

---

---

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

---

## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 11, 2022**

---

## WATTS WATER TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in its Charter)

**DELAWARE**

(State or Other Jurisdiction  
of Incorporation)

**001-11499**

(Commission File Number)

**04-2916536**

(IRS Employer  
Identification No.)

**815 Chestnut Street, North Andover, Massachusetts 01845**

(Address of Principal Executive Offices) (Zip Code)

**(978) 688-1811**

(Registrant's telephone number, including area code)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.10 per share	WTS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

---

**Item 5.02      Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

Third Amended and Restated 2004 Stock Incentive Plan

At the 2022 Annual Meeting of Stockholders (the “2022 Annual Meeting”) of Watts Water Technologies, Inc. (the “Company”) held on Wednesday, May 11, 2022, the Company’s stockholders approved the Watts Water Technologies, Inc. Third Amended and Restated 2004 Stock Incentive Plan (the “Stock Incentive Plan”). The Stock Incentive Plan became effective upon approval by the Company’s stockholders. The provisions of the Stock Incentive Plan are described in the proxy statement for the 2022 Annual Meeting and related supplement under “Proposal 3 - Approval of the Watts Water Technologies, Inc. Third Amended and Restated 2004 Stock Incentive Plan,” which description is attached hereto as Exhibit 99.1 and incorporated herein by reference. The description of the Stock Incentive Plan is qualified in its entirety by reference to the complete text of the Stock Incentive Plan, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

**Item 5.07      Submission of Matters to a Vote of Security Holders**

- (a)      The 2022 Annual Meeting was held on Wednesday, May 11, 2022.
- (b)      The results of the voting on the proposals considered at the 2022 Annual Meeting were as follows:

***Proposal 1: Election of Directors***

Each of the following nine persons was elected as a Director of the Company for a term expiring at the Company's 2023 Annual Meeting of Stockholders and until such Director's successor is duly elected and qualified.

The voting results were as follows:

<u>Nominee</u>	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Broker Non-Votes</u>
Christopher L. Conway	80,146,305	3,425,971	963,347
Michael J. Dubose	80,406,526	3,165,750	963,347
David A. Dunbar	80,402,515	3,169,761	963,347
Louise K. Goeser	80,509,963	3,062,313	963,347
W. Craig Kissel	78,650,019	4,922,257	963,347
Joseph T. Noonan	83,066,627	505,649	963,347
Robert J. Pagano, Jr.	82,288,553	1,283,823	963,347
Merilee Raines	80,086,644	3,485,632	963,347
Joseph W. Reitmeier	80,453,769	3,118,507	963,347

---

***Proposal 2: Advisory Vote on Named Executive Officer Compensation***

The results of the non-binding advisory vote on the compensation paid to the Company's named executive officers were as follows:

Number of votes cast for the proposal:	82,179,261
Number of votes cast against the proposal:	1,348,241
Number of abstentions:	44,774
Number of broker non-votes:	963,347

Proposal 2, having received the affirmative vote of the holders of 97.2% of the votes present or represented by proxy and entitled to vote at the 2022 Annual Meeting, was approved on an advisory basis.

***Proposal 3: Approval of Third Amended and Restated 2004 Stock Incentive Plan***

The results of the vote on the approval of our Third Amended and Restated 2004 Stock Incentive Plan were as follows:

Number of votes cast for the proposal:	82,164,089
Number of votes cast against the proposal:	1,365,141
Number of abstentions:	43,046
Number of broker non-votes:	963,347

Proposal 3, having received the affirmative vote of the holders of 97.2% of the votes present or represented by proxy and entitled to vote at the 2022 Annual Meeting, was approved.

***Proposal 4: Ratification of Independent Registered Public Accounting Firm***

The votes regarding the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2022 were as follows:

Number of votes cast for the proposal:	82,856,845
Number of votes cast against the proposal:	1,656,126
Number of abstentions:	22,652
Number of broker non-votes:	0

Proposal 4, having received the affirmative vote of the holders of 98.0% of the votes present or represented by proxy and entitled to vote at the 2022 Annual Meeting, was approved.

---

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">10.1</a>	<a href="#">Watts Water Technologies, Inc. Third Amended and Restated 2004 Stock Incentive Plan.</a>
<a href="#">99.1</a>	<a href="#">Text of “Proposal 3 - Approval of the Watts Water Technologies, Inc. Third Amended and Restated 2004 Stock Incentive Plan.”</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 11, 2022

**WATTS WATER TECHNOLOGIES, INC.**

By: /s/ Kenneth R. Lepage

Kenneth R. Lepage

*General Counsel, Chief Sustainability Officer & Secretary*

---

## WATTS WATER TECHNOLOGIES, INC.

THIRD AMENDED AND RESTATED  
2004 STOCK INCENTIVE PLANSECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Watts Water Technologies, Inc. 2004 Stock Incentive Plan, as may be further amended and restated from time to time (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and other key persons (including consultants and prospective employees) of Watts Water Technologies, Inc. (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"*Act*" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"*Administrator*" is defined in Section 2(a).

"*Award*" or "*Awards*," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Deferred Stock Awards, Restricted Stock Awards, Unrestricted Stock Awards and Dividend Equivalent Rights.

"*Board*" means the Board of Directors of the Company.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"*Committee*" means the Committee of the Board referred to in Section 2.

"*Deferred Stock Award*" means Awards granted pursuant to Section 8.

"*Dividend Equivalent Right*" means Awards granted pursuant to Section 11.

"*Effective Date*" means the date on which this Third Amended and Restated 2004 Stock Plan is approved by stockholders as set forth in Section 17.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

---

“*Fair Market Value*” of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), NASDAQ National System or a national securities exchange, the determination shall be made by reference to market quotations. If there are no market quotations for such date, the determination shall be made by reference to the last date preceding such date for which there are market quotations.

“*409A Award*” is an Award that constitutes a deferral of compensation as provided in Treasury Regulation Section 1.409A-1(b)(1), including, but not limited to, (a) any Nonqualified Stock Option or Stock Appreciation Right that permits the deferral of compensation other than the deferral of recognition of income until the exercise of the Award; or (b) any other Award that either (i) provides by its terms for settlement of all or any portion of the Award on one or more dates following the Short-Term Deferral Period (as defined below), or (ii) permits or requires the grantee to elect one or more dates on which the Award will be settled.

“*Grant Instrument*” has the meaning set forth in Section 2(b)(v).

“*Incentive Stock Option*” means any Stock Option designated and qualified as an “incentive stock option” as defined in Section 422 of the Code.

“*Non-Employee Director*” means a member of the Board who is not also an employee of the Company or any Subsidiary.

“*Non-Qualified Stock Option*” means any Stock Option that is not an Incentive Stock Option.

“*Option*” or “*Stock Option*” means any option to purchase shares of Stock granted pursuant to Section 5.

“*Restricted Stock Award*” means Awards granted pursuant to Section 7.

“*Short-Term Deferral Period*” means, subject to any applicable Treasury Regulations promulgated pursuant to Section 409A of the Code or other applicable guidance, the period ending on the later of (i) the date that is two and one-half months from the end of the Company’s fiscal year in which the applicable portion of the Award is no longer subject to a Substantial Risk of Forfeiture, or (ii) the date that is two and one-half months from the end of the grantee’s taxable year in which the applicable portion of the Award is no longer subject to a Substantial Risk of Forfeiture.

“*Specified Employee*” has the meaning set forth in Treasury Regulation Section 1.409A-1(i).

“*Stock*” means the Class A Common Stock, par value \$.10 per share, of the Company, subject to adjustments pursuant to Section 3.

“*Stock Appreciation Right*” means any Award granted pursuant to Section 6.

“*Subsidiary*” means any corporation or other entity (other than the Company) in which the Company has a controlling interest, either directly or indirectly.

“*Substantial Risk of Forfeiture*,” shall have the meaning set forth in any applicable Treasury Regulations promulgated pursuant to Section 409A of the Code or other applicable guidance.

“*Unrestricted Stock Award*” means any Award granted pursuant to Section 9.

## SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEEES AND DETERMINE AWARDS

(a) Committee. The Plan shall be administered by either the Board or a committee of not less than two Non-Employee Directors (in either case, the “Administrator”).

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Deferred Stock Awards, Unrestricted Stock Awards and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, of any Award, not inconsistent with the terms of the Plan or the requirements of Section 409A of the Code, which modified terms and conditions may differ among individual Awards and grantees, provided, however, that no such modification can reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect a repricing through cancellation and re-grants of such Awards;

(v) to approve the form of written instruments evidencing the Awards (each a “Grant Instrument”);

(vi) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vii) subject to the provisions of Section 5(a)(ii), to extend at any time the period in which Stock Options may be exercised;

(viii) to determine at any time whether, to what extent, and under what circumstances distribution or the receipt of Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the grantee and whether and to what extent the Company shall pay or credit amounts constituting interest (at rates determined by the Administrator) or dividends or deemed dividends on such deferrals; and



(ix) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award or Grant Instrument; to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Awards. The Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards at Fair Market Value, to individuals who are not subject to the reporting and other provisions of Section 16 of the Exchange Act. Any such delegation by the Administrator shall include a limitation as to the amount of Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price of any Stock Option or Stock Appreciation Right, the conversion ratio or price of other Awards and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

(d) Indemnification. Neither the Board nor the Committee, nor any member of either or any delegatee thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegatee thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors' and officers' liability insurance coverage which may be in effect from time to time.

### SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 4,500,000 shares, subject to adjustment as provided in Section 3(b). For purposes of these limitations, the shares of Stock underlying any Awards which are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. Notwithstanding any other provision of the Plan to the contrary, the maximum aggregate number of shares of Stock with respect to one or more Awards that may be granted to a Non-Employee Director during any one calendar year is 100,000. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company and held in its treasury.

(b) **Changes in Stock.** Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for a different number or kind of securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, including the maximum number of shares that may be issued in the form of Unrestricted Stock Awards, Restricted Stock Awards or Deferred Stock Awards, (ii) the number of Stock Options or Stock Appreciation Rights that can be granted to any one individual grantee, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iv) the repurchase price per share subject to each outstanding Restricted Stock Award, and (v) the price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, as to which such Stock Options and Stock Appreciation Rights remain exercisable. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

The Administrator may also adjust the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration material changes in accounting practices or principles, extraordinary dividends, acquisitions or dispositions of stock or property or any other event if it is determined by the Administrator that such adjustment is appropriate to avoid distortion in the operation of the Plan, provided that no such adjustment shall be made in the case of an Incentive Stock Option, without the consent of the grantee, if it would constitute a modification, extension or renewal of the Option within the meaning of Section 424(h) of the Code.

(c) **Mergers and Other Transactions.** In the case of and subject to the consummation of (i) the dissolution or liquidation of the Company, (ii) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (iii) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for a different kind of securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (iv) the sale of all of the Stock of the Company to an unrelated person or entity (in each case, a "Sale Event"), all Options and Stock Appreciation Rights that are not exercisable immediately prior to the effective time of the Sale Event shall become fully exercisable as of the effective time of the Sale Event and all other Awards shall become fully vested and nonforfeitable as of the effective time of the Sale Event, except as the Administrator may otherwise specify with respect to particular Awards. Upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate, unless provision is made in connection with the Sale Event in the sole discretion of the parties thereto for the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the Successor Entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree (after taking into account any acceleration hereunder). In the event of such termination, each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights held by such grantee, including those that will become exercisable upon the consummation of the Sale Event; provided, however, that the exercise of Options and Stock Appreciation Rights not exercisable prior to the Sale Event shall be subject to the consummation of the Sale Event.

Notwithstanding anything to the contrary in this Section 3(c), in the event of a Sale Event pursuant to which holders of the Stock of the Company will receive upon consummation thereof a cash payment for each share surrendered in the Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the value as determined by the Administrator of the consideration payable per share of Stock pursuant to the Sale Event (the "Sale Price") times the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights; provided, however, that if the amount to which a grantee would be entitled upon the exercise of such Options and Stock Appreciation Rights at the time of the Sale Event is equal to or less than zero, then such Options and Stock Appreciation Rights may be terminated without payment.

(d) Substitute Awards. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with the merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 3(a).

#### SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, Non-Employee Directors and key persons (including consultants and prospective employees) of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

#### SECTION 5. STOCK OPTIONS

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

(a) Stock Options. Stock Options granted pursuant to this Section 5(a) shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the optionee's election, subject to such terms and conditions as the Administrator may establish.

(i) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5(a) shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than 10 years after the date the Stock Option is granted. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the term of such Stock Option shall be no more than five years from the date of grant.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iv) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Grant Instrument :

(A) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(B) Through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the optionee on the open market or that have been beneficially owned by the optionee for such length of time as required under applicable accounting rules not to result in any accounting consequences to the Company and are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(C) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or

(D) Through the delivery (or attestation to the ownership) of shares of Stock issuable to the optionee upon the exercise of an Award, with a Fair Market Value on the exercise date equal to the aggregate exercise price of the shares of Stock with respect to which such Award is exercised.

Payment instruments will be received subject to collection. The delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Grant Instrument or applicable provisions of laws. In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of shares attested to.

(v) Annual Limit on Incentive Stock Options. To the extent required for “incentive stock option” treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

(b) Non-transferability of Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the optionee’s lifetime, only by the optionee, or by the optionee’s legal representative or guardian in the event of the optionee’s incapacity. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Grant Instrument regarding a given Option that the optionee may transfer his Non-Qualified Stock Options to members of his immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option.

## SECTION 6. STOCK APPRECIATION RIGHTS

(a) Nature of Stock Appreciation Rights. A Stock Appreciation Right is an Award entitling the recipient to receive an amount in cash or shares of Stock or a combination thereof having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right, which price shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant, multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, with the Administrator having the right to determine the form of payment.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator in tandem with, or independently of, any Stock Option granted pursuant to Section 5 of the Plan. In the case of a Stock Appreciation Right granted in tandem with a Non-Qualified Stock Option, such Stock Appreciation Right may be granted either at or after the time of the grant of such Option. In the case of a Stock Appreciation Right granted in tandem with an Incentive Stock Option, such Stock Appreciation Right may be granted only at the time of the grant of the Option.

A Stock Appreciation Right or applicable portion thereof granted in tandem with a Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Option.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Administrator, subject to the following:

(i) Stock Appreciation Rights granted in tandem with Options shall be exercisable at such time or times and to the extent that the related Stock Options shall be exercisable.

(ii) Upon exercise of a Stock Appreciation Right, the applicable portion of any related Option shall be surrendered.

(iii) All Stock Appreciation Rights shall be exercisable during the grantee's lifetime only by the grantee or the grantee's legal representative.

## SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. A Restricted Stock Award is an Award entitling the recipient to acquire, at such purchase price as determined by the Administrator, shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Stock"). Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Restricted Stock Award is contingent on the grantee executing the Grant Instrument. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon execution of a Grant Instrument setting forth the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the Grant Instrument evidencing the Restricted Stock Award. Unless the Administrator shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Grant Instrument. If a grantee's employment (or other service relationship) with the Company and its Subsidiaries terminates for any reason, the Company shall have the right to repurchase Restricted Stock that has not vested at the time of termination at its original purchase price, from the grantee or the grantee's legal representative.

(d) Vesting of Restricted Stock. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Notwithstanding the foregoing, in the event that any such Restricted Stock shall have a performance based goal, the restriction period with respect to such shares shall not be less than one year. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Administrator either in the Grant Instrument or, subject to Section 14 below, in writing after the Grant Instrument is issued, a grantee's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the grantee's termination of employment (or other service relationship) with the Company and its Subsidiaries and such shares shall be subject to the Company's right of repurchase as provided in Section 7(c) above.

#### SECTION 8. DEFERRED STOCK AWARDS

(a) Nature of Deferred Stock Awards. A Deferred Stock Award is an Award of phantom stock units to a grantee, subject to restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Deferred Stock Award is contingent on the grantee executing the Deferred Stock Grant Instrument. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. At the end of the deferral period, the Deferred Stock Award, to the extent vested, shall be paid to the grantee in the form of shares of Stock.

(b) Election to Receive Deferred Stock Awards in Lieu of Compensation. The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of the cash compensation or Restricted Stock Award otherwise due to such grantee in the form of a Deferred Stock Award. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with rules and procedures established by the Administrator. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate.

(c) Rights as a Stockholder. During the deferral period, a grantee shall have no rights as a stockholder; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Deferred Stock Award, subject to such terms and conditions as the Administrator may determine.

(d) Restrictions. A Deferred Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of during the deferral period.

(e) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Grant Instrument is issued, a grantee's right in all Deferred Stock Awards that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

#### SECTION 9. UNRESTRICTED STOCK AWARDS

Grant or Sale of Unrestricted Stock. The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award to any grantee pursuant to which such grantee may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

#### SECTION 10. PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES

Notwithstanding anything to the contrary contained herein, if any Restricted Stock Award or Deferred Stock Award granted to a "covered employee" (within the meaning of Section 162(m) of the Code) on or prior to November 2, 2017 is intended to be "qualified performance based compensation" within the meaning of Section 162(m) of the Code prior to its amendment by the Tax Cuts and Jobs Act (a "Performance-based Award"), then such Award shall be administered and paid as provided in Section 10 of the Second Amended and Restated 2004 Stock Incentive Plan.

#### SECTION 11. DIVIDEND EQUIVALENT RIGHTS

(a) Dividend Equivalent Rights. A Dividend Equivalent Right is an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the grantee. A Dividend Equivalent Right may be granted hereunder to any grantee as a component of another Award or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Grant Instrument. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award. Notwithstanding any of the foregoing, Dividend Equivalent Rights granted with respect to another Award (including performance vesting Awards) shall be held in escrow and will only be paid to the grantee upon and to the extent that the vesting conditions of the other Awards (including any performance conditions) are subsequently satisfied and the Award vests.



(b) Interest Equivalents. Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Grant Instrument is issued, a grantee's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

## SECTION 12. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver stock certificates to any grantee is subject to and conditioned on tax obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Administrator, a grantee may elect to have up to the maximum required tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Stock owned by the grantee with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due. Notwithstanding the preceding provisions of this Section 12, in the case of Restricted Stock Awards the Company shall have the right to satisfy the minimum required tax withholding obligation by withholding from shares of Stock no longer subject to repurchase or forfeiture a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

SECTION 12A. DEFERRED COMPENSATION.

(a) Anything in the Plan to the contrary notwithstanding, the following rules shall apply to 409A Awards and shall constitute further restrictions on terms of Awards set forth elsewhere in the Plan:

(i) The Administrator may permit a grantee to elect to defer an Award or to defer any payment under an Award (each, an “*Election*”), only if such Election is in writing and specifies the amount of the distribution in settlement of the Award being deferred, as well as the time and form of the distribution as permitted by the Plan.

(ii) All Elections shall be made by the end of the grantee’s taxable year prior to the year in which services commence for which an Award may be granted to such grantee; provided, however, that if the Award qualifies as “performance-based compensation” for purposes of Section 409A of the Code, and is based on services performed over a period of at least twelve (12) months, the Election may be made no later than six (6) months prior to the end of such period.

(iii) Elections shall continue in effect until a written election to revoke or change such Election is received by the Company, except that a written election to revoke or change such Election must be made prior to the last day for making an Election determined in accordance with Section 12A(a)(ii) of the Plan.

(b) Any 409A Award which permits a subsequent Election to delay the distribution or change the form of a distribution in settlement of such Award shall comply with the following requirements:

(i) No subsequent Election may take effect until at least twelve (12) months after the date on which the subsequent Election is made;

(ii) Each subsequent Election related to a distribution in settlement of an Award not described in Section 12A(c)(ii), (c)(iii), or (c)(vi) must result in a delay of the distribution for a period of not less than five (5) years from the date such distribution would otherwise have been made; and

(iii) No subsequent Election related to a distribution pursuant to Section 12A(c)(iv) shall be made less than twelve (12) months prior to the date of the first scheduled payment under such distribution.

(c) No distribution in settlement of a 409A Award may commence earlier than:

(i) Separation from service (as determined pursuant to Treasury Regulations or other applicable guidance);

- (ii) The date the grantee becomes Disabled (as defined below in Section 12A(f));
- (iii) Death;
- (iv) A specified time (or pursuant to a fixed schedule) that is either (i) specified by the Administrator upon the grant of an Award and set forth in the Grant Instrument, or (ii) specified by the grantee in an Election complying with the requirements of Section 12A(a) and/or 12A(b), as applicable;
- (v) To the extent provided by Treasury Regulations promulgated pursuant to Section 409A of the Code or other applicable guidance, a change in the ownership or effective control or the Company or in the ownership of a substantial portion of the assets of the Company; or
- (vi) The occurrence of an Unforeseeable Emergency (as defined below in Section 12A(e)).

(d) Notwithstanding anything else herein to the contrary, to the extent that a grantee is a “*Specified Employee*,” no distribution pursuant to Section 12A(c)(i) in settlement of a 409A Award may be made before the date which is six (6) months after such grantee’s date of separation from service, or, if earlier, the date of the grantee’s death. In the event any distribution is delayed pursuant to the immediately previous sentence, the 409A Award will be paid at the beginning of the seventh month following the grantee’s termination, or, in the event of the grantee’s death during such six-month period, payment will be made to the grantee’s beneficiary as soon as administratively possible following receipt by the Administrator of satisfactory notice and confirmation of the grantee’s death.

(e) If a grantee establishes the occurrence of an Unforeseeable Emergency (as defined in Section 409A of the Code) to the satisfaction of the Administrator, the Administrator shall have the authority to provide for distribution in settlement of all or a portion of such Award. In such event, the amount(s) distributed with respect to such Unforeseeable Emergency cannot exceed the amounts necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution(s), after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the grantee’s assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). All distributions with respect to an Unforeseeable Emergency shall be made in a lump sum as soon as practicable following the Administrator’s determination that an Unforeseeable Emergency has occurred. The occurrence of an Unforeseeable Emergency shall be judged and determined by the Administrator. The Administrator’s decision with respect to whether an Unforeseeable Emergency has occurred and the manner in which, if at all, the distribution in settlement of an Award shall be altered or modified, shall be final, conclusive, and not subject to approval or appeal.

(f) The Administrator shall have the authority to provide in the Grant Instrument evidencing any Award subject to Section 409A of the Code for distribution in settlement of such Award in the event that the grantee becomes Disabled. A grantee shall be considered "Disabled" if either:

(i) The grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or

(ii) The grantee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the grantee's employer.

All distributions payable by reason of a grantee becoming Disabled shall be paid in a lump sum or in periodic installments as established by the grantee's Election, commencing as soon as practicable following the date the grantee becomes Disabled. If the grantee has made no Election with respect to distributions upon becoming Disabled, all such distributions shall be paid in a lump sum as soon as practicable following the date the grantee becomes Disabled.

(g) If a grantee dies before complete distribution of amounts payable upon settlement of a 409A Award, such undistributed amounts shall be distributed to his or her beneficiary under the distribution method for death established by the grantee's Election as soon as administratively possible following receipt by the Administrator of satisfactory notice and confirmation of the grantee's death. If the grantee has made no Election with respect to distributions upon death, all such distributions shall be paid in a lump sum as soon as practicable following the date of the grantee's death.

(h) Notwithstanding anything to the contrary herein, the Administrator shall have no authority to accelerate distributions relating to 409A Awards in excess of the authority permitted under Treasury Regulation Section 1.409A-3(j).

(i) The Administrator shall not amend or terminate and no amendment or termination of the Plan or a Grant Instrument pursuant to Section 14 of the Plan shall be effective with respect to 409A Awards except insofar as it complies with the requirements of Section 409A of the Code.

(j) Any substitution of a new stock right, as defined in Treasury Regulation Section 1.409A-1(l), or assumption of an outstanding stock right pursuant to any changes in stock described in Section 3(b) of the Plan or pursuant to any merger and other transaction described in Section 3(d) of the Plan and any adjustment of a stock right to reflect a stock split or a stock dividend shall comply with the requirements of Treasury Regulation Sections 1.409A-1(b)(5) (v)(D) and (H), as applicable.

(k) In the case of any Award providing for a distribution upon the lapse of a Substantial Risk of Forfeiture, if the timing of such distribution is not otherwise specified in the Plan or the Grant Instrument, the distribution shall be made on or after January 1 and on or before March 15 of the year following the year in which the risk of forfeiture lapsed.

SECTION 13. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

- (a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another;  
or
- (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 14. AMENDMENTS AND TERMINATION

Subject to Section 12A(i) of the Plan, the Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. Except as provided in Section 3(b) or 3(c), in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Options or the base measurement price of a Stock Appreciation Right or effect a similar repricing through cancellation and re-grants. Any material Plan amendments (other than amendments that curtail the scope of the Plan), including any Plan amendments that (i) increase the number of shares reserved for issuance under the Plan, (ii) reduce the price per share of any outstanding Option or Stock Appreciation Right granted under the Plan, or (iii) cancel any Option or Stock Appreciation Right in exchange for cash or another Award shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. In addition, to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 14 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(c).

SECTION 15. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

## SECTION 16. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Administrator may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Stock Certificates. Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable laws, the Company shall not be required to deliver to any grantee certificates evidencing shares of Stock issued in connection with any Award and instead such shares of Stock may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). However, if Stock certificates are delivered to grantees under the Plan, such certificates shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company.

(c) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to such Company's insider trading policy and procedures, as in effect from time to time.

(e) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

## SECTION 17. EFFECTIVE DATE OF PLAN

This Third Amended and Restated 2004 Stock Incentive Plan shall become effective upon approval by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present. Subject to such approval by the stockholders and to the requirement that no Stock may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of this Plan by the Board. No grants of Stock Options and other Awards may be made hereunder after February 7, 2032.

SECTION 18. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS: February 10, 2004

DATE APPROVED BY STOCKHOLDERS: May 5, 2004

DATE AMENDMENT TO SECTION 12 APPROVED BY BOARD OF DIRECTORS: July 31, 2007

DATE ON WHICH AMENDED AND RESTATED PLAN APPROVED BY BOARD OF DIRECTORS: November 1, 2010

DATE ON WHICH SECOND AMENDED AND RESTATED PLAN APPROVED BY BOARD OF DIRECTORS: February 19, 2013

DATE ON WHICH SECOND AMENDED AND RESTATED PLAN APPROVED BY STOCKHOLDERS: May 15, 2013

DATE ON WHICH THIRD AMENDED AND RESTATED PLAN APPROVED BY BOARD OF DIRECTORS: February 7, 2022

DATE ON WHICH THIRD AMENDED AND RESTATED PLAN APPROVED BY STOCKHOLDERS: May 11, 2022

**PROPOSAL 3**  
**APPROVAL OF THE WATTS WATER TECHNOLOGIES, INC.**  
**THIRD AMENDED AND RESTATED 2004 STOCK INCENTIVE PLAN**

In 2013, we adopted the Second Amended and Restated 2004 Stock Incentive Plan to encourage and enable the non-employee directors, officers, employees and other key persons (including consultants and prospective employees) of the Company and its subsidiaries to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company. The primary purpose of the third amendment and restatement is to allow the Company to continue to use the 2004 Stock Incentive Plan beyond February 2023 when, pursuant to its present terms, the plan will otherwise expire. Upon the approval of the Third Amended and Restated 2004 Stock Incentive Plan, the "Expiration Date" of the plan will be February 7, 2032, the tenth anniversary of the approval of the Third Amended and Restated 2004 Stock Incentive Plan by our Board of Directors.

In addition to extending the Expiration Date, the amendments to the 2004 Stock Incentive Plan reflected in the Third Amended and Restated 2004 Stock Incentive Plan would effect the following material changes:

- remove certain provisions of the 2004 Stock Incentive Plan that were otherwise required for future awards to qualify as performance-based compensation under an exception to Section 162(m) of the Code prior to its repeal;
- remove the 2,000,000 shares maximum limit that may be awarded under the plan in the form of unrestricted stock, restricted stock and deferred stock Awards (as defined below);
- remove the requirement that restricted stock and deferred stock Awards with time-based vesting have a minimum vesting period of three years;
- provide that payments of dividend equivalent rights associated with another Award will not be made until the other Award becomes vested;
- remove the 300,000 shares maximum annual limit on stock options and stock appreciation rights Awards granted to any one individual; and
- remove the requirement for stockholder approval of material changes to the method of determining fair market value under the plan.

As of February 1, 2022, the 2004 Stock Incentive Plan had 1,038,783 shares (plus any shares returned due to forfeitures or withheld to satisfy tax withholding obligations) available for future Awards. We believe this is a sufficient number of shares for at least three additional years of Awards assuming we continue to grant Awards consistent with our historical usage and current practices, and noting that future circumstances may require us to make changes to our current practices. Accordingly, we are not seeking an increase in the number of shares authorized for issuance under the Third Amended and Restated 2004 Stock Incentive Plan.

Stockholders should understand that our executive officers and non-employee directors may be considered to have an interest in the approval of the Third Amended and Restated 2004 Stock Incentive Plan because they may in the future receive awards under it. Nevertheless, our Board believes that it is important to provide incentives and rewards to attract, motivate, and retain high quality talent by implementing the Third Amended and Restated 2004 Stock Incentive Plan. If the Third Amended and Restated 2004 Stock Incentive Plan is not approved, our ability to grant Awards will be limited, and we will be limited in our ability to use equity compensation as a tool for aligning our Board's and employees' interests with those of Watts Water and our stockholders.

#### **Significant Historical Award Information**

Historically, we have granted predominantly stock options, restricted stock awards, stock awards, deferred stock awards and performance stock unit awards under the 2004 Stock Incentive Plan. The table below presents information about the shares of our class A common stock that were subject to the various outstanding equity awards as of February 1, 2022.

---



Number of shares underlying outstanding stock options:	3,756
Weighted-average exercise price of stock options:	\$52.92
Weighted-average remaining term (years) of stock options:	1.76
Number of unvested restricted stock award shares:	6,657
Number of shares underlying deferred stock awards:	129,072
Number of target shares underlying performance stock unit awards:	177,029

Shares underlying Awards granted under the 2004 Stock Incentive Plan that are forfeited, cancelled, reacquired by the Company prior to vesting, satisfied without the issuance of shares or otherwise terminated, and shares used to satisfy tax withholdings with respect to an Award, will become available again for grant under the 2004 Stock Incentive Plan. These shares would also be added back to the shares available for grant under the Third Amended and Restated 2004 Stock Incentive Plan.

The following table shows how we have used equity compensation under the 2004 Stock Incentive Plan for the last three years:

<b>Key Equity Metrics</b>	2021	2020	2019
Percentage of equity awards granted to named executive officers (1)	43%	47%	45%
Equity burn rate (2)	0.4%	0.5%	0.5%
Dilution (3)	4.0%	4.2%	4.4%
Overhang (4)	0.9%	1.0%	1.0%

- (1) Percentage of equity awards granted to our named executive officers is calculated by dividing the number of shares subject to equity awards that were granted to the named executive officers during the fiscal year by the total shares subject to equity awards that were granted during the fiscal year.
- (2) Equity burn rate is calculated by dividing the number of shares subject to equity awards granted during the fiscal year by the weighted-average number of shares outstanding during the fiscal year.
- (3) Dilution is calculated by dividing the sum of (x) the number of shares subject to equity awards outstanding at the end of the fiscal year and (y) the number of shares available for future grants, by the number of shares outstanding at the end of the fiscal year.
- (4) Overhang is calculated by dividing the number of shares subject to equity awards outstanding at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.

Employees, non-employee directors and other key persons (including consultants and prospective employees) are eligible to receive equity awards. As of February 1, 2022, approximately 130 employees and nine non-employee directors were eligible to receive awards under the 2004 Stock Incentive Plan. If approved, approximately the same number of employees and non-employee directors would be eligible for grants under the Third Amended and Restated 2004 Stock Incentive Plan. As of February 1, 2022, 117 employees and nine non-employee directors held awards granted under the 2004 Stock Incentive Plan.

#### **Summary of the Third Amended and Restated 2004 Stock Incentive Plan**

A summary of the principal provisions of the Third Amended and Restated 2004 Stock Incentive Plan is set forth below. The summary is qualified by reference to the full text of the Third Amended and Restated 2004 Stock Incentive Plan, which is attached as Appendix A to this Proxy Statement.

The Third Amended and Restated 2004 Stock Incentive Plan was approved by our Board on February 7, 2022, subject to approval by our stockholders. The Third Amended and Restated 2004 Stock Incentive Plan provides for the grant of options (both nonqualified and incentive stock options), SARs, restricted stock, performance awards, dividend equivalents, unrestricted stock awards and deferred stock (collectively, "Awards").

### *Shares Subject to the Third Amended and Restated 2004 Stock Incentive Plan*

Under the Third Amended and Restated 2004 Stock Incentive Plan, the aggregate number of shares of our class A common stock that may be issued or transferred pursuant to Awards is 4,500,000, which is the same number of shares that may be issued or transferred under the 2004 Stock Incentive Plan.

The Third Amended and Restated 2004 Stock Incentive Plan provides that no non-employee director may be granted an Award of more than 100,000 shares of our class A common stock in any calendar year. The shares of our class A common stock available under the Third Amended and Restated 2004 Stock Incentive Plan may be either previously authorized and unissued shares or treasury shares. The Third Amended and Restated 2004 Stock Incentive Plan provides for appropriate adjustments in the number and kind of shares subject to the plan and to outstanding Awards thereunder in the event of a corporate event or transaction, including any stock dividend, stock split, reorganization, recapitalization, reclassification, merger, consolidation or other similar change in the Company's capital stock or sale of all or substantially all of the assets of the Company.

If any shares subject to an Award under the Third Amended and Restated 2004 Stock Incentive Plan are forfeited, canceled, held back upon exercise of an option or settlement of an Award to cover the tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of shares of our class A common stock or otherwise terminated, then such shares shall be available again for grant under the plan. To the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards or an entity acquired by the Company or any of its subsidiaries will not be counted against the shares available for grant under the Third Amended and Restated 2004 Stock Incentive Plan. Shares tendered or withheld to satisfy the exercise price of an option granted under the Third Amended and Restated 2004 Stock Incentive Plan will not again be available for grant under the plan.

On March 17, 2022, the closing price of a share of our class A common stock on the NYSE was \$147.35.

### *Administration*

The Third Amended and Restated 2004 Stock Incentive Plan is administered by either our Board or a committee of not less than two non-employee directors (the "Administrator").

The Administrator is authorized to determine the individuals who will receive Awards (the "participants"), the terms and conditions of such Awards, the types of Awards to be granted and the number of shares to be subject to each Award; approve written award agreements; accelerate the vesting or exercisability of all or a portion of any Award; and extend the period during which an option may be exercised. The Administrator is also authorized to adopt, alter and repeal rules relating to the administration of the Third Amended and Restated 2004 Stock Incentive Plan. The Administrator may delegate to the Company's Chief Executive Officer all or part of its authority to grant Awards at fair market value to participants other than senior executive officers subject to Section 16 of the Exchange Act.

### *Amendment and Termination*

The Board may amend or discontinue the Third Amended and Restated 2004 Stock Incentive Plan at any time, and the Administrator may amend or cancel any outstanding Award for the purpose of satisfying changes in law, but no action by the Administrator can adversely affect the rights of an outstanding Award without the holder's consent. Any material plan amendments, including amendments that (i) increase the number of shares available under the plan, (ii) reduce the price per share of any outstanding stock option or stock appreciation right granted under the Third Amended and Restated 2004 Stock Incentive Plan, or (iii) cancel any stock option or stock appreciation right in exchange for cash or another Award, are subject to stockholder approval. In no event may the Administrator exercise discretion to reduce the exercise price of outstanding options or the base price of stock appreciation rights or effect repricing of such Awards through cancellations and regrants.

---

The Third Amended and Restated 2004 Stock Incentive Plan will expire and no further Awards may be granted after February 7, 2032, the tenth anniversary of its approval by our Board of Directors.

### *Eligibility*

Awards under the Third Amended and Restated 2004 Stock Incentive Plan may be granted to individuals who are our employees, officers, non-employee directors and other key persons (including consultants and prospective employees). However, options which are intended to qualify as incentive stock options may only be granted to employees.

### *Awards*

The following will briefly describe the principal features of the various Awards that may be granted under the Third Amended and Restated 2004 Stock Incentive Plan.

*Stock Options* – Stock options provide for the right to purchase our class A common stock at a specified price, and usually will become exercisable in the discretion of the Administrator in one or more installments after the grant date. The option exercise price may be paid in:

- cash,
- check,
- shares of our class A common stock (including shares issuable pursuant to the exercise of an Award or shares of which have been held by the participant for such period required by the Administrator),
- broker assisted cashless exercise, or
- such other instrument acceptable to the Administrator.

Stock options may take two forms, non-statutory options (“NSOs”) and incentive stock options (“ISOs”). NSOs may be granted for any term specified by the Administrator, but shall not exceed ten years. ISOs will be designed to comply with the provision of the Code and will be subject to certain restrictions contained in the Code in order to qualify as ISOs. Among such restrictions, ISOs must:

- have an exercise price not less than the fair market value of our class A common stock on the date of grant, or if granted to certain individuals who own or are deemed to own at least 10% of the total combined voting power of all of our classes of stock (“10% stockholders”), then such exercise price may not be less than 110% of the fair market value of our class A common stock on the date of grant,
- be granted only to our employees,
- expire within a specified time following the option holder’s termination of employment,
- be exercised within ten years after the date of grant, or with respect to 10% stockholders, no more than five years after the date of grant, and
- not be exercisable for the first time by any participant during any calendar year for shares of our class A common stock with an aggregate fair market value in excess of \$100,000, determined based on the exercise price.

No ISO may be granted under the Third Amended and Restated 2004 Stock Incentive Plan after February 7, 2032.

*Restricted Stock* – A restricted stock award is the grant of shares of our class A common stock at a price determined by the Administrator (which price shall be no less than the par value of such shares) that is nontransferable and unless otherwise determined by the Administrator at the time of award, may be repurchased by the Company upon termination of a participant’s employment or service during a restricted period. Participants will have all rights as a stockholder, including the right to vote the shares of restricted stock, unless otherwise provided in the Award agreement. Restricted stock granted to participants will vest according to the terms of each individual Award agreement, as determined by the Administrator. In the event that restricted stock has performance-based vesting, the restricted period will not be less than one year.

---

*Stock Appreciation Rights (“SARs”)* – SARs provide for the payment to the holder based upon increases in the price of our class A common stock over a set base price. SARs may be granted in connection with stock options or other Awards or separately. The term and conditions of each SAR, including the period during which a vested SAR may be exercised, is set by the Administrator; provided that (i) SARs granted in tandem with options will be exercisable at such time and to the extent that the related options are exercisable, (ii) upon the exercise of a SAR, the applicable portion of any related option must be surrendered and (iii) SARs are only exercisable by the holder or his or her legal representative during the holder’s lifetime. All SARs granted will count against the number of shares that may be issued or transferred under the Third Amended and Restated 2004 Stock Incentive Plan.

*Dividend Equivalents* – Dividend equivalents represent the value of the dividends per share of our class A common stock that we pay, calculated with reference to the number of shares covered by an Award (other than a dividend equivalent award) held by the participant. These may be paid currently or may be deemed to be reinvested in additional shares of our class A common stock, which may thereafter accrue additional equivalents. Dividend equivalents may be settled in cash or shares or a combination thereof. In addition, dividend equivalents granted with respect to other Awards (including performance vesting awards) will be held in escrow and will only be paid to the grantee upon and to the extent that the vesting conditions of the other Awards (including any performance conditions) are subsequently satisfied and the Award vests.

*Unrestricted Stock Awards* – The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Administrator) an unrestricted stock award to any participant, pursuant to which such participant will receive shares of our class A common stock free of any restrictions.

*Deferred Stock* – Deferred stock is an award of phantom stock units to a participant, typically without the payment of consideration and subject to vesting conditions, including satisfaction of performance criteria. Like restricted stock, deferred stock may not be sold, or otherwise transferred, until the vesting conditions are removed or expire. Unlike restricted stock, deferred stock is not actually issued until the deferred stock award has vested. Recipients of deferred stock also will have no voting or dividend rights prior to the time when the vesting conditions are met and the underlying shares of class A common stock are delivered.

*Performance Awards* – Any Award granted to a covered employee (within the meaning of Section 162(m) of the Code) on or prior to November 2, 2017 that was intended to meet the requirements of “qualified performance-based compensation” under Section 162(m) prior to its amendment by the Tax Cuts and Jobs Act, will be administered and paid as provided in Section 10 of the Third Amended and Restated 2004 Stock Incentive Plan.

#### *Sale Event*

In connection with a sale event, all options and SARs that are not exercisable immediately prior to the sale event will become fully exercisable and all other Awards will become fully vested and nonforfeitable as of the effective time of such event, except as the Administrator may otherwise specify with respect to particular Awards. Upon the occurrence of a sale event, the Third Amended and Restated 2004 Stock Incentive Plan and all outstanding Awards will terminate, unless provision is made in connection with such sale event for the assumption or continuation of Awards with new awards of the successor entity.

#### *Adjustments upon Certain Events*

In the event of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in our capital stock, the outstanding shares of class A common stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of Watts, or additional shares or new or different shares or other securities of Watts or other non-cash assets are distributed with respect to such shares or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of Watts, the outstanding shares of class A common stock are converted into or exchanged for a different number or kind of securities of Watts or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Third Amended and Restated 2004 Stock Incentive Plan, including the maximum number of shares that may be issued in the form of unrestricted stock awards, restricted stock awards or deferred stock awards, (ii) the number of options or SARs that can be granted to any one individual grantee and the maximum number of shares that may be granted under a performance-based Award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Third Amended and Restated 2004 Stock Incentive Plan, (iv) the repurchase price per share subject to each outstanding restricted stock award, and (v) the price for each share subject to any then outstanding options and SARs under the Third Amended and Restated 2004 Stock Incentive Plan, without changing the aggregate exercise price as to which such options and SARs remain exercisable.

---

### *Awards Not Transferable*

Generally, the Awards may not be sold, pledged, assigned or otherwise transferred other than by will or by the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a domestic relations order, as defined in the Code. The Administrator may allow Awards other than ISOs to be transferred for estate or tax planning purposes to members of the holder's family, charitable institutions or trusts for the benefit of family members.

### *Prohibition on Repricing*

The Third Amended and Restated 2004 Stock Incentive Plan prohibits the Administrator from reducing the exercise price of outstanding options or repricing options and SARs, including a repricing accomplished through the cancellation of an option or SAR in exchange for cash or another award when the exercise price of the option or the base measurement price of the SAR exceeds the current fair market value of the class A common stock subject to such option or SAR.

### *Miscellaneous*

As a condition to the issuance or delivery of shares of class A common stock or payment of other compensation pursuant to the exercise or lapse of restrictions on any Award, we have the authority to require participants to discharge all applicable withholding tax obligations. Shares held by or to be issued to a participant may also be used to discharge tax withholding obligations, subject to approval by the Administrator.

### *U.S. Federal Income Tax Consequences*

The tax consequences of the Third Amended and Restated 2004 Stock Incentive Plan under current U.S. federal law are summarized in the following discussion. This discussion is limited to the general tax principles applicable to the Third Amended and Restated 2004 Stock Incentive Plan for U.S. taxpayers, and is intended for general information only. State, local or foreign taxes are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The tax information summarized is not tax advice.

*Nonqualified Stock Options.* For U.S. federal income tax purposes, an optionee generally will not recognize taxable income at the time a non-qualified stock option is granted under the Third Amended and Restated 2004 Stock Incentive Plan. The optionee will recognize ordinary income, and we will be entitled to a deduction, upon the exercise of a non-qualified stock option. The amount of income recognized (and the amount generally deductible by us) generally will be equal to the excess, if any, of the fair market value of the shares at the time of exercise over the aggregate exercise price paid for the shares, regardless of whether the exercise price is paid in cash, shares or other property. An optionee's basis for the stock for purposes of determining his or her gain or loss upon a subsequent disposition of the shares generally will be the fair market value of the stock on the date of exercise of the non-qualified stock option, and any subsequent gain or loss will generally be taxable as capital gain or loss.

*Incentive Stock Options.* An optionee generally will not recognize taxable income either at the time an incentive stock option is granted or when it is exercised. However, the amount by which the fair market value of the shares at the time of exercise exceeds the exercise price will be an "item of tax preference" to the optionee for purposes of alternative minimum tax. Generally, upon the sale or other taxable disposition of the shares acquired upon exercise of an incentive stock option, the optionee will recognize taxable income. If shares acquired upon the exercise of an incentive stock option are held for the longer of two years from the date of grant or one year from the date of exercise, the gain or loss (in an amount equal to the difference between the fair market value on the date of sale and the exercise price) upon disposition will be treated as a long-term capital gain or loss, and the Company will not be entitled to any deduction. If this holding period is not met and the stock is sold for a gain, then the difference between the option price and the fair market value of the stock on the date of exercise will be taxed as ordinary income and any gain over that will be eligible for long or short term capital gain treatment. If the holding period is not met and the shares are disposed of for less than the fair market value on the date of exercise, then the amount of ordinary income is limited to the excess, if any, of the amount realized over the exercise price paid. We generally will be entitled to a deduction in the amount of any ordinary income recognized by the optionee.

---

*Stock Appreciation Rights.* No taxable income is generally recognized upon the receipt of an SAR. Upon exercise of an SAR, the cash or the fair market value of the shares received generally will be taxable as ordinary income in the year of such exercise. We generally will be entitled to a compensation deduction for the same amount which the recipient recognizes as ordinary income.

*Restricted Stock.* A participant to whom restricted stock is issued generally will not recognize taxable income upon such issuance and we generally will not then be entitled to a deduction, unless an election is made by the participant under Section 83(b) of the Code. However, when restrictions on shares of restricted stock lapse, such that the shares are no longer subject to a substantial risk of forfeiture, the participant generally will recognize ordinary income and we generally will be entitled to a deduction for an amount equal to the excess of the fair market value of the shares on the date such restrictions lapse over the purchase price thereof. If an election is made under Section 83(b) of the Code, then the participant generally will recognize ordinary income on the date of issuance equal to the excess, if any, of the fair market value of the shares on that date over the purchase price therefor and we will be entitled to a deduction for the same amount.

*Deferred Stock.* A participant will generally not recognize taxable income upon the grant of deferred stock. However, when the shares are delivered to the participant, the value of such shares at that time will be taxable to the participant as ordinary income. Generally, we will be entitled to a deduction for an amount equal to the amount of ordinary income recognized by the participant.

*Unrestricted Stock Award.* A participant will recognize taxable ordinary income on the fair market value of the stock delivered as payment of bonuses or other compensation under the Third Amended and Restated 2004 Stock Incentive Plan and generally we will be entitled to a corresponding deduction.

*Performance Awards.* A participant who has been granted a performance award (either performance unit or stock) generally will not recognize taxable income at the time of grant, and we will not be entitled to a deduction at that time. When an award is paid, whether in cash or shares, the participant generally will recognize ordinary income, and we will be entitled to a corresponding deduction.

*Code Section 409A.* Certain Awards under the Third Amended and Restated 2004 Stock Incentive Plan, depending in part on particular Award terms and conditions, may be considered non-qualified deferred compensation subject to the requirements of Code Section 409A. If the terms of such Awards do not meet the requirements of Code Section 409A, then the violation may result in an additional 20% tax obligation, plus penalties and interest for such participant.

## **Plan Benefits**

The number of Awards that an individual participant may receive under the Third Amended and Restated 2004 Stock Incentive Plan is in the discretion of the Administrator and therefore cannot be determined in advance. The following shows the number of awards that were granted under the 2004 Stock Incentive Plan from its original effective date of May 5, 2004 to February 1, 2022 to the current named executive officers and the other groups of individuals named below.

---

PLAN BENEFITS

Name and Position	Number of Shares of Restricted Stock	Number of Shares Underlying Stock Options	Number of Shares of Stock or Deferred Stock Awards	Number of Target Performance Stock Awards
<b>Named Executive Officers</b>				
Robert J. Pagano, Jr., Chief Executive Officer, President & Chairperson of the Board	138,350	---	54,690	173,513
Shashank Patel, Chief Financial Officer	14,667	---	10,818	12,731
Munish Nanda, President, Americas & Europe	46,335	---	14,379	37,323
Elie Melhem, President, APMEA	43,498	45,417	10,620	34,627
Kenneth R. Lepage, General Counsel, Chief Sustainability Officer & Secretary	56,216	104,677	10,374	33,484
Current Executive Officers as a Group (6 persons)	299,086	150,094	103,726	291,678
Current Non-Executive Director Group (9 persons)	---	---	87,904	---
<b>Director Nominees</b>				
Christopher L. Conway	---	---	10,024	---
Michael J. Dubose	---	---	1,319	---
David A. Dunbar	---	---	6,874	---
Louise K. Goeser	---	---	5,262	---
W. Craig Kissel	---	---	17,083	---
Joseph T. Noonan	---	---	13,418	---
Merilee Raines	---	---	18,288	---
Joseph W. Reitmeier	---	---	8,762	---
Each associate of any such directors, executive officers or nominees	---	---	---	---
Each other person who received or is to receive 5 percent of such options, warrants or rights	---	---	---	---
Non-Executive Officer Employee Group	269,993	249,290	125,756	211,774

## Equity Compensation Plan

The following table provides certain information as of December 31, 2021 about our class A common stock that may be issued under our existing equity compensation plans:

### Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	398,190(1)	\$52.92(2)	1,758,892(3)
Equity compensation plans not approved by security holders	---	---	---
Total	398,190	\$52.92	1,758,892

- (1) Represents 3,756 outstanding options, 178,250 performance stock awards and 131,582 deferred stock awards under the 2004 Stock Incentive Plan, and 84,602 outstanding restricted stock units under the Management Stock Purchase Plan.
- (2) Represents the weighted-average exercise price of the 3,756 outstanding options.
- (3) Includes 1,038,783 shares available for future issuance under the 2004 Stock Incentive Plan, and 720,109 shares available for future issuance under the Management Stock Purchase Plan.

### Board Recommendation and Vote Required for Approval:

Approval of the Watts Water Technologies, Inc. Third Amended and Restated 2004 Stock Incentive Plan requires the affirmative vote of the holders of a majority of the votes present in person or represented by proxy and entitled to be cast.

**The Board of Directors recommends a vote “FOR” the approval of the Watts Water Technologies, Inc. Third Amended and Restated 2004 Stock Incentive Plan.**

---