

**UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS**

JOSEPH PONZO, DURWIN SHARP,  
KATHRYN MEYERS, and JOSHUA WHIPP,  
on behalf of themselves and others similarly  
situated,

Plaintiffs,

v.

WATTS REGULATOR CO.,

Defendant.

Case Nos.: 1:14-cv-14080-ADB  
1:14-cv-14385-ADB  
1:15-cv-11180-ADB

**CLASS ACTION SETTLEMENT  
AGREEMENT AND RELEASE**

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**CLASS ACTION SETTLEMENT AGREEMENT AND RELEASE**

**Ponzo, et al. v. Watts Regulator Co.**

Case No.: 1:14-cv-14080-ADB

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

**I. DEFINED TERMS**

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

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

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

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

failures of Water Heater Connectors within the scope of this Agreement. The term "Claimant" shall also include any Person who elects to submit a claim pursuant to the terms of this Agreement.

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

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

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

7. "**Class Action**" shall mean and refer to the purported consolidated class action filed in the United States District Court for the District of Massachusetts captioned *Ponzo, et al. v. Watts Regulator Co.*, Case No. 1:14-cv-14080-ADB.

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

9. "**Class Representatives**" shall mean those putative class representatives Joshua Ponzo, Durwin Sharp, Kathryn Meyers and Joshua Whipp, individually and on behalf of all Settlement Class Members.

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

11. "**Complaint**" means the formal legal pleadings, including amended and consolidated pleadings, filed by Plaintiffs in *Ponzo, et al. v. Watts Regulator Co.*, Case No. 1:14-cv-14080-ADB.

12. "**Counsel for the Watts Defendants**" shall mean Keith E. Smith and Jodi Dyan Oley of the law firm of Eckert Seamans Cherin & Mellott, LLC.

13. “**Court**” shall mean the United States District Court for the District of Massachusetts in which *Ponzo, et al. v. Watts Regulator Co.*, Case No. 1:14-cv-14080-ADB, is pending.

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

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

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

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

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

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

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

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

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

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

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

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

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

27. “**Plaintiffs**” means any Person listed as a Plaintiff in the Consolidated Amended Class Action Complaint that is currently pending in *Ponzo, et al. v. Watts Regulator Co.*, Case No. 1:14-cv-14080-ADB.

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

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

30. “**Released Claims**” shall have the meaning ascribed to it in Paragraph 86.

31. “**Released Parties**” shall have the meaning ascribed to it in Paragraph 86.

32. “**Releasing Parties**” shall have the meaning ascribed to it in Paragraph 86.

33. “**Replacement Claim Period**” shall mean one year from the Final Order and Judgment.

34. “**Replacement Remedy**” shall mean the remedy provided to Settlement Class Members for reimbursement of \$10 per replacement connector, not to exceed two replacement

connectors per residence or other structure (a maximum total of \$20 per household) subject to the conditions in Paragraph 108 below.

35. “**Settlement Claim**” shall mean a claim made by a Settlement Class Member or other Claimant.

36. “**Settlement Class Members**” shall mean all members of the Settlement Class.

37. “**Settlement Class**” shall mean all individuals and entities that own or owned, or lease or leased, a residence or other structure located in the United States containing a Water Heater Connector after November 4, 2008.

38. “**Settlement Notice**” shall mean the notice or notices required by the Notice Plan approved by the Court for providing notice of this Agreement as set forth in Paragraphs 62 to 75.

39. “**Settling Parties**” shall mean the Watts Defendants and the Settlement Class Members.

40. “**Service Awards**” shall mean an award Class Counsel shall seek from the Court for each Class Representative to be paid from the Total Settlement Amount for their efforts in representing the interests of the Settlement Class.

41. “**Special Master**” shall mean the Person appointed pursuant to Paragraph 101.

42. “**Total Settlement Amount**” shall mean the sum of \$10 million which represents the full amount of the payment obligations by the Watts Defendants and any Released Party, including without limitation all amounts to be paid for notice, attorneys’ fees, and administration of the Common Fund. Under no circumstances or interpretation of this Agreement shall the Watts Defendants’ or the Released Parties’ financial obligation exceed \$10 million.

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

44. “**Water Heater Connectors**” shall mean any stainless steel braided water heater supply lines designed, manufactured, distributed and/or sold by the Watts Defendants.

## II. SUMMARY OF LITIGATION

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

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

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

48. The Watts Defendants deny any fault, wrongdoing, illegal conduct, or liability whatsoever on their part, or any defect in the Water Heater Connectors, and have asserted numerous defenses to the facts and causes of action alleged in the Class Action. The Watts Defendants rely on the provisions of this Agreement that the settlement embodied herein shall not be construed as or deemed to be evidence of an admission or a concession on the part of the Watts Defendants of any fault, wrongdoing, or liability whatsoever, or of any defect in the Water Heater Connectors, or that any of the allegations in the Complaints in the Class Action are true. Without conceding any lack of merit in their defenses, the Watts Defendants consider it desirable to enter into this Agreement to avoid further expense, to dispose of burdensome and protracted litigation, and to avoid the uncertain outcome of proceeding in the Class Action.

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



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

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

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

### **III. AGREEMENT TERMS**

#### **A. Settlement Class Certification**

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

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

53. Excluded from the Settlement Class are:

- a. Those Settlement Class Members who properly exclude themselves from the settlement as approved by the Court;
- b. Those Settlement Class Members, and all Persons that have made, can make, or are entitled to make a claim through or in the name or right of a Settlement Class Member (such as a subrogated insurance carrier), who have resolved their claims through settlement or final judgment;
- c. Watts Defendants and their affiliates;
- d. Except to the extent that they have actually installed in their owned or leased structure a Water Heater Connector, all those businesses and entities that sold or distributed a Water Heater Connector, including customers, retailers, resellers, wholesalers and distributors who purchased or acquired Water Heater Connectors from any Watts Defendant; and
- e. The presiding judge in the Class Action and his immediate family.

**B. Consideration to Settlement Class Members**

54. The Watts Defendants shall pay a Total Settlement Amount of \$10 million, which represents the full extent of their and the Released Parties' liability and payment obligations, inclusive of the Common Fund, Settlement Administration, the cost of all Notice, any Service Awards for Class Representatives and the award of attorneys' fees and expenses, as ordered by the Court.

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

56. The Common Fund shall be funded as follows:

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

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

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

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

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

**C. Reasonable Efforts and Dealings with Putative Settlement Class Members**

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

Action. Class Counsel shall make reasonable efforts to encourage Settlement Class Members to participate in this settlement.

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

#### **D. The Preliminary Approval Order**

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

a. Provides for the conditional certification of the Settlement Class, and approval of the Class Representatives to act as the representative plaintiffs for the Settlement Classes and Lead Class Counsel to represent the Settlement Class;

b. Determines that the Agreement falls within the range of reasonableness for the settlement of this Class Action;

c. Provides for dissemination of notice of this settlement in the form and manner set forth in the Notice Plan, or in such different manner as may be required by the Court (“Settlement Notice”);

d. Establishes the Opt-out and Objection Deadlines, including approval of the procedures set forth in the Settlement Notice;

e. Schedules a Final Fairness Hearing to: (i) consider the fairness, reasonableness, and adequacy to the Settlement Class Members of the proposed settlement provided for in this Agreement; (ii) consider the granting of final approval of the proposed settlement provided for in this Agreement and the dismissal on the merits and with prejudice of the covered lawsuits; (iii) provide Settlement Class Members with the opportunity to object to the proposed settlement; (iv) consider Class Counsel’s application for an award of attorneys’ fees and

reimbursement of costs and awarding Service Awards to Class Representatives; and (v) consider such other matters as the Court may deem to be necessary or proper under the circumstances in accordance with Rule 23 of the Federal Rules of Civil Procedure;

f. Appoints the Notice Provider and Claims Administrator;

g. Provides that the conditional class certification for settlement purposes shall expire in the event the Effective Date does not take place; and

h. Enjoins all Settlement Class Members, and all Persons that can pursue or are entitled to pursue an action in the name or right of a Class Member (including subrogated insurers), from commencing or prosecuting any action asserting any claims that are the subject of the Released Claims until the entry of the Final Order and Judgment, unless they have validly opted out of this settlement and Agreement and the Court has approved such opt out.

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

#### **E. Notice Plan**

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

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

64. The Settling Parties have in general agreed that notice will be delivered through (i) a press release; (ii) direct mailings to relevant homeowners and/or their insurance carriers; (iii) a dedicated website; (iv) published notice in print media and internet postings designed to target

home and property owners; and (v) a toll-free telephone number that will provide Settlement Class Members with information and direct them to the settlement website.

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

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

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

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

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

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

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

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

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

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

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

#### **F. Opt Outs and Objections**

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

77. The Opt Out Form must bear the signature of the Settlement Class Member and must include: (i) a specific request to opt out of the litigation; (ii) the Settlement Class Member's name, current address, telephone number, and email address; (iii) proof that the Class Member has owned or leased a residence or other structure that contains a Water Heater Connector; (iv) the date of purchase or installation of any failed Water Heater Connector and the date of failure; and (v) an estimate of the amount of damages, if any, that the Person sustained as the result of any alleged failure of a Water Heater Connector.

78. If the Settlement Class Member has entered into a written or oral agreement to be represented by counsel, the Opt Out Form shall also be signed by the attorney who represents the Settlement Class Member. In seeking Preliminary Approval, the Settling Parties will request that the deadline for submission of requests for exclusion be 60 days after the Certification Date (the "Opt Out Deadline").

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

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

81. The Agreement and the settlement may be voided, at the election of the Watts Defendants and in their sole discretion, if Settlement Class Members with claims for the Property Damage Remedy totaling more than \$1,500,000 have opted out of a Settlement Class under the terms of this Agreement.



82. A Settlement Class Member may object to this Agreement by filing written objections. The Settlement Notice shall advise Settlement Class Members of their right to object. To exercise this objection right, the Settlement Class Member must provide written notice of the objection via first class mail, to Lead Class Counsel and Counsel for the Watts Defendants, by the Objection Deadline. The objection must bear the signature of the Settlement Class Member (even if represented by counsel) with the date signed and must specify: (i) the name of the Class Action, *Ponzo v. Watts*, Case No. 1:14-cv-14080-ADB; (ii) the Settlement Class Members current address and telephone number; (iii) whether, on the date of the written objection, the Settlement Class Member owns or rents a residence or structure or formerly owned or rented a residence or structure containing a Water Heater Connector; (iv) the address of the property(ies) that may contain or have contained the Water Heater Connectors; (v) proof that the objector's residence or structure contains a Water Heater Connector designed, manufactured, distributed and/or sold by the Watts Defendants (photographs, contemporaneous installation records, etc.); (vi) the exact nature of the objection, the facts underlying, and legal authority supporting, the objection, and whether or not the Settlement Class Member intends to appear at the Final Fairness Hearing; and (vii) all evidence and supporting papers (including, but not limited to, all briefs, written evidence, and declarations) that the Settlement Class Member wants the Court to consider in support of the objection. If the Settlement Class Member is represented by counsel, the objection shall also be signed by the attorney who represents the Settlement Class Member. If a Settlement Class Member or counsel for the Settlement Class Member has objected to a class action settlement on any prior occasion, the Objection shall disclose all cases in which they have filed an objection by caption, court and case number.

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

84. Lead Class Counsel and Counsel for the Watts Defendants must be served with copies of the objections, postmarked no later than the Objection Deadline. In seeking the Preliminary Approval Order, the Settling Parties will request that the deadline for submission of objections be 60 days from the Certification Date.

85. Settlement Class Members who object to the Agreement may appear and be heard orally at the Final Fairness Hearing provided they file a Notice of Intent to Appear with the Court and with the Claims Administrator no later than the Objection Deadline which specifies, in detail, the subjects on which they wish to be heard. Lead Class Counsel and Counsel for the Watts Defendants must also be served with copies of the Notice of Appearance, postmarked no later than the Objection Deadline. Failure to abide by the obligation to file a Notice of Appearance and to detail the subjects on which they wish to be heard may constitute a waiver of any right to be heard at the Final Fairness Hearing as determined by the Court.

#### **G. Releases**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Awards for Class Representatives shall be filed no later than thirty (30) days prior to the Objection Deadline.

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

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

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

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

#### **I. Claims Process and Eligibility of Settlement Class Members**

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

100. A Claims Administrator will be appointed by the Court in the Preliminary Approval Order. The Claims Administrator shall be responsible for developing and administering the claims process. The reasonable fees and expenses of the Claims Administrator shall be paid from the Total Settlement Amount.

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

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

103. The Claims Administrator shall:

- a. use personal information acquired as the result of this Agreement solely for purposes of evaluating and paying claims under this Agreement;
- b. assign a manager to oversee the protection and appropriate management of personal information and review its internal system to manage the protection of personal information to ensure consistent performance and constant improvement;
- c. take security countermeasures to prevent unauthorized access to personal information and the loss, destruction, falsification and leakage of personal information;
- d. if outsourcing the handling of personal information, determine that outsourced companies take steps to ensure appropriate management of the information to prevent leaks of personal or confidential information, and prohibit re-use of information for other purposes;
- e. respond immediately with appropriate measures when necessary to disclose, correct, stop using, or eliminate contents of information; and
- f. following the completion of the Claims Period and in compliance with applicable retention law, destroy all personal information obtained in connection with this settlement in a manner most likely to guarantee that such information not be obtained by unauthorized persons.

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

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

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

#### **J. Claims Period**

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

#### **K. Replacement Remedy**

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

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

b. The "Replacement Claims Period" shall be one year from the Final Order and Judgment. All claims for the Replacement Remedy must be filed within the Replacement



Claims Period. All Replacement Claims shall be paid in timely fashion as the claims are received and verified.

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

#### **L. Property Damage Remedy**

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

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

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

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

1. Claims of Settlement Class Members and other Claimants for the same alleged failure of a Water Heater Connector shall be made jointly, whenever practicable. Claims for the Property Damage Remedy shall be evaluated in the order in which they are submitted to the Claims Administrator. Except to answer questions regarding the terms of this Settlement Agreement and Claims Process, the Settling Parties shall not participate in the

evaluation performed by the Claims Administrator. The Claims Administrator shall provide the Settling Parties weekly reports in Microsoft Excel format of the evaluated claims. The reports shall include the Settlement Class Members' contact information, the total amount of the claim, any disallowed portion of the claim, the total amount of the claim compensable under the Agreement, and whether the claim is recommended for payment or rejected (and the basis for rejection).

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

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

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

5. The Claims Administrator shall determine and pay the amount of the claims as provided herein, and as supplemented by agreed upon claims administration guidelines. To ensure the orderly management and equitable payment of claims, all claims that arose from November 4, 2008 to November 4, 2014 must be submitted within one year after the Final Order and Judgment and must be paid within 30 days after that period or the Effective Date, whichever is later. All claims arising after November 4, 2014, must be made within the Damage Claims Period and will be paid within 30 days after each year remaining in the Damage Claims Period or the Effective Date, whichever is later. Depending on the amount of money in the Common Fund in a particular period, and the volume of claims previously approved and/or paid,

the Claims Administrator will have the ability to adjust the initial payments made to Claimants to an amount less than 25% of their approved Claim during each period in the Damage Claims Period. The Claims Administrator may provide for additional payments to be paid to Claimants whose payments had been adjusted to equalize payments to all Claimants, if appropriate in light of subsequent annual funding and claims submissions at the end of the Damages Claims Period. The Claims Administrator may elect to apply a *pro rata* payment to all Claimants during the Damages Claims Period if necessary to provide for equity among all Claimants.

6. To the extent a Claimant does not receive 25 percent of their reasonably proven property damage prior to the end of the Damages Claims Period pursuant to an adjustment by the Claims Administrator, there may be a *pro rata* payment at the end of the Damage Claims Period of the amount remaining in the Common Fund (the "Catch-Up Payment"). This Catch-Up Payment will ensure the fair distribution of the Common Fund to all Claimants, and will be addressed by the Claims Administrator in the final annual time interval in the Damages Claims Period. To the extent necessary, this Catch-Up Payment shall be distributed to all Settlement Class Members concurrently with any payment of the claims paid after the conclusion of the last annual time interval. However, in no circumstance, shall a Claimant receive more than 25% of their reasonably proven property damages as determined by the Claims Administrator or Special Master, where applicable.

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

#### **M. Final Order and Judgment and Dismissal**

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

Settling Parties shall make all reasonable efforts to secure the entry of the Final Order and Judgment.

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

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

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

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

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

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

e. Order that all Settlement Class Members and all Persons that have, can or are entitled to make or pursue a claim or action through or in the name or right of a Settlement Class Member, are permanently enjoined from filing, commencing, prosecuting, maintaining, intervening in, participating in (as class members or otherwise) or receiving benefits from any

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

f. Specify that the benefits and payments described in this Agreement are the only consideration, fees and expenses that the Watts Defendants and Released Parties shall be obligated to give to the Class Representatives, Settlement Class Members, Claimants and Class Counsel in connection with the Agreement and the payment of attorneys' fees and expenses and that all claims, including Settlement Claims, covered by this Agreement and which could be brought against the Settling Parties shall be barred after the applicable Claims Period expires.

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

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

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

114. If the Final Order and Judgment is not granted by the Court, or it is not upheld on appeal, or this Agreement is otherwise terminated before the Effective Date, the conditional certification of the Settlement Classes shall cease; the Agreement and all negotiations, proceedings, and documents prepared, and statements made in connection therewith, and the conditional certification of the Settlement Classes shall be without prejudice to any Settling Party and shall not be deemed or construed to be an admission, confession or estoppel by any Settling

Party of any fact, matter, or proposition of law; and all Settling Parties shall stand in the same procedural position as if the Agreement had not been negotiated, made, or filed with the Court.

#### **N. Effective Date**

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

- a. The Court has entered a Final Order and Judgment; and
- b. The Final Order and Judgment has become final. The Final Order and Judgment shall become final upon the later of: (i) all periods within which to file an appeal from the Final Orders and Judgments has expired without the filing of any appeal, or (ii) in the event that an appeal from the Final Order and Judgment is filed, a final order has been entered disposing of the appeal, and any time for seeking leave to appeal or time for further appeal has expired.
- c. After the Effective Date, the Watts Defendants may seek the dismissal of any lawsuits or other legal proceedings filed by Claimants or Settlement Class Members who did not properly opt out of the settlement. Class Counsel will affirmatively support such requests for dismissal.

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

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

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

Member, shall be barred from initiating, asserting, or prosecuting any such claims against the Watts Defendants or any Released Party.

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

119. The Court shall retain exclusive and continuing jurisdiction to interpret and enforce the terms, conditions, and obligations of this Agreement and its own orders and judgments, In the event of a breach by the Watts Defendants or a Settlement Class Member under this Agreement, the Court may exercise all equitable powers over the Watts Defendants or such Settlement Class Member and Claimant to enforce this Agreement and the Final Order and Judgment irrespective of the availability or adequacy of any remedy at law. Such powers include, among others, the power of specific performance and injunctive relief.

#### **P. Other Terms and Conditions**

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

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

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

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

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

125. This Agreement compromises claims that are contested in good faith, and shall not be deemed an admission by any of the Settling Parties as to the merits of any claim or defense. It is understood and agreed by the Settling Parties that nothing in this Agreement shall be construed as an admission, concession or acknowledgment of any liability or any allegation of fact or law



and that this Agreement shall not be used as evidence of any such admission, concession or acknowledgment. All actions taken and statements made by the Settling Parties or their representatives relating to their participation in this Agreement have been and will be taken and made in the context of privileged and confidential settlement negotiations, shall be without prejudice or value as precedent, and shall not be taken or construed as a standard by which other matters may be judged. The Settling Parties agree that the amounts paid in settlement and the other terms of this Agreement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel.

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

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

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

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

130. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any Settling Party. No Settling Party shall be deemed the drafter of this Agreement. The Settling Parties acknowledge that the terms of the Agreement are contractual and are the product of negotiations between the Settling

Parties and their counsel. Each Settling Party and its counsel cooperated in the drafting and preparation of this Agreement, and this Agreement shall not be construed against either Settling Party because of its role in drafting it. Any canon of contract interpretation to the contrary, under the law of any state, shall not be applied.

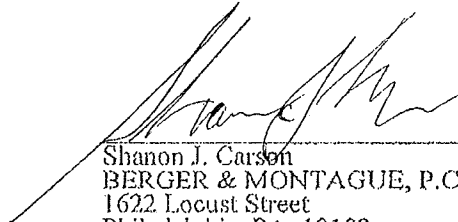
131. This Agreement and all of the notices, orders, and judgments required by this Agreement constitute the entire agreement of the Settling Parties with respect to the subject matter thereof. In entering this Agreement, no Settling Party is relying on any promise, inducement, or representation other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

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

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

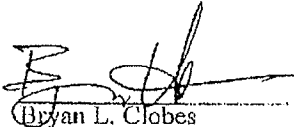
134. This Agreement shall be governed by the laws of the State of Massachusetts, without regard to its conflict of laws rules, precedent, or case law.

Dated: 4/21, 2016



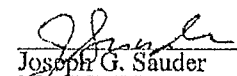
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Dated: 4/21, 2016



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Dated: 4/21, 2016



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Attorneys for Plaintiffs and the Proposed Classes

Dated: \_\_\_\_\_, 2016

**WATTS REGULATOR CO.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2016

**WATTS WATER TECHNOLOGIES, INC.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2016

**APPROVED AS TO FORM:**

**ECKERT SEAMANS CHERIN  
& MELLOTT, LLC**

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Attorneys for Defendants WATTS REGULATOR  
CO., WATTS WATER TECHNOLOGIES, INC.

Dated: \_\_\_\_\_, 2016

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Dated: \_\_\_\_\_, 2016

\_\_\_\_\_  
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Attorneys for Plaintiffs and the Proposed Classes

Dated: April 25, 2016

**WATTS REGULATOR CO.**

\_\_\_\_\_  
By: Robert J. Pagano  
Its: CEO

Dated: April 25, 2016

**WATTS WATER TECHNOLOGIES, INC.**

\_\_\_\_\_  
By: Robert J. Pagano  
Its: CEO and President

Dated: April 25, 2016

**APPROVED AS TO FORM:**

**ECKERT SEAMANS CHERIN  
& MELLOTT, LLC**

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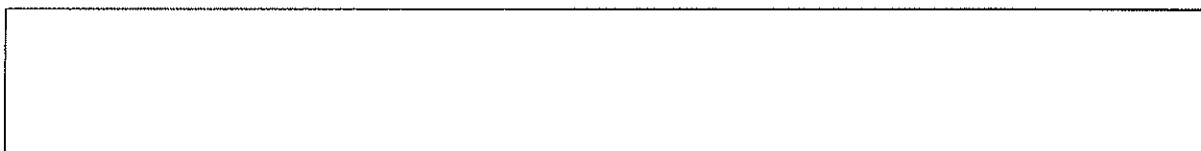
Attorneys for Defendants WATTS REGULATOR  
CO., WATTS WATER TECHNOLOGIES, INC.

# **EXHIBIT A**

## **If You Have Watts Water Heater Line or FloodSafe Brand Connector You Could Get Benefits from Two Class Action Settlements**

*This Notice may affect your rights. Please read it carefully.*

- Settlements have been reached with Watts Regulator Co. (“Watts”) regarding Water Heater and FloodSafe connectors designed, manufactured, distributed and/or sold by Watts. The Settlements apply to anyone who owns or owned (or leases or leased) a residence or other structure located in the United States containing a Watts Water Heater or FloodSafe connector after November 4, 2008, including persons who suffered property damage and/or paid to repair property damage caused by the failure of a Water Heater or FloodSafe connector.
- Below are example images of Watts Water Heater and FloodSafe connectors.



- These Settlements provide cash payments for: (1) the replacement of those Water Heater and FloodSafe connectors currently in use, and (2) reimbursement of up to 25% of the property damage caused by the failure of a Water Heater or FloodSafe connector.
- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THESE SETTLEMENTS</b>	
<b>SUBMIT A CLAIM FORM</b>	The only way to get a cash payment from these Settlements.
<b>EXCLUDE YOURSELF</b>	Get no benefits from the Settlements. This is the only option that allows you to start a lawsuit against Watts for claims about Water Heater and FloodSafe connectors.
<b>OBJECT</b>	Write to the Court about why you do not like these Settlements.
<b>GO TO A HEARING</b>	Ask to speak in Court about the fairness of these Settlements.
<b>DO NOTHING</b>	Get no payment. Give up your rights to sue Watts for claims regarding Water Heater and FloodSafe connectors.

- These rights and options – and the deadlines to exercise them – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve these settlements. If it does, benefits will be distributed to those who file a valid and timely Claim Form after final approval by the Court and resolution of any appeals. Please be patient. It is expected that the approval process will take several months.

**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**

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Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)

## BASIC INFORMATION

### 1. Why is this Notice being provided?

A Court authorized this Notice because you have a right to know about proposed Settlements of two class action lawsuits, and to know your options before the Court decides whether to give final approval to the Settlements. This Notice explains the lawsuits, the Settlements, your legal rights, what benefits are available, who may be eligible for those benefits, and how to get them.

There are two separate class actions in which proposed settlements have been reached. The class action involving Watts Water Heater connectors is before the Honorable Allison D. Burroughs of the United States District Court for the District of Massachusetts. The Water Heater connector Settlement was made in the case of *Ponzo, et al. v. Watts Regulator Co.*, Case No. 1:14-cv-14080-ADB, which alleged that Watts' Water Heater connectors and warnings on those connectors were defective. The Honorable Joseph F. Bataillon of the United States District Court for the District of Nebraska is overseeing the FloodSafe class action. The FloodSafe Settlement resolves the case *Klug, et al. v. Watts Regulator Co.*, Case No. 8:15-cv-00061-JFB-TDT, which alleged that FloodSafe connectors and warnings on these connectors were defective.

The people who sued are called the "Plaintiffs" and the company being sued, Watts Regulator Co. ("Watts"), is the "Defendant."

### 2. What are these lawsuits about?

The lawsuits allege that Watts:

- Manufactured, marketed and sold Water Heater and FloodSafe connectors that were defective;
- Knew of the defective condition of these connectors; and
- Failed to provide warnings to prevent failure of the connectors

The lawsuits allege that Watts' actions led to the failure of the Water Heater and FloodSafe connectors. The lawsuits ask for replacement connectors to be provided to those who purchased Water Heater and FloodSafe connectors and for money to be paid to those who paid to repair property damage as a result of the failure of the connectors.

Watts denies all the claims and allegations in the lawsuits. Watts maintains that its Water Heater and FloodSafe connectors are not defective in any respect and that any failures are the result of other factors (such as improper installation, misuse, or products being at the end of their lifespan). Watts has successfully defended itself on these grounds in the past.

### 3. Why is this a class action?

In a class action, one or more people called "Class Representatives" sue on behalf of all people who have similar claims. All of these people are the "Class" or "Settlement Class Members." A single court resolves the issues for all Settlement Class Members, except for those who exclude themselves from the Settlements (*see* Question 16).



#### 4. Why is there a Settlement?

The Courts did not decide in favor of Plaintiffs or Watts. Instead, both sides agreed to settle these cases to avoid the cost and risk of further litigation and trial. The Settlements do not mean that any law was broken or that Watts did anything wrong. Watts denies all legal claims and allegations in this case. The Class Representatives and their lawyers think the Settlements are best for all Settlement Class Members.

### WHO ARE IN THE SETTLEMENTS

To see if you will be affected by the Settlements or if you can get a payment from it, you need to decide if you are a Settlement Class Member.

#### 5. Am I part of the Settlement?

The Settlements include anyone who owns or owned (or leases or leased) a residence or other structure located in the United States containing a Watts Water Heater or FloodSafe connector after November 4, 2008. This includes any person or entity that suffered property damage and/or paid to repair property damage caused by the failure of a Watts Water Heater or a FloodSafe connector.

The Settlement Class, as approved by the Court, is formally defined as follows:

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

#### 6. How do I know if I have a Watts Water Heater or FloodSafe connector?

The following can help you identify whether you may have a Water Heater or a FloodSafe connector covered by these Settlements:

- A FloodSafe connector must have a FloodSafe automatic water shutoff device and “W” stamp on the metal ferrule at the end of the connector.
- A Water Heater connector must have a red disc between the crimp and fitting at each end of the connector or a “W” on the ferrule.

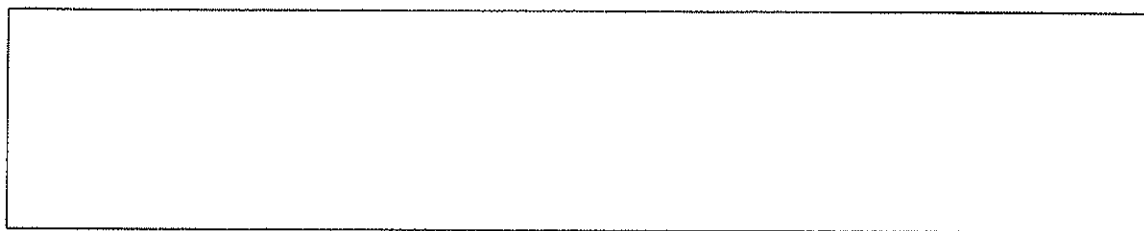
A label attached to either a FloodSafe or Water Heater connector that identifies Watts, Watts Regulator, Anderson Barrows, Savard, Everbilt, Ace Hardware, Wolverine Brass, Do-It-Best, Grainger, CalFlex, MainLine, Aqua-Flo, Belanger, Danco Diamond Back, Lincoln, Mabe, PlumbMaster, PlumBest, PurePro, Electrolux or Kenmore may qualify if the connector has the above physical features.

The photos below show the FloodSafe connector with a water shutoff device and the “W” stamp on the ferrule:



Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)

The photo below shows a Watts Water Heater connector with a red disc:



**7. Are there exceptions to being included in the Settlements?**

Yes. The following are *not* included in the Settlements:

- Anyone who resolved their Watts Water Heater or FloodSafe connector claims through settlement or final judgment
- Watts and their affiliates
- Anyone who sold or distributed a Watts connector, unless they actually installed a Water Heater or a FloodSafe connector in its premises
- The presiding judge and his immediate family
- Anyone who timely requests to be excluded from the Class (*see* Questions 14-16)

**8. What if I am not sure whether I am included in the Settlements?**

If you are not sure whether you are in the Settlement Class, or have any other questions about the Settlement, call \_\_\_\_\_ or visit [www.\[Website\].com](http://www.[Website].com). Or you may write to Watts Claims Administrator, P.O. Box 0000, City, State 00000.

**9. Who can file a claim under the Settlements?**

To be eligible to file a claim for a payment under the Settlements, a Settlement Class Member must own a Water Heater or a FloodSafe connector. Any person or entity who had property damage and/or paid to repair property damage as a result of a failed Watts Water Heater or FloodSafe connector may also file a claim.

## **SETTLEMENT BENEFITS - WHAT YOU GET IF YOU QUALIFY**

**10. What are the benefits of the Settlements?**

Under these Settlements, Watts will pay \$14 million (\$10 million into a settlement fund for Water Heater connectors and \$4 million into a settlement fund for FloodSafe connectors). After the cost of all notice, administration, litigation expenses, and attorneys' fees are paid out of this fund, the rest will be distributed to Settlement Class Members who file claims as described below:

**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**

CAUSE OF CLAIM	CLAIMS PERIOD	PAYMENT AMOUNT	PROOF REQUIRED?
Replacement of a Water Heater or FloodSafe connector	One year after final approval of the Settlements	\$10 for each eligible connector (up to two Water Heater and two FloodSafe Connectors per residence or structure). Maximum of \$40.	Yes
Property damages due to failure of a Water Heater or FloodSafe connector	One year after final approval for property damage from November 4, 2008 to November 4, 2015. Four years after final approval for claims arising after November 4, 2014.	Up to 25% of the costs of repair. Minimum of \$25.	Yes

### Replacement of Connectors

For eligible claims submitted within one year of final approval of the Settlements, Settlement Class Members can receive a cash payment of \$10 for each Water Heater and FloodSafe connector (up to two water heater connectors and two FloodSafe connectors per residence or other structure) that they replace. The maximum cash payment for replacement of connectors is \$40.

To receive a payment, you must provide proof that you own or possess a Watts Water Heater or FloodSafe connector by providing: (1) a label for the connector or a photo of the connector's label or the connector itself and (2) a receipt for purchasing the replacement connector. There is no restriction on what brand connector you purchase to replace your Watts Water Heater or FloodSafe connector.

### Payment of Property Damages Due to Failure

For eligible claims, Settlement Class Members can recover up to 25% of documented costs of repairs for property damage caused by the failure of a Watts Water Heater or FloodSafe connector, with a minimum recovery of \$25.

The Claims Administrator will review claims to determine whether they are eligible and timely, and pay the amount of the claims. Claims for damage that occurred from November 4, 2008 to November 4, 2014 must be submitted within one year after final approval of the Settlements. Claims for damage that occurred after November 4, 2014, must be made within four years after final approval. Valid claims will be paid once a year throughout the four-year claims period.

If the amount of approved claims is greater than the amount of money available in the settlement fund, the Claims Administrator will reduce the initial payments made to Settlement Class Members to an amount less than 25% of their approved Claim to make sure that all eligible Settlement Class Members receive a payment. If money is left in the fund at the end of the annual payment process, the Claims Administrator may provide a "catch up" payment to Settlement Class Members whose

**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**

payments had been reduced to proportionally increase their total payment amounts. These payments will not exceed 25% of the property damage for each Claim.

To support your claim, you must submit the following documentation:

- A completed Claim Form
- All proofs of payment for repair of property damage caused by a failed Water Heater or FloodSafe connector
- The Watts Water Heater or FloodSafe connector; all available labels, packaging; photographs of the connector and the characteristics that qualify it as a Watts product; and any purchase receipts for the Water Heater or FloodSafe connector

## HOW TO GET A PAYMENT

### 11. What do I need to do to participate in the Settlements?

Follow the instructions on the Claim Form to receive a payment under these Settlements. All Claim Forms must be submitted along with any necessary supporting documentation or information. Claims may be submitted online or mailed by first-class United States Mail, postage prepaid, to the Claims Administrator: Watts Claims Administrator, P.O. Box 0000, City, State 00000.

You cannot submit your Claim Form and accompanying materials by telephone. Even if you submit your claim form online, you must mail the Watts Water Heater or FloodSafe connector to the Claims Administrator. If you change your address and want to receive a Claim Form or any payment owed to you at your new address, you should notify the Claims Administrator of your new address by sending written notice of your change of address to the Claims Administrator at the address above.

Claim Forms are available online at [www.\[Website\].com](http://www.[Website].com) or by calling 1-800-000-0000. Or you may request one by writing to Watts Claims Administrator, P.O. Box 0000, City, State 00000.

### 12. How will the claims process work?

**Validation of Claims for Benefits.** The Claims Administrator will begin reviewing all timely Claim Forms after the final approval of the Settlements. The Claims Administrator will evaluate your claim based on all the information and documentation you provided and within written guidelines (available at [www.\[Website\].com](http://www.[Website].com) by Month 00, 0000).

**Denial of Claims for Benefit.** If your Claim Form and accompanying materials do not meet all of the requirements of the Settlements, the Claims Administrator will deny your claim as “invalid,” you will not receive any payment, and you will be informed in writing of that decision. A Special Master will be available for a Settlement Class Member filing a claim for property damage to appeal a denial by the Claims Administrator. Instructions for appealing a decision of the Claims Administrator for a property damage claim will be provided with all denied claims.

**Payment of Validated Claims for Benefits.** If you submit a Claim Form and the Claims Administrator determines that your Claim Form and the accompanying materials are valid, the Claims Administrator will send you a payment. Payments will be made annually, but may be broken into an initial payment and a second “catch up” payment as explained in Question 10.

**No Payment Until After Appeals Are Resolved.** The Claims Administrator will not make any payments to Settlement Class Members until the Court grants final approval of the Settlements and  
**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**

until any appeals are resolved. During the appeals process, the Claims Administrator will continue to accept claims.

### **13. What am I giving up to get a payment?**

If the Settlements become final, Settlement Class Members who submit a claim or do nothing will be “releasing” Watts from all of the Released Claims as described in paragraphs 91-98 of the Settlement Agreements. This means you will no longer be able to sue Watts regarding any of the claims described in the Settlement Agreements.

The Settlement Agreements are available at [WEBSITE]. The Settlement Agreements provide more detail regarding the release and describes the released claims with specific descriptions in necessary, accurate, legal terminology, so read it carefully. You can talk to the law firms representing the Settlement Classes listed in the section “The Lawyers Representing You” for free or you can, at your own expense, talk to another lawyer if you have any questions about the released claims or what they mean.

## **EXCLUDING YOURSELF FROM THE SETTLEMENTS**

If you do not want a payment from the proposed Settlements and you want to keep the right to sue Watts about the legal issues in these cases, then you must take steps to get out of the Settlements. This is called asking to be excluded from, or sometimes called “opting out,” of the Settlement Class.

### **14. If I exclude myself, can I get anything from this Settlement?**

No. If you exclude yourself, you may not apply for any benefits under the Settlements and you cannot object to the proposed Settlements. If you are excluded, you may sue or bring a different lawsuit against Watts in the future. You will not be bound by these class action settlements.

### **15. If I do not exclude myself, can I sue later?**

No. Unless you exclude yourself, you give up the right to sue Watts for all of the claims resolved by these Settlements. You must exclude yourself from the Settlement Classes to start or continue your own lawsuit relating to the claims in these cases.

### **16. How do I exclude myself from the Settlements?**

To exclude yourself from the Settlements and the Settlement Classes, you must send the Claims Administrator a written request that contains the following:

1. Your full name, current address, telephone number, and email address
2. A specific request to opt out of one or both of the Settlements
3. Whether the Watts Water Heater or FloodSafe connector failed causing Property Damage
4. Identify the:
  - a. Number of Watts Water Heater and/or FloodSafe connectors that you have (and proof that they are Watts connectors)
  - b. Date of purchase or installation of any failed Water Heater or FloodSafe connector

**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**

- c. Date of failure and an estimate of the amount of damages
- 5. Your signature (even if represented by an attorney) and the date on which you signed it
- 6. If you are an insurer, the written consent of your insured
- 7. Your attorney's signature, if you are represented by counsel

You must mail your completed request for exclusion by **Month 00, 0000** [60 days after notice certification date] to: Watts Claims Administrator, P.O. Box 0000, City, ST 00000

If you do not file your request on time and include the information above, you will remain a Settlement Class Member. That means you will lose any opportunity to exclude yourself from the Settlement(s), and your rights will be determined in this lawsuit by the Settlement Agreement(s), if it receives final judicial approval.

You cannot ask to be excluded on the phone, by email, or at the website.

## THE LAWYERS REPRESENTING YOU

### 17. Do I have a lawyer in this case?

The Court named Shanon J. Carson of Berger & Montague, P.C., Bryan L. Clobes of Cafferty Clobes Meriwether & Sprengel LLP and Joseph G. Sauder of McCune Wright LLP as Lead Counsel. The Court also named other attorneys to protect your interests and a full list of those attorneys is available at [WEBSITE]. You will not be charged for these lawyers. If you want to be represented by your own lawyer in this case, you may hire one at your own expense.

If you hire your own attorney, your attorney must file an appearance no later than [Month 00 0000], with the Clerk of Court, and must send a copy, by first-class United States Mail, to Class Counsel and Watts' counsel at the addresses in Question 19, postmarked no later than [Month 00 0000]. If you do not exclude yourself from the Settlements, you will continue to be a Settlement Class Member, even if you are represented by your own attorney. You will be responsible for any fees and costs charged by your own attorney.

### 18. How will the administrative costs and attorneys' fees be paid?

Watts agreed to pay the costs of class notice and claims administration, including the costs of mailing this Notice and of distributing any payments owed to Settlement Class Members under the Settlements. If the Settlements are approved by the Court, Class Counsel will ask the Court for reasonable attorneys' fees and reimbursement of litigation costs of up to \$\_\_\_\_\_. Also, Class Counsel will ask the Court for a service award of \$5,000 to each Class Representative.

## OBJECTING TO THE SETTLEMENTS

### 19. How do I tell the Court if I do not like the Settlements?

If you do not exclude yourself from the Settlement Classes, you may object to the certification of the Settlement Classes, to the terms of the proposed Settlements, or to Class Counsel's request for attorneys' fees, expenses or the request for service awards.

**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**

To do so, you (or your own attorney) must provide your objection in writing by first class mail to Lead Class Counsel and Watts' counsel no later than **Month 00, 0000** [60 days after notice certification date] with the following information:

1. The name of the lawsuit(s) affected by your objection, either or both *Ponzo v. Watts Regulator Co.*, Case No. 1:14-cv-14080-ADB (Water Heater connectors), and/or *Klug v. Watts Regulator Co.*, Case No. 8:15-cv-00061-JFB-TDT (FloodSafe connectors).
2. Your full name, current address, and telephone number.
3. Whether, on the date of your written objection, you own, owned, lease, or leased a residence or other structure in the United States containing a Watts Water Heater or FloodSafe connector.
4. The address of the property(ies) that contain or have contained the Watts Water Heater or FloodSafe connector.
5. Proof that your residence or structure contains a Watts Water Heater or a FloodSafe connector (in the form of photographs, installation records, receipts etc.).
6. The exact nature of your objection, the facts underlying the objection, and whether or not you intend to appear at the Final Fairness Hearing.
7. All evidence and supporting papers (including, but not limited to, all briefs, written evidence, and declarations) that you want the Court to consider in support of your objection.
8. Whether you (or your attorney if you are represented) have objected to a class action settlement more than two times before. If so, identify those cases by case name, court, and case number.
9. Your signature (even if represented by an attorney) and the date on which you signed it.
10. Your attorney's signature (if you are represented by counsel).

If you want to appear at the Fairness Hearing, on your own behalf (or through your own attorney) and speak in court, you need to file a Notice of Appearance with the Court and the Claims Administrator. This Notice needs to list (in detail) the subjects you will talk about. You need to mail copies of the Notice of Appearance to Class Counsel and Watts' counsel, postmarked no later than Month 00, 0000 [90 days after Prelim Approval] to the following addresses:

CLASS COUNSEL	COUNSEL FOR WATTS
Shanon J. Carson Berger & Montague, P.C. 1622 Locust Street Philadelphia, PA 19103  Bryan L. Clobes Cafferty Clobes Meriwether & Sprengel LLP 1101 Market Street, Suite 2650 Philadelphia, PA 19107  Joseph G. Sauder McCune Wright LLP 1055 Westlakes Drive, Suite 300 Berwyn, PA 19312	David S. MacCuish Todd B. Benoff Alston & Bird LLP 333 South Hope Street, 16th Floor Los Angeles, CA 90071  Keith E. Smith Eckert Seamans Two Liberty Place 50 South 16th Street 22nd Floor Philadelphia, PA 19102

Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)

If you do not file your objection on time and include the information above, you will lose the opportunity to have your objection considered at the Fairness Hearing. You will also not be able to object to approval of the Settlements or appeal any of the Courts' decisions in connection with the Settlements.

**20. What is the difference between objecting and asking to be excluded?**

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Settlement Classes. Excluding yourself is telling the Court that you do not want to be part of the Settlement Classes. If you exclude yourself, you cannot object to the Settlements and you will not be eligible to apply for any benefits under the Settlements because the cases no longer affect you.

## THE COURT'S FAIRNESS HEARING

**21. When and where will the Court decide whether to approve the Settlements?**

On [Month 00, 0000], at [TIME], the Court will hold a public hearing in [COURTROOM] of the United States District Court for the District of Nebraska, located at the U.S. Courthouse, 111 South 18<sup>th</sup> Plaza, Omaha, Nebraska 68102. The Court will decide whether the Settlement Classes were properly certified and whether the Settlements are fair, adequate, and reasonable and should be finally approved. The Court will also consider Class Counsel's request for attorneys' fees and expense reimbursement and any objections. This hearing may be delayed or rescheduled by the Court without further notice to the Settlement Classes. Settlement Class Members who object to the Settlements are not required to attend the Fairness Hearing. If you want to speak in Court to object to the Settlements, either personally (or through your own attorney), you must notify the Court of your intention to appear at the Fairness Hearing (*see* Question 19).

**22. Do I have to attend the Fairness Hearing?**

No. Class Counsel will answer any questions the Court may have regarding the Settlements. However, you are welcome to attend the hearing at your own expense. If you send in a written objection, you do not have to attend the Fairness Hearing to discuss your objection. If you mailed your written objection on time, the Court will consider it. Your own lawyer may attend the Fairness Hearing at your expense, but their attendance is not necessary.

## GETTING MORE INFORMATION

**23. How do I get more information?**

This Notice summarizes the proposed Settlements. More details are in the Settlement Agreements. You can view the Settlement Agreements at [www.\[WEBSITE\].com](http://www.[WEBSITE].com). You may also write with questions to Watts Claims Administrator, P.O. Box 0000, City, ST 00000. You can get a Claim Form at the website, or have a Claim Form mailed to you by calling [1-800-000-0000]. If you have questions for Class Counsel, you may contact them at the address listed above in Question 19. You may also get advice and guidance from your own private attorney at your own expense.

**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**



Please do not write or telephone the Court, Watts, or any Watts sales representative or agent for information about the Settlements or these lawsuits.

**Questions? Call 1-800-000-0000 or visit [www.\[Website\].com](http://www.[Website].com)**

# **EXHIBIT B**

## **If You Own A Water Heater or A FloodSafe Connector Made by Watts**

### *You Could Claim Benefits from Two Class Action Settlements*

There are Settlements with Watts Regulator Co. ("Watts") about Water Heater and FloodSafe brand connectors that could fail and cause water damage. Watts denies that it has done anything wrong.

The Settlements cover the purchase and possession of Watts Water Heater and FloodSafe brand connectors, replacing those connectors, and payments for repairs for property damage caused by failure of those connectors.

### **Who's Included?**

You are included if you own or owned (or lease or leased) a residence or other structure located in the United States containing a Watts Water Heater or FloodSafe connector after November 4, 2008. Images of included Water Heater and FloodSafe connectors are available at [www.\[Website\].com](http://www.[Website].com).

### **What do the Settlements provide?**

The Settlement Agreements provide for a total payment of \$14 million (\$10 million for a Water Heater connector settlement fund and \$4 million for a FloodSafe settlement fund). The funds will: (1) pay Class Members for replacement of connectors and/or reimbursement for property damage; (2) cover notice and settlement administration expenses; (3) pay attorneys' fees as ordered by the Court of up to 30% of the settlement fund (or \$4.2 million), plus up to \$\_\_\_\_\_ in expenses; and (4) pay a total incentive award of up to \$5,000 to each Class Representative.

### **What can I get?**

Class Members filing a claim for replacement of Water Heater and FloodSafe connectors can get up to \$40. Class Members filing a claim for property damages can recover up to 25% of their documented property damage repair costs.

### **Your Options**

If you do nothing, you will remain in the Settlements and your rights will be affected. If you do not want to be included, you must exclude yourself by **Month 00, 2016**. If you exclude yourself you will keep your right to sue Watts about the claims in this lawsuit. If you remain in the Settlements, you can object to it by **Month 00, 2016**.

The Court will hold a hearing on **Month 00, 2016** to consider any objections, whether to approve the Settlements, and to award attorneys' fees and incentive awards. You can appear at the hearing, but you don't have to. You can hire an attorney, at your own expense, to appear or speak for you at the hearing.

**1-8XX-XXX-XXXX**

**[www.XXXXXXXXXXX.com](http://www.XXXXXXXXXXX.com)**

# **EXHIBIT C**

## **Important Notice for your Customers about Watts Water Heater or Floodsafe Connectors**

There are Settlements with Watts Regulator Co. (“Watts”) about Water Heater and FloodSafe connectors that could fail and cause water damage. Watts denies that it has done anything wrong.

The Settlements cover the purchase and possession of Watts Water Heater and FloodSafe connectors and replacement and payments for repairs for property damage caused by failure.

**Who’s Included?** The Settlements include anyone who owns or owned, (or leases or leased) a residence or other structure located in the United States containing a Watts Water Heater or FloodSafe connector after November 4, 2008, including persons who suffered property damage and/or paid to repair property damage caused by the failure of a FloodSafe connector. Images of included Water Heater and FloodSafe connectors are available at [www.\[Website\].com](http://www.[Website].com).

**What do the Settlements provide?** The Settlement Agreements provide for a total payment of \$14 million (\$10 million for a Water Heater connector settlement fund and \$4 million for a FloodSafe settlement fund). The funds will: (1) pay Class Members for replacement of Water Heater and FloodSafe connectors and/or property damage caused by failure of these connectors; (2) cover notice and settlement administration expenses; (3) pay attorneys’ fees as ordered by the Court of up to 30% of the settlement fund (or \$4.2 million), plus up to \$\_\_\_\_\_ in expenses; and (4) pay a total incentive award of up to \$5,000 to each Class Representative.

**What can your customers get?** Class Members filing a claim for replacement of Water Heater and FloodSafe connectors can get up to \$40. Class Members filing a claim for property damages can recover up to 25% of their documented property damage repair costs.

**Please tell your customers about these Settlements**

**[www.XXXXXXXXXX.com](http://www.XXXXXXXXXX.com) • 1-8XX-XXX-XXXX**

Watts Water  
Heater and  
FloodSafe  
Connector  
Settlement

Watts Settlement Administrator  
PO Box XXXXX  
Portland, OR 97XXX-XXXX

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**Court-Ordered Legal Notice**



**John Q. Public  
123 Locust St.  
Anytown, OH 00000-0000**



# **EXHIBIT D**

## Claim Form

### Watts Water Heater and FloodSafe Connectors

#### ATTENTION WATTS WATER HEATER AND FLOODSAFE CONNECTOR OWNERS:

Use this Claim Form: If you own, owned, lease or leased a residence or other structure located in the United States containing a Watts Water Heater connector and/or FloodSafe connector after November 4, 2008, including if you suffered property damage and/or paid to repair property damage caused by the failure of a Water Heater and/or FloodSafe connector.

Persons that own or owned a Watts Water Heater and/or FloodSafe connector and persons, including their insurers, that have paid for the cost of damage or repairs related to the failure of a Water Heater and/or FloodSafe connector are eligible to submit a claim.

You must complete and submit this Claim Form postmarked on or before [DATE ONE YEAR FROM FINAL APPROVAL] for the Replacement Remedy or [DATE FOUR YEARS FROM FINAL APPROVAL] for the Property Damage Remedy.

To determine whether you are a class member eligible to make a claim, or for more information regarding the class action settlement or the claims process, visit [WEBSITE].

Please refer to the website and the settlement documents for an explanation of any required supporting documentation that you will need to submit with your claim. If you need more space for your responses, please attach additional sheets.

If you have any questions regarding this Claim Form or recovery under the settlement, you can call the Claims Administrator at [PHONE NUMBER] and your questions will be answered at no cost to you, or you can access [WEBSITE].

Mail the completed Claim Form and all required supporting documentation to:

ADDRESS

#### I. CLAIMANT INFORMATION

Please check the applicable box:

Business or  Individual or  Insurer

Full Name:

Business Name:

Social Security Number OR Tax Identification Number:



Current Mailing Address:

City:

State:

Zip Code:

Daytime Phone Number:

Evening Phone Number:

Cellular Phone Number:

Fax Number:

Email:

Please check the applicable box. Are you a:

1. Homeowner

2. Tenant

3. Insurer

4. Owner of Commercial Property

5. Other

Is this the only claim you have ever made under this settlement?  Yes  No

If you have submitted more than one claim under this settlement, how many have you made?

Do you consent to receiving correspondence via email:  Yes  No

**II. DESCRIPTION OF PROPERTY WHERE THE WATTS WATER HEATER AND/OR FLOODSAFE CONNECTOR IS OR WAS LOCATED**

**A. Property Address**

Property Address:

City:

State:

Zip Code:

**B. Insurers**

If you are an insurer making a subrogation claim for amounts you paid due to the failure of a Watts Water Heater and/or FloodSafe connector at the properties of others, please answer the following questions **(you must provide documentation of payment in order for your claim to be complete)**:

What is the name and contact information for your insured for whom you paid a claim?

Full Name:

Current Mailing Address:

City:

State:

Zip Code:

Daytime Phone Number:

Evening Phone Number:

Cellular Phone Number:

Fax Number:

Email:

**III. IDENTIFICATION OF WATTS WATER HEATER AND/OR FLOODSAFE CONNECTORS**

**A. Description Of Watts Water Heater or FloodSafe Connectors**

Do not submit a claim unless you have or had an eligible Water Heater or FloodSafe connector in your property. You can access photos and a description of the eligible Water Heater or FloodSafe connectors at [WEBSITE].

**PROOF OF WATER HEATER AND/OR FLOODSAFE CONNECTOR**

How did you identify that your structure contains a Watts Water Heater and/or FloodSafe connector?  
(Check all that apply.)

- Inspection of the connector
- Connector packaging or label
- Purchase records
- Other (please identify):

Does your structure contain (check one or both):

- Watts Water Heater Connector
- Watts FloodSafe Connector

Please include any documentation for proof of ownership of each eligible Watts Water Heater and/or FloodSafe connector, including the connector itself, or a photograph of the connector showing the characteristics that identify it as a Watts product, including any label for the connector.

#### **NUMBER OF WATTS WATER HEATHER AND/OR FLOODSAFE CONNECTORS**

How many Watts Water Heater connectors are in your structure?

How many Watts FloodSafe connectors are in your structure?

#### **IV. REPLACEMENT REMEDY**

Please fill out this section if you are making a claim for the replacement of a Watts Water Heater and/or FloodSafe connector.

1. How many Watts Water Heater connectors are you seeking reimbursement for replacing (NOTE: the maximum is two Water Heater connectors)?

\_\_\_ 1

\_\_\_ 2

2. How many Watts FloodSafe connectors are you seeking reimbursement for replacing (NOTE: the maximum is two FloodSafe connectors)?

\_\_\_ 1

\_\_\_ 2

For each replacement connector sought, please include a photograph of the connector showing the characteristics that identify it as a Watts product (including any attached label), or the Watts Water Heater and/or FloodSafe connector itself. Also, please include a receipt for each replacement Watts Water Heater and/or FloodSafe connector purchased (NOTE: the replacement connector does NOT need to be a Watts Water Heater or FloodSafe connector.)

#### **V. PROPERTY DAMAGE REMEDY**

Please fill out this section if you are making a claim to recover for payments you made to repair property damage caused by the failure of a Watts Water Heater and/or FloodSafe connector.

##### **A. Description of Loss**

1. Identify the date of failure of the Watts Water Heater and/or FloodSafe connector:
2. How many Watts Water Heater and/or FloodSafe connectors do you allege failed?

Please include the following: the Water Heater and/or FloodSafe connector with all available labels and packaging or photographs of the Water Heater and/or FloodSafe connector showing the characteristics that identify it as a Watts product.

3. Have you replaced the Watts Water Heater and/or FloodSafe connectors that you allege failed?

4. Have you repaired any alleged damage to your property as a result of the failure? \_\_\_ Yes \_\_\_ No

If yes, describe the repairs:

5. For any work described above, please state the amount paid out-of-pocket by you:

Please include all proofs of payment for repair of property damage caused by a failed Watts Water Heater and/or FloodSafe connector.

**B. Claim History**

1. Have you ever submitted a claim for the failure of a Watts Water Heater or FloodSafe connector to a third party?

\_\_\_ Yes \_\_\_ No

If yes, answer the following:

- How many prior claims have you made relating to your Watts Water Heater or FloodSafe connector(s)?
- To whom was any prior claim made?
- Have you been paid for your damage alleged in any prior claim?

\_\_\_ Yes \_\_\_ No

If yes, by who, and how much?

If no, what was the ultimate resolution of the claim(s)?

**VI. SETTLEMENTS**

Have you entered into any oral or written settlement of the claims identified above, or received the benefit of any payments to you or on your behalf as a result of those claims?

Yes  No

If yes, state the date and amount of settlement:

If yes, please attach a copy of the Release or Settlement Agreement.

**VII. ADDITIONAL INFORMATION**

If you have any additional information which you would like us to consider in evaluating your claim, please attach that information as a separate document.

**VIII. CERTIFICATION**

All the information that I/we supplied in this Claim Form is true and correct to the best of my/our knowledge and belief and this document is signed under penalties of perjury.

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**THIS FORM WILL BE USED BY THE FIRM ADMINISTERING THIS SETTLEMENT TO DETERMINE YOUR ELIGIBILITY TO RECOVER UNDER THIS SETTLEMENT AND TO DETERMINE THE VALUE, IF ANY, OF YOUR SETTLEMENT RECOVERY.**