day, the period shall end at the close of business on the next succeeding Business Day.

(m) Except as set forth in Section 5.15 and the definition of "Cash" set forth in Section 11.16, whenever conversion of values to or from any Foreign Currency for a particular date or period shall be required, either pursuant to this Agreement or pursuant to any Ancillary Agreement, such conversion shall be made using the closing rate of United States Dollars to the relevant Foreign Currency provided by Bloomberg (the "Exchange Rate") two Business Days prior to the applicable date or dates, or as otherwise required by applicable Law.

11.14 No Strict Construction. Notwithstanding the fact that this Agreement and the Ancillary Agreements have been drafted or prepared by one of the parties, each of the parties confirms that both

it and its counsel have reviewed, negotiated and adopted this Agreement and the Ancillary Agreements as the joint agreement and understanding of the parties, and the language used in this Agreement and the Ancillary Agreements shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person.

11.15 Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile, PDF or other electronic means), each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

11.16 Definitions. For purposes of this Agreement, the term:

"10-Q" shall have the meaning set forth in Section 5.19(c).

"2015 Audit Determination" shall have the meaning set forth in Section 5.19(b).

"2015 Required Financial Statements" shall have the meaning set forth in Section 5.19(b).

"2016 Required Financial Statements" shall have the meaning set forth in Section 5.19(c).

"2016 10-K" shall have the meaning set forth in Section 5.19(c).

"Accounting Firm" shall have the meaning set forth in Section 2.3(c)(iv).

"Accrued Tax Liabilities" shall mean the sum of (i) the aggregate liability for current income Taxes (as reduced by any available reliefs and as reduced by any current income Tax refunds) and (ii) the aggregate liability for non-income Taxes (as reduced by any available reliefs and by any current non-income Tax refunds), in each case, with respect to the Companies and the Subsidiaries, determined in accordance with GAAP (applying GAAP in the same manner used to prepare the Recent Balance Sheet).

"Active Employee" shall mean any employee of the Companies or the Subsidiaries who is actively employed as of the Closing Date by the Companies or the Subsidiaries or who is not so actively employed due to vacation, illness, short-term disability, military leave, layoff with recall rights or authorized leave of absence.

"Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the Securities Exchange Act of 1940, as amended.

"Agreement" shall have the meaning set forth in the preamble to this Agreement.

"Amendment Period" shall have the meaning set forth in Section 2.3(c)(v).

"Ancillary Agreement" shall mean each of the Transition Services Agreement, the Equity Transfer Documents and any other agreements, documents, certificates or instruments to be executed or delivered in connection with the transactions contemplated by this Agreement.

"Anti-Corruption Law" shall mean the United States Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act 2010 (in each case, as amended from time to time) and all other laws or legal requirements adopted by any foreign or domestic federal, state or municipal court or governmental, quasi-governmental, legislative, regulatory or administrative department or authority, that prohibit the bribery of, the providing of or the acceptance of unlawful gratuities, facilitation payments or other benefits to or from, any Government Official or any other person, as well as any such prohibitions of an International Funding Institution.

"Applicable Rate" shall have the meaning set forth in Section 2.3(d).

"Asbestos Action" shall mean any claim, complaint, petition, action, suit, arbitration, proceeding or investigation arising out of or relating to actual or alleged exposure to asbestos, or from products containing or allegedly containing asbestos, including claims for bodily injury or death or with respect to claims seeking medical monitoring or alleging tort, conspiracy, failure to warn or consumer fraud.

"Base Purchase Price" shall mean an amount equal to $3,150,000,000.

"Burdensome Condition" shall have the meaning set forth in Section 5.3(c) of the Disclosure Schedule.

"Business" shall mean the Valves & Controls business conducted by Parent and its subsidiaries comprising the design, manufacture, marketing and servicing of valves and fittings, actuators, automation and controls used in connection with such valves for the energy and industrial verticals, but excluding for purposes of clarity (a) hygienic valves, (b) valves used in residential and commercial water conditioning and (c) valves, fittings, actuators, automation and controls used in recreational vehicle, recreational marine and agriculture applications.

"Business Day" shall mean any day except Saturday, Sunday or any other day of the year on which national banking institutions in New York City are authorized or required by Law to be closed for business.

"Buyer" shall have the meaning set forth in the preamble of this Agreement.

"Buyer Foreign Retirement Plans" shall have the meaning set forth in Section 5.7(a)(ii)(D).

"Buyer Pre-Closing Returns" shall have the meaning set forth in Section 5.6(b).

"Buyer Related Parties" shall have the meaning set forth in Section 10.4(c).

"Buyer Rollover Plan" shall have the meaning set forth in Section 5.7(b)(ii).

"Capped Country" shall mean any jurisdiction listed under the caption "Capped Country" on Section 11.16(i) of the Disclosure Schedule.

"Carve-Out Documents" shall have the meaning set forth in Section 3.29.

"Carve-Out Document Approval" shall have the meaning set forth in Section 5.15.

"Carve-Out Financial Statements" shall have the meaning set forth in Section 5.19(a).

"Cash" means cash and cash equivalents (in each case per books) of the Companies or the Subsidiaries (as such cash and cash equivalents may be reduced by issued or outstanding checks and drafts and pending electronic debits that are not included in Indebtedness), determined in accordance with GAAP, applying GAAP in the same manner used to prepare the Recent Balance Sheet; provided that: (i) Cash shall not include any cash or cash equivalents greater than $50,000,000 held in the aggregate by any Company or Subsidiary organized in the United States; (ii) with respect to any cash or cash equivalents held by any Company or Subsidiary organized in a Capped Country (the aggregate cash held by any Company or Subsidiary organized in each Capped Country, a "Capped Country Cash Amount"), to the extent that the Capped Country Cash Amount for a Capped Country exceeds the amount set forth under the caption "Cap – Foreign Currency" on Section 11.16(i) of the Disclosure Schedule for such Capped Country (each such amount, a "Capped Country Cap," and the amount by which the Capped Country Cash Amount for a Capped Country exceeds the Capped Country Cap, "Excess Capped Country Cash"), Cash shall be reduced by the amount of Repatriation Costs with respect to such Excess Capped Country Cash; (iii) with respect to any cash or cash equivalents held in the aggregate by all Companies or Subsidiaries organized in a Specified Country (after taking into account any reduction of Cash pursuant to clause (ii)) (the "Specified Country Cash Amount"), to the extent that the Specified Country Cash Amount exceeds $230,000,000 with the Specified Country Cash Amount measured in the applicable Foreign Currency and converted into United States Dollars using the Exchange Rate on June 30, 2016 (such excess, "Excess Specified Country Cash"), Cash shall be reduced by the amount of Repatriation Costs with respect to such Excess Specified Country Cash; and (iv) with respect to any cash or cash equivalents held in the aggregate by any Company or Subsidiary organized in a jurisdiction other than the United States or a Specified Country (any such jurisdiction, an "Other Country," and the aggregate cash held by all Companies or Subsidiaries organized in the Other Countries, the "Other Country Cash Amount"), (x) to the extent that the Other Country Cash Amount exceeds $40,000,000 but is less than $100,000,000 with the Other Country Cash Amount measured in the applicable Foreign Currency and converted into United States Dollars using the Exchange Rate on June 30, 2016 (such excess, "Excess Soft Cap Other Country Cash"), Cash shall be reduced by the amount of Repatriation Costs with respect to such Excess Soft Cap Other Country Cash, and (y) to the extent that such Other Country Cash Amount exceeds $100,000,000 with the Other Country Cash Amount measured in the applicable Foreign Currency and converted into United States Dollars using the Exchange Rate on June 30, 2016 (such excess, "Excess Hard Cap Other Country Cash"), Cash shall not include such Excess Hard Cap Other Country Cash. "Repatriation Costs" shall mean the aggregate amount of (x) any applicable withholding and other Taxes imposed or that would be imposed on the distribution(s) of Excess Capped Country Cash, Excess Specified Country Cash or Excess Soft Cap Other Country Cash, as the case may be, to the United States, (y) any U.S., state, local or foreign income Taxes imposed or that would be imposed with respect to the receipt of such distribution(s) and (z) any reasonable and necessary out-of-pocket costs that would be incurred to lawfully repatriate to the United States such Excess Capped Country Cash, Excess Specified Country Cash or Excess Soft Cap Other Country Cash, as the case may be, as of the day immediately following the Closing Date. For purposes of the preceding clause (iii), (a) repatriation shall be deemed to occur as a dividend or return of capital up the legal entity chain of the Companies or the Subsidiaries, even if the relevant amounts cannot then be lawfully repatriated in such manner and (b) in determining Repatriation Costs, Excess Specified Country Cash shall be deemed repatriated from each Specified Country in an amount equal to the product of (I) the total amount of Excess Specified Country Cash and (II) a fraction, the numerator of which is the portion of the Specified Country Cash Amount held by the Companies or Subsidiaries in such Specified Country,

and the denominator of which is the Specified Country Cash Amount. For purposes of the preceding clause (iv), (a) repatriation shall be deemed to occur as a dividend or return of capital up the legal entity chain of the Companies or the Subsidiaries, even if the relevant amounts cannot then be lawfully repatriated in such manner and (b) in determining Repatriation Costs, Excess Soft Cap Other Country Cash shall be deemed repatriated from each Other Country in an amount equal to the product of (I) the total amount of Excess Soft Cap Other Country Cash and (II) a fraction, the numerator of which is the portion of the Other Country Cash Amount held by the Companies or Subsidiaries in such Other Country, and the denominator of which is the Other Country Cash Amount.

"Closing" shall have the meaning set forth in Section 8.1.

"Closing Date" shall have the meaning set forth in Section 8.1.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, 29 U.S.C. 4980B, et seq.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Collar Ceiling" shall mean an amount equal to $660,000,000.

"Collar Floor" shall mean an amount equal to $640,000,000.

"Company Securities" shall have the meaning set forth in Section 3.3(a).

"Compliance with ISRA" shall have the meaning set forth in Section 5.8(a).

"Company" and "Companies" shall have the meanings set forth in the recitals of this Agreement.

"Company Asbestos Action" shall mean any claim, complaint, petition, action, suit, arbitration, proceeding or investigation arising out of or relating to actual or alleged exposure to asbestos at premises owned, controlled or operated by any Company or any Subsidiary, or from products containing or allegedly containing asbestos that were actually or allegedly manufactured, sold, handled, or distributed by any Company or any Subsidiary, including claims for bodily injury or death or with respect to claims seeking medical monitoring or alleging tort, conspiracy, failure to warn or consumer fraud.

"Company Benefit Plans" shall have the meaning set forth in Section 3.19(a).

"Company Facilities" shall mean any real property, leaseholds or other interests currently owned, leased or operated by the Companies or the Subsidiaries and any buildings, plants or structures currently owned, leased or operated by the Companies or the Subsidiaries.

"Company Guarantees" shall have the meaning set forth in Section 5.5(e).

"Company Guarantors" shall have the meaning set forth in Section 5.5(e).

"Competition Law" shall mean the HSR Act and all other federal, state and foreign Laws and Orders that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition.

"Competitive Business" shall have the meaning set forth in Section 5.13(a).

"Company Sponsored Mixed Foreign Retirement Plans" shall have the meaning set forth in Section 5.7(a)(ii)(A).

"Confidentiality Agreement" shall have the meaning set forth in Section 5.1(a).

"Contract" shall mean any indenture, mortgage, deed of trust, lease, license, contract, instrument or other legally binding agreement or contract (other than purchase orders), including all amendments thereto.

"Contractor Indemnity" shall have the meaning set forth in Section 3.15(d).

"Coverage Documents" shall have the meaning set forth in Section 3.16(f).

"Current Assets" shall have the meaning set forth in Exhibit A.

"Current Liabilities" shall have the meaning set forth in Exhibit A.

"Debt Payoff Amount" shall mean the amount necessary, if any, to fully repay and discharge the Indebtedness referred to in clauses (i) and (ii) of the definition thereof of the Companies and the Subsidiaries outstanding at and as of the Closing.

"Defense Firms" shall have the meaning set forth in Section 5.9(c).

"Designated Purchaser" shall have the meaning set forth in Section 1.2.

"Disclosure Schedule" shall have the meaning set forth in Article III.

"Disputed Items" shall have the meaning set forth in Section 2.3(c)(iii).

"Effective Time" shall have the meaning set forth in Section 8.1.

"Environmental Laws" shall mean all Laws relating to the environment, natural resources, health and safety and to pollutants, contaminants, waste or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous waste or material, including those Laws protecting the quality of the ambient air, soil, surface water or groundwater.

"Environmental Permits" shall have the meaning set forth in Section 3.15(a).

"Equity Award Deductions" shall mean any item of loss or deduction resulting from or attributable to (i) any vesting of restricted share units or performance share units of Parent that occurs after the Closing Date and that relates to restricted share units or performance share units of Parent that are described in Section 5.6(o) of the Disclosure Schedule and are held by individuals employed by a U.S. Group Entity prior to the Closing Date, or (ii) any exercise of options to acquire shares of Parent

that occurs after the Closing Date and that relates to options to acquire shares of Parent that are described in Section 5.6(o) of the Disclosure Schedule and are held by individuals employed by a U.S. Group Entity prior to the Closing Date.

"Equity Transfer Documents" shall have the meaning set forth in Section 1.3.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity that is a member of a controlled group of corporations (as defined in Code Section 414(b)) of which any Company or any Subsidiary is a member, or an unincorporated trade or business under common control with any Company or any Subsidiary (as determined under Code Section 414(c)).

"Estimated Accrued Tax Liabilities" shall have the meaning set forth in Section 2.3(a).

"Estimated Cash" shall have the meaning set forth in Section 2.3(a).

"Estimated Closing Statement" shall have the meaning set forth in Section 2.3(a).

"Estimated Indebtedness" shall have the meaning set forth in Section 2.3(a).

"Estimated Net Working Capital" shall have the meaning set forth in Section 2.3(a).

"Estimated Purchase Price" shall have the meaning set forth in Section 2.3(a).

"Exchange Period" shall have the meaning set forth in Section 2.3(c)(iii).

"Exchange Rate" shall have the meaning set forth in Section 11.13(b).

"Excluded Matter" shall mean any one or more of the following: (i) the effect of any change in interest rates, the United States or foreign economies or securities or financial markets in general; (ii) the effect of any change that generally affects any industry in which the Companies or the Subsidiaries operates; (iii) the effect of any change arising in connection with natural disasters or calamities, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism, military actions existing or underway as of the date hereof or change in geopolitical condition; (iv) the effect of any action taken by Buyer or its Affiliates prior to the Closing Date with respect to the transactions contemplated hereby; (v) the effect of any changes in applicable Laws or accounting rules; (vi) any effect resulting from the public announcement of this Agreement, compliance with terms of this Agreement, the consummation of the transactions contemplated by this Agreement or expenses incurred in connection therewith; or (vii) any actions taken at the written request of Buyer; provided, however, that any effect, event, change, occurrence or circumstance arising out of or resulting from any of the matters set forth in the foregoing clauses (x) (i), (ii), (iii) and (v) shall not be an Excluded Matter to the extent such effect, event, change, occurrence or circumstance has a disproportionate effect on the Companies and the Subsidiaries, taken as a whole, relative to other participants in the industry in which the Companies and the Subsidiaries operate and (y) (iv), (vi) and (vii) shall not be an Excluded Matter with respect to any representation

and warranty that is intended to address the consequences of the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

"Excluded Plans" shall mean the Parent NQ 401(k) Plans, the Pentair Supplemental Executive Retirement Plan, the Pentair Restoration Plan and the Pentair Pension Plan.

"Existing Buyer Foreign Retirement Plan" shall have the meaning set forth in Section 5.7(a)(ii)(D).

"Final Accrued Tax Liabilities" shall have the meaning set forth in Section 2.3(c)(viii).

"Final Allocation" shall have the meaning set forth in Section 5.6(m).

"Final Cash" shall have the meaning set forth in Section 2.3(c)(viii).

"Final Closing Statement" shall have the meaning set forth in Section 2.3(c)(viii).

"Final Indebtedness" shall have the meaning set forth in Section 2.3(c)(viii).

"Final Net Working Capital" shall have the meaning set forth in Section 2.3(c)(viii).

"Financial Statements" shall have the meaning set forth in Section 3.6(a).

"Foreign Currency" shall mean any currency other than United States Dollars.

"Foreign Plan" shall mean any Company Benefit Plan that is maintained outside of the United States.

"Former Employee" is an individual, other than (i) an Active Employee and (ii) an individual who would be an Active Employee if Parent and its Affiliates (other than the Companies and the Subsidiaries) were substituted for the Companies and the Subsidiaries in applying the definitions relevant to such term, who was an employee of the Companies or the Subsidiaries or their respective predecessors immediately before he or she last terminated employment with Parent or any of its Affiliates.

"Fundamental Representations" mean the representations and warranties of Parent set forth in Section 3.1, Section 3.2, Section 3.3, Section 3.4, Section 3.17(a), Section 3.17(f) and Section 3.30 and the representations and warranties of Buyer set forth in Section 4.1, Section 4.2 and Section 4.6.

"GAAP" shall mean generally accepted accounting principles in the United States.

"Government Entities" shall mean any court, arbitrator, department, commission, board, bureau, agency, authority, instrumentality, subdivision, ministry, official or other body of any transnational, domestic or foreign federal, state, county, province, prefect, municipal, locality or other governmental or political subdivision thereof, or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority.

"Government Official" means any officer or employee of any government or any department, agency or instrumentality thereof, or of any government-owned or government-controlled

entity or any public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or official of that party, or candidate for political office.

"Government Plans" shall have the meaning set forth in Section 3.19(a).

"Hazardous Substance" shall mean all pollutants, contaminants, chemicals, compounds or industrial, toxic, hazardous or petroleum or petroleum-based substances or wastes, waste waters or byproducts, including polychlorinated biphenyls or urea formaldehyde, and any other substances subject to regulation under any Environmental Law.

"Health and Welfare Benefit Plan" shall have the meaning set forth in Section 5.7(d)(i).

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indebtedness" means, without duplication, all obligations (including in respect of the principal of, accrued and unpaid interest in respect of, and all prepayment penalties, breakage fees and exit fees incurred in connection with the repayment thereof) of any Company or any Subsidiary in respect of (i) indebtedness for money borrowed, (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments, (iii) the deferred purchase price of businesses, property, securities, goods or services (including any "earn-outs"), (iv) letters of credit, bankers' acceptances and similar facilities issued for the account of any Company or any Subsidiary (but solely to the extent drawn and not paid), (v) leases that are capitalized in accordance with GAAP, (vi) Contracts relating to interest rate protection, swap, collar, hedging and other similar agreements and (vii) all obligations of the type described in any of clauses (i) through (vii) above of other Persons to the extent any Company or any Subsidiary is responsible or liable, as obligor, guarantor, surety or otherwise, including any guarantee of such obligations, in each of clauses (i) through (vi) as determined in accordance with GAAP, applying GAAP in the same manner used to prepare the Recent Balance Sheet; provided that Indebtedness shall not include any indebtedness owed by any Company or any Subsidiary solely to another of the Companies or the Subsidiaries.

"Indemnified Party" shall have the meaning set forth in Section 9.3(a).

"Indemnifying Party" shall have the meaning set forth in Section 9.3(a).

"Individual Owners" shall mean the individuals listed in Section 3.3 of the Disclosure Schedule as Individual Owners.

"Individual Shares" shall mean (i) the Shares set forth on Section 3.3 of the Disclosure Schedule as owned by Individual Owners and/or (ii) the stock, shares, quotas, investment capital, membership units and interests, capital, limited liability or partnership interests or other equity ownership interests in the Subsidiaries set forth on Section 3.3 of the Disclosure Schedule as owned by Individual Owners.

"Intercompany Loan Receivable" means an intercompany receivable of a Company or a Subsidiary, on the one hand, that is payable by a Company or a Subsidiary, on the other hand, but does

not include cash pooling, intercompany miscellaneous and intercompany trade receivables arising in the ordinary course of business consistent with past practice.

"International Funding Institution" shall mean any multilateral development bank (such as the World Bank, Asian Development Bank, and European Bank for Reconstruction and Development), any multilateral financial institution (such as the European Commission), any sub-regional bank (such as the Central American Bank for Economic Integration and the West African Development Bank), or any international aid coordination group (such as the U.S. Agency for International Development).

"IRS" shall mean the U.S. Internal Revenue Service.

"Insured Subsidiaries" shall have the meaning set forth in Section 5.14.

"Intellectual Property Rights" shall mean any and all intellectual property and industrial property rights throughout the world, including (i) trademarks and service marks whether registered or unregistered, brand names, certification marks, collective marks, Internet domain name registrations, logos, slogans, symbols, trade dress and design rights, all registrations, renewals and applications for registration of the foregoing, and all goodwill associated therewith; (ii) patents, patent applications, statutory invention registrations, invention disclosures, and all reissuances, continuations, continuations in part, divisionals, extensions, re-examinations, renewals, and related applications; (iii) trade secrets, know-how and other confidential or proprietary information, including ideas, inventions, designs, drawings, specifications, product configurations, prototypes, models, improvements, technical data and other data, databases, formulae, laboratory notebooks, pricing and cost information, plans, proposals, processes, procedures, schematics, manufacturing techniques, business methods, customer lists and supplier lists; (iv) rights of publicity and privacy, rights to personal information and moral rights, (v) shop rights, (vi) copyrights and rights in copyrightable subject matter in published and unpublished works of authorship (including product literature, advertising and marketing materials and website content), including all registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (vii) rights in all computer software programs, including, source code, object code, development tools, library functions, compilers, all versions, updates, corrections, enhancements, replacements, and modifications thereof, and all documentation related thereto (collectively, "Software"), (viii) the right and power to assert, defend and recover title to any of the foregoing; and (ix) all rights to assert, defend and recover for any past, present and future infringement, misuse, misappropriation, impairment, unauthorized use or other violation of any of the foregoing; (x) all administrative rights arising from the foregoing, including the right to prosecute applications and oppose, interfere with or challenge the applications of others, the rights to obtain renewals, continuations, divisions and extensions of legal protection pertaining to any of the foregoing; and (xi) all tangible embodiments of the foregoing (in any form or medium).

"ISRA" shall have the meaning set forth in Section 5.8(a).

"IT Assets" shall mean any and all computers, Software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology assets, including all associated documentation related to any of the foregoing, (i) owned by any of the Companies or Subsidiaries or (ii) licensed or leased to or otherwise used by any of the Companies or Subsidiaries.

"Key Employee" means an employee of any Company or any Subsidiary at the level of "Salary Grade Level 42" or above.

"Laws" shall mean any transnational, domestic or foreign federal, state, territorial, local or municipal law, common law, statute, judgment, decree, ordinance, Permit, rule, regulation, order, treaty, constitution, administrative interpretation, code or requirement of any Government Entity.

"Leased Real Property" shall have the meaning set forth in Section 3.17(c).

"Licensed Intellectual Property Rights" shall mean all Intellectual Property Rights owned by a third party and licensed or sublicensed to any of the Companies or any of the Subsidiaries or for which any of the Companies or any of the Subsidiaries has obtained a covenant not to be sued.

"Lien" shall mean any mortgage, deed of trust, lien, pledge, charge, option, right of first refusal, easement, servitude, lease, sublease, license, security interest or encumbrance or adverse claim of any kind.

"Losses" shall include, except as provided in Section 11.16(iii) of the Disclosure Schedule, (i) all debts, liabilities, obligations and payments owed to or at the behest of any other party; (ii) all losses, damages, judgments, awards, penalties and settlements; (iii) all demands, claims, suits, actions, causes of action, proceedings and assessments, whether or not ultimately determined to be valid; and (iv) all costs and expenses (including interest (excluding prejudgment interest in any litigated or arbitrated matter other than that payable to a third party), court costs and reasonable fees and expenses of attorneys and expert witnesses) of investigating, defending or asserting any of the foregoing.

"Material Adverse Effect" shall mean an event, occurrence or change that has had or would reasonably be expected to have a material adverse effect on (i) the business, assets, properties, results of operations or condition (financial or otherwise) of the Business, the Companies and the Subsidiaries taken as a whole, other than in each case an effect to the extent resulting from an Excluded Matter or (ii) the ability of Parent to consummate the transactions contemplated by this Agreement.

"Material Contract" shall have the meaning set forth in Section 3.18.

"Material Customer" shall have the meaning set forth in Section 3.24.

"Material Supplier" shall have the meaning set forth in Section 3.25.

"Mixed Foreign Retirement Plans" shall have the meaning set forth in Section 5.7(a)(ii).

"Mixed Foreign Retirement Plan DB Liabilities" shall have the meaning set forth in Section 5.7(a)(ii)(F).

"Mixed DC Plan Liabilities" shall have the meaning set forth in Section 5.7(a)(ii)(A).

"Net Working Capital" means the Current Assets less the Current Liabilities, excluding all Tax assets and liabilities (including any provision for deferred Tax assets or liabilities). Exhibit A

sets forth, for illustrative purposes, a calculation of the Net Working Capital as if the Closing had occurred on June 30, 2016.

"New Buyer Foreign Retirement Plan" shall have the meaning set forth in Section 5.7(a)(ii)(D).

"New Seller Foreign Retirement Plan" shall have the meaning set forth in Section 5.7(a)(ii)(C).

"New Jersey Entities" shall have the meaning set forth in Section 5.8(a).

"NJDEP" shall have the meaning set forth in Section 5.8(a).

"Objection Notice" shall have the meaning set forth in Section 2.3(c)(ii).

"Orders" shall mean any order, writ, injunction, judgment, plan or decree.

"Outside Date" shall have the meaning set forth in Section 10.1(b)(i).

"Owned Intellectual Property Rights" shall mean all Intellectual Property Rights owned (or purported to be owned), in whole or in part, by any of the Companies or any of the Subsidiaries.

"Owned Real Property" shall have the meaning set forth in Section 3.17(b).

"Panthro" shall have the meaning set forth in Section 5.6(k).

"Parent" shall have the meaning set forth in the preamble of this Agreement.

"Parent Guarantees" shall have the meaning set forth in Section 5.5(b).

"Parent Guarantors" shall have the meaning set forth in Section 5.5(b).

"Parent Names" shall have the meaning set forth in Section 5.12.

"Parent NQ 401(k) Plans" shall mean, collectively, the Pentair, Inc. Non-Qualified Deferred Compensation Plan, the Flow Control Supplemental Savings and Retirement Plan and any predecessor plans thereto.

"Parent Policies" shall have the meaning set forth in Section 5.14.

"Parent Pre-Closing Returns" shall have the meaning set forth in Section 5.6(a).

"Parent Sponsored Benefit Plans" shall mean those Company Benefit Plans which (i) cover or benefit current or former employees, or persons deriving benefits through such employees, of Parent or its Affiliates and are sponsored or maintained by Parent or its Affiliates (other than the Companies or the Subsidiaries) or (ii) are provided or administered pursuant to insurance or similar contractual arrangements between a third party and Parent.

"Payoff Letters" shall mean payoff letters, in form and substance reasonably satisfactory to Buyer, setting forth the respective amounts, if any, to be paid in connection with the Closing so that the Debt Payoff Amount shall be paid as provided in Section 2.2.

"Pentair-Tyco TSA" means the Tax Sharing Agreement by and among Tyco International Ltd., Tyco International Finance S.A., Pentair Ltd. and The ADT Corporation, dated September 28, 2012.

"Permit" shall have the meaning set forth in Section 3.13.

"Permitted Lien" means (i) Liens for Taxes and assessments not yet due and payable or which are being contested in good faith by appropriate proceedings (and for which adequate reserves have been established on the Recent Balance Sheet in accordance with GAAP), (ii) Liens reflected in title records relating to real property owned by the Companies or the Subsidiaries, (iii) mechanics', workmen's, repairmen's, warehousemen's, carriers' or other similar Liens arising in the ordinary course of business for amounts that are not yet delinquent or are being contested in good faith by appropriate proceedings (and for which adequate reserves have been established on the Recent Balance Sheet in accordance with GAAP), (iv) statutory Liens of lessors under real property leases and Liens arising under original purchase price conditional sales Contracts and equipment leases with third parties, (v) statutory Liens and other rights of landlords, (vi) easements, covenants, conditions and restrictions of record to the extent affecting real property that, individually or in the aggregate, do not materially detract from the value, or impair in any material manner the use, of the property or assets subject thereto, (vii) easements, covenants, conditions and restrictions not of record that do not, individually or in the aggregate, materially detract from the value or impair in any material manner the use of the property or assets subject thereto, (viii) other Liens arising in the ordinary course of business that, individually or in the aggregate, do not materially detract from the value, or impair in any material manner the use, of the property or assets subject thereto, (ix) any zoning or other governmentally established restrictions or encumbrances, and (x) Liens affecting lessor's or owner's interest in any Leased Real Property.

"Person" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, labor union, works council, a division or operating group of any of the foregoing and any Government Entity or other entity or organization.

"Parent Active Employees" shall have the meaning set forth in Section 5.7(a)(ii)(C).

"Parent Sponsored Mixed Foreign Retirement Plans" shall have the meaning set forth in Section 5.7(a)(ii)(A).

"Position Statements" shall have the meaning set forth in Section 2.3(c)(iii).

"Pre-Closing Occurrences" shall have the meaning set forth in Section 5.14.

"Preliminary Closing Statement" has the meaning set forth in Section 2.3(c)(i).

"Privilege Items" shall have the meaning set forth in Section 5.9(c).

"Purchased Shares" means all of the issued and outstanding Shares of all of the Companies, except for the Specified Individual Shares and the Shares set forth in Section 3.3 of the Disclosure Schedule as owned by a Company or a Subsidiary.

"Purchased Entity Plans" shall have the meaning set forth in Section 3.19(a).

"Purchase Price" shall have the meaning set forth in Section 2.1.

"Put Option" shall have the meaning set forth in Section 5.7(e)(ii).

"Recent Balance Sheet" shall have the meaning set forth in Section 3.6(a).

"Repatriation Plan" shall have the meaning set forth in Section 5.15.

"Required Financial Statements" shall have the meaning set forth in Section 5.19(c).

"Response Period" shall have the meaning set forth in Section 2.3(c)(ii).

"RSIP" shall have the meaning set forth in Section 5.7(b)(i).

"Rule 3-05" shall have the meaning set forth in Section 3.6(b).

"R&W Insurance" shall mean the policy issued pursuant to that certain Buyer-Side Representations and Warranties Insurance Binder dated as of the date hereof between Buyer and AIG Specialty Insurance Company.

"SEC" shall have the meaning set forth in Section 3.6(b).

"SDN List" shall have the meaning set forth in Section 3.12(d).

"Seller" or "Sellers" shall have the meaning set forth in the recitals to this Agreement.

"Separation Agreement" means the Amended and Restated Separation and Distribution Agreement by and among Tyco International Ltd., Pentair Ltd. and the ADT Corporation dated as of September 27, 2012.

"Service Provider" means any director, officer, employee or individual independent contractor of any Company or any Subsidiary.

"Shared Contract" shall have the meaning set forth in Section 5.5(c).

"Shares" shall have the meaning set forth in the recitals to this Agreement.

"Specified Carryforward" shall mean, with respect to a Company or Subsidiary identified in Section 5.6(p) of the Disclosure Schedule, any loss carryover or credit carryover that is described in Section 5.6(p) of the Disclosure Schedule and that is available to be carried forward into the first taxable period that begins on the day immediately following the Closing Date or, in the case of a Company or Subsidiary that has a Straddle Period, that would be available to be carried forward

into the first taxable period that begins on the day immediately following the Closing Date if the portion of the Straddle Period that ends on the Closing Date were treated as a separate taxable period.

"Specified Country" shall mean any jurisdiction that is a Capped Country and Australia, Chile, Hong Kong, Indonesia, Taiwan and Venezuela.

"Specified Individual Shares" shall mean the Shares and the stock, shares, quotas, investment capital, membership units and interests, capital, limited liability or partnership interests or other equity ownership interests in the Subsidiaries set forth on Section 11.16(ii) of the Disclosure Schedule to the extent such Shares or equity ownership interests in the Subsidiaries are not eliminated prior to the Closing in accordance with the terms of this Agreement.

"Step Plan" shall mean the Step Plan, dated as of August 18, 2016, attached as Exhibit B hereto, as amended or supplemented from time to time in accordance with Section 5.15.

"Step Plan Modifications" shall have the meaning set forth in Section 5.15.

"Straddle Period" shall mean a taxable period that begins on or before the Closing Date and ends after the Closing Date.

"Straddle Returns" shall have the meaning set forth in Section 5.6(b).

"Subsidiary" shall mean any Person engaged in the Business and of which the share capital, voting securities or other equity ownership interests representing the majority of voting control or the ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned by any of the Companies.

"Subsidiary Securities" shall have the meaning set forth in Section 3.3(b).

"Tax Claim" shall have the meaning set forth in Section 5.6(d)(i).

"Tax Contest" shall have the meaning set forth in Section 5.6(d)(i).

"Taxes" shall mean any and all federal, state, local, foreign or other taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any taxing authority, including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth, and taxes or other charges in the nature of excise, withholding, ad valorem or value added.

"Termination Fee" shall have the meaning set forth in Section 10.4(a).

"Third Party Claim" shall have the meaning set forth in Section 9.3(a).

"Tracer" shall have the meaning set forth in Section 5.6(k).

"Transferred Contract" shall have the meaning set forth in Section 5.5(d).

"Transition Services Agreement" shall mean the Transition Services Agreement substantially in the form attached as Exhibit C hereto and the schedules thereof described in Section 5.18.

"UK Pension Alternative Mechanism" shall have the meaning set forth in Section 5.5(b).

"UK Pension Plan" shall have the meaning set forth in Section 5.7(a)(iii).

"UK Pension Plan Guarantees" shall have the meaning set forth in Section 5.5(b).

"U.S. Group Entity" shall mean U.S. Holdco or any of its Subsidiaries that is organized under the laws of the United States or a political subdivision thereof.

"U.S. Holdco" shall have the meaning set forth in Section 5.6(k).

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act, as amended.

"Warranty Breach" shall have the meaning set forth in Section 9.2(a).

"Working Capital Target" shall mean an amount equal to $650,000,000.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

EMERSON ELECTRIC CO.

By: /s/ Robert M. Levy
Name: Robert M. Levy
Title: Vice President, Development

PENTAIR PLC

By: /s/ Randall J. Hogan
Name: Randall J. Hogan
Title: Chairman and Chief Executive Officer

Companies Act 2014

A PUBLIC LIMITED COMPANY

CONSTITUTION

of

PENTAIR PUBLIC LIMITED COMPANY

(Amended and restated by Special Resolution dated 10 May 2016)

ARTHUR COX

Cert. No: 536025

Companies Acts 2014

A PUBLIC LIMITED COMPANY

MEMORANDUM OF ASSOCIATION

of

PENTAIR PUBLIC LIMITED COMPANY

(Amended and restated by Special Resolution dated 10 May 2016)

1. The name of the Company is Pentair public limited company.

2. The Company is a public limited company, deemed to be a PLC to which Part 17 of the Companies Act 2014 applies.

3. The objects for which the Company is established are:

3.1. (a) To carry on the business of a holding company and to co-ordinate the administration, finances and activities of any subsidiary companies or associated companies, to do all lawful acts and things whatever that are necessary or convenient in carrying on the business of such a holding company and in particular to carry on in all its branches the business of a management services company, to act as managers and to direct or coordinate the management of other companies or of the business, property and estates of any company or person and to undertake and carry out all such services in connection therewith as may be deemed expedient by the Company's board of directors and to exercise its powers as a member or shareholder of other companies.

(b) To carry on all or any of the businesses of producers, manufacturers, servicers, buyers, sellers, and distributing agents of and dealers in all kinds of goods, products, merchandise and real and personal property of every class and description; and to acquire, own, hold, lease, sell, mortgage, or otherwise deal in and dispose of such real estate and personal property as may be necessary or useful in connection with said business or the carrying out of any of the purposes of the Company.

(c) To acquire by way of merger governed by the laws of the Swiss Confederation under the principle of universal succession the entire business, including all of the assets, liabilities, rights and obligations, howsoever arising, of Pentair Ltd, a company incorporated pursuant to the laws of the Swiss Confederation.

3.2. To acquire shares, stocks, debentures, debenture stock, bonds, obligations and securities by original subscription, tender, purchase, exchange or otherwise and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.

3.3. To facilitate and encourage the creation, issue or conversion of and to offer for public subscription debentures, debenture stocks, bonds, obligations, shares, stocks, and securities and to act as trustees in connection with any such securities and to take part in the conversion of business concerns and undertakings into companies.

3.4. To purchase or by any other means acquire any freehold, leasehold or other property and in particular lands, tenements and hereditaments of any tenure, whether subject or not to any charges or encumbrances, for any estate or interest whatever, and any rights, privileges or easements over or in respect of any property, and any buildings, factories, mills, works, wharves, roads, machinery, engines, plant, live and dead stock, barges, vessels or things, and any real or personal property or rights whatsoever which may be necessary for, or may conveniently be used with, or may enhance the value or property of the Company, and to hold or to sell, let, alienate, mortgage, charge or otherwise deal with all or any such freehold, leasehold, or other property, lands, tenements or hereditaments, rights, privileges or easements.

3.5. To sell or otherwise dispose of any of the property or investments of the Company.

3.6. To establish and contribute to any scheme for the purchase of shares in the Company to be held for the benefit of the Company's employees and to lend or otherwise provide money to such schemes or the Company's employees or the employees of any of its subsidiary or associated companies to enable them to purchase shares of the Company.

3.7. To grant, convey, transfer or otherwise dispose of any property or asset of the Company of whatever nature or tenure for such price, consideration, sum or other return whether equal to or less than the market value thereof and whether by way of gift or otherwise as the Directors shall deem fit and to grant any fee, farm grant or lease or to enter into any agreement for letting or hire of any such property or asset for a rent or return equal to or less than the market or rack rent therefor or at no rent and subject to or free from covenants and restrictions as the Directors shall deem appropriate.

3.8. To acquire and undertake the whole or any part of the business, good-will and assets of any person, firm or company carrying on or proposing to carry on any business and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into any arrangement for sharing profits, or for co-operation, or for limiting competition or for mutual assistance with any such person, firm or company and to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain or sell, mortgage or deal with any shares, debentures, debenture stock or securities so received.

3.9. To apply for, purchase or otherwise acquire any patents, brevets d'invention, licences, concessions and the like conferring any exclusive or non-exclusive or limited rights to use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.

3.10. To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly to benefit this Company.

3.11. To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.

3.12. To lend money to and guarantee the performance of the contracts or obligations of any company, firm or person, and the repayment of the capital and principal of, and dividends, interest or premiums payable on, any stock, shares and securities of any company, whether having objects similar to those of this Company or not, and to give all kinds of indemnities.

3.13. To engage in currency exchange and interest rate transactions including, but not limited to, dealings in foreign currency, spot and forward rate exchange contracts, futures, options, forward rate agreements, swaps, caps, floors, collars and any other foreign exchange or interest rate hedging arrangements and such other instruments as are similar to, or derived from, any of the foregoing whether for the purpose of making a profit or avoiding a loss or managing a currency or interest rate exposure or any other exposure or for any other purpose.

3.14. To guarantee, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company, or by both such methods, the performance of the obligations of, and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of, any person, firm or company including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company as defined by the Companies Act 2014 (or any successor legislation) or a subsidiary as therein defined of any such holding company or otherwise associated with the Company in business.

3.15. To borrow or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures, debenture stocks, bonds, obligations and securities of all kinds, either perpetual or terminable and either redeemable or otherwise and to secure the repayment of any money borrowed, raised or owing by trust deed, mortgage, charge, or lien upon the whole or any part of the Company's property or assets (whether present or future) including its uncalled capital, and also by a similar trust deed, mortgage, charge or lien to secure and guarantee the performance by the Company of any obligation or liability it may undertake.

3.16. To draw, make, accept, endorse, discount, execute, negotiate and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.

3.17. To subscribe for, take, purchase or otherwise acquire and hold shares or other interests in, or securities of any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.

3.18. To hold in trust as trustees or as nominees and to deal with, manage and turn to account, any real or personal property of any kind, and in particular shares, stocks, debentures, securities, policies, book debts, claims and chases in actions, lands, buildings, hereditaments, business concerns and undertakings, mortgages, charges, annuities, patents, licences, and any interest in real or personal property, and any claims against such property or against any person or company.

3.19. To constitute any trusts with a view to the issue of preferred and deferred or other special stocks or securities based on or representing any shares, stocks and other assets specifically appropriated for the purpose of any such trust and to settle and regulate and if thought fit to undertake and execute any such trusts and to issue, dispose of or hold any such preferred, deferred or other special stocks or securities.

3.20. To give any guarantee in relation to the payment of any debentures, debenture stock, bonds, obligations or securities and to guarantee the payment of interest thereon or of dividends on any stocks or shares of any company.

3.21. To construct, erect and maintain buildings, houses, flats, shops and all other works, erections, and things of any description whatsoever either upon the lands acquired by the Company or upon other lands and to hold, retain as investments or to sell, let, alienate, mortgage, charge or deal with all or any of the same and generally to alter, develop and improve the lands and other property of the Company.

3.22. To provide for the welfare of persons in the employment of or holding office under or formerly in the employment of or holding office under the Company including Directors and ex-Directors of the Company and the wives, widows and families, dependants or connections of such persons by grants of money, pensions or other payments

and by forming and contributing to pension, provident or benefit funds or profit sharing or co-partnership schemes for the benefit of such persons and to form, subscribe to or otherwise aid charitable, benevolent, religious, scientific, national or other institutions, exhibitions or objects which shall have any moral or other claims to support or aid by the Company by reason of the locality of its operation or otherwise.

3.23. To remunerate by cash payments or allotment of shares or securities of the Company credited as fully paid up or otherwise any person or company for services rendered or to be rendered to the Company whether in the conduct or management of its business, or in placing or assisting to place or guaranteeing the placing of any of the shares of the Company's capital, or any debentures or other securities of the Company or in or about the formation or promotion of the Company.

3.24. To enter into and carry into effect any arrangement for joint working in business or for sharing of profits or for amalgamation with any other company or association or any partnership or person carrying on any business within the objects of the Company.

3.25. To distribute in specie or otherwise as may be resolved, any assets of the Company among its members and in particular the shares, debentures or other securities of any other company belonging to this Company or of which this Company may have the power of disposing.

3.26. To vest any real or personal property, rights or interest acquired or belonging to the Company in any person or company on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.

3.27. To transact or carry on any business which may seem to be capable of being conveniently carried on in connection with any of these objects or calculated directly or indirectly to enhance the value of or facilitate the realisation of or render profitable any of the Company's property or rights.

3.28. To accept stock or shares in or debentures, mortgages or securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such company, whether such shares shall be wholly or partly paid up.

3.29. To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company or which the Company shall consider to be preliminary thereto and to issue shares as fully or in part paid up, and to pay out of the funds of the Company all brokerage and charges incidental thereto.

3.30. To procure the Company to be registered or recognised in any part of the world.

3.31. To do all or any of the matters hereby authorised in any part of the world or in conjunction with or as trustee or agent for any other company or person or by or through any factors, trustees or agents.

3.32. To make gifts, pay gratuities or grant bonuses to current and former Directors (including substitute and alternate directors), officers or employees of the Company or to make gifts or pay gratuities to any person on their behalf or to charitable organisations, trusts or other bodies corporate nominated by any such person.

3.33. To do all such other things that the Company may consider incidental or conducive to the attainment of the above objects or as are usually carried on in connection therewith.

3.34. To carry on any business which the Company may lawfully engage in and to do all such things incidental or conducive to the business of the Company.

3.35. To make or receive gifts by way of capital contribution or otherwise.

The objects set forth in any sub-clause of this clause shall be regarded as independent objects and shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from the terms of any other sub-clause, or by the name of the Company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause, but the Company shall have full power to exercise all or any of the powers conferred by any part of this clause in any part of the world notwithstanding that the business, property or acts proposed to be transacted, acquired or performed do not fall within the objects of the first sub-clause of this clause.

NOTE: It is hereby declared that the word "company" in this clause, except where used in reference to this Company shall be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in Ireland or elsewhere and the intention is that the objects specified in each paragraph of this clause shall except where otherwise expressed in such paragraph be in no way limited or restricted by reference to or inference from the terms of any other paragraph.

4. The share capital of the Company is US$4,260,000 and €40,000 divided into 426,000,000 Ordinary Shares of US$0.01 each and 40,000 Ordinary Shares of €1.00 each.

5. The liability of the members is limited.

6. The shares forming the capital, increased or reduced, may be increased or reduced and be divided into such classes and issued with any special rights, privileges and conditions or with such qualifications as regards preference, dividend, capital, voting or other special incidents, and be held upon such terms as may be attached thereto or as may from time to time be provided by the original or any substituted or amended articles of association and regulations of the Company for the time being, but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's articles of association for the time being.

COMPANIES ACT 2014

A PUBLIC LIMITED COMPANY

ARTICLES OF ASSOCIATION

-of-

PENTAIR PUBLIC LIMITED COMPANY

(Amended and restated by Special Resolution dated 10 May 2016)

PRELIMINARY

1. The provisions set out in these articles of association shall constitute the whole of the regulations applicable to the Company and no "optional provision" as defined by section 1007(2) of the Companies Act (with the exception of sections 83 and 84) shall apply to the Company.

2. (a) In these articles:

"1996 Regulations" means the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, S.I. No. 68 of 1996, including any modification thereof or any regulations in substitution thereof made under Section 239 of the Companies Act 1990 and for the time being in force.

"Acts" means the Companies Act, all statutory instruments which are to be read as one with, or construed or read together as one with, the Companies Act or Acts and every statutory modification and re-enactment thereof for the time being in force.

"address" includes any number or address used for the purposes of communication by way of electronic mail or other electronic communication.

"Assistant Secretary" means any person appointed by the Secretary from time to time to assist the Secretary.

"Beneficially Own" or "Beneficially Owned", with respect to shares or other securities of the Company and any person, shall mean shares or other securities of the Company of which such person is, directly or indirectly, the Beneficial Owner.

"Beneficial Owner", with respect to shares or other securities of the Company, shall mean such person which Beneficially Owns such shares or other securities, within the meaning of Section 13(d) of the Exchange Act and the rules and regulations thereunder (including for the avoidance of doubt any shares or other securities that such person directly owns), provided that (a) the determination as to whether a person has Beneficial Ownership of a share or other security pursuant to Rule 13d-3(d)(1) under the Exchange Act shall be made without regard to whether or not such person has the right to acquire beneficial ownership of such share or other security within sixty days, (b) a person shall be deemed to be the Beneficial Owner of shares or other securities which are the subject of, or the reference securities for, or that underlie, any derivative security (as defined under Rule 16a-1 under the Exchange Act) held by such person that increase in value as the value of the underlying share or other security increases, including a long convertible security, a long call option and a short put option position and such underlying shares or other securities shall be deemed to be owned, in each case, regardless of whether (i) such derivative security conveys any voting rights in such shares or other securities, (ii) such derivative security

is required to be, or is capable of being, settled through delivery of such shares or other securities or (iii) transactions hedge the economic effect of such derivative security, (c) a person shall be deemed to have beneficial ownership over shares or other securities for which such person holds a proxy or other contractual voting power (including contingent rights) unless such voting power arises solely from a revocable proxy or consent given to such person in response to a public proxy or consent solicitation made generally to all holders of such shares or other securities pursuant to, and in accordance with, the applicable rules and regulations under the Exchange Act and (d) the Board or a committee designated by the Board may set out further details regarding the determination of Beneficial Ownership in separate regulations.

When two or more persons agree to act together for the purpose of acquiring, holding, voting or disposing of shares or other securities of the Company, the group formed thereby shall be considered to be one person that beneficially owns all shares or other securities owned by the group in the aggregate (as may be further set out by the Board or a committee designated by the Board in separate regulations).

"Clear Days" in relation to the period of notice, means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.

"Chairman" means the Director who is elected by the Directors from time to time to preside as chairman at all meetings of the Board and at general meetings of the Company.

"Companies Act" means the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force.

"CSD Regulation" means any regulation of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directive 98/26/EC.

"electronic communication" has the meaning given to those words in the Electronic Commerce Act 2000.

"electronic signature" has the meaning given to those words in the Electronic Commerce Act 2000.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, of the United States of America.

"IAS Regulation" means Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of internal accounting standards.

"Ordinary Resolution" means an ordinary resolution of the Company's members of which the requisite notice has been given and which has been passed by a simple majority of those present in person or by proxy at the meeting and who were entitled to vote.

"Properly Authenticated Dematerialised Instruction" has the meaning given to it in the 1996 Regulations.

"person" means any individual, general or limited partnership, corporation, association, trust, estate, company (including a limited liability company) or any other entity or organisation including a government, a political subdivision or agency or instrumentality thereof, provided that for purposes of determining Beneficial Ownership and voting rights, those associated through capital, voting power, joint management or in any other way, or joining for the acquisition of shares, as well as all persons achieving an understanding or forming a syndicate or otherwise acting in concert to circumvent the regulations concerning the limitation on registration or voting, shall be regarded as one person.

"public announcement" means disclosure in a press release reported by a national news service or in a document publicly filed by the Company with the U.S. Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

"Redeemable Shares" means redeemable shares in accordance with the Acts.

"Register" means the register of members to be kept as required in accordance with the Acts.

"Relevant System" has the meaning given to it in the 1996 Regulations.

"Special Resolution" means a special resolution of the Company's members within the meaning of the Acts.

"subsidiary" has the meaning given to it in the Acts.

"the Company" means the company whose name appears in the heading to these articles.

"the Directors" or "the Board" means the directors from time to time and for the time being of the Company or the directors present at a meeting of the board of directors and includes any person occupying the position of director by whatever name called.

"the Group" means the Company and its subsidiaries from time to time and for the time being.

"the Holder" in relation to any share, means the member whose name is entered in the Register as the holder of the share or, where the context permits, the members whose names are entered in the Register as the joint holders of shares.

"the Office" means the registered office from time to time and for the time being of the Company.

"the seal" means the common seal of the Company and includes any duplicate seal.

"the Secretary" means any person appointed to perform the duties of the secretary of the Company.

"these articles" means the articles of association of which this article 2 forms part, as the same may be amended and may be from time to time and for the time being in force.

"Variation Resolution" means a resolution of the Company's members passed by a two-thirds majority of those present in person or by proxy at a meeting of the Company's members who are entitled to attend and vote at such meeting.

(b) Expressions in these articles referring to writing shall be construed, unless the contrary intention appears, as including references to printing, lithography, photography and any other modes of representing or reproducing words in a visible form except as provided in these articles and/or where it constitutes writing in electronic form sent to the Company, and the Company has agreed to its receipt in such form. Expressions in these articles referring to execution of any document shall include any mode of execution whether under seal or under hand or any mode of electronic signature as shall be approved by the Directors. Expressions in these articles referring to receipt of any electronic communications shall, unless the contrary intention appears, be limited to receipt in such manner as the Company has approved.

(c) Unless the contrary intention appears, words or expressions contained in these articles shall bear the same meaning as in the Acts or in any statutory modification thereof in force at the date at which these articles become binding on the Company.

(d) A reference to a statute or statutory provision shall be construed as a reference to the laws of Ireland unless otherwise specified and includes:

(i) any subordinate legislation made under it including all regulations, by-laws, orders and codes made thereunder;

(ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and

(iii) any statute or statutory provision which modifies, consolidates, re-enacts or supersedes it.

(e) The masculine gender shall include the feminine and neuter, and vice versa, and the singular number shall include the plural, and vice versa, and words importing persons shall include firms or companies.

(f) Reference to US$, USD, or dollars shall mean the currency of the United States of America and to €, euro, EUR or cent shall mean the currency of Ireland.

SHARE CAPITAL AND VARIATION OF RIGHTS

3. (a) The share capital of the Company is US$4,260,000 and €40,000 divided into 426,000,000 Ordinary Shares of US$0.01each and 40,000 Ordinary Shares of €1.00 each.

(b) The rights and restrictions attaching to the ordinary shares shall be as follows:

(i) subject to the right of the Company to set record dates for the purposes of determining the identity of members entitled to notice of and/or to vote at a general meeting, the right to attend and speak at any general meeting of the Company and to exercise one vote per ordinary share held at any general meeting of the Company;

(ii) the right to participate pro rata in all dividends declared by the Company; and

(iii) the right, in the event of the Company's winding up, to participate pro rata in the total assets of the Company.

The rights attaching to the ordinary shares may be subject to the terms of issue of any series or class of preferred shares allotted by the Directors from time to time.

(c) Unless the Board specifically elects to treat such acquisition as a purchase for the purposes of the Acts, an ordinary share shall be deemed to be a Redeemable Share on, and from the time of, the existence or creation of an agreement, transaction or trade between the Company and any third party pursuant to which the Company acquires or will acquire ordinary shares, or an interest in ordinary shares, from such third party. In these circumstances, the acquisition of such shares or interest in shares by the Company shall constitute the redemption of a Redeemable Share in accordance with the Acts.

4. Subject to the provisions of the Acts and the other provisions of this article, the Company may:

(a) pursuant to the Acts, issue any shares of the Company which are to be redeemed or are liable to be redeemed at the option of the Company or the member on such terms and in such manner as may be determined by the Company in general meeting (by Special Resolution) on the recommendation of the Directors; or

(b) subject to and in accordance with the provisions of the Acts and without prejudice to any relevant special rights attached to any class of shares, pursuant to the Acts, purchase any of its own shares (including any Redeemable Shares and without any obligation to purchase on any pro rata basis as between members or members of the

same class) and may cancel any shares so purchased or hold them as treasury shares (as defined in the Acts) and may reissue any such shares as shares of any class or classes.

(c) pursuant to the Acts, convert any of its shares into redeemable shares.

5. Without prejudice to any special rights previously conferred on the Holders of any existing shares or class of shares, any share in the Company may be issued with such preferred or deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine.

6. (a) Subject to the provisions of these articles relating to new shares, the shares shall be at the disposal of the Directors, and they may (subject to the provisions of the Acts) allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its members, but so that no share shall be issued at a discount save in accordance the Acts, and so that, in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than one-quarter of the nominal amount of the share and the whole of any premium thereon.

(b) Subject to any requirement to obtain the approval of members under any laws, regulations or the rules of any stock exchange to which the Company is subject, the Board is authorised, from time to time, in its discretion, to grant such persons, for such periods and upon such terms as the Board deems advisable, options to purchase or subscribe for such number of shares of any class or classes or of any series of any class as the Board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued.

(c) The Directors are, for the purposes of the Acts, generally and unconditionally authorised to exercise all powers of the Company to allot and issue relevant securities (as defined by the Acts) up to the amount of Company's authorised share capital and to allot and issue any shares purchased by the Company pursuant to the provisions of the Acts and held as treasury shares and this authority shall expire five years from the date of adoption of these articles. The Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority hereby conferred has expired.

(d) The Directors are hereby empowered pursuant to the Acts to allot equity securities within the meaning of the Acts for cash pursuant to the authority conferred by paragraph (c) of this article as if the Acts did not apply to any such allotment. The Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this paragraph (d) had not expired.

(e) Nothing in these articles shall preclude the Directors from recognising a renunciation of the allotment of any shares by any allottee in favour of some other person.

7. The Company may pay commission to any person in consideration of a person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company on such terms and subject to such conditions as the Directors may determine, including, without limitation, by paying cash or allotting and issuing fully or partly paid shares or any combination of the two. The Company may also, on any issue of shares, pay such brokerage as may be lawful.

8. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable,

contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the Holder.

9. No person shall be entitled to a share certificate in respect of any ordinary share held by them in the share capital of the Company, whether such ordinary share was allotted or transferred to them, and the Company shall not be bound to issue a share certificate to any such person entered in the Register.

10. The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company, except as permitted by the Acts.

11. (a) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The Directors, at any time, may declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien on a share shall extend to all moneys payable in respect of it.

(b) The Company may sell in such manner as the Directors determine any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within fourteen Clear Days after notice demanding payment, and stating that if the notice is not complied with the share may be sold, has been given to the Holder of the share or to the person entitled to it by reason of the death or bankruptcy of the Holder.

(c) To give effect to a sale, the Directors may authorise some person to execute an instrument of transfer of the share sold to, or in accordance with the directions of, the purchaser. The transferee shall be entered in the Register as the Holder of the share comprised in any such transfer and he shall not be bound to see to the application of the purchase moneys nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(d) The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) shall be paid to the person entitled to the shares at the date of the sale.

12. (a) Subject to the terms of allotment, the Directors may make calls upon the members in respect of any moneys unpaid on their shares and each member (subject to receiving at least fourteen Clear Days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part and payment of a call may be postponed in whole or in part. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

(b) A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

(c) The joint Holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

(d) If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of

allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Acts) but the Directors may waive payment of the interest wholly or in part.

(e) An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of these articles shall apply as if that amount had become due and payable by virtue of a call.

(f) Subject to the terms of allotment, the Directors may make arrangements on the issue of shares for a difference between the Holders in the amounts and times of payment of calls on their shares.

(g) The Directors, if they think fit, may receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may pay (until the same would, but for such advance, become payable) interest at such rate, not exceeding (unless the Company in general meeting otherwise directs) 15% per annum, as may be agreed upon between the Directors and the member paying such sum in advance.

(h) (i) If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter and during such times as any part of the call or instalment remains unpaid, may serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.

(ii) The notice shall name a further day (not earlier than the expiration of fourteen Clear Days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

(iii) If the requirements of any such notice as aforesaid are not complied with then, at any time thereafter before the payment required by the notice has been made, any shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

(iv) On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the member sued is entered in the Register as the Holder, or one of the Holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member sued, in pursuance of these articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal such a share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the share to that person. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and thereupon he shall be registered as the Holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

(j) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but nevertheless shall remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, without any deduction or allowance for the value of the shares at the time of forfeiture but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

(k) A statutory declaration that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(l) The provisions of these articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

(m) The Directors may accept the surrender of any share which the Directors have resolved to have been forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it has been forfeited.

TRANSFER OF SHARES

13. (a) The instrument of transfer of any share may be executed for and on behalf of the transferor by the Secretary, an Assistant Secretary or any such person that the Secretary or an Assistant Secretary nominates for that purpose (whether in respect of specific transfers or pursuant to a general standing authorisation), and the Secretary, Assistant Secretary or the relevant nominee shall be deemed to have been irrevocably appointed agent for the transferor of such share or shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such share or shares all such transfers of shares held by the members in the share capital of the Company. Any document which records the name of the transferor, the name of the transferee, the class and number of shares agreed to be transferred, the date of the agreement to transfer shares and the price per share, shall, once executed by the transferor or the Secretary, Assistant Secretary or the relevant nominee as agent for the transferor, be deemed to be a proper instrument of transfer for the purposes of the Acts. The transferor shall be deemed to remain the Holder of the share until the name of the transferee is entered on the Register in respect thereof, and neither the title of the transferee nor the title of the transferor shall be affected by any irregularity or invalidity in the proceedings in reference to the sale should the Directors so determine.

(b) The Company, at its absolute discretion, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of shares on behalf of the transferee of such shares of the Company. If stamp duty resulting from the transfer of shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall, on its behalf or on behalf of its subsidiary (as the case may be), be entitled to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those shares and (iii) claim a first and permanent lien on the shares on which stamp duty has been paid by the Company or its subsidiary for the amount of stamp duty paid. The Company's lien shall extend to all dividends paid on those shares.

(c) Notwithstanding the provisions of these articles and subject to any regulations made under section 239 of the Companies Act 1990 or section 1086 of the Companies Act, title to any shares in the Company may also be evidenced and transferred without a written instrument in accordance with regulations made under section 239 of the Companies Act 1990 or section 1086 of the Companies Act. The Directors shall have power to permit any class of shares to be held in uncertificated form and to implement any arrangements they think fit for such evidencing and transfer which accord with such regulations and in particular shall, where appropriate, be entitled

to disapply or modify all or part of the provisions in these articles with respect to the requirement for written instruments of transfer and share certificates (if any), in order to give effect to such regulations.

14. Subject to such of the restrictions of these articles and to such of the conditions of issue of any share warrants as may be applicable, the shares of any member and any share warrant permitted to be issued by the Acts may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve.

15. (a) The Directors in their absolute discretion and without assigning any reason therefor may decline to register:

(i) any transfer of a share which is not fully paid; or

(ii) any transfer to or by a minor or person of unsound mind;

but this shall not apply to a transfer of such a share resulting from a sale of the share through a stock exchange on which the share is listed.

(c) The Directors may decline to recognise any instrument of transfer unless:

(i) the instrument of transfer is accompanied by any evidence the Directors may reasonably require to show the right of the transferor to make the transfer;

(ii) the instrument of transfer is in respect of one class of share only;

(iii) the instrument of transfer is in favour of not more than four transferees; and

(iv) it is lodged at the Office or at such other place as the Directors may appoint.

16. If the Directors refuse to register a transfer, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

17. (a) The Directors may from time to time fix a record date for the purposes of determining the rights of members to notice of and/or to vote at any general meeting of the Company. The record date shall not precede the date upon which the resolution fixing the record date is adopted by the Directors, and the record date shall be not more than 60 nor less than ten days before the date of such meeting. If no record date is fixed by the Directors, the record date for determining members entitled to notice of or to vote at a meeting of the members shall be the close of business on the day next preceding the day on which notice is given. Unless the Directors determine otherwise, a determination of members of record entitled to notice of or to vote at a meeting of members shall apply to any adjournment or postponement of the meeting.

(b) In order that the Directors may determine the members entitled to receive payment of any dividend or other distribution or allotment of any rights or the members entitled to exercise any rights in respect of any change, conversion or exchange of shares, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 nor less than 10 days prior to such action. If no record date is fixed, the record date for determining members for such purpose shall be at the close of business on the day on which the Directors adopt the resolution relating thereto.

18. Registration of transfers may be suspended at such times and for such period, not exceeding in the whole 30 days in each year, as the Directors may from time to time determine subject to the requirements of the Acts.

19. All instruments of transfer shall upon their being lodged with the Company remain the property of the Company and the Company shall be entitled to retain them.

20. Subject to the provisions of these articles, whenever as a result of a consolidation of shares or otherwise any members would become entitled to fractions of a share, the Directors may sell or cause to be sold, on behalf of those members, the shares representing the fractions for the best price reasonably obtainable to any person and distribute the proceeds of sale (subject to any applicable tax and abandoned property laws) in due proportion among those members, and the Directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

21. Notwithstanding the provisions of these articles and subject to any CSD Regulation or any regulations made under section 239 of the Companies Act 1990 or section 1086 of the Companies Act, title to any shares in the Company may also be evidenced and transferred without a written instrument in accordance with any CSD Regulation or section 239 of the Companies Act 1990 or section 1086 of the Companies Act or any regulations made thereunder. The Directors shall have power to permit any class of shares to be held in uncertificated form and to implement any arrangements they think fit for such evidencing and transfer which accord with such regulations and in particular shall, where appropriate, be entitled to disapply or modify all or part of the provisions in these articles with respect to the requirement for written instruments of transfer and share certificates, in order to give effect to such regulations.

TRANSMISSION OF SHARES

22. In the case of the death of a member, the survivor or survivors where the deceased was a joint Holder, and the personal representatives of the deceased where he was a sole Holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint Holder from any liability in respect of any share which had been jointly held by him with other persons.

23. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as herein provided, elect either to be registered himself as Holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the shares by that member before his death or bankruptcy, as the case may be.

24. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice of transfer were a transfer signed by that member.

25. A person becoming entitled to a share by reason of the death or bankruptcy of the Holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company, so, however, that the Directors may at any time give notice requiring such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 days, the Directors may thereupon withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF CAPITAL

26. The Company may from time to time by Variation Resolution increase the authorised share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

27. The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) subdivide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the Acts; or

(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares so cancelled.

28. The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised, and consent required, by law.

GENERAL MEETINGS

29. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. This article shall not apply in the case of the first general meeting, in respect of which the Company shall convene the meeting within the time periods required by the Act.

30. Subject to the Acts, all general meetings of the Company may be held outside of Ireland.

31. All general meetings other than annual general meetings shall be called extraordinary general meetings.

32. The Directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided in the Acts.

33. All provisions of these articles relating to general meetings of the Company shall, mutatis mutandis, apply to every separate general meeting of the Holders of any class of shares in the capital of the Company, except that:

(a) the necessary quorum shall be such person or persons holding or representing by proxy (whether or not such Holder actually exercises his voting rights in whole, in part or at all at the relevant general meeting) at least a majority in nominal value of the issued shares of the class, shall be deemed to constitute a meeting;

(b) any Holder of shares of the class present in person or by proxy may demand a poll; and

(c) on a poll, each Holder of shares of the class shall have one vote in respect of every share of the class held by him.

34. A Director shall be entitled, notwithstanding that he is not a member, to attend and speak at any general meeting and at any separate meeting of the Holders of any class of shares in the Company.

NOTICE OF GENERAL MEETINGS

35. (a) Subject to the provisions of the Acts allowing a general meeting to be called by shorter notice, an annual general meeting and an extraordinary general meeting shall be called by not less than 21 Clear Days' notice.

(b) Any notice convening a general meeting shall specify the time and place of the meeting and, in the case of special business, the general nature of that business and, in reasonable prominence, that a member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his place and that a proxy need not be a member of the Company. It shall also give particulars of any Directors who are to retire at the meeting and of any persons who are recommended by the Directors for appointment or re-appointment as Directors at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose them for appointment or re-appointment as Directors at the meeting. Provided that the latter requirement shall only apply where the intention to propose the person has been received by the Company in accordance with the provisions of these articles. Subject to any restrictions imposed on any shares, the notice of the meeting shall be given to all the members of the Company as of the record date set by the Directors and to the Directors and the statutory auditors.

(c) The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

36. Where, by any provision contained in the Acts, extended notice is required of a resolution, the resolution shall not be effective (except where the Directors of the Company have resolved to submit it) unless notice of the intention to move it has been given to the Company not less than twenty-eight days (or such shorter period as the Acts permit) before the meeting at which it is moved, and the Company shall give to the members notice of any such resolution as required by and in accordance with the provisions of the Acts.

PROCEEDINGS AT GENERAL MEETINGS

37. All business shall be deemed special that is transacted at an extraordinary general meeting and also that is transacted at an annual general meeting, with the exception of:

(a) the consideration of the Company's statutory financial statements and the report of the directors and the report of the statutory auditors on those statements and that report;

(b) the review by the members of the Company's affairs;

(c) the declaration of a dividend (if any) of an amount not exceeding the amount recommended by the directors;

(d) the authorisation of the directors to approve the remuneration of the statutory auditors;

(e) the election and re-election of directors; and

(f) (subject to sections 380 and 382 to 385 of the Act) the appointment or re-appointment of Auditors.

38. At any annual general meeting of the members, only such nominations of persons for election to the Board shall be made, and only such other business shall be conducted or considered, as shall have been properly brought before the meeting. For nominations to be properly made at an annual general meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (a) specified in the Company's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly made at the annual general meeting, by or at the direction of the Board or (c) otherwise properly requested to be brought before the annual general meeting by a member of the Company in accordance with these articles. For nominations of persons for election to the Board or proposals of other business to be properly requested by a member to be made at an annual general meeting, a member must (i) be a member at the time of giving of notice of such annual general meeting by or at the direction of the Board and at the time of the annual general meeting, (ii) be entitled to vote at such annual general meeting and (iii) comply with the procedures set forth in these articles as to such business or nomination. The immediately preceding sentence shall be the exclusive means for a member to make nominations or other business proposals (other

than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Company's notice of meeting) before an annual general meeting of members.

39. At any extraordinary general meeting of the members, only such business shall be conducted or considered, as shall have been properly brought before the meeting pursuant to the Company's notice of meeting. To be properly brought before an extraordinary general meeting, proposals of business must be (a) specified in the Company's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly brought before the extraordinary general meeting, by or at the direction of the Board, or (c) otherwise properly brought before the meeting by any members of the Company pursuant to the valid exercise of power granted to them under the Acts.

40. Nominations of persons for election to the Board may be made at an extraordinary general meeting of members at which directors are to be elected pursuant to the Company's notice of meeting (a) by or at the direction of the Board, (b) by any members of the Company pursuant to the valid exercise of power granted to them under the Acts, or (c) provided that the Board has determined that directors shall be elected at such meeting, by any member of the Company who (i) is a member at the time of giving of notice of such extraordinary general meeting and at the time of the extraordinary general meeting, (ii) is entitled to vote at the meeting and (iii) complies with the procedures set forth in these articles as to such nomination. The immediately preceding sentence shall be the exclusive means for a member to make nominations (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Company's notice of meeting) before an extraordinary general meeting of members.

41. Except as otherwise provided by law, the memorandum of association or these articles, the Chairman of any general meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the general meeting was made or proposed, as the case may be, in accordance with these articles and, if any proposed nomination or other business is not in compliance with these articles, to declare that no action shall be taken on such nomination or other proposal and such nomination or other proposal shall be disregarded.

42. No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. The Holders of shares, present in person or by proxy (whether or not such Holder actually exercises his voting rights in whole, in part or at all at the relevant general meeting), entitling them to exercise a majority of the voting power of the Company on the relevant record date shall constitute a quorum. Abstentions and broker non-votes will be regarded as present for the purposes of establishing the presence of a quorum.

43. Any general meeting duly called at which a quorum not present shall be adjourned and the Company shall provide notice pursuant to article 35 in the event that such meeting is to be reconvened.

44. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting.

45. If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be Chairman of the meeting.

46. The Chairman shall have all powers and authority necessary and appropriate to ensure the orderly conduct of the general meeting, including the power and authority to adjourn the meeting. The Chairman of the meeting may at any time without the consent of the meeting adjourn the meeting to another time and/or place if, in his opinion, it would facilitate the conduct of the business of the meeting to do so or if he is so directed by the Board. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

47. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The Board or the Chairman may determine the manner in which the poll is to be taken and the manner in which the votes are to be counted. For avoidance of doubt, no resolution of the members may be passed as written resolution under the Acts or otherwise.

48. A poll demanded on the election of the Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that on which the poll has been demanded may be proceeded with pending the taking of the poll.

49. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. On a poll, a Holder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

ADVANCE NOTICE OF MEMBER BUSINESS AND NOMINATIONS

50. Without qualification or limitation, subject to article 60, for any nominations or any other business to be properly brought before an annual general meeting by a member pursuant to article 38, the member must have given timely notice thereof (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by article 61), in writing to the Secretary, and such other business must otherwise be a proper matter for member action.

51. To be timely, a member's notice for any nominations or any other business to be properly brought before an annual general meeting by a member pursuant to article 38 shall be delivered to the Secretary at the Office not earlier than the close of business on the 70th calendar day nor later than the 45th calendar day prior to the first anniversary of the day of release to members of the Company's definitive proxy statement (or in the case of the first annual general meeting of the Company, the definitive proxy statement of Pentair Ltd.) issued pursuant to Regulation 14A of the Exchange Act in respect of the preceding year's annual general meeting; provided however, in the event that no annual general meeting of the members was held in the previous year (other than in respect of the first annual general meeting of the Company) or the date of the annual general meeting is changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, notice by the member must be so delivered not earlier than the close of business on the 100th calendar day prior to the date of such annual general meeting and not later than the close of business on (a) 75 calendar days prior to the day of the contemplated annual general meeting or (b) the 10th calendar day after the day on which public announcement or other notification to the members of the date of the contemplated annual general meeting is first made by the Company. In no event shall any adjournment or postponement of an annual general meeting, or the public announcement thereof, commence a new time period for the giving of a member's notice as described above.

52. Subject to article 60, in the event the Company calls an extraordinary general meeting of members for the purpose of electing one or more directors to the Board, any member may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Company's notice of meeting, provided that the member gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by article 61), in writing, to the Secretary.

53. To be timely, a member's notice for any nomination to be properly brought before such an extraordinary general meeting shall be delivered to the Secretary at the Office not earlier than the close of business on the 90th calendar day prior to the date of such extraordinary general meeting and not later than the later of the close of business on (a) the 60th calendar day before the date of the extraordinary general meeting or (b) the date that is ten days after the day on which public announcement of the date of the extraordinary general meeting and of the nominees proposed by the Board to be elected at such meeting is first made by the Company. In no event shall any adjournment or postponement of an extraordinary general meeting, or the public announcement thereof, commence a new time period for the giving of a member's notice as described above.

54. To be in proper form, a member's notice (whether given pursuant to articles 50-51 or articles 52-53) to the Secretary must include the following, as applicable:

55. As to the member giving the notice and the Beneficial Owner or Beneficial Owners, if any, on whose behalf the nomination or proposal is made, a member's notice must set forth: (a) the name and address of such member, as they appear on the Company's books, of such Beneficial Owner or Beneficial Owners, if any, and of their respective affiliates or associates or others acting in concert therewith, (b) (i) the class or series and number of shares of the Company which are, directly or indirectly, Beneficially Owned and owned of record by such member, such Beneficial Owner or Beneficial Owners and their respective affiliates or associates or others acting in concert therewith, (ii) any option, warrant, convertible security, share appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Company or with a value derived in whole or in part from the value of any class or series of shares of the Company, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Company, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Company, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Company, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Company, through the delivery of cash or other property, or otherwise, and without regard to whether the member, the Beneficial Owner or Beneficial Owners, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Company (any of the foregoing, a "Derivative Instrument") directly or indirectly Beneficially Owned by such member, the Beneficial Owner or Beneficial Owners, if any, or any affiliates or associates or others acting in concert therewith, (iii) any proxy, contract, arrangement, understanding, or relationship pursuant to which such member has a right to vote any class or series of shares of the Company, (iv) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such member, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Company by, manage the risk of share price changes for, or increase or decrease the voting power of, such member with respect to any class or series of the shares of the Company, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Company (any of the foregoing, a "Short Interest"), (v) any rights to dividends on the shares of the Company Beneficially Owned by such member that are separated or separable from the underlying shares of the Company, (vi) any proportionate interest in shares of the Company or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such member is a general partner or, directly or indirectly, Beneficially Owns an interest in a general partner of such general or limited partnership, (vii) any performance-related fees (other than an asset-based fee) that such member is entitled to based on any increase or decrease in the value of shares of the Company or Derivative Instruments, if any, including without limitation any such interests held by members of such member's immediate family sharing the same household, (viii) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Company held by such member, and (ix) any direct or indirect interest of such member in any contract with the Company, any affiliate of the Company or any principal competitor of the Company (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (c) a representation that such member intends to appear in person or by proxy at the general meeting to introduce the business specified in the agenda item included in such notice, (d) the dates upon which the member acquired such shares and (e) any other information relating to such member and Beneficial Owner or Beneficial Owners, if any, that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Regulation 14A of the Exchange Act.

56. If the notice relates to any business other than a nomination of a director or directors that the member proposes to bring before the meeting, a member's notice must, in addition to the matters set forth in article 55, also set forth: (a) a brief description of the business desired to be brought before the meeting, and the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend these articles, the text of the proposed amendment), (b) such member's and Beneficial Owner's or Beneficial Owners' reasons for conducting such business at the meeting and (c) any material interest of such member and Beneficial Owner or Beneficial Owners, if any, in such business and a description of all agreements, arrangements and understandings between such member and Beneficial Owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such member.

57. As to each person, if any, whom the member proposes to nominate for election or re-election to the Board, a member's notice must, in addition to the matters set forth in article 55, also set forth: (a) the name and residence address of any person or persons to be nominated for election as a Director by such member (b) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such member and Beneficial Owner or Beneficial Owners, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K under the Exchange Act if the member making the nomination and any Beneficial Owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant (c) such other information regarding each nominee proposed by such member as would be required to be disclosed in solicitations of proxies for contested elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Exchange Act, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board and (d) the written consent of each nominee to be named in a proxy statement and to serve as a Director of the Company if so elected.

58. With respect to each person, if any, whom the member proposes to nominate for election or re-election to the Board, a member's notice must, in addition to the matters set forth in articles 55 and 57 above, also include a completed and signed questionnaire, representation and agreement required by article 61. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable member's understanding of the independence, or lack thereof, of such nominee.

59. Notwithstanding the provisions of these articles, a member shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in articles 50-61; provided, however, that any references in these articles to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these articles with respect to nominations or proposals as to any other business to be considered pursuant to articles 37-41.

60. Nothing in these articles shall be deemed to affect any rights (a) of members to request inclusion of proposals in the Company's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of members of the Company to bring business before an extraordinary general meeting pursuant to the valid exercise of power granted to them under the Acts. Subject to Rule 14a-8 under the Exchange Act, nothing in these articles shall be construed to permit any member, or give any member the right, to include or have disseminated or described in the Company's proxy statement any nomination of director or directors or any other business proposal.

61. Subject to the rights of members of the Company to propose nominations at an extraordinary general meeting pursuant to the valid exercise of power granted to them under the Acts, to be eligible to be a nominee for election or re-election as a director of the Company, a person must deliver (in accordance with the time periods prescribed for delivery of notice

under articles 51 and 53) to the Secretary at the Office a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (a) is not and, if elected as a director of the Company during his or her term office, will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Company or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (c) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Company, and will comply with all applicable corporate governance, conflict of interest, confidentiality and share ownership and trading policies and guidelines of the Company publicly disclosed from time to time.

VOTES OF MEMBERS

62. Subject to article 64 and any special rights or restrictions as to voting for the time being attached by or in accordance with these articles to any class of shares, on a poll every member who is present in person or by proxy shall have one vote for each share of which he is the Holder.

63. When there are joint Holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Holders; and for this purpose, seniority shall be determined by the order in which the names stand in the Register.

64. (a) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction (whether in Ireland or elsewhere) in matters concerning mental disorder, may vote, by his committee, receiver, guardian or other person appointed by that court and any such committee, receiver, guardian or other person may vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be received at the Office or at such other address as is specified in accordance with these articles for the receipt of appointments of proxy, not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

(b) If the Company is listed on any foreign stock exchange the Company shall be permitted to comply with the relevant rules and regulations (if any) that are applied in that jurisdiction with regard to this article 64, notwithstanding anything contained in this article 64.

(c) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

65. Votes may be given either personally or by proxy.

66. (a) Every member entitled to attend and vote at a general meeting may appoint one or more proxies to attend, speak and vote on his behalf. The appointment of a proxy shall be in any form consistent with the Acts which the Directors may approve and, if required by the Company, shall be signed by or on behalf of the appointor. In relation to written proxies, a body corporate may sign a form of proxy under its common seal or under the hand

of a duly authorised officer thereof or in such other manner as the Directors may approve. A proxy need not be a member of the Company. The appointment of a proxy in electronic or other form shall only be effective in such manner as the Directors may approve. An instrument of other form of communication appointing or evidencing the appointment of a proxy or a corporate representative (other than a standing proxy or representative) together with such evidence as to its due execution as the board may from time to time require, may be returned to the address or addresses stated in the notice of meeting or adjourned meeting or any other information or communication by such time or times as may be specified in the notice of meeting or adjourned meeting or in any other such information or communication (which times may differ when more than one place is so specified) or, if no such time is specified, at any time prior to the holding of the relevant meeting or adjourned meeting at which the appointee proposes to vote, and, subject to the Acts, if not so delivered the appointment shall not be treated as valid.

(b) Without limiting the foregoing, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic or internet communication or facility and may in a similar manner permit supplements to, or amendments or revocations of, any such electronic or internet communication or facility to be made. The Directors may in addition prescribe the method of determining the time at which any such electronic or internet communication or facility is to be treated as received by the Company. The Directors may treat any such electronic or internet communication or facility which purports to be or is expressed to be sent on behalf of a Holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Holder.

(c) Without limiting the foregoing, in relation to any shares which are held in uncertificated form, the Directors may from time to time permit appointments of a proxy to be made by means of electronic communication in the form of an Uncertificated Proxy Instruction, (that is, a properly authenticated dematerialised instruction, and or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on behalf of the Company as the Directors may prescribe in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system concerned)); and may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. The Directors may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and or other instruction or notification) is to be treated as received by the Company or such participant. The Directors may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a Holder of a share as sufficient evidence of the authority of a person sending that instruction to send it on behalf of that Holder.

67. Any body corporate which is a member of the Company may authorise such person or persons as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual member of the Company. The Company may require evidence from the body corporate of the due authorisation of such person to act as the representative of the relevant body corporate.

68. An appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been received by the Company for the purposes of any meeting shall not require to be delivered, deposited or received again by the Company for the purposes of any subsequent meeting to which it relates.

69. Receipt by the Company of an appointment of proxy in respect of a meeting shall not preclude a member from attending and voting at the meeting or at any adjournment thereof. An appointment proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates.

70. (a) A vote given in accordance with the terms of an appointment of proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal, or the revocation of the appointment of proxy or of the authority under which the proxy was appointed or of the resolution authorising the representative to act or transfer of the share in respect of which the proxy was appointed or the authorisation of the representative to act was given, provided that no intimation in writing (whether in electronic form or otherwise) of such death, insanity, revocation or transfer shall have been received by the Company at the Office, before the commencement of the meeting or adjourned meeting at which the appointment of proxy is used or at which the representative acts; provided, however, that where such intimation is given in electronic form it shall have been received by the Company at least 24 hours (or such lesser time as the Directors may specify) before the commencement of the meeting.

(b) The Directors may send, at the expense of the Company, by post, electronic mail or otherwise, to the members forms for the appointment of a proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative.

DIRECTORS

71. Subject to article 93, the number of Directors shall not be less than nine (the **"prescribed minimum"**) nor more than twelve and shall be determined by the Board (the "**Authorised Number**"). The continuing Directors may act notwithstanding any vacancy in their body provided that, if the number of the Directors is reduced below the prescribed minimum, the remaining Director or Directors shall appoint forthwith an additional Director or additional Directors so that the Board comprises such minimum or shall convene a general meeting of the Company for the purpose of making such appointment. If, at any general meeting of the Company, (a) the Chairman determines that the number of persons properly nominated to serve as Directors exceeds the Authorised Number and (b) the number of Directors is reduced below the Authorised Number due to the failure of one or more Directors to be elected or re-elected (as the case may be) by way of a majority of the votes cast at that meeting or any adjournment thereof, then from the persons properly nominated to serve as Directors those receiving the highest number of votes in favour of election or re-election (as the case may be) shall be elected or re-elected (as the case may be) to the Board so that the number of Directors equals the Authorised Number and shall be Directors until the next annual general meeting. Where the number of Directors falls to less than the Authorised Number and there are no Director or Directors capable of acting then any two members may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to the provisions of the Acts and these articles) only until the conclusion of the annual general meeting of the Company next following such appointment. If, at any meeting of the Company, resolutions are passed by a majority of the votes cast at that meeting or any adjournment thereof in respect of the election or re-election (as the case may be) of Directors which would result in the Authorised Number being exceeded, then those Director(s), in such number as exceeds such Authorised Number, receiving at that meeting the lowest number of votes in favour of election or re-election (as the case may be) shall, notwithstanding the passing of any resolution by a majority of the votes cast at that meeting or any adjournment thereof in their favour, not be elected or re-elected (as the case may be) to the Board; provided, that nothing in this provision will require or result in the removal of a Director whose election or re-election to the Board was not voted on at such meeting.

72. Each Director shall be entitled to receive as compensation for such Director's services as a Director or committee member or for attendance at meetings of the Board or committees, or both, such amounts (if any) as shall be fixed from time to time by the Board or a committee. Each Director shall be entitled to reimbursement for reasonable traveling expenses incurred by such Director in attending any such meeting.

73. The Board or a committee may from time to time determine that, all or part of any fees or other compensation payable to any Director shall be provided in the form of shares or other securities of the Company or any subsidiary of the

Company, or options or rights to acquire such shares or other securities (including, without limitation, deferred stock units), on such terms as the Board or a committee may determine.

74. No shareholding qualification for Directors shall be required. A Director (whether or not a member of the Company) shall be entitled to attend and speak at general meetings.

75. Unless the Company otherwise directs, a Director of the Company may be or become a Director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as Holder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company.

BORROWING POWERS

76. Subject to the Acts, the Directors may exercise all the powers of the Company to borrow or raise money, and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

POWERS AND DUTIES OF THE DIRECTORS

77. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not, by the Acts or by these articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these articles and to the provisions of the Acts.

78. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

79. The Company may have, for use in any place abroad, an official seal.

80. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with the Acts.

81. A Director may vote in respect of any contract, appointment or arrangement in which he is interested, and he shall be counted in the quorum present at the meeting.

82. A Director may hold and be remunerated in respect of any other office or place of profit under the Company or any other company in which the Company may be interested (other than the office of statutory auditor of the Company or any subsidiary thereof) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine, and no Director or intending Director shall be disqualified by his office from contracting or being interested, directly or indirectly, in any contract or arrangement with the Company or any such other company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any Director so contracting or being so interested be liable to account to the Company for any profits and advantages accruing to him from any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

83. The Directors may exercise the voting powers conferred by shares of any other company held or owned by the Company in such manner in all respects as they think fit and in particular they may exercise their voting powers in favour of any resolution appointing the Directors or any of them as Directors or officers of such other company or providing for the payment of remuneration or pensions to the Directors or officers of such other company.

84. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, but nothing herein contained shall authorise a Director or his firm to act as statutory auditor to the Company.

85. A Director may use the property of the Company pursuant to or in connection with: the exercise or performance of his or her duties, functions and powers as Director or employee; the terms of any contract of service or employment or letter of appointment; and, or in the alternative, any other usage authorised by the Directors (or a person authorised by the Directors) from time to time; and including in each case for a Director's own benefit or for the benefit of another person.

86. As recognised by section 228(1)(e) of the Act, the directors may agree to restrict their power to exercise an independent judgment but only where this has been expressly approved by a resolution of the board of directors of the Company.

87. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall from time to time by resolution determine.

88. The Directors shall cause minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and

(c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.

89. The Directors may procure the establishment and maintenance of or participate in, or contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors or other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is or was a subsidiary of the Company or of the predecessor in business of the Company or any such subsidiary or holding Company and the wives, widows, families, relatives or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and wellbeing of the Company or of any such other Company as aforesaid, or its members, and payments for or towards the insurance of any such persons as aforesaid and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. Provided that any Director shall be entitled to retain any benefit received by him under this article, subject only, where the Acts require, to disclosure to the members and the approval of the Company in general meeting.

DISQUALIFICATION OF DIRECTORS

90. The office of a Director shall be vacated ipso facto if the Director:

(a) is restricted or disqualified to act as a Director under the provisions of the Acts; or

(b) resigns his office by notice in writing to the Company or in writing offers to resign and the Directors resolve to accept such offer; or

(c) is removed from office under article 94.

APPOINTMENT, ROTATION AND REMOVAL OF DIRECTORS

91. At every annual general meeting of the Company, all of the Directors shall retire from office unless re-elected by Ordinary Resolution at the annual general meeting. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.

92. If, before the expiration of his or her term of office, a Director should be replaced for whatever reason, the term of office of the newly elected member of the Board shall expire at the end of the term of office of his or her predecessor.

93. The Company may from time to time by Variation Resolution increase or reduce the minimum or maximum number of Directors as set out in article 71, provided however that if a majority of the Board makes a recommendation to the members to change the minimum or maximum number of Directors, then an Ordinary Resolution to increase or reduce such minimum or maximum number shall be required.

94. The Company may, by Ordinary Resolution, in accordance with the Acts, remove any Director before the expiration of his period of office notwithstanding anything in these articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

95. The Company may, by Ordinary Resolution, appoint another person in place of a Director removed from office under article 94 and without prejudice to the powers of the Directors under article 71 the Company in general meeting by Ordinary Resolution may appoint any person to be a Director either to fill a casual vacancy or as an additional Director, subject to the maximum number of Directors set out in article 71.

96. The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these articles as the maximum number of Directors.

97. The Directors may appoint any person to fill the following positions:

(a) Chairman of the Board:

If the Directors have elected a Director to be the Chairman, the Chairman shall preside at all meetings of the Board and at general meetings of the Company.

(b) Secretary:

It shall be the duty of the Secretary to make and keep records of the votes, doings and proceedings of all meetings of the members and Board of the Company, and of its Committees, and to authenticate records of the Company. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them.

A provision of the Acts or these articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

(c) Assistant Secretary:

The Assistant Secretary shall have such duties as the Secretary shall determine.

(d) Such other officers as the Directors may, from time to time, determine, including but not limited to, chief executive officer, president, chief financial officer, one or more vice presidents, treasurer, controller and assistant treasurer:

The powers and duties of all other officers are at all times subject to the control of the Directors, and any other officer may be removed at any time at the pleasure of the Board. Each officer shall hold office until his or her successor shall have been duly elected or appointed or until his or her prior death, resignation or removal.

In addition to the Board's power to delegate to committees pursuant to article 103, the Board may delegate any of its powers to any individual Director or member of the management of the Company or any of its subsidiaries as it sees fit; any such individual shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on them by the Board.

PROCEEDINGS OF DIRECTORS

98. (a) The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they may think fit. The quorum necessary for the transaction of the business of the Directors shall be a majority of the Directors in office at the time when the meeting is convened. Questions arising at any meeting shall be decided by a majority of votes. Each director present and voting shall have one vote.

(b) Any Director may participate in a meeting of the Directors by means of telephonic or other such communication whereby all persons participating in the meeting can hear each other speak, and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and any Director may be situated in any part of the world for any such meeting.

99. The Chairman or a majority of the Directors may, and the Secretary on the requisition of the Chairman or a majority of the Directors shall, at any time summon a meeting of the Directors.

100. The continuing Directors may act notwithstanding any vacancy in their number but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose.

101. The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. The Chairman does not need to be a member of the Board but if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

102. In the event of tie vote with respect to any resolution of the Board, the Chairman shall not have a casting or deciding vote.

103. The Board may from time to time designate committees of the Board and may delegate any of its powers (with power to sub-delegate) to such committees, with such powers and duties as the Board may decide to confer on such committees, and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of its own powers and may be revoked or altered. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless

the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committees.

104. A committee may elect a chairman of its meeting. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

105. All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

106. Notwithstanding anything in these articles or in the Acts which might be construed as providing to the contrary, notice of every meeting of the Directors shall be given to all Directors either by mail not less than 48 hours before the date of the meeting, by telephone, email, or any other electronic means on not less than 24 hours' notice, or on such shorter notice as person or persons calling such meeting may deem necessary or appropriate and which is reasonable in the circumstances. Any director may waive any notice required to be given under these articles, and the attendance of a director at a meeting shall be deemed to be a waiver by such Director.

107. A resolution or other document in writing (in electronic form or otherwise) signed (whether by electronic signature, advanced electronic signature or otherwise as approved by the Directors) by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors, and such resolution or other document or documents when duly signed may be delivered or transmitted (unless the Directors shall otherwise determine either generally or in any specific case) by facsimile transmission, electronic mail or some other similar means of transmitting the contents of documents.

THE SEAL

108. (a) The Directors shall ensure that the Seal (including any official securities seal kept pursuant to the Acts) shall be used only by the authority of the Directors or of a committee authorised by the Directors and that every instrument to which the seal shall be affixed shall be signed by a Director or some other person appointed by the Directors for that purpose.

(b) The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

DIVIDENDS AND RESERVES

109. The Company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the Directors.

110. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

111. No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Acts.

112. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which

the profits of the Company may be properly applied and pending such application may at the like discretion either be employed in the business of the Company or be invested in such investments as the Directors may lawfully determine. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it prudent not to divide.

113. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

114. The Directors may deduct from any dividend payable to any member all sums of money (if any) immediately payable by him to the Company in relation to the shares of the Company.

115. Any general meeting declaring a dividend or bonus and any resolution of the Directors declaring an interim dividend may direct payment of such dividend or bonus or interim dividend wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stocks of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all the parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

116. Any dividend or other moneys payable in respect of any share may be paid by cheque or warrant sent by post, at the risk of the person or persons entitled thereto, to the registered address of the Holder or, where there are joint Holders, to the registered address of that one of the joint Holders who is first named on the members Register or to such person and to such address as the Holder or joint Holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any joint Holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share. Any such dividend or other distribution may also be paid by any other method (including payment in a currency other than US$, electronic funds transfer, direct debit, bank transfer or by means of a relevant system) which the Directors consider appropriate and any member who elects for such method of payment shall be deemed to have accepted all of the risks inherent therein. The debiting of the Company's account in respect of the relevant amount shall be evidence of good discharge of the Company's obligations in respect of any payment made by any such methods. In respect of shares in uncertificated form, where the Company is authorised to do so by or on behalf of the Holder or joint Holders in such manner as the Company shall from time to time consider sufficient, the Company may also pay any such dividend, interest or other moneys by means of the relevant system concerned (subject always to the facilities and requirements of that relevant system). Every such payment made by means of the relevant system shall be made in such manner as may be consistent with the facilities and requirements of the relevant system concerned. Without prejudice to the generality of the foregoing, in respect of shares in uncertificated form, such payment may include the sending by the Company or by any person on its behalf of an instruction to the operator of the relevant system to credit the cash memorandum account of the Holder or joint Holders.

117. No dividend shall bear interest against the Company.

118. If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The payment by the Directors of any unclaimed dividend or other moneys payable in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

ACCOUNTS

119. (a) The Directors shall cause the Company to keep adequate accounting records, which are sufficient to -

(b) correctly record and explain the transactions of the Company;

(c) enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;

(d) enable the Directors to ensure that any financial statements of the Company and any directors' report, required to be prepared under the Acts, comply with the requirements of the Acts and, where applicable, Article 4 of the IAS Regulation; and

(e) enable those financial statements of the Company to be audited.

Accounting records shall be kept on a continuous and consistent basis and entries therein shall be made in a timely manner and be consistent from year to year in accordance with the Acts.

The Company may send a summary financial statement to its Members or persons nominated by any Member and the Company may meet, but shall be under no obligation to meet, any request from any of its Members to be sent additional copies of the documents required to be sent to Members by the Acts or any summary financial statement or other communications with its Members.

CAPITALISATION OF PROFITS

120. Without prejudice to any powers conferred on the Directors as aforesaid and subject to the Directors' authority to issue and allot shares under articles 6(c) and 6(d), the Directors may resolve to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including any capital redemption reserve fund, share premium account or other reserve account not available for distribution) or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued shares to be allotted as fully paid bonus shares to those members of the Company who would have been entitled to that sum if it were distributable and had been distributed by way of dividend (and in the same proportions). Whenever such a resolution is passed in pursuance of this article, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any.

121. Without prejudice to any powers conferred on the Directors by these articles, and subject to the Directors' authority to issue and allot shares under articles 6(c) and 6(d), the Directors may resolve that any sum for the time being standing to the credit of any of the Company's reserve accounts (including any reserve account available for distribution) or to the credit of the profit and loss account be capitalised and applied on behalf of the members who would have been entitled to receive that sum if it had been distributed by way of dividend (and in the same proportions) either in or towards paying up amounts for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to the sum capitalised (such shares or debentures to be allotted and distributed and credited as fully paid up to and amongst such Holders in the proportions aforesaid) or partly in one way and partly in another, so, however, that the only purposes for which sums standing to the credit of the capital redemption reserve fund or the share premium account shall be applied shall be those permitted by the Acts.

122. The Directors may from time to time at their discretion, subject to the provisions of the Acts and, in particular, to their being duly authorised pursuant to the Acts, to allot the relevant shares, offer to the Holders of Ordinary Shares the right to elect to receive in lieu of any dividend or proposed dividend or part thereof an allotment of additional Ordinary Shares credited as fully paid. In any such case the following provisions shall apply.

(a) The basis of allotment of the further shares shall be decided by the Board so that, as nearly as may can be considered convenient, the value of the further, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid. For these purposes the value of the further shares shall be calculated in such manner as may be determined by the Board, but the value shall not in any event be less than the nominal value of a share.

(b) The Board shall give notice to the Holders of their rights of election in respect of the scrip dividend and shall specify the procedure to be followed in order to make an election.

(c) The dividend or that part of it in respect of which an election for the scrip dividend is made shall not be paid and instead further shares shall be allotted in accordance with election duly made and the Board shall capitalise a sum equal to not less than the aggregate nominal value of, nor more than the aggregate "value" (as determined under article 122(b)) of, the shares to be allotted, as the Board may determine out of such sums available for the purpose as the Board may consider appropriate.

(d) The Board may decide that the right to elect for any scrip dividend shall not be made available to Holders resident in any territory where, in the opinion of the Board, compliance by the Company with local laws or regulations would be unduly onerous.

(e) The Board may do all acts and things considered necessary or expedient to give effect to the provisions of a scrip dividend election and the issue of any share in accordance with the provisions of this article 122, and may make such provisions as it thinks fit for the case of shares becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than to the Holders concerned).

(f) The Board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election pursuant to this article 122 is offered, elect to receive further shares in lieu of such dividend on the terms of such mandate.

123. (a) The additional Ordinary Shares allotted pursuant to articles 120, 121 or 122 shall rank pari passu in all respects with the fully paid Ordinary Shares then in issue save only as regards participation in the relevant dividend or share election in lieu.

(b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to articles 120, 121 or 122 with full power to the Directors to make such provisions as they think fit where shares would otherwise have been distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are disregarded and the benefit of fractional entitlements accrues to the Company rather than to the holders concerned). The Directors may authorise any person to enter on behalf of all the Holders interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(c) The Directors may on any occasion determine that rights of election shall not be offered to any Holders of Ordinary Shares who are citizens or residents of any territory where the making or publication of an offer of rights of election or any exercise of rights of election or any purported acceptance of the same would or might be unlawful, and in such event the provisions aforesaid shall be read and construed subject to such determination.

AUDIT

124. Statutory auditors shall be appointed and their duties regulated in accordance with the Acts or any statutory amendment thereof.

NOTICES

125. Any notice to be given, served, sent or delivered pursuant to these articles shall be in writing (whether in electronic form or otherwise).

126. (a) A notice or document to be given, served, sent or delivered in pursuance of these articles may be given to, served on or delivered to any member by the Company;

(i) by handing same to him or his authorised agent;

(ii) by leaving the same at his registered address;

(iii) by sending the same by the post in a pre-paid cover addressed to him at his registered address; or

(iv) by sending the notice or document by means of electronic mail or making it available by other means of electronic communication approved by the Directors (including placing a copy of the notice or document on the website of the Company) PROVIDED THAT any Holder may require the Company to send him a physical copy of the notice or document by requesting the Company to do so PROVIDED FURTHER HOWEVER that such request is made after the date of adoption of this article and it may not take effect until 5 days after written notice of the request is received by the Company.

(b) For the purposes of these articles and the Act, a document shall be deemed to have been sent to a member if a notice is given, served, sent or delivered to the member and the notice specifies the website or hotlink or other electronic link at or through which the member may obtain a copy of the relevant document.

(c) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(i) or (ii) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the member or his authorised agent, or left at his registered address (as the case may be).

(d) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iii) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

(e) Where a notice or document is given, served or delivered pursuant to sub-paragraph (a)(iv) of this article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of 48 hours after despatch.

(f) Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy, examiner or liquidator of a member shall be bound by a notice given as aforesaid if sent to the last registered address of such member, or, in the event of notice given or delivered pursuant to sub-paragraph (a)(iv), if sent to the address notified by the Company by the member for such purpose notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such member.

(g) Notwithstanding anything contained in this article the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction or other area other than Ireland.

(h) Without prejudice to the provisions of sub-paragraphs (a)(i) and (ii) of this article, if at any time by reason of the suspension or curtailment of postal services in any territory, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a public announcement

and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day on which the said public announcement is made. In any such case the Company shall put a full copy of the notice of the general meeting on its website.

127. A notice may be given by the Company to the joint Holders of a share by giving the notice to the joint Holder whose name stands first in the Register in respect of the share and notice so given shall be sufficient notice to all the joint Holders.

128. (a) Every person who becomes entitled to a share shall before his name is entered in the Register in respect of the share, be bound by any notice in respect of that share which has been duly given to a person from whom he derives his title.

(b) A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by these articles for the giving of notice to a member, addressed to them at the address, if any, supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

129. A member present, either in person or by proxy, at any meeting of the Company or the Holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

WINDING UP

130. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively. Provided that this article shall not affect the rights of the Holders of shares issued upon special terms and conditions.

131. (a) In case of a sale by the liquidator under section 601 of the Companies Act, the liquidator may by the contract of sale agree so as to bind all the members for the allotment to the members directly of the proceeds of sale in proportion to their respective interests in the Company and may further by the contract limit a time at the expiration of which obligations or shares not accepted or required to be sold shall be deemed to have been irrevocably refused and be at the disposal of the Company, but so that nothing herein contained shall be taken to diminish, prejudice or affect the rights of dissenting members conferred by the said section.

(b) The power of sale of the liquidator shall include a power to sell wholly or partially for debentures, debenture stock, or other obligations of another company, either then already constituted or about to be constituted for the purpose of carrying out the sale.

132. If the Company is wound up, the liquidator, with the sanction of a Special Resolution and any other sanction required by the Acts, may divide among the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not), and, for such purpose, may value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories

as, with the like sanction, he determines, but so that no member shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

133. (a) Subject to the provisions of and so far as may be admitted by the Acts, every Director and the Secretary of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

(b) The Directors shall have power to purchase and maintain for any Director, the Secretary or any employees of the Company or its subsidiaries insurance against any such liability as referred to in section 235 of the Companies Act.

(c) As far as is permissible under the Acts, the Company shall indemnify any current or former executive officer of the Company (excluding any present or former Directors of the Company or Secretary of the Company), or any person who is serving or has served at the request of the Company as a director or executive officer of another company, joint venture, trust or other enterprise, including any Company subsidiary (each individually, a "Covered Person"), against any expenses, including attorney's fees, judgements, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, to which he or she was or is threatened to be made a party, or is otherwise involved (a "proceeding"), by reason of the fact that he or she is or was a Covered Person; provided, however, that this provision shall not indemnify any Covered Person against any liability arising out of (a) any fraud or dishonesty in the performance of such Covered Person's duty to the Company, or (b) such Covered Party's conscious, intentional or wilful breach of the obligation to act honestly and in good faith with a view to the best interests of the Company. Notwithstanding the preceding sentence, this section shall not extend to any matter which would render it void pursuant to the Acts or to any person holding the office of statutory auditor in relation to the Company.

(d) In the case of any threatened, pending or completed action, suit or proceeding by or in the name of the Company, the Company shall indemnify each Covered Person against expenses, including attorneys' fees, actually and reasonably incurred in connection with the defence or the settlement thereof, except no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for fraud or dishonesty in the performance of his or her duty to the Company, or for conscious, intentional or wilful breach of his or her obligation to act honestly and in good faith with a view to the best interests of the Company, unless and only to the extent that the High Court of Ireland or the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such Covered Person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Notwithstanding the preceding sentence, this section shall not extend to any matter which would render it void pursuant to the Acts or to any person holding the office of statutory auditor in relation to the Company.

(e) Any indemnification under this article (unless ordered by a court) shall be made by the Company only as authorised in the specific case upon a determination that indemnification of the Covered Person is proper in the circumstances because such person has met the applicable standard of conduct set forth in this article. Such

determination shall be made by any person or persons having the authority to act on the matter on behalf of the Company. To the extent, however, that any Covered Person has been successful on the merits or otherwise in defence of any proceeding, or in defence of any claim, issue or matter therein, such Covered Person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without necessity of authorisation in the specific case.

(f) As far as permissible under the Acts, expenses, including attorneys' fees, incurred in defending any proceeding for which indemnification is permitted pursuant to this article shall be paid by the Company in advance of the final disposition of such proceeding upon receipt by the Board of an undertaking by the particular indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Company pursuant to these articles.

(g) It being the policy of the Company that indemnification of the persons specified in this article shall be made to the fullest extent permitted by law, the indemnification provided by this article shall not be deemed exclusive (a) of any other rights to which those seeking indemnification or advancement of expenses may be entitled under these articles, any agreement, any insurance purchased by the Company, vote of members or disinterested directors, or pursuant to the direction (however embodied) of any court of competent jurisdiction, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, or (b) of the power of the Company to indemnify any person who is or was an employee or agent of the Company or of another company, joint venture, trust or other enterprise which he or she is serving or has served at the request of the Company, to the same extent and in the same situations and subject to the same determinations as are hereinabove set forth. As used in this article, references to the "Company" include all constituent companies in a scheme of arrangement, consolidation or merger in which the Company or a predecessor to the Company by scheme of arrangement, consolidation or merger was involved. The indemnification provided by this article shall continue as to a person who has ceased to be a Covered Person and shall inure to the benefit of their heirs, executors, and administrators.

UNTRACED HOLDERS

134. (a) The Company shall be entitled to sell at the best price reasonably obtainable any share or stock of a member or any share or stock to which a person is entitled by transmission if and provided that:

(i) for a period of twelve years (not less than three dividends having been declared and paid) no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the member or to the person entitled by transmission to the share or stock at his address on the Register or other last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the member or the person entitled by transmission; and

(ii) at the expiration of the said period of twelve years the Company has given notice by advertisement in a leading Dublin newspaper and a newspaper circulating in the area in which the address referred to in paragraph (a) of this article is located of its intention to sell such share or stock; and

(iii) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the member or person entitled by transmission.

(b) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such share or stock and such instrument of transfer shall be as effective as if it had been executed by the registered Holder of or person entitled by transmission to such share or stock. The Company shall account

to the member or other person entitled to such share or stock for the net proceeds of such sale by carrying all monies in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such member or other person. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company if any) as the Directors may from time to time think fit.

(c) To the extent necessary in order to comply with any laws or regulations to which the Company is subject in relation to escheatment, abandonment of property or other similar or analogous laws or regulations ("Applicable Escheatment Laws"), the Company may deal with any share of any member and any unclaimed cash payments relating to such share in any manner which it sees fit, including (but not limited to) transferring or selling such share and transferring to third parties any unclaimed cash payments relating to such share.

(d) The Company may only exercise the powers granted to it in sub-paragraph (a) above in circumstances where it has complied with, or procured compliance with, the required procedures (as set out in the Applicable Escheatment Laws) with respect to attempting to identify and locate the relevant member of the Company.

(e) Any stock transfer form to be executed by the Company in order to sell or transfer a share pursuant to sub-paragraph (a) may be executed in accordance with article 13(a).

DESTRUCTION OF DOCUMENTS

135. The Company may implement such document destruction policies as it so chooses in relation to any type of documents (whether in paper, electronic or other formats), and in particular (without limitation to the foregoing) may destroy:

(a) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address, at any time after the expiry of two years from the date such mandate variation, cancellation or notification was recorded by the Company;

(b) any instrument of transfer of shares which has been registered, at any time after the expiry of six years from the date of registration; and

(c) any other document on the basis of which any entry in the Register was made, at any time after the expiry of six years from the date an entry in the Register was first made in respect of it,

and it shall be presumed conclusively in favour of the Company that every share certificate (if any) so destroyed was a valid certificate duly and properly sealed and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided always that:

(i) the foregoing provisions of this article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;

(ii) nothing contained in this article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (a) above are not fulfilled; and

(iii) references in this article to the destruction of any document include references to its disposal in any manner.

SHAREHOLDER RIGHTS PLAN

136. The Board is hereby expressly authorised to adopt and amend any shareholder rights plan upon such terms and conditions as the Board deems expedient and in the interests of the Company, subject to applicable law.

We, the several persons whose names and addresses are subscribed, wish to be formed into a company in pursuance of this memorandum of association and we agree to take the number of shares in the capital of the company set opposite our respective names.

Names, addresses and descriptions of subscribers	**Number of shares taken by each subscriber**
For and on behalf of Enceladus Holding Limited Arthur Cox Building Earlsfort Terrace Dublin 2 Corporate Body	39,994 Ordinary Shares of One Euro each
For and on behalf of DJR Nominees Limited Arthur Cox Building Earlsfort Terrace Dublin 2 Corporate Body	One Ordinary Share of One Euro each
For and on behalf of Fand Limited Arthur Cox Building Earlsfort Terrace Dublin 2 Corporate Body	One Ordinary Share of One Euro each
For and on behalf of Arthur Cox Nominees Limited Arthur Cox Building Earlsfort Terrace Dublin 2 Corporate Body	One Ordinary Share of One Euro each
For and on behalf of Arthur Cox Registrars Limited Arthur Cox Building Earlsfort Terrace Dublin 2 Corporate Body	One Ordinary Share of One Euro each
For and on behalf of Arthur Cox Trust Services Limited Arthur Cox Building Earlsfort Terrace Dublin 2	One Ordinary Share of One Euro each

Corporate Body

For and on behalf of
Arthur Cox Trustees Limited — One Ordinary Share of One Euro each
Arthur Cox Building
Earlsfort Terrace
Dublin 2
Corporate Body

Dated the 26th day of November 2013

Witness to the above signatures:

Name: Emma Hickey

Address: ARTHUR COX BUILDING
EARLSFORT TERRACE
DUBLIN 2

Occupation: COMPANY SECRETARY

Exhibit 31.1

Certification

I, Randall J. Hogan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pentair plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2016

/s/ Randall J. Hogan

Randall J. Hogan

Chairman and Chief Executive Officer

Exhibit 31.2

Certification

I, John L. Stauch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pentair plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2016

/s/ John L. Stauch

John L. Stauch

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 Of The Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report of Pentair plc (the "Company") on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Randall J. Hogan, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: October 25, 2016

/s/ Randall J. Hogan

Randall J. Hogan
Chairman and Chief Executive Officer

Exhibit 32.2

Certification of CFO Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 Of The Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report of Pentair plc (the "Company") on Form 10-Q for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John L. Stauch, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: October 25, 2016

/s/ John L. Stauch

John L. Stauch
Executive Vice President and Chief Financial Officer