

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 1-278

EMERSON ELECTRIC CO.

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)
8000 W. Florissant Ave.
P.O. Box 4100
St. Louis, Missouri
(Address of principal executive offices)



43-0259330
(I.R.S. Employer
Identification No.)

63136
(Zip Code)

Registrant's telephone number, including area code: (314) 553-2000

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

Title of each class
Common Stock of \$0.50 par value per share

Name of each exchange on which registered
New York Stock Exchange
Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

Aggregate market value of the voting stock held by nonaffiliates of the registrant as of close of business on March 31, 2016: \$34.8 billion.

Common stock outstanding at October 31, 2016: 642,776,971 shares.

Documents Incorporated by Reference

1. Portions of Emerson Electric Co. Notice of 2017 Annual Meeting of Stockholders and Proxy Statement incorporated by reference into Part III hereof.
-

PART I

ITEM 1 - BUSINESS

Emerson ("the Company") was incorporated in Missouri in 1890, and has evolved through internal growth and strategic acquisitions and divestitures from a regional manufacturer of electric motors and fans into a diversified global leader that brings technology and engineering together to provide innovative solutions for customers in a wide range of industrial, commercial and consumer markets around the world.

As a result of the Company's strategic portfolio repositioning actions further described herein, the network power systems business, which comprised the former Network Power segment, and the power generation, motors and drives businesses, which were part of the Industrial Automation segment, are reported as discontinued operations in the Consolidated Financial Statements for all years presented. The Company's business segments described below are based on the nature of the products and services rendered:

- Process Management - provides measurement, control and diagnostic capabilities for automated industrial processes producing items such as fuels, chemicals, foods, medicines and power.
- Industrial Automation - brings integrated manufacturing solutions to diverse industries worldwide.
- Climate Technologies - enhances household and commercial comfort, as well as food safety and energy efficiency, through heating, air conditioning and refrigeration technology.
- Commercial & Residential Solutions - provides tools for professionals and homeowners, residential storage systems and appliance solutions.

In fiscal 2017, the Company expects to realign its business segments. The new Automation Solutions segment will include the current Process Management segment and the remaining businesses in the existing Industrial Automation segment, except for the hermetic motors business which will be included in the Climate Technologies segment. The Commercial & Residential Solutions business will include the Climate Technologies segment and the Tools & Home Products segment. Tools & Home Products will include the existing Commercial & Residential Solutions businesses.

Sales, earnings before interest and income taxes, and total assets attributable to each business segment for the three years ended September 30, 2016, are set forth in Item 8 of this Annual Report on Form 10-K in Note 18 of Notes to Consolidated Financial Statements, which note is hereby incorporated by reference. Sales by segment in 2016, as a percentage of the total Company, were: Process Management, 49 percent; Industrial Automation, 14 percent; Climate Technologies, 26 percent; and Commercial & Residential Solutions, 11 percent. Total Emerson sales by geographic destination in 2016 were: the United States and Canada, 52 percent; Asia, 20 percent; Europe, 16 percent; Latin America, 6 percent; and Middle East/Africa, 6 percent. Information with respect to acquisition and divestiture activity, including the discontinued businesses, and restructuring costs is set forth in Item 8 of this Annual Report on Form 10-K in Notes 3, 4 and 6 of Notes to Consolidated Financial Statements, which notes are hereby incorporated by reference.

The Company entered into an agreement as of July 29, 2016 to sell its network power systems business, and on July 30, 2016, entered into an agreement to sell its power generation, motors and drives businesses. Additionally, on August 18, 2016, the Company entered into an agreement to acquire Pentair's Valves & Controls business for approximately \$3.15 billion, which will complement Process Management's final control business. These transactions are expected to close by the end of calendar year 2016 or shortly thereafter, subject to customary closing conditions and regulatory approvals. See Item 1A - "Risk Factors," Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 3 and 4 of Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report on Form 10-K, which notes are hereby incorporated by reference.

PROCESS MANAGEMENT

The Process Management segment offers customers products and technology, and engineering, project management and consulting services for precision measurement, control, monitoring, asset optimization, and safety and reliability of oil and gas reservoirs and plants that process or treat various items. The Company's array of products and services helps customers optimize their plant capabilities in the areas of plant safety and reliability, product quality and output efficiency. Significant end markets served include oil and gas, refining, chemicals and power generation, as well as pharmaceuticals, food and beverages, pulp and paper, metals and mining, and municipal water supplies. Sales by geographic destination in 2016 for Process Management were: the United States and Canada, 42 percent; Asia, 23 percent; Europe, 19 percent; Latin America, 6 percent; and Middle East/Africa, 10 percent.

Process Management Systems and Software

Process Management systems and software control plant processes by collecting and analyzing information from measurement devices in the plant, and then uses that information to adjust valves, pumps, motors, drives and other control hardware for maximum product quality and process efficiency and safety. Software capabilities also include upstream oil and gas reservoir simulation and modeling for production optimization. The Company's process control systems can be extended wirelessly to support a mobile workforce with handheld tools/communicators, provide site-wide location tracking of people and assets, and enable video monitoring and communication with wireless field devices, thereby increasing the information available to operators.

Measurement and Analytical Instrumentation

Measurement instrumentation measures the physical properties of liquids or gases in a process stream, such as pressure, temperature, level, rate and amount of flow, and communicates this information to a process control system. Measurement technologies provided by the Company include Coriolis direct mass flow, magnetic flow, vortex flow, ultrasonic flow, differential pressure, ultra-low flow fluid measurement, temperature sensors, radar-based tank gauging and magnetic level gauging. The Company's measurement products are also often used in custody transfer applications, such as the transfer of gasoline from a storage tank to a tanker truck, where precise metering of the amount of fluid transferred helps ensure accurate asset management. Complementary products include onshore and subsea multi-phase meters, wetgas meters, downhole gauges and corrosion/erosion measuring instruments.

Analytical instrumentation analyzes the chemical composition of process fluids and emissions to enhance quality and efficiency, as well as environmental compliance. The Company's analytical technologies include process gas chromatographs, in-situ oxygen analyzers, infrared gas and process fluid analyzers, combustion analyzers and systems, and analyzers that measure pH, conductivity and water quality. The Company provides sensors to detect combustible and toxic gases, and flames. These devices support the safety of both people and process plant assets.

Measurement and analytical instrumentation technologies are also available with wireless communication capability, allowing customers to monitor processes or equipment that were previously not measurable (remote, moving/rotating) or not economical to measure due to the high cost and difficulty of running wires in industrial process plants.

Valves, Actuators and Regulators

Control valves respond to commands from a control system to continuously and precisely modulate the flow of process fluids to provide maximum process efficiency and product quality. Engineered on/off valves are typically used to achieve tight shutoff, even in high pressure and temperature processes. The Company designs, engineers and manufactures ball valves, sliding stem valves, rotary valves, high performance butterfly valves and severe service valves for critical applications, and related valve actuators and controllers. The Company provides a line of industrial and residential regulators, whose function is to reduce the pressure of fluids moving from high-pressure supply lines into lower pressure systems, and also manufactures tank and terminal safety equipment, including hatches, vent pressure and vacuum relief valves, and flame arrestors for storage tanks in the oil and gas, petrochemical, refining and other process industries.

PlantWeb[®] Digital Plant Architecture

PlantWeb digital plant architecture combines the technologies described above with the advantages of “intelligent” plant devices (valves and measurement instruments with advanced diagnostic capabilities), open communication standards (nonproprietary wired and wireless digital protocols allowing plant devices and control systems to “talk” with one another) and integrated modular software, not only to better control the process but also to collect and analyze valuable information about the process and the plant assets. This capability gives the Company's customers the ability to detect or predict changes in equipment and process performance, and the associated impact on plant operations. PlantWeb architecture provides customers the insight to improve plant availability and safety, and also furnishes a platform to continually improve asset management and standards compliance, and to reduce startup, operating and maintenance costs.

Industry Services and Solutions

Process Management's array of process automation and asset optimization services improve automation project implementation time and costs, increase process availability and productivity, and reduce the total cost of ownership. Reliability consulting services help process plant owners and operators improve plant availability through implementation of on-site and corporate-wide reliability programs. Through proven project methodologies and deep knowledge of plant assets, the Company helps industrial plants to improve safety, increase plant uptime and reduce maintenance costs. The Company's Global Industry Centers offer engineering and project management services to help customers extract maximum performance and reliability from their process equipment and automation assets. These Centers serve industries such as oil and gas, pulp and paper, chemicals, power, food and beverage, and life sciences. They also assist customers in diagnosing equipment problems and plant inefficiencies.

Distribution

The principal worldwide distribution channel for Process Management is a direct sales force, although a network of independent sales representatives, and to a lesser extent independent distributors purchasing products for resale, are also utilized. Approximately half of the sales in the United States are made through a direct sales force with the remainder primarily through independent sales representatives. In Europe and Asia, sales are primarily made through a direct sales force with the remainder split evenly between independent sales representatives and distributors.

Brands

Service/trademarks and trade names within Process Management include Emerson Process Management, AMS Suite, Baumann, Bettis, Bristol, CSI, Damcos, Daniel, DeltaV, EIM, El-O-Matic, Fisher, Go Switch, Guardian, Micro Motion, Net Safety, Ovation, PlantWeb, ROC, Rosemount, Roxar, Smart Process, SureService, Tescom, TopWorx, Valvetop and Virgo.

INDUSTRIAL AUTOMATION

The Industrial Automation segment provides integrated manufacturing solutions to its customers at the source of manufacturing their own products. Products include fluid controls, electrical distribution devices, materials joining equipment and hermetic motors. Through these offerings, the Company brings technology and enhanced quality to its customers' final products. Sales by geographic destination in 2016 for Industrial Automation were: the United States and Canada, 51 percent; Asia, 20 percent; Europe, 22 percent; Latin America, 4 percent; and Middle East/Africa, 3 percent.

Fluid Power and Control

These products control and power the flow of fluids (liquids and gases) in manufacturing operations such as automobile assembly, food processing, textile manufacturing and petrochemical processing. Products include solenoid and pneumatic valves, valve position indicators, pneumatic cylinders, air preparation equipment, and pressure, vacuum and temperature switches.

Electrical Distribution

Electrical distribution consists of a broad line of components for current- and noncurrent-carrying electrical distribution devices, including conduit and cable fittings, plugs and other receptacles, industrial lighting, enclosures and controls. Products are used in hazardous, industrial, commercial and construction environments, such as oil and gas drilling and production sites, pulp and paper mills and petrochemical plants.

Materials Joining and Precision Cleaning

The Company supplies plastic and metal joining technologies and equipment to a diversified manufacturing customer base, including automotive, medical devices and toys. The Company also provides precision cleaning and liquid processing solutions to industrial and commercial manufacturers. Products include ultrasonic joining and cleaning equipment; linear and orbital vibration welding equipment; systems for hot plate, spin and laser welding equipment; and aqueous, semi-aqueous and vapor cleaning systems.

Hermetic Motors

The Company provides a broad range of hermetic motors that are used in a wide variety of commercial, industrial and residential HVAC products and applications.

Distribution

On a worldwide basis, the primary distribution channel for Industrial Automation is through direct sales forces, including to original equipment manufacturers. Independent distributors constitute the next significant sales channel, mostly to reach end users. To a lesser extent, independent sales representatives are utilized, particularly for electrical distribution products in the United States.

Brands

Service/trademarks and trade names within Industrial Automation include Emerson Industrial Automation, Appleton, ASCO, ASCO Joucomatic, ASCO Numatics, Branson Ultrasonics and O-Z/Gedney.

CLIMATE TECHNOLOGIES

The Climate Technologies segment provides products and services for all areas of the climate control industry, including residential heating and cooling, commercial air conditioning, and commercial and industrial refrigeration. The Company's technologies enable homeowners and businesses to better manage their heating, air conditioning and refrigeration systems for improved control and comfort, and lower energy costs. Climate Technologies also provides services that digitally control and remotely monitor refrigeration units in grocery stores and other food distribution outlets to enhance food freshness and safety. Sales by geographic destination in 2016 for Climate Technologies were: the United States and Canada, 56 percent; Asia, 22 percent; Europe, 10 percent; Latin America, 7 percent; and Middle East/Africa, 5 percent.

Residential and Commercial Heating and Air Conditioning

The Company provides a full range of heating and air conditioning products that help reduce operational and energy costs and create comfortable environments in all types of buildings. These products include reciprocating and scroll air conditioning compressors, including ultra-efficient residential scroll compressors with two stages of cooling capacity, as well as variable speed scroll compressors; system protector and flow control devices; standard, programmable and Wi-Fi thermostats; monitoring equipment and electronic controls for gas and electric heating systems; gas valves for furnaces and water heaters; ignition systems for furnaces; sensors and thermistors for home appliances; and temperature sensors and controls.

Commercial and Industrial Refrigeration

The Company's technology is incorporated into equipment to refrigerate food and beverages in supermarkets, convenience stores, food service operations, refrigerated trucks and refrigerated marine transport containers. Climate Technologies refrigeration products are also used in a wide variety of industrial applications, including medical applications, food processing and cold storage. Products include reciprocating, scroll and screw

compressors; precision flow controls; system diagnostics and controls that provide precise temperature management; and environmental control systems.

Services and Solutions

Services and solutions enable global customers to optimize the performance of facilities including large-scale retailers, supermarkets, convenience stores and food service operations. By providing expertise in air conditioning, refrigeration and lighting control, Climate Technologies performs as a complete facility manager for its customers. The Company's expertise allows customers to reduce energy and maintenance costs, thereby improving overall facility efficiency and uptime. In addition to industry-leading controls, services include facility design and product management, site commissioning, facility monitoring and energy modeling.

Distribution

Climate Technologies segment sales, primarily to original equipment manufacturers and end users, are made predominately through worldwide direct sales forces. Remaining sales are primarily through independent distributor networks throughout the world.

Brands

Service/trademarks and trade names within the Climate Technologies segment include Emerson Climate Technologies, Control Products, Computer Process Controls, Copeland, Design Services Network, Dixell, Emerson Climate Technologies Distribution Services, Emerson Climate Technologies Educational Services, Emerson Climate Technologies Retail Services, Fusite, Therm-O-Disc, Vilter and White-Rodgers.

COMMERCIAL & RESIDENTIAL SOLUTIONS

The Company's Commercial & Residential Solutions segment includes a broad range of tools, storage products and appliance solutions. Sales by geographic destination in 2016 for this segment were: the United States and Canada, 86 percent; Asia, 4 percent; Europe, 7 percent; Latin America, 2 percent; and Middle East/Africa, 1 percent.

Professional and Do-It-Yourself Tools

Pipe-working tools are used by plumbing and mechanical professionals to install and repair piping systems. Products include pipe wrenches, pipe cutters, pipe threading and roll grooving equipment, mechanical crimping tube joining systems, drain cleaners, tubing tools, and diagnostic systems, including closed-circuit television pipe inspection and locating equipment. Other professional tools include water jetters, wet-dry vacuums, commercial vacuums and bolt cutters. Do-it-yourself tools, available at retail home improvement outlets, include drain cleaning equipment, pipe and tube working tools, and wet-dry vacuums.

Storage Solutions

The Company provides a wide variety of freestanding, fixed and mobile storage products for residential applications. Products for the home include shelving systems, cabinet and closet organizers, home office storage, and drawer systems and containers, available in wire, stainless steel and laminate.

Appliance Solutions

The Company provides a number of appliance solutions, including residential and commercial food waste disposers, ceiling fans, instant hot water dispensers and compact electric water heaters.

Distribution

The principal worldwide distribution channels for Commercial & Residential Solutions are distributors and direct sales forces. Professional tools are sold worldwide almost exclusively through distributors. Independent sales representatives are utilized to a lesser extent. Appliance solutions are sold through direct sales force networks and distributors. Approximately one-third of this segment's sales are made to a small number of big box retailers.

Brands

Service/trademarks and trade names within the Commercial & Residential Solutions segment include Emerson, Emerson Appliance Solutions, Emerson Professional Tools, Emerson Storage Solutions, ClosetMaid, InSinkErator, ProTeam and RIDGID.

DISCONTINUED OPERATIONS

The network power systems business and the power generation, motors and drives businesses are reported as discontinued operations in the Consolidated Financial Statements for all years presented. See Note 4 of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Network Power Systems

The network power systems business supplies electric power conditioning, power reliability and environmental control products for telecommunications networks, data centers and other critical applications, and also provides comprehensive data center infrastructure management solutions.

Critical power system products, including automatic transfer switches, load banks, surge protection, paralleling and synchronizing gear, and related control systems, automatically transfer critical application loads from a utility to emergency backup generators in the event of a blackout or brownout. Uninterruptible AC and DC power systems provide reliable, conditioned power to telecommunication networks, data centers and other critical equipment to protect customers' equipment. Products range from stand-alone desktop solutions to complete systems incorporating rectifiers, inverters, power distribution units, surge protection, batteries and system supervision.

Thermal management equipment provides efficient, reliable and cost-effective management of heat in mission-critical facilities ranging from small network closets and computer rooms to hyperscale-sized data center and communication network sites. Thermal management products include chilled water, direct expansion and evaporative equipment, software and controls.

Data center management solutions are provided through server access technologies that enable access, monitoring and control of the information technology infrastructure and provide linkage with data center operations. Customer Resolution Centers are staffed globally and provide services to assist customers in managing their critical infrastructure, including on-site operations management, energy consumption monitoring, preventive maintenance, electrical testing, remote monitoring and management, and 24-hour service capability.

Power Generation, Motors and Drives

Power generation products include low, medium and high voltage alternators for use in diesel and gas powered generator sets, as well as high frequency alternators, AC motor/generator sets, traction generators, wind power generators, wind turbine pitch control systems and solar photovoltaic converters. A broad line of drives and electric motors are supplied for use in a wide variety of manufacturing operations and products, including production assembly lines, escalators in shopping malls and supermarket checkout stations. Products include alternating current (AC) and direct current (DC) electrical variable speed drives, servo motors, pump motors, drive control systems, integral horsepower motors (1 HP and above), fractional horsepower motors (less than 1 HP) and gear drives.

PRODUCTION

The Company utilizes various production operations and methods. The principal production operations are electronics assembly, metal stamping, forming, casting, machining, welding, plating, heat treating, painting and assembly. In addition, the Company uses specialized production operations, including automatic and semiautomatic testing, automated material handling and storage, ferrous and nonferrous machining, and special furnaces for heat treating and foundry applications. Management believes the equipment, machinery and tooling used in these processes are of modern design and well maintained.

RAW MATERIALS

The Company's major requirements for basic raw materials include steel, copper, cast iron, electronics, rare earth metals, aluminum and brass; and to a lesser extent, plastics and petroleum-based chemicals. The Company seeks to have many sources of supply for each of its major requirements in order to avoid significant dependence on any one or a few suppliers. However, the supply of materials or other items could be disrupted by natural disasters or other events. Despite market price volatility for certain requirements and materials pricing pressures at some of our businesses, the raw materials and various purchased components needed for the Company's products have generally been available in sufficient quantities.

PATENTS, TRADEMARKS AND LICENSES

The Company maintains an intellectual property portfolio it has developed or acquired over a number of years, including patents, trademarks and licenses. The Company also continues to develop or acquire new intellectual property on an ongoing basis. New patent applications are continuously filed to protect the Company's ongoing research and development activities. The Company's trademark registrations may be renewed and their duration is dependent upon national laws and trademark use. While this proprietary intellectual property portfolio is important to the Company in the aggregate, management does not regard any of its segments as being dependent on any single patent, trademark registration or license.

BACKLOG

The Company's estimated consolidated order backlog was \$3,925 million and \$4,368 million at September 30, 2016 and 2015, respectively. The vast majority of the consolidated backlog as of September 30, 2016 is expected to be shipped within one year. Estimated backlog by business segment at September 30, 2016 and 2015 follows (dollars in millions).

	2015	2016
Process Management	\$ 3,725	3,291
Industrial Automation	205	173
Climate Technologies	370	406
Commercial & Residential Solutions	68	55
Total Backlog	\$ 4,368	3,925

Backlog of businesses reported in discontinued operations was \$1,705 million and \$1,618 million at September 30, 2016 and 2015, respectively.

COMPETITION

The Company's businesses operate in end markets that are highly competitive. The Company competes based on product performance, quality, service and/or price across the industries and markets served. A significant element of the Company's competitive strategy is to deliver solutions to our customers by manufacturing high-quality products at the best relevant global cost. Although no single company competes directly with Emerson in all of the Company's product lines, various companies compete in one or more product lines with the number of competitors varying by product line. Some competitors have substantially greater sales, assets and financial resources than Emerson and the Company also competes with many smaller companies. Management believes Emerson has a market leadership position in many of its product lines.

RESEARCH AND DEVELOPMENT

Costs associated with Company-sponsored research and development activities for continuing operations were \$320 million, \$336 million and \$356 million in 2016, 2015 and 2014, respectively.

ENVIRONMENT

The Company's manufacturing locations generate waste, of which treatment, storage, transportation and disposal are subject to federal, state, foreign and/or local laws and regulations relating to protection of the environment.

Compliance with laws regulating the discharge of materials into the environment or otherwise relating to protection of the environment has not had a material effect on the Company's capital expenditures, earnings or competitive position. The Company does not anticipate having material capital expenditures for environmental control facilities during the next fiscal year.

EMPLOYEES

The Company and its subsidiaries had an average of approximately 103,500 employees during 2016, of which 29,000 related to discontinued businesses. Management believes that the Company's employee relations are favorable. Some of the Company's employees are represented under collective bargaining agreements, but none of these agreements are considered significant.

DOMESTIC AND FOREIGN OPERATIONS

International sales from continuing operations were \$7,582 million in 2016, \$8,641 million in 2015 and \$9,804 million in 2014, including U.S. exports of \$888 million, \$1,187 million and \$1,288 million in 2016, 2015 and 2014, respectively. There are additional risks attendant to foreign operations, such as possible nationalization of facilities, currency fluctuations and potential restrictions on the movement of funds. See Note 18 of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, which note is hereby incorporated by reference, for further information with respect to foreign operations.

INTERNET ACCESS

Emerson's reports on Forms 10-K, 10-Q, 8-K and all amendments to those reports are available without charge through the Company's website on the internet as soon as reasonably practicable after they are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC). They may be accessed as follows: www.Emerson.com, Investors, SEC Filings. Information on the Company's website does not constitute part of this Form 10-K.

The information set forth under Item 1A - "Risk Factors" is hereby incorporated by reference.

ITEM 1A - RISK FACTORS

Investing in our securities involves risks. We may amend or supplement the risk factors described below from time to time by other reports we file with the SEC.

Our Strategic Portfolio Transactions, Including the Planned Sales of Our Network Power Systems Business and Our Power Generation, Motors and Drives Businesses, as Well as the Planned Acquisition of Pentair's Valves & Controls Business, May Not Be Completed Within the Currently Contemplated Time Frame, With the Expected Terms or Costs, and May Not Achieve the Intended Benefits

We make no assurance regarding the terms, timing, costs or benefits anticipated from the strategic portfolio transactions. Unforeseen developments, including possible delays in obtaining various tax, regulatory and other approvals, could delay the proposed transactions, or cause them to occur on terms and conditions that are less favorable, or at a higher cost, than expected.

Further, we may not realize some or all of the anticipated strategic, financial or other benefits of the strategic portfolio transactions. Moreover, after the transactions are completed, the Company will be smaller and less diversified, with a narrower business focus and may be more vulnerable to changing market conditions, which could adversely affect our business.

We Operate in Businesses That Are Subject to Competitive Pressures That Could Affect Prices or Demand for Our Products

Our businesses operate in markets that are highly competitive and potentially volatile, and we compete on the basis of product performance, quality, service and/or price across the industries and markets served. Our businesses are largely dependent on the current and future business environment, including capital and consumer spending. A significant element of our competitive strategy is to deliver solutions to our customers by manufacturing high-quality products at the best relevant global cost. Various companies compete with us in one or more product lines and the

number of competitors varies by product line. Some of our competitors have substantially greater sales, assets and financial resources than our Company and we also compete with many smaller companies. Competitive pressures could adversely affect prices or customer demand for our products, impacting our sales or profit margins, and/or resulting in a loss of market share.

Our Operating Results Depend in Part on Continued Successful Research, Development and Marketing of New and/or Improved Products and Services, and There Can Be No Assurance That We Will Continue to Successfully Introduce New Products and Services

The success of new and improved products and services depends on their initial and continued acceptance by our customers. Our businesses are affected by varying degrees of technological change and corresponding shifts in customer demand, which result in unpredictable product transitions, shortened life cycles and increased importance of being first to market with new products and services. We may experience difficulties or delays in the research, development, production and/or marketing of new products and services which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to continue to bring new products and services to market.

If We Are Unable to Defend or Protect Our Intellectual Property Rights the Company's Competitive Position Could Be Adversely Affected

The Company's intellectual property rights are important to its business and include numerous patents, trademarks, copyrights, trade secrets and other confidential information. This intellectual property may be subject to challenge, infringement, invalidation or circumvention by third parties. Despite extensive security measures, our intellectual property may be subject to misappropriation through unauthorized access of our information technology systems, employee theft, or other acts of industrial espionage. Should the Company be unable to adequately defend or protect its intellectual property, it may suffer competitive harm.

We Engage in Acquisitions and Divestitures, Which Are Subject to Domestic and Foreign Regulatory Requirements, and May Encounter Difficulties in Integrating and Separating These Businesses and Therefore We May Not Realize the Anticipated Benefits

We regularly seek growth through strategic acquisitions as well as evaluate our portfolio for potential divestitures. These activities require favorable environments to execute these transactions, and we may encounter difficulties in obtaining the necessary regulatory approvals in both domestic and foreign jurisdictions. In 2016 and in past years, we have made various acquisitions and entered into joint venture arrangements intended to complement or expand our business, and may continue to do so in the future. The success of these transactions will depend on our ability to integrate assets and personnel acquired in these transactions and to cooperate with our strategic partners. We may encounter difficulties in integrating acquisitions with our operations as well as separating divested businesses, and in managing strategic investments. Furthermore, we may not realize the degree, or timing, of benefits we anticipate when we first enter into a transaction. Any of the foregoing could adversely affect our business and results of operations.

We Use a Variety of Raw Materials and Components in Our Businesses, and Significant Shortages or Price Increases Could Increase Our Operating Costs and Adversely Impact the Competitive Positions of Our Products

Our major requirements for raw materials include steel, copper, cast iron, electronics, rare earth metals, aluminum, brass and, to a lesser extent, plastics and petroleum-based chemicals. The Company seeks multiple sources of supply for each of its major requirements in order to avoid significant dependence on any one or a few suppliers. However, the supply of materials or other items could be disrupted by natural disasters or other events. Significant shortages or price increases could impact the prices our affected businesses charge, their operating costs and the competitive position of their products and services, which could adversely affect our results of operations. While we monitor market prices of the commodities we require and attempt to reduce price exposure through hedging activities, this risk could adversely affect our operating results.

Our Operations Depend on Production Facilities Throughout the World, a Majority of Which Are Located Outside the United States and Subject to Increased Risks of Disrupted Production Causing Delays in Shipments and Loss of Customers and Revenue

We manage businesses with manufacturing facilities worldwide, a majority of which are located outside the United States, and also source certain materials internationally. Emerging market sales now represent over one-third of total sales and serving a global customer base requires that we place more materials sourcing and production in emerging markets to capitalize on market opportunities and maintain our best-cost position. Our and our suppliers' international production facilities and operations could be disrupted by a natural disaster, labor strife, war, political unrest, terrorist activity or public health concerns, particularly in emerging countries that are not well-equipped to handle such occurrences.

Our manufacturing facilities abroad are dependent on the stability of governments and business conditions and may be more susceptible to changes in laws, policies and regulation in host countries, as well as economic and political upheaval, than our domestic facilities. These facilities face increased risks of nationalization as well as operational disruptions which could cause delays in shipments of products and the loss of sales and customers, and insurance proceeds may not adequately compensate us.

Our Substantial Sales Abroad Subject Us to Economic Risk as Our Results of Operations May Be Adversely Affected by Foreign Currency Fluctuations and Changes in Local Government Regulations and Policies

We sell, manufacture, engineer and purchase products in overseas markets and a significant portion of our sales occur in mature and emerging markets outside the United States. We expect sales from non-U.S. markets to continue to represent a significant portion of our total sales. International sales and operations are subject to changes in local government regulations and policies, including those related to tariffs and trade barriers, investments, taxation, exchange controls and repatriation of earnings, which could adversely affect our results. Changes in the relative values of currencies occur from time to time and have affected our operating results and could do so in the future. While we monitor our exchange rate exposures and attempt to reduce this exposure through hedging activities, this risk could adversely affect our operating results.

Recessions, Adverse Market Conditions or Downturns in End Markets We Serve May Negatively Affect Our Operations

In the past, our operations have been exposed to significant volatility due to changes in general economic conditions, recessions or adverse conditions in the end markets we serve. In the future, similar changes could adversely impact overall sales, operating results and cash flows. Moreover, during economic downturns we may undertake more extensive restructuring actions and incur higher costs. If our restructuring actions are not sufficiently effective, we may not be able to achieve our anticipated operating results. In addition, these factors could lead to impairment charges for goodwill or other long-lived assets.

Access to Funding Through the Capital Markets Is Essential to the Execution of Our Business Plan and if We Are Unable to Maintain Such Access We Could Experience a Material Adverse Effect on Our Business and Financial Results

Our ability to invest in our businesses, make strategic acquisitions and refinance maturing debt obligations requires access to the capital markets and sufficient bank credit lines to support short-term borrowings. Volatility in the capital markets may increase costs associated with issuing commercial paper or other debt instruments, or affect the Company's ability to access those markets. If we are unable to continue to access the capital markets, we could experience a material adverse effect on our business and financial results. Additionally, if our customers, suppliers or financial institutions are unable to access the capital markets to meet their commitments to the Company, our business could be adversely impacted.

Our Business Success Depends on the Ability to Attract, Develop and Retain Key Personnel

Our success depends in part on the efforts and abilities of our management and key employees. Their skills, experience and industry knowledge significantly benefit our operations and performance. The failure to attract, develop and retain highly qualified personnel could adversely affect our business and operating results.

Security Breaches or Disruptions of Our Information Technology Systems Could Adversely Affect Our Business

The Company utilizes a variety of information technology systems to manage and operate its businesses. Despite the implementation of extensive security measures (including access controls, data encryption, vulnerability assessments, continuous monitoring, and maintenance of backup and protective systems), the Company's information technology systems are potentially vulnerable to unauthorized access, computer viruses, cyberattack and other events, ranging from individual attempts to advanced persistent threats. Although considered unlikely, it is possible a security breach could result in theft of trade secrets or other intellectual property or disclosure of confidential customer, supplier or employee information. Should the Company be unable to prevent security breaches, disruptions could have an adverse effect on our operations, as well as expose the Company to litigation, increased cybersecurity protection costs and reputational damage.

We Are Subject to Litigation and Environmental Regulations That Could Adversely Impact Our Operating Results

We are, and may in the future be, a party to a number of legal proceedings and claims, including those involving intellectual property, product liability and environmental matters, several of which claim, or may in the future claim, significant damages. Given the inherent uncertainty of litigation, we can offer no assurance that existing litigation or a future adverse development will not have a material adverse impact. We also are subject to various laws and regulations relating to environmental protection and the discharge of materials into the environment, and we could incur substantial costs as a result of the noncompliance with or liability for cleanup or other costs or damages under environmental laws.

ITEM 1B - UNRESOLVED STAFF COMMENTS

None.

ITEM 2 - PROPERTIES

At September 30, 2016, the Company had approximately 205 manufacturing locations worldwide, of which approximately 135 were located outside the United States, primarily in Europe and Asia, and to a lesser extent in Canada and Latin America. Manufacturing locations by business segment are: Process Management, 76; Industrial Automation, 32; Climate Technologies, 33; and Commercial & Residential Solutions, 14. There were approximately 50 manufacturing facilities related to businesses included in discontinued operations at September 30, 2016. The majority of the locations are owned, with the remainder occupied under lease. The Company considers its facilities suitable and adequate for the purposes for which they are used.

ITEM 3 - LEGAL PROCEEDINGS

The Company and its subsidiaries are party to various legal proceedings, some of which claim substantial amounts of damages. It is not possible to predict the outcome of these matters, but historically the Company has been largely successful in both prosecuting and defending claims and lawsuits.

The Company believes a material adverse impact of any pending litigation is unlikely. Nevertheless, given the uncertainties of litigation, a remote possibility exists that litigation could have a material adverse impact on the Company.

The information regarding legal proceedings set forth in Item 8 of this Annual Report on Form 10-K in Note 13 of Notes to Consolidated Financial Statements is hereby incorporated by reference.

ITEM 4 - MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information as of November 16, 2016 with respect to the Company's executive officers. The Fiscal Year column indicates the first year the executive served as an officer of the Company. These officers have been elected or appointed to terms which expire February 7, 2017:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Fiscal Year</u>
D. N. Farr	Chairman of the Board and Chief Executive Officer*	61	1985
F. J. Dellaquila	Senior Executive Vice President and Chief Financial Officer	59	1991
E. L. Monser	President	66	2002
E. M. Purvis	Executive Vice President and Chief Operating Officer	59	2003
S. J. Pelch	Executive Vice President - Organization Planning and Development	52	2005
R. T. Sharp	Executive President - Commercial & Residential Solutions	49	2012
M. H. Train	Executive President - Automation Solutions	54	1994
S. Y. Bosco	Senior Vice President, Secretary and General Counsel	58	2005
M. J. Bulanda	Senior Vice President - Acquisition Planning and Development	50	2002
K. Button Bell	Senior Vice President and Chief Marketing Officer	58	1999
R. J. Schlueter	Vice President, Controller and Chief Accounting Officer	62	1992

*Also chairman of the Executive Committee of the Board of Directors.

There are no family relationships among any of the executive officers and directors.

David N. Farr has been Chief Executive Officer since October 2000, was appointed Chairman of the Board in September 2004, and also served as President from November 2005 to October 2010.

Frank J. Dellaquila was appointed Senior Executive Vice President in November 2016, Executive Vice President in November 2012 and Senior Vice President and Chief Financial Officer in February 2010.

Edward L. Monser was appointed President in October 2010 and was Chief Operating Officer from November 2001 to January 2015.

Edgar M. Purvis was appointed Chief Operating Officer in January 2015. Prior to his current position, Mr. Purvis was Executive Vice President responsible for the Climate Technologies business segment from 2008 to January 2015.

Steven J. Pelch was appointed Executive Vice President in November 2016, Senior Vice President in November 2015 and Vice President - Organization Planning and Development in November 2014. Prior to that, Mr. Pelch was Vice President - Organization Planning from October 2012 to November 2014 and Vice President - Planning from October 2005 to October 2012.

Robert T. Sharp was appointed Executive President - Commercial & Residential Solutions in October 2016. Prior to his current position, Mr. Sharp was Executive Vice President - Commercial & Residential Solutions from February 2016 through October 2016, Executive Vice President - Climate Technologies from February 2015 through February 2016, Vice President - Profit Planning from 2013 through January 2015 and President - Emerson Process Management Europe from 2009 through 2013.

Michael H. Train was appointed Executive President - Automation Solutions in October 2016. Prior to his current position, Mr. Train was Executive Vice President - Automation Solutions from May 2016 through October 2016 and President of Global Sales for Emerson Process Management from 2010 through May 2016.

Sara Y. Bosco was appointed to the position of Senior Vice President, Secretary and General Counsel in May 2016. Prior to her current position, Ms. Bosco was President, Emerson Asia-Pacific from 2008 through May 2016.

Mark J. Bulanda was appointed Senior Vice President in November 2016 and Vice President - Acquisition Planning and Development in May 2016. Prior to his current position, Mr. Bulanda was Executive Vice President - Emerson Industrial Automation from 2012 through May 2016 and President of Emerson's Control Techniques business from 2010 through 2012.

Katherine Button Bell was appointed Senior Vice President in November 2016 and Vice President and Chief Marketing Officer in 1999.

Richard J. Schlueter was appointed Controller in October 2011. He has been Vice President Accounting since 1999 and was appointed Chief Accounting Officer in February 2003.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Information regarding the market for the Company's common stock, quarterly market price ranges and dividend payments is set forth in Item 8 of this Annual Report on Form 10-K in Note 20 of Notes to Consolidated Financial Statements, which note is hereby incorporated by reference. There were approximately 19,724 stockholders of record at September 30, 2016.

Period	Total Number of Share Purchased (000s)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (000s)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (000s)
July 2016	—	—	—	64,416
August 2016	875	\$52.94	875	63,541
September 2016	—	—	—	63,541
Total	<u>875</u>	<u>\$52.94</u>	<u>875</u>	<u>63,541</u>

The 63.5 million shares available for purchase represent the remaining authorized shares under a 70 million share purchase program approved by the Board of Directors in November 2015.

ITEM 6 - SELECTED FINANCIAL DATA

Years ended September 30
(dollars in millions, except per share amounts)

	2012 (a)	2013 (a)	2014	2015 (b)	2016
Net sales	\$ 17,349	17,935	17,733	16,249	14,522
Earnings from continuing operations – common stockholders	\$ 1,444	1,506	2,201	2,517	1,590
Basic earnings per common share from continuing operations	\$ 1.97	2.09	3.13	3.72	2.46
Diluted earnings per common share from continuing operations	\$ 1.96	2.08	3.11	3.71	2.45
Cash dividends per common share	\$ 1.60	1.64	1.72	1.88	1.90
Long-term debt	\$ 3,787	4,055	3,559	4,289	4,062
Total assets	\$ 23,818	24,711	24,177	22,088	21,743

(a) Includes goodwill impairment and income tax charges as follows: 2013, \$566 million and \$0.78 per share; 2012, \$425 million and \$0.58 per share.

(b) Includes gains from divestitures of businesses of \$611 million and \$0.90 per share.

See Notes 3 and 4 of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, which notes are hereby incorporated by reference, for information regarding the Company's acquisition and divestiture activities for the last three years.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Safe Harbor Statement

This Annual Report on Form 10-K contains various forward-looking statements and includes assumptions concerning Emerson's operations, future results and prospects, including the planned separation of the network power systems business and the power generation, motors and drives businesses and other strategic repositioning actions. These forward-looking statements are based on current expectations and are subject to risks and uncertainties. Emerson undertakes no obligation to update any such statements to reflect later developments. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Emerson provides the cautionary statements set forth under Item 1A - "Risk Factors," which are hereby incorporated by reference and identify important economic, political and technological factors, among others, changes in which could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Non-GAAP Financial Measures

To supplement the Company's financial information presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP), management periodically uses certain "non-GAAP financial measures," as such term is defined in Regulation G under SEC rules, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. For example, non-GAAP measures may exclude the impact of certain items such as our strategic repositioning actions, other acquisitions or divestitures, changes in reporting segments, gains, losses and impairments, or items outside of management's control, such as foreign currency exchange rate fluctuations. Management believes that the following non-GAAP financial measures provide investors and analysts useful insight into the Company's financial position and operating performance. Any non-GAAP measure provided should be viewed in addition to, and not as an alternative to, the most directly comparable measure determined in accordance with U.S. GAAP, as identified in italics below. Further, the calculation of these non-GAAP financial measures may differ from the calculation of similarly titled financial measures presented by other companies and therefore may not be comparable among companies.

Underlying sales, which exclude the impact of acquisitions, divestitures and fluctuations in foreign currency exchange rates during the periods presented, are provided to facilitate relevant period-to-period comparisons of sales growth by excluding those items that impact overall comparability (U.S. GAAP measure: *net sales*).

Operating profit (defined as net sales less cost of sales and selling, general and administrative expenses) and operating profit margin (defined as operating profit divided by net sales) are indicative of short-term operational performance and ongoing profitability. Management closely monitors operating profit and operating profit margin of each business to evaluate past performance and actions required to improve profitability. EBIT (defined as earnings before deductions for interest expense, net and income taxes) and total segment EBIT, and EBIT margin (defined as EBIT divided by net sales) and total segment EBIT margin, are commonly used financial measures that exclude the impact of financing on the capital structure and income taxes. All these measures are utilized by management to evaluate performance (U.S. GAAP measures: *pretax earnings or pretax profit margin*).

Earnings, earnings per share, return on common stockholders' equity and return on total capital excluding certain gains and losses, impairments, costs associated with the strategic portfolio repositioning actions, or other items provide additional insight into the underlying, ongoing operating performance of the Company and facilitate period-to-period comparisons by excluding the earnings impact of these items. Management believes that presenting earnings, earnings per share, return on common stockholders' equity and return on total capital excluding these items is more representative of the Company's operational performance and may be more useful for investors (U.S. GAAP measures: *earnings, earnings per share, return on common stockholders' equity, return on total capital*).

Free cash flow (operating cash flow less capital expenditures) is an indicator of the Company's cash generating capabilities after considering investments in capital assets which are necessary to maintain and enhance existing operations. The determination of operating cash flow adds back noncash depreciation expense to earnings and thereby does not reflect a charge for necessary capital expenditures. Management believes that free cash flow is

useful to both management and investors as a measure of the Company's ability to generate cash (U.S. GAAP measure: *operating cash flow*).

FINANCIAL REVIEW

Report of Management

The Company's management is responsible for the integrity and accuracy of the financial statements. Management believes that the financial statements for the three years ended September 30, 2016 have been prepared in conformity with U.S. generally accepted accounting principles appropriate in the circumstances. In preparing the financial statements, management makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed. The Company's disclosure controls and procedures ensure that material information required to be disclosed is recorded, processed, summarized and communicated to management and reported within the required time periods.

In meeting its responsibility for the reliability of the financial statements, management relies on a system of internal accounting control. This system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. The design of this system recognizes that errors or irregularities may occur and that estimates and judgments are required to assess the relative cost and expected benefits of the controls. Management believes that the Company's internal accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, is responsible for overseeing the Company's financial reporting process. The Audit Committee meets with management and the Company's internal auditors periodically to review the work of each and to monitor the discharge by each of its responsibilities. The Audit Committee also meets periodically with the independent auditors, who have free access to the Audit Committee and the Board of Directors, to discuss the quality and acceptability of the Company's financial reporting and internal controls, as well as nonaudit-related services.

The independent auditors are engaged to express an opinion on the Company's consolidated financial statements and on the Company's internal control over financial reporting. Their opinions are based on procedures that they believe to be sufficient to provide reasonable assurance that the financial statements contain no material errors and that the Company's internal controls are effective.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With the participation of the Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework and the criteria established in *Internal Control - Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of September 30, 2016.

The Company's auditor, KPMG LLP, an independent registered public accounting firm, has issued an audit report on the effectiveness of the Company's internal control over financial reporting.

/s/ David N. Farr
David N. Farr
*Chairman of the Board
and Chief Executive Officer*

/s/ Frank J. Dellaquila
Frank J. Dellaquila
*Senior Executive Vice President
and Chief Financial Officer*

Results of Operations

Years ended September 30

(Dollars in millions, except per share amounts)

	2014	2015	2016	14 vs. 15	15 vs. 16
Net sales	\$ 17,733	16,249	14,522	(8)%	(11)%
Gross profit	\$ 7,762	7,008	6,262	(10)%	(11)%
<i>Percent of sales</i>	43.8%	43.1%	43.1%		
SG&A	\$ 4,164	3,735	3,464		
<i>Percent of sales</i>	23.5%	23.0%	23.8%		
Gains on divestitures of businesses	\$ —	1,039	—		
Other deductions, net	\$ 211	330	294		
Interest expense, net	\$ 196	175	188		
Earnings from continuing operations					
before income taxes	\$ 3,191	3,807	2,316	19 %	(39)%
<i>Percent of sales</i>	18.0%	23.4%	16.0%		
Earnings from continuing operations					
common stockholders	\$ 2,201	2,517	1,590	14 %	(37)%
Net earnings common stockholders	\$ 2,147	2,710	1,635	26 %	(40)%
<i>Percent of sales</i>	12.1%	16.7%	11.3%		
Diluted EPS – Earnings from continuing operations	\$ 3.11	3.71	2.45	19 %	(34)%
Diluted EPS – Net earnings	\$ 3.03	3.99	2.52	32 %	(37)%
Return on common stockholders' equity	20.7%	29.8%	20.9%		
Return on total capital	17.5%	22.8%	15.5%		

OVERVIEW

The Company previously announced strategic actions to streamline its portfolio, drive growth and accelerate value creation for shareholders. These portfolio repositioning actions resulted in agreements to sell the network power systems business and the power generation, motors and drives businesses. These businesses have been reported within discontinued operations for all years presented.

Emerson's sales from continuing operations for 2016 were \$14.5 billion, a decrease of \$1,727 million, or 11 percent. Underlying sales were down 7 percent compared with the prior year reflecting the negative impact of low oil and gas prices, weak industrial and emerging market business spending, and global economic uncertainty. Foreign currency translation subtracted 2 percent and divestitures, net of acquisitions reduced sales by 2 percent. Net sales related to discontinued operations were \$5.7 billion for 2016 compared with \$6.1 billion in 2015.

Earnings from continuing operations common stockholders were \$1,590 million in 2016, down 37 percent compared with prior year earnings of \$2,517 million. Diluted earnings per share from continuing operations were \$2.45, down 34 percent versus \$3.71 per share in 2015. Excluding divestiture gains in 2015, earnings from continuing operations were down 17 percent compared with \$1,906 million in 2015, while diluted earnings per share from continuing operations were down 13 percent versus \$2.81 in the prior year. Gains from the prior year divestitures of the power transmission solutions and commercial storage businesses were \$611 million in total, or \$0.90 per share, which negatively impacted earnings and earnings per share comparisons by 20 and 21 percentage points, respectively.

Earnings from discontinued operations for 2016 were \$45 million (\$0.07 per share), which includes earnings from the operations of the network power systems, and power generation, motors and drives businesses of \$344 million (\$0.53 per share), and other items which reduced earnings by \$299 million (\$0.46 per share). See discussion below.

Net earnings common stockholders were \$1,635 million in 2016, down 40 percent compared with prior year earnings of \$2,710 million. Diluted earnings per share were \$2.52, down 37 percent versus \$3.99 per share in 2015. Excluding items, net earnings were \$1,934 million, down 10 percent compared with \$2,151 million in 2015, while diluted earnings per share were \$2.98, down 6 percent versus \$3.17 in 2015.

Excluded items in 2016 include separation costs of \$220 million (\$0.34 per share), a loss of \$103 million (\$0.16 per share) to write down the power generation, motors and drives businesses to the sales price less costs to sell, and lower expense of \$24 million (\$0.04 per share benefit) due to ceasing depreciation and amortization for the discontinued businesses held-for-sale. Excluded items in 2015 include the divestiture gains of \$611 million (\$0.90 per share benefit) and separation costs of \$52 million (\$0.08 per share). In total, these items negatively impacted net earnings and earnings per share comparisons 30 and 31 percentage points, respectively.

Sales decreased in all segments. Process Management sales decreased 12 percent and Industrial Automation sales were down 15 percent (7 percent due to the power transmission solutions divestiture in 2015) as global oil and gas customers curtailed spending levels in a difficult environment and weakness in industrial spending persisted. Climate Technologies sales decreased 2 percent, while Commercial & Residential Solutions sales decreased 16 percent (15 percent due to the commercial storage divestiture in 2015).

The Company generated operating cash flow of \$2.9 billion, of which \$2.5 billion related to continuing operations. Operating cash flow from continuing operations increased \$459 million in 2016 as comparisons benefited from income taxes of \$424 million paid in the prior year on the divestiture gains.

NET SALES

Net sales for 2016 were \$14.5 billion, a decrease of \$1,727 million, or 11 percent compared with 2015. Underlying sales, which exclude foreign currency translation, acquisitions and divestitures, decreased 7 percent (\$1,046 million) on 6 percent lower volume and 1 percent lower price. Foreign currency translation subtracted 2 percent (\$266 million) and divestitures, net of acquisitions subtracted 2 percent (\$415 million). Underlying sales decreased 5 percent in the U.S. and 8 percent internationally. Sales in Process Management decreased \$1,032 million, Industrial Automation decreased \$376 million (\$189 million due to the power transmission solutions divestiture in 2015), Climate Technologies decreased \$62 million and Commercial & Residential Solutions decreased \$302 million (\$288 million due to the commercial storage divestiture in 2015).

Net sales for 2015 were \$16.2 billion, a decrease of \$1,484 million, or 8 percent compared with 2014. Underlying sales decreased 1 percent (\$169 million) on volume declines. Foreign currency translation subtracted 4 percent (\$717 million) and divestitures, net of acquisitions subtracted 3 percent (\$598 million). Underlying sales were flat in the U.S. and decreased 2 percent internationally. Sales in Process Management decreased \$673 million, Industrial Automation decreased \$556 million and Climate Technologies decreased \$98 million, while sales in Commercial & Residential Solutions increased slightly.

INTERNATIONAL SALES

Emerson is a global business with international sales representing 52 percent of total sales, including U.S. exports. Although economic conditions are currently soft worldwide, the Company generally expects faster economic growth in emerging markets in Asia, Latin America, Eastern Europe and Middle East/Africa in the future.

International destination sales, including U.S. exports, decreased 12 percent, to \$7.6 billion in 2016, reflecting decreases in all segments, partially due to divestitures. U.S. exports of \$888 million were down 25 percent compared with 2015, reflecting reduced spending by global oil and gas customers, weakness in industrial spending and the stronger U.S. dollar. Underlying international destination sales declined 8 percent, as foreign currency translation and divestitures had a 3 percent and a 1 percent unfavorable impact, respectively, on the comparison. Underlying sales were up 2 percent in Europe and decreased 10 percent in both Asia and Latin America. Sales decreased 21 percent in Canada and 15 percent in Middle East/Africa. Continued weakness in energy-related and industrial end markets and global economic uncertainty has continued to challenge growth in these areas. Origin sales by international subsidiaries, including shipments to the U.S., totaled \$6.8 billion in 2016, down 10 percent compared with 2015, reflecting the weakness in industrial capital spending, unfavorable foreign currency translation and divestitures.

International destination sales, including U.S. exports, decreased 12 percent, to \$8.6 billion in 2015, primarily reflecting decreases in Process Management and Industrial Automation, partially due to the power transmission solutions divestiture. These decreases were partially offset by growth in Climate Technologies and Commercial & Residential Solutions. U.S. exports of \$1.2 billion were down 8 percent compared with 2014. Underlying international destination sales declined 2 percent on lower volume, as foreign currency translation and divestitures had an 8 and 2 percent unfavorable impact, respectively, on the comparison. Underlying sales were flat in Europe, decreased 4 percent in Asia (China down 9 percent) and 10 percent in Latin America, and were flat in Canada. Sales in Middle East/Africa increased 5 percent. The slowdown in industrial capital spending, particularly in oil and gas, hampered growth in these areas. Origin sales by international subsidiaries, including shipments to the U.S., totaled \$7.5 billion in 2015, down 12 percent compared with 2014, reflecting the slowdown in industrial capital spending, unfavorable foreign currency translation and divestitures.

ACQUISITIONS AND DIVESTITURES

See information under "Discontinued Operations" for a discussion of the Company's divestitures related to its portfolio repositioning actions.

In the fourth quarter of 2016, the Company entered into an agreement to purchase Pentair's Valves & Controls business for \$3.15 billion, subject to certain post-closing adjustments. This business, with sales of approximately \$1.6 billion, is a manufacturer of controls, isolation and pressure relief valves and actuators, and will complement the Process Management segment's final control business. The transaction is expected to close by the end of calendar year 2016 or shortly thereafter, subject to customary closing conditions and various regulatory approvals. The Company acquired six businesses in 2016, four in Process Management's final control and measurement devices businesses and two in Climate Technologies. Total cash paid for these businesses was \$132 million, net of cash acquired. Annualized sales for these businesses were approximately \$51 million in 2016. These acquisitions complement the existing segment portfolios and create incremental growth opportunities. See Note 3 and Item 1A - "Risk Factors."

The Company completed eight acquisitions in 2015, seven in Process Management and one in Commercial & Residential Solutions, which had combined annualized sales of approximately \$115 million. Total cash paid for all businesses was \$324 million, net of cash acquired.

In January 2015, the Company completed the sale of its mechanical power transmission solutions business to Regal Beloit Corporation for \$1.4 billion, and recognized a pretax gain from the transaction of \$939 million (\$532 million after-tax, \$0.78 per share). Proceeds from the divestiture were used for share repurchase. This business was previously reported in the Industrial Automation segment, and had partial year sales of \$189 million in 2015 and related pretax earnings of \$21 million. Power transmission solutions designs and manufactures market-leading couplings, bearings, conveying components and gearing and drive components, and provides supporting services and solutions.

On September 30, 2015, the Company sold its InterMetro commercial storage business to Ali Group of Italy for \$411 million in cash and recognized a pretax gain from the transaction of \$100 million (\$79 million after-tax, \$0.12 per share). This business had annual sales of \$288 million and pretax earnings of \$42 million in 2015, and was included in the Commercial & Residential Solutions segment. InterMetro is a leading manufacturer and supplier of storage and transport products in the food service, commercial products and health care industries.

In 2014, the Company acquired Virgo Valves and Enardo Holdings, manufacturers of engineered valves and automation systems, and tank and terminal safety equipment, respectively. Both businesses are reported in Process Management and complement the existing portfolio. The Company also acquired four other smaller businesses in 2014, in Process Management and Network Power. Combined annualized sales for all businesses acquired in 2014 were approximately \$376 million. The Company also acquired the remaining 44.5 percent noncontrolling interest in the Appleton Group electrical distribution business, in the Industrial Automation segment, in 2014. Sales for this business were \$542 million in 2014. Full ownership of Appleton provides growth opportunities in oil and gas and chemicals end markets.

Early in 2014, the Company completed the divestiture of a 51 percent controlling interest in Artesyn and received net proceeds of \$264 million. The Company used the sale proceeds and cash repatriated from the business to purchase common stock. Late in 2014, the Company sold its connectivity solutions business for \$99 million in cash.

COST OF SALES

Cost of sales for 2016 were \$8.3 billion, a decrease of \$981 million compared with \$9.2 billion in 2015, primarily due to reduced sales volume, the impact of foreign currency translation (\$186 million) and prior year divestitures (\$273 million). Gross profit was \$6.3 billion in 2016 compared to \$7.0 billion in 2015. Gross margin of 43.1 percent was flat compared with 2015, as savings from cost reduction and containment actions were offset by deleverage on lower volume and unfavorable mix.

Cost of sales for 2015 were \$9.2 billion, a decrease of \$730 million compared with \$10.0 billion in 2014, primarily due to the impact of foreign currency translation (\$459 million), divestitures (\$425 million), lower sales volume and the benefit of cost reduction efforts. Gross profit was \$7.0 billion in 2015 compared with \$7.8 billion in 2014. Gross margin of 43.1 percent decreased 0.7 percentage points versus 43.8 percent in 2014 due to deleverage on the lower volume, unfavorable mix and the impact of the stronger dollar on product costs, partially offset by savings from restructuring actions. Divestitures had a 0.4 percentage point favorable impact on margin.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses of \$3.5 billion in 2016 decreased \$271 million compared with 2015. The decrease reflects savings from cost reduction actions, reduced costs from lower sales volume, and prior year divestitures (\$137 million), partially offset by higher incentive stock compensation of \$121 million. SG&A as a percent of sales of 23.8 percent increased 0.8 percent in 2016, reflecting deleverage on lower sales volume and higher incentive stock compensation, primarily due to changes in the stock price and overlap of awards, partially offset by savings from restructuring actions.

SG&A expenses of \$3.7 billion in 2015 decreased \$429 million compared with 2014. The decrease primarily reflects the impact of foreign currency translation (\$155 million), divestitures (\$131 million), reduced costs from lower sales volume, and lower incentive stock compensation of \$99 million. SG&A as a percent of sales was 23.0 percent in 2015, a 0.5 percentage point decrease compared with 23.5 percent in 2014, as deleverage on the lower volume was more than offset by savings from restructuring actions and lower incentive stock compensation expense.

GAINS ON DIVESTITURES OF BUSINESSES

In 2015, the Company sold its power transmission solutions and commercial storage businesses and recorded pretax gains of \$939 million (\$532 million after-tax, \$0.78 per share) and \$100 million (\$79 million after-tax, \$0.12 per share), respectively. See Note 3.

OTHER DEDUCTIONS, NET

Other deductions, net were \$294 million in 2016, a \$36 million decrease from 2015 primarily due to lower restructuring costs of \$42 million, decreased litigation costs of \$30 million and a \$21 million gain on payments received related to dumping duties. The decrease in other deductions was partially offset by unfavorable foreign currency transactions of \$67 million. See Note 5.

Other deductions, net were \$330 million in 2015, a \$119 million increase from 2014 primarily due to an increase in restructuring costs of \$99 million, higher litigation costs of \$29 million and unfavorable foreign currency transactions of \$15 million, partially offset by a favorable comparative effect from a \$34 million equity investment loss in the prior year. The Company accelerated restructuring activity in 2015 to address the global slowdown in capital spending and position itself for future growth.

INTEREST EXPENSE, NET

Interest expense, net was \$188 million, \$175 million and \$196 million in 2016, 2015 and 2014, respectively. The decrease of \$21 million in 2015 primarily resulted from the maturity of long-term debt with relatively higher interest rates.

INCOME TAXES

Income taxes were \$697 million, \$1,267 million and \$953 million for 2016, 2015 and 2014, respectively, resulting in effective tax rates of 30 percent, 33 percent and 30 percent in 2016, 2015 and 2014, respectively. The 3 percentage point higher rate in 2015 was due to taxes on the gains from the divestitures of the power transmission solutions and commercial storage businesses.

EARNINGS FROM CONTINUING OPERATIONS

Earnings from continuing operations attributable to common stockholders in 2016 were \$1,590 million, down 37 percent compared with 2015, and diluted earnings per share were \$2.45 in 2016, down 34 percent. Divestiture gains in the prior year negatively impacted earnings from continuing operations and earnings per share comparisons 20 and 21 percentage points, respectively. Segment earnings in 2016 decreased \$362 million in Process Management, \$51 million in Industrial Automation, partially due to the power transmission solutions divestiture and \$19 million in Commercial & Residential Solutions due to the commercial storage divestiture. Earnings increased \$71 million in Climate Technologies. See the Business Segments discussion that follows and Note 18.

Earnings from continuing operations attributable to common stockholders in 2015 were \$2,517 million, up 14 percent compared with 2014, and diluted earnings per share were \$3.71, up 19 percent. Gains from divestitures in 2015 benefited earnings from continuing operations and earnings per share growth by 27 and 29 percentage points, respectively. Segment earnings in 2015 decreased \$425 million in Process Management, \$131 million in Industrial Automation, partially due to the power transmission solutions divestiture, \$39 million in Climate Technologies and \$18 million in Commercial & Residential Solutions.

DISCONTINUED OPERATIONS

As of July 29, 2016, the Company entered into an agreement to sell its network power systems business for \$4.0 billion in cash, subject to certain post-closing adjustments, and will retain a subordinated interest in distributions, contingent upon the equity holders first receiving a threshold return on their initial investment. This business comprised the former Network Power segment and provides mission-critical infrastructure products and solutions and life cycle management services for vital applications in data centers, communication networks, and commercial/industrial environments. Also, on July 30, 2016, the Company entered into an agreement to sell its power generation, motors and drives businesses for a value of \$1.2 billion, representing cash plus assumption of certain postretirement liabilities by the buyer, subject to post-closing adjustments. These businesses were previously reported in the Industrial Automation segment, and provide low, medium and high voltage alternators and other power generation equipment and commercial and industrial motors and drives, which are used in a wide variety of manufacturing and industrial applications. Both transactions are expected to close by the end of calendar year 2016 subject to customary closing conditions and regulatory approvals, and will result in a smaller and more focused Company, with leadership positions in higher-growth end markets that provide significant opportunities for enhanced growth and improved profitability. The results of operations for these businesses have been reclassified into discontinued operations and the assets and liabilities are reflected as held-for-sale for all periods presented. See Note 4 and Item 1A - "Risk Factors."

The businesses included in discontinued operations had combined annual sales of \$5,746 million, \$6,094 million and \$6,842 million and net earnings (loss) of \$45 million, \$193 million and \$(54) million for 2016, 2015 and 2014, respectively. Net earnings of \$45 million (\$0.07 per share) in 2016 include earnings from the operations of the network power systems, and power generation, motors and drives businesses of \$344 million (\$0.53 per share), and other items which reduced earnings by \$299 million (\$0.46 per share). Other items for 2016 include separation costs to execute the portfolio repositioning of \$220 million (\$0.34 per share), comprised of income tax expense of \$143 million for repatriation of cash from these businesses, reorganization of their legal structures prior to sale, and basis differences for book and tax, as well as costs for legal, consulting, investment banking and other expenses of \$77 million. In addition, net earnings for 2016 include a loss of \$103 million (\$0.16 per share) to write down the power generation, motors and drives businesses to the sales price less costs to sell, and lower expense of \$24 million (\$0.04 per share benefit) due to ceasing depreciation and amortization for the discontinued businesses held-for-sale. Earnings for 2015 include separation costs of \$52 million, comprised of income taxes of \$42 million and fees of \$10 million, and earnings for 2014 include a noncash goodwill impairment charge of \$508 million related to the network power systems business in Europe. Operating cash flow from discontinued operations was \$382 million (reduced by payments of \$179 million for separation costs), \$489 million and \$693 million and capital expenditures were \$76 million, \$97 million and \$116 million for 2016, 2015 and 2014, respectively.

Upon completion of the transactions, the Company preliminarily expects to recognize a pretax gain of approximately \$500 million and to break even after-tax, subject to finalization of several matters including separation costs to complete the transactions. In addition, the Company may incur U.S. tax costs of approximately \$200 million for repatriation of estimated sales proceeds of \$1.5 billion expected to be received offshore in connection with the transactions. The Company's decision whether to repatriate these proceeds will be determined in connection with funding needs for the acquisition of Pentair's Valves & Controls non-U.S. operations.

NET EARNINGS AND EARNINGS PER SHARE; RETURNS ON EQUITY AND TOTAL CAPITAL

Net earnings attributable to common stockholders in 2016 were \$1,635 million, down 40 percent compared with 2015, and diluted earnings per share were \$2.52, down 37 percent. Separation costs and other items negatively impacted earnings \$299 million (\$0.46 per share) in 2016, while divestiture gains and other items benefited earnings \$559 million (\$0.82 per share) in 2015. Combined, these items negatively impacted net earnings and earnings per share comparisons 30 and 31 percentage points, respectively.

Other items in 2016 include separation costs of \$220 million (\$0.34 per share), a loss of \$103 million (\$0.16 per share) to write down the power generation, motors and drives businesses to the sales price less costs to sell, and lower expense of \$24 million (\$0.04 per share benefit) due to ceasing depreciation and amortization for the discontinued businesses held-for-sale. Items in 2015 include the divestiture gains of \$611 million (\$0.90 per share benefit) and separation costs of \$52 million (\$0.08 per share).

Net earnings attributable to common stockholders in 2015 were \$2,710 million, up 26 percent compared with 2014, and diluted earnings per share were \$3.99, up 32 percent. Combined, the gains from divestitures and separation costs in 2015, and the goodwill impairment charge in 2014, benefited net earnings and earnings per share comparisons 45 and 47 percentage points, respectively.

Return on common stockholders' equity (net earnings attributable to common stockholders divided by average common stockholders' equity) was 20.9 percent in 2016 compared with 29.8 percent in 2015 and 20.7 percent in 2014. Return on total capital was 15.5 percent in 2016 compared with 22.8 percent in 2015 and 17.5 percent in 2014 (computed as net earnings attributable to common stockholders excluding after-tax net interest expense, divided by average common stockholders' equity plus short- and long-term debt less cash and short-term investments). Combined, the separation costs related to the portfolio repositioning actions, the loss related to the sale of the power generation, motors and drives businesses, and the lower depreciation and amortization expense for the discontinued businesses held-for-sale reduced the 2016 returns on common stockholders' equity and total capital approximately 3 percentage points. For 2015, the combined impact of divestitures and the separation costs increased the returns on common stockholders' equity and total capital approximately 6 and 5 percentage points, respectively. The goodwill impairment charge in 2014 reduced the returns on common stockholders' equity and total capital approximately 3 percentage points.

Business Segments

Following is an analysis of segment results for 2016 compared with 2015, and 2015 compared with 2014.

The Company defines segment earnings as earnings before interest and income taxes.

PROCESS MANAGEMENT

(dollars in millions)	2014	2015	2016	14 vs. 15	15 vs. 16
Sales	\$ 9,189	8,516	7,484	(7)%	(12)%
Earnings	\$ 1,918	1,493	1,131	(22)%	(24)%
Margin	20.9%	17.5%	15.1%		

2016 vs. 2015 - Process Management reported sales of \$7.5 billion in 2016, a decrease of \$1,032 million or 12 percent. Underlying sales decreased 11 percent (\$911 million) on 10 percent lower volume and 1 percent lower price as global oil and gas customers continued to curtail spending levels in a difficult environment. Foreign currency translation had a 2 percent (\$178 million) unfavorable impact while acquisitions added 1 percent (\$57 million). The measurement devices, final control and systems and solutions businesses were all down. Underlying sales decreased 10 percent in the U.S., were up 2 percent in Europe and decreased 14 percent in Asia (China down 18 percent). Latin America decreased 14 percent, Canada decreased 29 percent and Middle East/Africa was down 19 percent. Earnings decreased \$362 million and margin was down 2.4 percentage points due to sharply lower volume, deleverage and unfavorable mix, partially offset by savings from cost reduction actions and lower restructuring costs of \$15 million. Materials cost containment offset lower pricing. Results also reflect unfavorable foreign currency transactions of \$69 million, partially offset by a favorable comparison from litigation costs of \$20 million in 2015. Results will remain under pressure through the majority of fiscal 2017 on continuing weakness in key served markets, particularly upstream oil and gas. Activity in life sciences and power had positive sales growth in 2016 and is expected to have continued growth in 2017.

2015 vs. 2014 - Process Management reported sales of \$8.5 billion in 2015, a decrease of \$673 million or 7 percent. Underlying sales decreased 2 percent (\$221 million) as persistent low oil and gas prices reduced capital and operating spending, especially in upstream markets. Foreign currency translation had an additional 5 percent (\$481 million) unfavorable impact while acquisitions (\$29 million) provided a slight benefit. The measurement devices, final control and systems and solutions businesses all declined. Underlying sales were flat in the U.S., up 1 percent in Europe and decreased 6 percent in Asia (China down 9 percent). Latin America decreased 14 percent and Canada decreased 1 percent, while Middle East/Africa was up 2 percent. Earnings decreased \$425 million and margin was down 3.4 percentage points due to lower volume and deleverage, unfavorable mix and the impact of a stronger dollar on operations. Increased restructuring costs of \$72 million, higher costs related to growth investments initiated in the prior year and other items were offset by savings from cost reduction actions.

INDUSTRIAL AUTOMATION

(dollars in millions)	2014	2015	2016	14 vs. 15	15 vs. 16
Sales	\$ 3,004	2,448	2,072	(19)%	(15)%
Earnings	\$ 640	509	458	(20)%	(10)%
Margin	21.3%	20.8%	22.1%		

2016 vs. 2015 - Industrial Automation sales were \$2.1 billion in 2016, a decrease of \$376 million or 15 percent. Underlying sales decreased 7 percent (\$159 million) on 5 percent lower volume and 2 percent lower price, reflecting weakness in industrial spending and upstream oil and gas markets. Additionally, the power transmission solutions divestiture deducted 7 percent (\$189 million) and foreign currency translation subtracted 1 percent (\$28 million). The sales decrease was led by the electrical distribution, fluid automation and hermetic motors businesses. Underlying sales decreased 9 percent in the U.S., were up 1 percent in Europe and decreased 7 percent in Asia. Sales decreased 10 percent in Latin America, 7 percent in Canada and 4 percent in Middle East/Africa. Earnings of \$458 million were down \$51 million, or 10 percent, due to the power transmission solutions divestiture, which negatively impacted the earnings comparison \$19 million, and lower volume, partially offset by savings from restructuring actions. Materials cost containment offset lower pricing. Margin increased 1.3 percentage points reflecting cost reduction actions and the impact of the divestiture, partially offset by deleverage on the lower volume. Conditions in served markets are expected to remain challenging in 2017, with the best opportunity for orders growth in the second half of the fiscal year.

2015 vs. 2014 - Industrial Automation sales were \$2.4 billion in 2015, a decrease of \$556 million or 19 percent. Underlying sales decreased 2 percent (\$43 million) on lower volume, reflecting reduced industrial spending, particularly in energy-related and commodity markets. The power transmission solutions divestiture deducted 13 percent (\$418 million) and foreign currency translation subtracted 4 percent (\$95 million). Sales decreased in the electrical distribution and fluid automation businesses. Hermetic motors decreased moderately while the materials joining business was flat. Underlying sales decreased 4 percent in the U.S., while sales were up 1 percent in Europe and 5 percent in Asia. Sales decreased 2 percent in Latin America, 4 percent in Canada and 17 percent in Middle East/Africa. Earnings of \$509 million were down \$131 million and margin decreased 0.5 percentage points, due to the power transmission solutions divestiture, which negatively impacted the earnings comparison \$67 million, unfavorable mix and higher restructuring costs of \$9 million, partially offset by cost containment actions.

CLIMATE TECHNOLOGIES

(dollars in millions)	2014	2015	2016	14 vs. 15	15 vs. 16
Sales	\$ 4,109	4,011	3,949	(2)%	(2)%
Earnings	\$ 737	698	769	(5)%	10 %
Margin	17.9%	17.4%	19.5%		

2016 vs. 2015 - Sales for Climate Technologies were \$3.9 billion in 2016, a decrease of \$62 million, or nearly 2 percent. Underlying sales decreased less than 1 percent (\$18 million) on lower price, offset by slightly higher volume. Foreign currency translation deducted 1 percent (\$49 million), while acquisitions added \$5 million. Global

air conditioning sales were down while global refrigeration sales were up modestly, as the U.S. exhibited growth and Europe and China were down, with more significant declines in air conditioning. Sales of temperature controls, sensors and solutions decreased. Overall, underlying sales were up 1 percent in the U.S. and 2 percent in Europe, while Asia was down 5 percent. Latin America was down 1 percent and Middle East/Africa and Canada were both down 2 percent. Earnings of \$769 million increased \$71 million and margin increased 2.1 percentage points primarily due to savings from restructuring actions and materials cost containment, partially offset by lower price and higher customer accommodation costs. Sales growth in the low single-digits is expected for fiscal 2017, supported by a favorable outlook for global demand in air conditioning and refrigeration.

2015 vs. 2014 - Sales for Climate Technologies were \$4.0 billion in 2015, a decrease of \$98 million, or over 2 percent due to unfavorable foreign currency translation (\$112 million). Underlying sales were up slightly (\$14 million) as an increase in the global refrigeration business was essentially offset by a decrease in air conditioning. The temperature controls and sensors businesses were flat. Air conditioning sales in the U.S., Europe and China decreased while the rest of the world had strong growth. Global refrigeration was up modestly with growth in the U.S. and Asia and weakness in Europe. Overall, underlying sales were flat in the U.S., down 2 percent in Asia (China down 12 percent) and decreased 1 percent in Europe. Latin America was down 4 percent, Middle East/Africa was up 26 percent and Canada increased 13 percent. Earnings of \$698 million decreased \$39 million and margin declined 0.5 percentage points primarily due to unfavorable mix. Growth investments, and higher restructuring costs and unfavorable foreign currency transactions of \$6 million each, were more than offset by cost reduction savings.

COMMERCIAL & RESIDENTIAL SOLUTIONS

(dollars in millions)		2014	2015	2016	14 vs. 15	15 vs. 16
Sales	\$	1,891	1,913	1,611	1 %	(16)%
Earnings	\$	421	403	384	(4)%	(5)%
Margin		22.3%	21.1%	23.8%		

2016 vs. 2015 - Commercial & Residential Solutions sales were \$1.6 billion in 2016, a decrease of \$302 million or 16 percent. Underlying sales were essentially flat (down \$3 million), foreign currency translation deducted 1 percent (\$11 million) and the commercial storage divestiture deducted 15 percent (\$288 million). Food waste disposers had solid sales growth and the wet/dry vacuums business was up modestly, while sales decreased moderately in the professional tools and storage businesses. Underlying sales were flat in both the U.S. and internationally. Earnings of \$384 million were down \$19 million as the divestiture subtracted \$39 million. Cost reduction actions, materials cost containment and lower restructuring costs of \$9 million partially offset the decrease. Margin improved 2.7 percentage points due to the divestiture and cost containment actions. The expectation for favorable U.S. construction markets supports the outlook for low single-digit growth in fiscal 2017.

2015 vs. 2014 - Commercial & Residential Solutions sales were \$1.9 billion in 2015, an increase of \$22 million or 1 percent. Underlying sales increased 2 percent (\$50 million) on higher volume from favorable U.S. construction markets, while foreign currency translation deducted 1 percent (\$28 million). The sales increase was led by strong growth in wet/dry vacuums and modest growth in food waste disposers. The professional tools and commercial storage businesses decreased. Underlying sales were up 3 percent in the U.S. and 1 percent internationally. Earnings of \$403 million were down \$18 million and margin declined 1.2 percentage points as higher volume and resulting leverage was more than offset by unfavorable mix, higher restructuring costs of \$9 million, and investments in growth programs.

Financial Position, Capital Resources and Liquidity

The Company continues to generate substantial cash from operations and has the resources available to reinvest for growth in existing businesses, pursue strategic acquisitions and manage its capital structure on a short- and long-term basis.

CASH FLOW FROM CONTINUING OPERATIONS

(dollars in millions)

	2014	2015	2016
Operating Cash Flow	\$ 2,999	2,040	2,499
<i>Percent of sales</i>	<i>16.9%</i>	<i>12.6%</i>	<i>17.2%</i>
Capital Expenditures	\$ 651	588	447
<i>Percent of sales</i>	<i>3.7%</i>	<i>3.6%</i>	<i>3.1%</i>
Free Cash Flow (Operating Cash Flow less Capital Expenditures)	\$ 2,348	1,452	2,052
<i>Percent of sales</i>	<i>13.2%</i>	<i>8.9%</i>	<i>14.1%</i>
Operating Working Capital	\$ 1,046	1,177	755
<i>Percent of sales</i>	<i>5.9%</i>	<i>7.2%</i>	<i>5.2%</i>

The Company generated total operating cash flow of \$2.9 billion in 2016, which was reduced by payments of \$179 million for separation costs related to the portfolio repositioning. Operating cash flow from continuing operations for 2016 was \$2.5 billion, a \$459 million, or 23 percent increase compared with 2015 as comparisons benefited from income taxes of \$424 million paid in the prior year on the divestiture gains. Operating cash flow from continuing operations of \$2.0 billion in 2015 was a 32 percent decrease compared to \$3.0 billion in 2014 due to income taxes paid on the gains from divestitures in 2015, an increase in operating working capital, and lower earnings (excluding the divestiture gains). At September 30, 2016, operating working capital as a percent of sales improved to 5.2 percent, compared with 7.2 percent and 5.9 percent in 2015 and 2014, respectively. Total operating cash flow of \$2.9 billion funded capital expenditures of \$523 million including discontinued operations, repayments of long-term debt of \$254 million, acquisitions of \$132 million, dividends of \$1,227 million and common stock purchases of \$601 million in 2016. Contributions to pension plans were \$66 million in 2016, \$53 million in 2015 and \$130 million in 2014.

Capital expenditures related to continuing operations were \$447 million, \$588 million and \$651 million in 2016, 2015 and 2014, respectively. Free cash flow from continuing operations (operating cash flow less capital expenditures) was \$2.1 billion in 2016, up 41 percent, reflecting higher operating cash flow and lower capital expenditures. Free cash flow was \$1.5 billion in 2015, compared with \$2.3 billion in 2014, reflecting higher operating cash flow in 2014. The Company is targeting capital spending of approximately \$500 million in 2017. Net cash paid in connection with acquisitions was \$132 million, \$324 million and \$610 million in 2016, 2015 and 2014, respectively. In 2014, the Company also purchased the noncontrolling interest in Appleton Group for \$574 million. Proceeds from divestitures were \$1,812 million and \$363 million in 2015 and 2014, respectively.

Dividends were \$1,227 million (\$1.90 per share) in 2016, compared with \$1,269 million (\$1.88 per share) in 2015 and \$1,210 million (\$1.72 per share) in 2014. In November 2016, the Board of Directors voted to increase the quarterly cash dividend 1 percent, to an annualized rate of \$1.92 per share.

Purchases of Emerson common stock totaled \$601 million, \$2,487 million and \$971 million in 2016, 2015 and 2014, respectively, at average per share prices of \$48.11, \$57.68 and \$65.54. The Board of Directors authorized the purchase of up to 70 million common shares in November 2015, and 63.5 million shares remain available for purchase under this authorization. The Company purchased 12.5 million shares in 2016 under a combination of the November 2015 authorization and the remainder of the May 2013 authorization. A total of 43.1 million shares were purchased in 2015 and 14.8 million shares were purchased in 2014, both under the May 2013 authorization.

The sale of the network power systems business and power generation, motors and drives businesses will provide over \$4 billion of cash, after tax, which the Company expects to use to fund the acquisition of Pentair's Valves & Controls business and potential future acquisitions.

LEVERAGE/CAPITALIZATION

(dollars in millions)

	2014	2015	2016
Total Assets	\$ 24,177	22,088	21,743
Long-term Debt	\$ 3,559	4,289	4,062
Common Stockholders' Equity	\$ 10,119	8,081	7,568
Total Debt-to-Total Capital Ratio	37.3%	45.8%	46.8%
Net Debt-to-Net Capital Ratio	22.1%	31.3%	31.4%
Operating Cash Flow-to-Debt Ratio	49.8%	29.8%	37.6%
Interest Coverage Ratio	15.9X	20.2X	11.8X

Total debt, which includes long-term debt, current maturities of long-term debt, commercial paper and other short-term borrowings, was \$6.6 billion, \$6.8 billion and \$6.0 billion for 2016, 2015 and 2014, respectively. During the year, the Company repaid \$250 million of 4.75% notes that matured in October 2015. In 2015, the Company issued \$500 million of 2.625% notes due December 2021 and \$500 million of 3.150% notes due June 2025, and repaid \$250 million of 5.0% notes that matured in December 2014 and \$250 million of 4.125% notes that matured in April 2015. In 2014, the Company repaid \$250 million of 5.625% notes that matured in November 2013.

The total debt-to-capital ratio and the net debt-to-net capital ratio (less cash and short-term investments) increased in 2016 due to lower common stockholders' equity from share repurchases and changes in other comprehensive income. The total debt-to-capital ratio and the net debt-to-net capital ratio increased in 2015 primarily due to higher total debt from the issuance of long-term debt and lower common stockholders' equity. The operating cash flow from continuing operations-to-debt ratio increased in 2016 primarily due to taxes paid in the prior year on the divestiture gains and lower debt in the current year. The interest coverage ratio is computed as earnings from continuing operations before income taxes plus interest expense, divided by interest expense. The decrease in interest coverage in 2016 reflects lower pretax earnings, largely due to the divestiture gains of \$1,039 million in 2015, and slightly higher interest expense. The increase in interest coverage in 2015 reflects higher pretax earnings (including the divestiture gains) and lower interest expense.

In April 2014, the Company entered into a \$3.5 billion five-year revolving backup credit facility with various banks, which replaced the December 2010 \$2.75 billion facility. The credit facility is maintained to support general corporate purposes, including commercial paper borrowing. The Company has not incurred any borrowings under this or previous facilities. The credit facility contains no financial covenants and is not subject to termination based on a change of credit rating or material adverse changes. The facility is unsecured and may be accessed under various interest rate and currency denomination alternatives at the Company's option. Fees to maintain the facility are immaterial. The Company also maintains a universal shelf registration statement on file with the SEC under which it can issue debt securities, preferred stock, common stock, warrants, share purchase contracts or share purchase units without a predetermined limit. Securities can be sold in one or more separate offerings with the size, price and terms to be determined at the time of sale.

Emerson's financial structure provides the flexibility necessary to achieve its strategic objectives. The Company has been successful in efficiently deploying cash where needed worldwide to fund operations, complete acquisitions and sustain long-term growth. At September 30, 2016, \$2.9 billion of the Company's cash was held outside the U.S., primarily in Europe and Asia, and was generally available for repatriation to the U.S. Under current tax law, repatriated cash may be subject to U.S. federal income taxes, net of available foreign tax credits. The Company routinely repatriates a portion of its non-U.S. cash from earnings each year, or otherwise when it can be accomplished tax efficiently, and provides for U.S. income taxes as appropriate. The Company has been able to readily meet all its funding requirements and currently believes that sufficient funds will be available to meet the Company's needs in the foreseeable future through operating cash flow, existing resources, short- and long-term debt capacity or backup credit lines.

CONTRACTUAL OBLIGATIONS

At September 30, 2016, the Company's contractual obligations, including estimated payments, are as follows:

(dollars in millions)	Amounts Due By Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Long-term Debt (including Interest)	\$ 5,785	442	1,253	994	3,096
Operating Leases	600	183	224	93	100
Purchase Obligations	681	548	98	17	18
Total	<u>\$ 7,066</u>	<u>1,173</u>	<u>1,575</u>	<u>1,104</u>	<u>3,214</u>

Purchase obligations consist primarily of inventory purchases made in the normal course of business to meet operational requirements. Total purchase and operating lease obligations related to discontinued operations, which are not included in the table above, were \$251 million and \$193 million, respectively, at September 30, 2016. These obligations will be transferred to the buyers at closing. The table above does not include \$1.7 billion of other noncurrent liabilities recorded in the balance sheet and summarized in Note 19, which consist primarily of pension and postretirement plan liabilities and deferred income taxes (including unrecognized tax benefits), because it is not certain when these amounts will become due. See Notes 11 and 12 for estimated future benefit payments and Note 14 for additional information on deferred income taxes.

FINANCIAL INSTRUMENTS

The Company is exposed to market risk related to changes in interest rates, commodity prices and foreign currency exchange rates, and selectively uses derivative financial instruments, including forwards, swaps and purchased options to manage these risks. The Company does not hold derivatives for trading purposes. The value of derivatives and other financial instruments is subject to change as a result of market movements in rates and prices. Sensitivity analysis is one technique used to forecast the impact of these movements. Based on a hypothetical 10 percent increase in interest rates, a 10 percent decrease in commodity prices or a 10 percent weakening in the U.S. dollar across all currencies, the potential losses in future earnings, fair value or cash flows are not material. Sensitivity analysis has limitations; for example, a weaker U.S. dollar would benefit future earnings through favorable translation of non-U.S. operating results, and lower commodity prices would benefit future earnings through lower cost of sales. See Notes 1, and 8 through 10.

Critical Accounting Policies

Preparation of the Company's financial statements requires management to make judgments, assumptions and estimates regarding uncertainties that could affect reported revenue, expenses, assets, liabilities and equity. Note 1 describes the significant accounting policies used in preparation of the consolidated financial statements. The most significant areas where management judgments and estimates impact the primary financial statements are described below. Actual results in these areas could differ materially from management's estimates under different assumptions or conditions.

REVENUE RECOGNITION

The Company recognizes nearly all revenue through the sale of manufactured products and records the sale when products are shipped or delivered, title and risk of loss pass to the customer, and collection is reasonably assured. In certain limited circumstances, revenue is recognized using the percentage-of-completion method, as performance occurs, or in accordance with ASC 985-605 related to software. Sales arrangements sometimes involve delivering multiple elements, which requires management judgment that affects the amount and timing of revenue recognized. In these instances, the revenue assigned to each element is based on vendor-specific objective evidence, third-party evidence or a management estimate of the relative selling price. Revenue is recognized for delivered elements if they have value to the customer on a stand-alone basis and performance related to the undelivered items is probable and substantially in the Company's control, or the undelivered elements are inconsequential or perfunctory and there are no unsatisfied contingencies related to payment. The vast majority of deliverables are tangible products, with a smaller portion attributable to installation, service or maintenance. Management believes that all relevant criteria and conditions are considered when recognizing revenue.

INVENTORIES

Inventories are stated at the lower of cost or market. The majority of inventory values are based on standard costs, which approximate average costs, while the remainder are principally valued on a first-in, first-out basis. Cost standards are revised at the beginning of each year. The annual effect of resetting standards plus any operating variances incurred during each period are allocated to inventories and recognized in cost of sales as product is sold. The Company's businesses review inventory for obsolescence, make appropriate provisions and dispose of obsolete inventory on a regular basis. Various factors are considered in these reviews, including sales history and recent trends, industry conditions and general economic conditions. If actual circumstances indicate a decline in any of these factors, particularly an abrupt change in economic conditions, the Company could incur higher levels of obsolescence expense.

LONG-LIVED ASSETS

Long-lived assets, which include property, plant and equipment, goodwill and identifiable intangible assets, are reviewed for impairment whenever events or changes in business circumstances indicate impairment may exist. If the Company determines that the carrying value of a long-lived asset may not be recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its estimated fair value. Reporting units are also reviewed for possible goodwill impairment at least annually, in the fourth quarter. If an initial assessment indicates it is more likely than not an impairment may exist, it is evaluated by comparing the unit's estimated fair value to its carrying value. Fair value is generally estimated using an income approach that discounts estimated future cash flows using discount rates judged by management to be commensurate with the applicable risk. Estimates of future sales, operating results, cash flows and discount rates are subject to changes in the economic environment, including such factors as the general level of market interest rates, expected equity market returns and the volatility of markets served, particularly when recessionary economic circumstances continue for an extended period of time. Management believes the estimates of future cash flows and fair values are reasonable; however, changes in estimates due to variance from assumptions could materially affect the evaluations.

RETIREMENT PLANS

The Company maintains a prudent long-term investment strategy for its pension assets, consistent with the duration of its pension obligations. The determination of defined benefit plan expense and liabilities is dependent on various assumptions, including the expected annual rate of return on plan assets, the discount rate and the rate of annual compensation increases. Management believes that the assumptions used are appropriate; however, actual experience may differ. In accordance with U.S. generally accepted accounting principles, actual results that differ from the Company's assumptions are accumulated as deferred actuarial gains or losses and amortized to expense in future periods. The Company transitioned from defined benefit to defined contribution retirement plans in 2016. The principal U.S. defined benefit plan closed to employees hired after January 1, 2016 while shorter-tenured current employees ceased accruing benefits effective October 1, 2016. Affected employees transitioned to an enhanced defined contribution plan. See Notes 11 and 12.

As of September 30, 2016, the Company's U.S. pension plans were underfunded by \$586 million and non-U.S. plans were underfunded by \$411 million. The U.S. funded status includes unfunded plans totaling \$216 million and the non-U.S. status includes unfunded plans totaling \$237 million. The Company contributed a total of \$66 million to defined benefit plans in 2016 and expects to contribute \$40 million in 2017. At year-end 2016, the discount rate for U.S. plans was 3.50 percent, and was 4.35 percent in 2015. The assumed investment return on plan assets was 7.50 percent in 2016, 2015 and 2014, and is expected to be 7.25 percent for 2017. Deferred actuarial losses to be amortized to expense in future years were \$1,916 million (\$1,248 million after-tax) as of September 30, 2016.

INCOME TAXES

Income tax expense and tax assets and liabilities reflect management's assessment of taxes paid or expected to be paid (received) on items included in the financial statements. Deferred tax assets and liabilities arise from temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and consideration of operating loss and tax credit carryforwards. Deferred income taxes are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. The impact on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Valuation allowances are provided to reduce deferred tax assets to the amount that will more likely than not be realized. This requires management to make judgments and estimates regarding the amount and timing of the reversal of taxable temporary differences, expected future taxable income, and the impact of tax planning strategies.

Uncertainty exists regarding tax positions taken in previously filed tax returns which remain subject to examination, along with positions expected to be taken in future returns. The Company provides for unrecognized tax benefits, based on the technical merits, when it is more likely than not that an uncertain tax position will not be sustained upon examination. Adjustments are made to the uncertain tax positions when facts and circumstances change, such as the closing of a tax audit; changes in applicable tax laws, including tax case rulings and legislative guidance; or expiration of the applicable statute of limitations.

The Company also pays U.S. federal income taxes, net of available foreign tax credits, on cash repatriated from non-U.S. locations. No provision is made for U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries where these earnings are considered permanently invested or otherwise indefinitely retained for continuing international operations. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted is not practicable. See Notes 1 and 14.

Other Items

LEGAL MATTERS

At September 30, 2016, there were no known contingent liabilities (including guarantees, pending litigation, taxes and other claims) that management believes will be material in relation to the Company's financial statements, nor were there any material commitments outside the normal course of business.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB amended ASC 606, *Revenue from Contracts with Customers*, to update and consolidate revenue recognition guidance from multiple sources into a single, comprehensive standard to be applied for all contracts with customers. The fundamental principle of the revised standard is to recognize revenue based on the transfer of goods and services to customers at an amount that the Company expects to be entitled to in exchange for those goods and services. Also required are additional disclosures regarding the nature, extent, timing and uncertainty of revenues and associated cash flows. The new standard is effective for the Company in the first quarter of fiscal 2019, with early adoption permitted in the first quarter of fiscal 2018. The new rules may be adopted on either a prospective or retrospective basis. The Company is in the process of evaluating the impact of the revised standard on its financial statements and determining its method of adoption. The Company has completed its initial evaluation and currently does not expect that the updates will materially impact its financial statements.

In February 2016, the FASB amended ASC 842, *Leases*, to require recognition on the balance sheet of assets and liabilities related to the rights and obligations associated with all lease arrangements. Currently, obligations classified as operating leases are not recorded on the balance sheet but must be disclosed. The new standard is effective for the Company in the first quarter of fiscal 2020. The Company is in the process of evaluating the impact of the revised standard on its financial statements. The Company expects the revised standard to have a material impact on its balance sheet due to the addition of right-of-use assets and lease liabilities related to operating leases, but does not expect it will materially impact its results of operations.

In November 2015, the FASB issued updates to ASC 740, *Income Taxes*, requiring noncurrent presentation of all deferred tax assets and liabilities on the balance sheet. These updates are effective for the Company in the first quarter of fiscal 2018, with early adoption permitted, and may be adopted on either a prospective or retrospective basis. The Company is in the process of evaluating the impact of the revised standard on its financial statements.

In March 2016, the FASB amended ASC 718, *Compensation - Stock Compensation*, requiring all excess tax benefits and deficiencies related to share-based payments to be recognized in income tax expense rather than through additional paid-in-capital, and to be presented as operating cash flows instead of financing. These updates are effective in the first quarter of fiscal 2018, with early adoption permitted, and are not expected to materially impact the Company's financial statements.

In May 2015, the FASB issued updates to ASC 820, *Fair Value Measurement*, requiring investments measured using the net asset value per share practical expedient to be removed from the fair value hierarchy and separately reported when making disclosures. The updates have no impact on operations and do not change the determination of fair value for any investments. These updates are effective for the Company in fiscal 2017 and must be adopted on a retrospective basis. Adoption will affect disclosure only; there will be no impact on the Company's financial results.

FISCAL 2017 OUTLOOK

Fiscal 2017 will remain difficult, particularly for the automation businesses. Low growth economic conditions coupled with political uncertainty will continue to dampen both operational and capital spending across multiple end markets. Considering these factors, the Company expects net and underlying sales in the Automation Solutions business to be down 4 to 7 percent. The Commercial & Residential Solutions business is expected to have support from more favorable global HVAC and U.S. construction markets resulting in net and underlying sales growth of 2 to 4 percent. Consolidated net and underlying sales for 2017 are expected to decline 1 to 3 percent. Reported earnings per share from continuing operations are expected to be \$2.35 to \$2.50, compared with \$2.45 in 2016. This outlook excludes the impact of the pending acquisition of Pentair's Valves & Controls business. See Item 1 - "Business" for a description of the Company's planned business realignment for fiscal 2017.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information from this 2016 Annual Report on Form 10-K set forth in Item 8 under "Financial Instruments" is hereby incorporated by reference.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**Consolidated Statements of Earnings**
EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30
(Dollars in millions, except per share amounts)

	2014	2015	2016
Net sales	\$ 17,733	16,249	14,522
Costs and expenses:			
Cost of sales	9,971	9,241	8,260
Selling, general and administrative expenses	4,164	3,735	3,464
Gains on divestitures of businesses	—	1,039	—
Other deductions, net	211	330	294
Interest expense, net of interest income of: 2014, \$18; 2015, \$23; 2016, \$27	196	175	188
Earnings from continuing operations before income taxes	3,191	3,807	2,316
Income taxes	953	1,267	697
Earnings from continuing operations	2,238	2,540	1,619
Discontinued operations, net of tax: 2014, \$211; 2015, \$161; 2016, \$269	(54)	193	45
Net earnings	2,184	2,733	1,664
Less: Noncontrolling interests in earnings of subsidiaries	37	23	29
Net earnings common stockholders	\$ 2,147	2,710	1,635
Earnings common stockholders:			
Earnings from continuing operations	\$ 2,201	2,517	1,590
Discontinued operations, net of tax	(54)	193	45
Net earnings common stockholders	\$ 2,147	2,710	1,635
Basic earnings per share common stockholders:			
Earnings from continuing operations	\$ 3.13	3.72	2.46
Discontinued operations	(0.08)	0.29	0.07
Basic earnings per common share	\$ 3.05	4.01	2.53
Diluted earnings per share common stockholders:			
Earnings from continuing operations	\$ 3.11	3.71	2.45
Discontinued operations	(0.08)	0.28	0.07
Diluted earnings per common share	\$ 3.03	3.99	2.52

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income
EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30
(Dollars in millions)

	2014	2015	2016
Net earnings	\$ 2,184	2,733	1,664
Other comprehensive income (loss), net of tax:			
Foreign currency translation	(344)	(794)	(188)
Pension and postretirement	(54)	(206)	(210)
Cash flow hedges	1	(43)	18
Total other comprehensive income (loss)	(397)	(1,043)	(380)
Comprehensive income	1,787	1,690	1,284
Less: Noncontrolling interests in comprehensive income of subsidiaries	34	22	31
Comprehensive income common stockholders	\$ 1,753	1,668	1,253

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
EMERSON ELECTRIC CO. & SUBSIDIARIES

September 30 (Dollars in millions, except per share amounts)

	2015	2016
<u>ASSETS</u>		
Current assets		
Cash and equivalents	\$ 3,054	3,182
Receivables, less allowances of \$89 in 2015 and \$92 in 2016	2,870	2,701
Inventories	1,265	1,208
Other current assets	724	669
Current assets held-for-sale	2,136	2,200
Total current assets	10,049	9,960
Property, plant and equipment, net	2,929	2,931
Other assets		
Goodwill	3,847	3,909
Other intangible assets	938	902
Other	239	211
Noncurrent assets held-for-sale	4,086	3,830
Total other assets	9,110	8,852
Total assets	\$ 22,088	21,743
<u>LIABILITIES AND EQUITY</u>		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 2,552	2,584
Accounts payable	1,537	1,517
Accrued expenses	2,058	2,126
Income taxes	87	180
Current liabilities held-for-sale	1,566	1,601
Total current liabilities	7,800	8,008
Long-term debt	4,289	4,062
Other liabilities	1,539	1,729
Noncurrent liabilities held-for-sale	332	326
Equity		
Common stock, \$0.50 par value; authorized, 1,200,000,000 shares; issued, 953,354,012 shares; outstanding, 654,608,521 shares in 2015; 642,796,490 shares in 2016	477	477
Additional paid-in-capital	170	205
Retained earnings	21,308	21,716
Accumulated other comprehensive income (loss)	(1,617)	(1,999)
	20,338	20,399
Less: Cost of common stock in treasury, 298,745,491 shares in 2015; 310,557,522 shares in 2016	12,257	12,831
Common stockholders' equity	8,081	7,568
Noncontrolling interests in subsidiaries	47	50
Total equity	8,128	7,618
Total liabilities and equity	\$ 22,088	21,743

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Equity
EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30
(Dollars in millions, except per share amounts)

	2014	2015	2016
Common stock	\$ 477	477	477
Additional paid-in-capital			
Beginning balance	352	161	170
Stock plans	160	31	35
Purchase of noncontrolling interests	(351)	(22)	—
Ending balance	161	170	205
Retained earnings			
Beginning balance	18,930	19,867	21,308
Net earnings common stockholders	2,147	2,710	1,635
Dividends paid (per share: 2014, \$1.72; 2015, \$1.88; 2016, \$1.90)	(1,210)	(1,269)	(1,227)
Ending balance	19,867	21,308	21,716
Accumulated other comprehensive income (loss)			
Beginning balance	(189)	(575)	(1,617)
Foreign currency translation	(333)	(793)	(190)
Pension and postretirement	(54)	(206)	(210)
Cash flow hedges	1	(43)	18
Ending balance	(575)	(1,617)	(1,999)
Treasury stock			
Beginning balance	(8,985)	(9,811)	(12,257)
Purchases	(971)	(2,487)	(601)
Issued under stock plans	145	41	27
Ending balance	(9,811)	(12,257)	(12,831)
Common stockholders' equity	10,119	8,081	7,568
Noncontrolling interests in subsidiaries			
Beginning balance	133	48	47
Net earnings	37	23	29
Other comprehensive income (loss)	(3)	(1)	2
Dividends paid	(18)	(23)	(28)
Purchase of noncontrolling interests	(101)	—	—
Ending balance	48	47	50
Total equity	\$ 10,167	8,128	7,618

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 (Dollars in millions)

	2014	2015	2016
Operating activities			
Net earnings	\$ 2,184	2,733	1,664
(Earnings) Loss from discontinued operations, net of tax	54	(193)	(45)
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	569	573	568
Changes in operating working capital	159	(181)	93
Pension funding	(130)	(53)	(66)
Gains on divestitures of businesses, after tax	—	(611)	—
Income taxes paid on divestiture gains	—	(424)	—
Other, net	163	196	285
Cash from continuing operations	2,999	2,040	2,499
Cash from discontinued operations	693	489	382
Cash provided by operating activities	3,692	2,529	2,881
Investing activities			
Capital expenditures	(651)	(588)	(447)
Purchases of businesses, net of cash and equivalents acquired	(610)	(324)	(132)
Divestitures of businesses	363	1,812	—
Other, net	(155)	(221)	30
Cash from continuing operations	(1,053)	679	(549)
Cash from discontinued operations	(106)	(88)	(77)
Cash provided by (used in) investing activities	(1,159)	591	(626)
Financing activities			
Net increase (decrease) in short-term borrowings	180	1,116	(34)
Proceeds from short-term borrowings greater than three months	2,952	2,515	1,264
Payments of short-term borrowings greater than three months	(2,510)	(3,286)	(1,174)
Proceeds from long-term debt	1	1,000	—
Payments of long-term debt	(329)	(504)	(254)
Dividends paid	(1,210)	(1,269)	(1,227)
Purchases of common stock	(1,048)	(2,501)	(601)
Purchase of noncontrolling interests	(574)	—	—
Other, net	(21)	(19)	(19)
Cash used in financing activities	(2,559)	(2,948)	(2,045)
Effect of exchange rate changes on cash and equivalents	(100)	(267)	(82)
Increase (Decrease) in cash and equivalents	(126)	(95)	128
Beginning cash and equivalents	3,275	3,149	3,054
Ending cash and equivalents	\$ 3,149	3,054	3,182
Changes in operating working capital			
Receivables	\$ (163)	241	162
Inventories	(103)	(11)	58
Other current assets	61	(140)	(4)
Accounts payable	232	(256)	(22)
Accrued expenses	85	(4)	(57)
Income taxes	47	(11)	(44)
Total changes in operating working capital	\$ 159	(181)	93

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30
(Dollars in millions, except per share amounts or where noted)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates. Certain prior year amounts have been reclassified to conform with current year presentation.

In the first quarter of 2015, the Company adopted updates to ASC 205, *Presentation of Financial Statements*, and ASC 360, *Property, Plant and Equipment*, regarding the reporting of discontinued operations. These updates raised the threshold for reporting discontinued operations to a strategic business shift having a major effect on an entity's operations and financial results. The updates also added disclosures for disposals of business units qualifying for discontinued presentation, and for some dispositions that do not qualify as discontinued operations but are still considered individually significant components of the entity. The Company's previously announced strategic portfolio repositioning actions resulted in agreements to sell the network power systems business and the power generation, motors and drives businesses. The results of operations for these businesses have been reclassified into discontinued operations and the assets and liabilities are reflected as held-for-sale for all periods presented. See Note 4.

In the first quarter of 2014, the Company adopted revisions to ASC 220, *Comprehensive Income*, which require disclosure of reclassifications into earnings from accumulated other comprehensive income (AOCI) and other current period activity. There is no change to the items reported in AOCI or when those items should be reclassified into earnings. The revisions did not materially impact the Company's financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled affiliates. Intercompany transactions, profits and balances are eliminated in consolidation. Investments of 20 percent to 50 percent of the voting shares of other entities are accounted for by the equity method. Investments in publicly traded companies of less than 20 percent are carried at fair value, with changes in fair value reflected in accumulated other comprehensive income. Investments in nonpublicly traded companies of less than 20 percent are carried at cost.

Foreign Currency Translation

The functional currency for most of the Company's non-U.S. subsidiaries is the local currency. Adjustments resulting from translating local currency financial statements into U.S. dollars are reflected in accumulated other comprehensive income.

Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less.

Inventories

Inventories are stated at the lower of cost or market. The majority of inventory is valued based on standard costs that approximate average costs, while the remainder is principally valued on a first-in, first-out basis. Cost standards are revised at the beginning of each fiscal year. The annual effect of resetting standards plus any operating variances incurred during each period are allocated to inventories and recognized in cost of sales as product is sold. Following are the components of inventory as of September 30:

	2015	2016
Finished products	\$ 418	382
Raw materials and work in process	847	826
Total inventories	<u>\$ 1,265</u>	<u>1,208</u>

Fair Value Measurement

ASC 820, *Fair Value Measurement*, establishes a formal hierarchy and framework for measuring certain financial statement items at fair value, and requires disclosures about fair value measurements and the reliability of valuation inputs. Under ASC 820, measurement assumes the transaction to sell an asset or transfer a liability occurs in the principal or at least the most advantageous market for that asset or liability. Within the hierarchy, Level 1 instruments use observable market prices for an identical item in active markets and have the most reliable valuations. Level 2 instruments are valued through broker/dealer quotation or other approaches using market-observable inputs for similar items in active markets, including forward and spot prices, interest rates and volatilities. Level 3 instruments are valued using inputs not observable in an active market, such as company-developed future cash flow estimates, and are considered the least reliable. Valuations for all of the Company's financial instruments fall within Level 2. The fair value of the Company's long-term debt is Level 2, estimated using current interest rates and pricing from financial institutions and other market sources for debt with similar maturities and characteristics.

Property, Plant And Equipment

The Company records investments in land, buildings, and machinery and equipment at cost. Depreciation is computed principally using the straight-line method over estimated service lives, which for principal assets are **30 to 40 years** for buildings and **8 to 12 years** for machinery and equipment. Long-lived tangible assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized based on estimated fair values if the sum of estimated future undiscounted cash flows of the related assets is less than the carrying values. The components of property, plant and equipment as of September 30 follow:

	2015	2016
Land	\$ 190	210
Buildings	1,762	1,867
Machinery and equipment	4,774	4,932
Construction in progress	379	318
Property, plant and equipment, at cost	7,105	7,327
Less: Accumulated depreciation	4,176	4,396
Property, plant and equipment, net	<u>\$ 2,929</u>	<u>2,931</u>

Goodwill and Other Intangible Assets

Assets and liabilities acquired in business combinations are accounted for using the acquisition method and recorded at their respective fair values. Substantially all goodwill is assigned to the reporting unit that acquires a business. A reporting unit is an operating segment as defined in ASC 280, *Segment Reporting*, or a business one level below an operating segment if discrete financial information for that business unit is prepared and regularly reviewed by the segment manager. The Company conducts annual impairment tests of goodwill in the fourth quarter. If an initial assessment indicates it is more likely than not goodwill might be impaired, it is evaluated by comparing the reporting unit's estimated fair value to its carrying value. Goodwill is also tested for impairment between annual tests if events or circumstances indicate the fair value of a unit may be less than its carrying value. If the carrying amount exceeds the estimated fair value, impairment is recognized to the extent that recorded goodwill exceeds the implied fair value of that goodwill. Estimated fair values of reporting units are Level 3 measures and are developed generally under an income approach that discounts estimated future cash flows using risk-adjusted interest rates.

All of the Company's identifiable intangible assets are subject to amortization on a straight-line basis over their estimated useful lives. Identifiable intangibles consist of intellectual property such as patents and trademarks, customer relationships and capitalized software. Identifiable intangibles are also subject to evaluation for potential impairment if events or circumstances indicate the carrying amount may not be recoverable. See Note 7.

Product Warranty

Warranties vary by product line and are competitive for the markets in which the Company operates. Warranties generally extend for a period of one to two years from the date of sale or installation. Provisions for warranty are determined primarily based on historical warranty cost as a percentage of sales or a fixed amount per unit sold based on failure rates, adjusted for specific problems that may arise. Product warranty expense is less than **1 percent** of sales.

Revenue Recognition

The Company recognizes nearly all of its revenues through the sale of manufactured products and records the sale when products are shipped or delivered, title and risk of loss pass to the customer, and collection is reasonably assured. In certain limited circumstances, revenue is recognized using the percentage-of-completion method as performance occurs, or in accordance with ASC 985-605 related to software. Management believes that all relevant criteria and conditions are considered when recognizing revenue.

Sales arrangements sometimes involve delivering multiple elements. In these instances, the revenue assigned to each element is based on vendor-specific objective evidence, third-party evidence or a management estimate of the relative selling price. Revenue is recognized individually for delivered elements if they have value to the customer on a stand-alone basis and the performance of the undelivered items is probable and substantially in the Company's control, or the undelivered elements are inconsequential or perfunctory and there are no unsatisfied contingencies related to payment. Approximately 5 percent of the Company's revenues from continuing operations arise from qualifying sales arrangements that include the delivery of multiple elements, principally in the Process Management segment. The vast majority of these deliverables are tangible products, with a smaller portion attributable to installation, service or maintenance. Generally, contract duration is short term, and cancellation, termination or refund provisions apply only in the event of contract breach and have historically not been invoked.

Derivatives and Hedging

In the normal course of business, the Company is exposed to changes in interest rates, foreign currency exchange rates and commodity prices due to its worldwide presence and diverse business profile. The Company's foreign currency exposures relate to transactions denominated in currencies that differ from the functional currencies of its business units, primarily in euros, Mexican pesos, Singapore dollars and Indian rupees. Primary commodity exposures are price fluctuations on forecasted purchases of copper and aluminum and related products. As part of the Company's risk management strategy, derivative instruments are selectively used in an effort to minimize the impact of these exposures. Foreign exchange forwards and options are utilized to hedge foreign currency exposures impacting sales or cost of sales transactions, firm commitments and the fair value of assets and liabilities, while swap and option contracts may be used to minimize the effect of commodity price fluctuations on the cost of sales. All derivatives are associated with specific underlying exposures and the Company does not hold derivatives for trading or speculative purposes. The duration of hedge positions is generally two years or less.

All derivatives are accounted for under ASC 815, *Derivatives and Hedging*, and recognized at fair value. For derivatives hedging variability in future cash flows, the effective portion of any gain or loss is deferred in stockholders' equity and recognized when the underlying hedged transaction impacts earnings. The majority of the Company's derivatives that are designated as hedges and qualify for deferral accounting are cash flow hedges. For derivatives hedging the fair value of existing assets or liabilities, both the gain or loss on the derivative and the offsetting loss or gain on the hedged item are recognized in earnings each period. Currency fluctuations on non-U.S. dollar obligations that have been designated as hedges of non-U.S. dollar net asset exposures are reported in equity. To the extent that any hedge is not fully effective at offsetting changes in the underlying hedged item, there could be a net earnings impact. The Company also uses derivatives to hedge economic exposures that do not receive deferral accounting under ASC 815. The underlying exposures for these hedges relate primarily to purchases of commodity-based components used in the Company's manufacturing processes, and the revaluation of certain foreign-currency-denominated assets and liabilities. Gains or losses from the ineffective portion of any hedge, as well as any gains or losses on derivative instruments not designated as hedges, are recognized in the income statement immediately.

Counterparties to derivative arrangements are companies with high credit ratings, and the Company has bilateral collateral arrangements with them for which credit rating-based posting thresholds vary depending on the arrangement. If credit ratings on the Company's debt fall below preestablished levels, counterparties can require immediate full collateralization on all instruments in net liability positions. No collateral was posted with counterparties and none was held by the Company at year end. If contractual thresholds had been exceeded, the maximum collateral the Company could have been required to post was \$47. The Company can also demand full collateralization of instruments in net asset positions should any of the Company's counterparties' credit ratings fall below certain thresholds. Risk from credit loss when derivatives are in asset positions is not considered material. The Company has master netting arrangements in place with its counterparties that allow the offsetting of certain derivative-related amounts receivable and payable when settlement occurs in the same period. Accordingly, counterparty balances are netted in the consolidated balance sheet and are reported in other current assets or accrued expenses as appropriate, depending on positions with counterparties as of the balance sheet date. See Note 8.

Income Taxes

The provision for income taxes is based on pretax income reported in the consolidated statements of earnings and tax rates currently enacted in each jurisdiction. Certain income and expense items are recognized in different time periods for financial reporting and income tax filing purposes, and deferred income taxes are provided for the effect of temporary differences. The Company also provides for U.S. federal income taxes, net of available foreign tax credits, on earnings intended to be repatriated from non-U.S. locations. No provision has been made for U.S. income taxes on approximately \$5.2 billion of undistributed earnings of non-U.S. subsidiaries as of September 30, 2016, as these earnings are considered permanently invested or otherwise indefinitely retained for continuing international operations. Recognition of U.S. taxes on undistributed non-U.S. earnings would be triggered by a management decision to repatriate those earnings. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted is not practicable. See Note 14.

(2) WEIGHTED-AVERAGE COMMON SHARES

Basic earnings per common share consider only the weighted-average of common shares outstanding while diluted earnings per common share also consider the dilutive effects of stock options and incentive shares. Options to purchase approximately 13.3 million, 5.9 million and 4.6 million shares of common stock were excluded from the computation of diluted earnings per share in 2016, 2015 and 2014, respectively, as the effect would have been antidilutive. Earnings allocated to participating securities were inconsequential for all years presented. Reconciliations of weighted-average shares for basic and diluted earnings per common share follow (shares in millions):

	2014	2015	2016
Basic shares outstanding	700.2	673.3	644.0
Dilutive shares	3.9	3.2	2.8
Diluted shares outstanding	704.1	676.5	646.8

(3) ACQUISITIONS AND DIVESTITURES

The Company acquired six businesses in 2016, four in Process Management's final control and measurement devices businesses and two in Climate Technologies. Total cash paid for these businesses was \$132, net of cash acquired. Annualized sales for these businesses were approximately \$51 in 2016. The Company recognized goodwill of \$83 (\$27 of which is expected to be tax deductible) and other identifiable intangible assets of \$50, primarily customer relationships and intellectual property with a weighted-average life of approximately 9 years. Valuations of certain acquired assets and liabilities are in-process and subject to refinement. These acquisitions complement the existing segment portfolios and create incremental growth opportunities.

In the fourth quarter of 2016, the Company entered into an agreement to purchase Pentair's Valves & Controls business for \$3.15 billion, subject to certain post-closing adjustments. This business, with sales of approximately \$1.6 billion, is a manufacturer of control, isolation and pressure relief valves and actuators, and complements the Process Management segment's final control business. The transaction is expected to close by the end of calendar year 2016 or shortly thereafter, subject to customary closing conditions and various regulatory approvals.

The Company completed eight acquisitions in 2015, seven in Process Management and one in Commercial & Residential Solutions, which had combined annualized sales of approximately \$115. Total cash paid for all businesses was \$324, net of cash acquired. The Company recognized goodwill of \$178 (\$42 of which is expected to be tax deductible) and other intangible assets of \$128, primarily customer relationships and intellectual property with a weighted-average life of approximately 10 years.

In January 2015, the Company completed the sale of its mechanical power transmission solutions business to Regal Beloit Corporation for \$1.4 billion, and recognized a pretax gain from the transaction of \$939 (\$532 after-tax, \$0.78 per share). Assets and liabilities sold were as follows: current assets, \$182 (accounts receivable, inventories, other current assets); other assets, \$374 (property, plant and equipment, goodwill, other noncurrent assets); accrued expenses, \$56 (accounts payable, other current liabilities); and other liabilities, \$41. Proceeds from the divestiture were used for share repurchase. This business was previously reported in the Industrial Automation segment, and had partial year sales in 2015 of \$189 and related pretax earnings of \$21. Power transmission

solutions designs and manufactures market-leading couplings, bearings, conveying components and gearing and drive components, and provides supporting services and solutions.

On September 30, 2015, the Company sold its InterMetro commercial storage business to Ali Group of Italy for \$411 in cash and recognized a pretax gain from the transaction of \$100 (\$79 after-tax, \$0.12 per share). This business had annual sales of \$288 and pretax earnings of \$42 in 2015 and was reported in the Commercial & Residential Solutions segment. Assets and liabilities sold were as follows: current assets, \$62 (accounts receivable, inventories, other current assets); other assets, \$292 (property, plant and equipment, goodwill, other noncurrent assets); current liabilities, \$34 (accounts payable, other current liabilities); and other liabilities, \$9. InterMetro is a leading manufacturer and supplier of storage and transport products in the food service, commercial products and health care industries.

In the first quarter of 2014, the Company acquired 100 percent of Virgo Valves and Controls Limited and Enardo Holdings, both in the Process Management final control business. Virgo is a manufacturer of engineered valves and automation systems and Enardo is a manufacturer of tank and terminal safety equipment. Total cash paid for both businesses was approximately \$506, net of cash acquired, and the Company also assumed \$76 of debt. Combined sales for Virgo and Enardo in 2014 were \$321. Goodwill of \$323 (largely nondeductible) and identifiable intangible assets of \$178, primarily customer relationships and patents and technology with weighted-average lives of approximately 12 years, were recognized from these transactions. The Company also acquired four other smaller businesses in 2014 for a total of approximately \$104, net of cash acquired. Combined annual sales for these four businesses were approximately \$55. These acquisitions were complementary to the existing business portfolio.

In the second quarter of 2014, the Company acquired the remaining 44.5 percent noncontrolling interest in Appleton Group (formally EGS Electrical Group), which is reported in Industrial Automation, for \$574. Full ownership provides growth opportunities in the oil and gas and chemicals end markets by leveraging the Company's Process Management and international distribution channels. The transaction reduced noncontrolling interests \$101 and common stockholders' equity \$343, and increased deferred tax assets \$130. The transaction did not affect consolidated results of operations other than eliminating the noncontrolling interest's share of future earnings and distributions from this business. Sales for this electrical distribution business were \$542 in 2014.

In November 2013, the Company completed the divestiture of a 51 percent controlling interest in Artesyn and received proceeds of \$264, net of working capital adjustments. The Company retained an interest with a fair value of approximately \$60, determined using a Level 3 option pricing model. A tax benefit of \$20 was recognized on completion of the transaction. Consolidated operating results for 2014 include sales of \$146 and a net loss of \$9 for this business through the closing date. As the Company retained a noncontrolling interest in this business, it was not classified as discontinued operations. Assets and liabilities held-for-sale at the closing date were: other current assets, \$367 (accounts receivable, inventories, other current assets); other assets, \$212 (property plant and equipment, goodwill, other noncurrent assets); and accrued expenses, \$255 (accounts payable and other liabilities). Prior to the divestiture, cash of \$376 (\$308, after tax provided for in fiscal 2013) was repatriated from this business. In fiscal 2013, the Company initiated the purchase of \$600 of Emerson common stock in anticipation of the sale proceeds and the cash repatriation. The purchase of shares was completed in the first quarter of 2014.

In the fourth quarter of 2014, the Company sold its connectivity solutions business for \$99 in cash, and recognized a slight gain. This business reported 2014 sales of \$63 and pretax earnings of \$3. Connectivity solutions offered industry-leading fiber optic, radio-frequency and microwave-coaxial technologies that safeguard network reliability.

The results of operations of the acquired businesses discussed above have been included in the Company's consolidated results of operations since the respective dates of acquisition.

(4) DISCONTINUED OPERATIONS

The Company previously announced strategic actions to streamline its portfolio, drive growth and accelerate value creation for shareholders. These plans consisted of divesting its network power systems business through a spinoff to shareholders or sale, and also exploring strategic alternatives, including potential sale, of its power generation, motors and drives businesses. As of July 29, 2016, the Company entered into an agreement to sell its network power systems business for \$4.0 billion in cash, subject to certain post-closing adjustments, and will retain a subordinated interest in distributions, contingent upon the equity holders first receiving a threshold return on their initial investment. This business comprised the former Network Power segment and provides mission-critical infrastructure products and solutions and life cycle management services for vital applications in data centers,

communication networks, and commercial/industrial environments. Also, on July 30, 2016, the Company entered into an agreement to sell its power generation, motors and drives businesses for a value of \$1.2 billion, representing cash plus assumption of certain postretirement liabilities by the buyer, subject to post-closing adjustments. These businesses were previously reported in the Industrial Automation segment, and provide low, medium and high voltage alternators and other power generation equipment and commercial and industrial motors and drives, which are used in a wide variety of manufacturing and industrial applications. Both transactions are expected to close by the end of calendar year 2016 or shortly thereafter, subject to customary closing conditions and regulatory approvals. The results of operations for these businesses have been reclassified into discontinued operations and the assets and liabilities are reflected as held-for-sale for all periods presented.

The financial results of the network power systems business and the power generation, motors and drives businesses reported as discontinued operations for the years ending September 30, 2016, 2015 and 2014, were as follows:

	Network Power Systems			Power Generation, Motors and Drives			Total		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Net sales	\$ 4,868	4,426	4,378	1,974	1,668	1,368	6,842	6,094	5,746
Cost of sales	3,012	2,810	2,708	1,434	1,244	1,033	4,446	4,054	3,741
SG&A	1,205	1,143	1,101	346	306	269	1,551	1,449	1,370
Other deductions, net	668	222	172	20	15	149	688	237	321
Earnings (Loss) before income taxes	(17)	251	397	174	103	(83)	157	354	314
Income taxes	163	134	218	48	27	51	211	161	269
Earnings (Loss), net of tax	\$ (180)	117	179	126	76	(134)	(54)	193	45

Net earnings from discontinued operations include separation costs to execute the portfolio repositioning of \$220 and \$52 for 2016 and 2015, respectively. These costs include income tax expense of \$143 in 2016 and \$42 in 2015 for repatriation of cash from these businesses, reorganization of their legal structures prior to sale, and basis differences for book and tax. Separation costs also include legal, consulting, investment banking and other expenses of \$77 and \$10 for 2016 and 2015, respectively. In addition, net earnings for 2016 include a loss of \$103 to write down the power generation, motors and drives businesses to the sales price less costs to sell, and lower expense of \$24 due to ceasing depreciation and amortization for the discontinued businesses held-for-sale. Earnings for 2014 include a noncash goodwill impairment charge of \$508 related to the network power systems business in Europe, which had been unable to meet its operating objectives due to a weak Western Europe economy and had an uncertain outlook.

Upon completion of the transactions, the Company preliminarily expects to recognize a pretax gain of approximately \$500 and to break even after-tax, subject to finalization of several matters including separation costs to complete the transactions. In addition, the Company may incur U.S. tax costs of approximately \$200 for repatriation of estimated sales proceeds of \$1.5 billion expected to be received offshore in connection with the transactions. The Company's decision whether to repatriate these proceeds will be determined in connection with funding needs for the acquisition of Pentair's Valves & Controls non-U.S. operations.

The aggregate carrying amounts of the major classes of assets and liabilities classified as held-for-sale as of September 30, 2016 and 2015 are summarized as follows:

	Network Power Systems		Power Generation, Motors and Drives		Total	
	2015	2016	2015	2016	2015	2016
Assets						
Receivables, less allowances	\$ 1,121	1,202	328	290	1,449	1,492
Inventories	386	381	196	197	582	578
Other current assets	90	108	15	22	105	130
Property plant & equipment, net	362	352	294	259	656	611
Goodwill	2,144	2,111	662	580	2,806	2,691
Other noncurrent assets	557	473	67	55	624	528
Total assets held-for-sale	\$ 4,660	4,627	1,562	1,403	6,222	6,030
Liabilities						
Accounts payable	\$ 611	664	210	176	821	840
Other current liabilities	599	620	146	141	745	761
Deferred taxes and other noncurrent liabilities	245	227	87	99	332	326
Total liabilities held-for-sale	\$ 1,455	1,511	443	416	1,898	1,927

The net cash provided by operating activities and net cash provided (used) by investing activities for the network power systems business and the power generation, motors and drives businesses for the years ending September 30, 2016, 2015 and 2014, were as follows:

	Network Power Systems			Power Generation, Motors and Drives			Total		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Cash provided by operating activities	\$ 507	378	343	186	111	39	693	489	382
Cash used in investing activities	\$ (57)	(48)	(33)	(49)	(40)	(44)	(106)	(88)	(77)

Cash provided by operating activities in 2016 was reduced by payments of \$179 for separation costs.

(5) OTHER DEDUCTIONS, NET

Other deductions, net are summarized as follows:

	2014	2015	2016
Amortization of intangibles (intellectual property and customer relationships)	\$ 95	94	84
Restructuring costs	39	138	96
Other	77	98	114
Total	\$ 211	330	294

Other is composed of several items, including foreign currency transaction gains and losses, bad debt expense, equity investment income and losses, litigation and other items. The increase in other for 2016 is primarily due to an unfavorable foreign currency transaction impact of \$67, partially offset by lower litigation costs of \$30 and a \$21 gain on payments received related to dumping duties collected by U.S. Customs from 2006 through 2010, but not distributed to affected domestic producers until resolution of certain legal challenges to the U.S. Continued Dumping and Subsidy Offset Act. The increase in 2015 is primarily due to higher litigation costs of \$29 and an unfavorable foreign currency transaction impact of \$15, partially offset by a favorable comparative effect from the \$34 Artesyn equity investment loss in 2014.

(6) RESTRUCTURING COSTS

Each year the Company incurs costs to size its businesses to levels appropriate for current economic conditions and to continually improve its cost structure and operational efficiency, deploy assets globally, and remain competitive on a worldwide basis. Costs result from numerous individual actions implemented across the Company's various operating units on an ongoing basis and can include costs for moving facilities to best-cost locations, restarting plants after relocation or geographic expansion to better serve local markets, reducing forcecount or the number of facilities, exiting certain product lines, and other costs resulting from asset deployment decisions. By category, shutdown costs include severance and benefits, stay bonuses, lease and other contract termination costs and asset write-downs. Vacant facility costs include security, maintenance, utilities and other costs. Start-up and moving costs include the costs of relocating fixed assets and employee training and relocation.

Restructuring expenses were \$96, \$138 and \$39, respectively, for 2016, 2015 and 2014. Restructuring activity accelerated in 2015 to address the slowdown in global capital spending and remained elevated in 2016 due to continued weakness globally and in connection with the Company's strategic portfolio repositioning activities. The Company currently expects 2017 restructuring expense to be approximately \$50, including costs to complete actions initiated before the end of 2016 and for actions anticipated to be approved and initiated during 2017.

The change in the liability for restructuring costs during the years ended September 30 follows:

	2015	Expense	Utilized/Paid	2016
Severance and benefits	\$ 64	66	86	44
Lease and other contract terminations	1	9	5	5
Asset write-downs	—	4	4	—
Vacant facility and other shutdown costs	3	7	7	3
Start-up and moving costs	2	10	10	2
Total	<u>\$ 70</u>	<u>96</u>	<u>112</u>	<u>54</u>

	2014	Expense	Utilized/Paid	2015
Severance and benefits	\$ 16	110	62	64
Lease and other contract terminations	—	2	1	1
Asset write-downs	—	3	3	—
Vacant facility and other shutdown costs	—	9	6	3
Start-up and moving costs	1	14	13	2
Total	<u>\$ 17</u>	<u>138</u>	<u>85</u>	<u>70</u>

Restructuring costs by business segment follows:

	2014	2015	2016
Process Management	\$ 17	89	74
Industrial Automation	4	13	6
Climate Technologies	14	20	5
Commercial & Residential Solutions	2	11	2
Corporate	2	5	9
Total	<u>\$ 39</u>	<u>138</u>	<u>96</u>

Costs incurred in 2016 and 2015 related to the reduction and selective repositioning of the Company's cost structure to address global economic weakness and in connection with the portfolio repositioning through facilities and forcecount rationalization in Europe and North America, primarily in Process Management. In 2014, costs primarily related to the deployment of resources to better serve local markets and higher growth areas, and were concentrated in Process Management and Climate Technologies in Asia and Europe. In 2016, restructuring activities included actions to exit 19 production or office facilities worldwide and eliminate approximately 1,900 positions. Expenses incurred in 2015 and 2014 included actions to exit 12 and 8 facilities, and eliminate approximately 3,100 and 1,600 positions, respectively.

(7) GOODWILL AND OTHER INTANGIBLES

Purchases of businesses are accounted for under the acquisition method, with substantially all goodwill assigned to the reporting unit that acquires the business. Under an impairment test performed annually, if the carrying amount of a reporting unit exceeds its estimated fair value, impairment is recognized to the extent that the carrying amount of the unit's goodwill exceeds the implied fair value of the goodwill. Fair values of reporting units are Level 3 measures which are estimated generally using an income approach that discounts future cash flows using risk-adjusted interest rates, as well as earnings multiples or other techniques as warranted. Fair values are subject to changes in underlying economic conditions. See Note 3 for further discussion of changes in goodwill related to acquisitions and divestitures.

The change in the carrying value of goodwill by business segment follows:

	Process Management	Industrial Automation	Climate Technologies	Commercial & Residential Solutions	Total
Balance, September 30, 2014	\$ 2,701	607	500	430	4,238
Acquisitions	176			2	178
Divestitures		(213)		(228)	(441)
Foreign currency translation and other	(87)	(25)	(8)	(8)	(128)
Balance, September 30, 2015	2,790	369	492	196	3,847
Acquisitions	39		44		83
Foreign currency translation and other	(19)	2	(4)		(21)
Balance, September 30, 2016	\$ 2,810	371	532	196	3,909

The gross carrying amount and accumulated amortization of identifiable intangible assets by major class follow:

	Customer Relationships		Intellectual Property		Capitalized Software		Total	
	2015	2016	2015	2016	2015	2016	2015	2016
Gross carrying amount	\$ 591	580	675	730	1,018	1,071	2,284	2,381
Less: Accumulated amortization	247	286	361	393	738	800	1,346	1,479
Net carrying amount	\$ 344	294	314	337	280	271	938	902

Intangible asset amortization expense for 2016, 2015 and 2014 was \$177, \$174 and \$167, respectively. Based on intangible asset balances as of September 30, 2016, amortization expense is expected to approximate \$172 in 2017, \$154 in 2018, \$128 in 2019, \$105 in 2020 and \$88 in 2021.

(8) FINANCIAL INSTRUMENTS

Hedging Activities

As of September 30, 2016, the notional amount of foreign currency hedge positions was approximately \$1.4 billion, while commodity hedge contracts totaled approximately 51 million pounds (\$103) of copper and aluminum. All derivatives receiving deferral accounting are cash flow hedges. The majority of hedging gains and losses deferred as of September 30, 2016 are expected to be recognized over the next 12 months as the underlying forecasted transactions occur. Gains and losses on foreign currency derivatives reported in other deductions, net reflect hedges of balance sheet exposures that do not receive deferral accounting.

Amounts included in earnings and other comprehensive income follow:

		Gain (Loss) to Earnings			Gain (Loss) to OCI		
		2014	2015	2016	2014	2015	2016
	<u>Location</u>						
Commodity	Cost of sales	\$ (12)	(24)	(35)	(16)	(43)	(9)
Foreign currency	Sales, cost of sales	10	(12)	(41)	15	(61)	(38)
Foreign currency	Other deductions, net	(3)	14	(27)			
Total		\$ (5)	(22)	(103)	(1)	(104)	(47)

Regardless of whether derivatives receive deferral accounting, the Company expects hedging gains or losses to be essentially offset by losses or gains on the related underlying exposures. The amounts ultimately recognized will differ from those presented above for open positions, which remain subject to ongoing market price fluctuations until settlement. Derivatives receiving deferral accounting are highly effective and no amounts were excluded from the assessment of hedge effectiveness. Hedge ineffectiveness was immaterial in all years shown.

Fair Value Measurement

The estimated fair value of long-term debt was \$4,806 and \$4,936, respectively, as of September 30, 2016 and 2015, which exceeded the carrying value by \$477 and \$356, respectively. As of September 30, 2016, the fair value of commodity contracts and foreign currency contracts was reported in other current assets and accrued expenses. Valuations of derivative contract positions as of September 30 follow:

	2015		2016	
	Assets	Liabilities	Assets	Liabilities
Foreign currency	\$ 30	65	7	49
Commodity	\$ —	29	2	4

(9) SHORT-TERM BORROWINGS AND LINES OF CREDIT

Short-term borrowings and current maturities of long-term debt are as follows:

	2015	2016
Current maturities of long-term debt	\$ 291	267
Commercial paper	2,261	2,317
Total	\$ 2,552	2,584
Interest rate for weighted-average short-term borrowings at year end	0.2%	0.5%

The Company routinely issues commercial paper as a source of short-term financing. In April 2014, the Company entered into a \$3.5 billion five-year revolving backup credit facility with various banks, which replaced a December 2010 \$2.75 billion facility. The credit facility is maintained to support general corporate purposes, including commercial paper borrowing. The Company has not incurred any borrowings under this or previous facilities. The credit facility contains no financial covenants and is not subject to termination based on a change of credit rating or material adverse changes. The facility is unsecured and may be accessed under various interest rate and currency denomination alternatives at the Company's option. Fees to maintain the facility are immaterial.

(10) LONG-TERM DEBT

The details of long-term debt follow:

	2015	2016
4.75% notes due October 2015	\$ 250	—
5.125% notes due December 2016	250	250
5.375% notes due October 2017	250	250
5.25% notes due October 2018	400	400
5.0% notes due April 2019	250	250
4.875% notes due October 2019	500	500
4.25% notes due November 2020	300	300
2.625% notes due December 2021	500	500
2.625% notes due February 2023	500	500
3.15% notes due June 2025	500	500
6.0% notes due August 2032	250	250
6.125% notes due April 2039	250	250
5.25% notes due November 2039	300	300
Other	80	79
Long-term debt	4,580	4,329
Less: Current maturities	291	267
Total, net	\$ 4,289	4,062

Long-term debt maturing during each of the four years after 2017 is \$270, \$690, \$502 and \$300, respectively. Total interest paid on all debt was approximately \$209, \$196 and \$210 in 2016, 2015 and 2014, respectively. During the year, the Company repaid \$250 of 4.75% notes that matured in October 2015. In 2015, the Company repaid \$250 of 5.0% notes that matured in December 2014 and \$250 of 4.125% notes that matured in April 2015.

The Company maintains a universal shelf registration statement on file with the SEC under which it can issue debt securities, preferred stock, common stock, warrants, share purchase contracts or share purchase units without a predetermined limit. Securities can be sold in one or more separate offerings with the size, price and terms to be determined at the time of sale.

(11) RETIREMENT PLANS

Retirement plans expense includes the following components:

	U.S. Plans			Non-U.S. Plans		
	2014	2015	2016	2014	2015	2016
Defined benefit plans:						
Service cost (benefits earned during the period)	\$ 59	69	59	32	37	26
Interest cost	182	182	148	53	46	39
Expected return on plan assets	(286)	(303)	(296)	(58)	(58)	(52)
Net amortization and other	153	174	166	18	20	17
Net periodic pension expense	108	122	77	45	45	30
Defined contribution plans	119	111	104	59	61	56
Total retirement plans expense	\$ 227	233	181	104	106	86

Beginning in 2016, the Company refined the method used to determine the service and interest cost components of pension expense for its U.S. retirement plans. The specific spot rates along the yield curve, rather than the single weighted-average rate previously used, are now applied to the projected cash flows to provide more precise measurement of these costs. This is a change in estimate which has been accounted for prospectively in the 2016

financial statements. The change reduced the 2016 service and interest cost by a total of \$38 compared with the cost measured using the weighted-average approach. The increase in net periodic pension expense in 2015 is attributable to higher service costs and amortization compared to the prior year. Net periodic pension expense includes \$12, \$14 and \$11 and defined contribution expense includes \$34, \$33 and \$33, for 2016, 2015 and 2014, respectively, related to discontinued operations. For defined contribution plans, the Company makes cash contributions based on plan requirements, which are expensed as incurred.

The Company transitioned from defined benefit to defined contribution retirement plans in 2016. The principal U.S. defined benefit pension plan closed to employees hired after January 1, 2016, and current employees not meeting combined age and years of service criteria ceased accruing benefits effective October 1, 2016. Affected employees were enrolled in an enhanced defined contribution plan. The impact of these actions had an inconsequential impact on the Company's financial statements at September 30, 2016. Over time, defined benefit plan expense will decline while defined contribution plan expense will increase, with an expectation of reduced earnings volatility.

All of the following tables include defined benefit plans related to continuing and discontinued operations.

Details of the changes in the actuarial present value of the projected benefit obligation and the fair value of plan assets for defined benefit pension plans follow:

	U.S. Plans		Non-U.S. Plans	
	2015	2016	2015	2016
Projected benefit obligation, beginning	\$ 4,336	4,263	1,330	1,248
Service cost	69	59	37	26
Interest cost	182	148	46	39
Actuarial (gain) loss	137	565	44	275
Benefits paid	(181)	(191)	(36)	(31)
Settlements	(205)	(151)	(25)	(82)
Acquisitions (Divestitures), net	(70)	—	(4)	(6)
Foreign currency translation and other	(5)	3	(144)	(149)
Projected benefit obligation, ending	<u>\$ 4,263</u>	<u>4,696</u>	<u>1,248</u>	<u>1,320</u>
Fair value of plan assets, beginning	\$ 4,473	3,928	988	935
Actual return on plan assets	(137)	491	49	155
Employer contributions	20	31	33	35
Benefits paid	(181)	(191)	(36)	(31)
Settlements	(205)	(151)	(25)	(82)
Acquisitions (Divestitures), net	(44)	—	(2)	—
Foreign currency translation and other	2	2	(72)	(103)
Fair value of plan assets, ending	<u>\$ 3,928</u>	<u>4,110</u>	<u>935</u>	<u>909</u>
Net amount recognized in the balance sheet	<u>\$ (335)</u>	<u>(586)</u>	<u>(313)</u>	<u>(411)</u>
Location of net amount recognized in the balance sheet:				
Noncurrent asset	\$ —	—	30	1
Current liability	(11)	(11)	(6)	(7)
Noncurrent liability	(316)	(565)	(227)	(279)
Net liability held-for-sale	(8)	(10)	(110)	(126)
Net amount recognized in the balance sheet	<u>(335)</u>	<u>(586)</u>	<u>(313)</u>	<u>(411)</u>
Pretax accumulated other comprehensive loss	<u>\$ (1,322)</u>	<u>(1,527)</u>	<u>(306)</u>	<u>(389)</u>

Approximately \$234 of the \$1,916 of pretax losses deferred in accumulated other comprehensive income (loss) at September 30, 2016 will be amortized to expense in 2017. As of September 30, 2016, U.S. pension plans were underfunded by \$586 and non-U.S. plans were underfunded by \$411. The U.S. funded status includes unfunded plans totaling \$216 and the non-U.S. status includes unfunded plans totaling \$237.

As of the September 30, 2016 and 2015 measurement dates, the plans' total accumulated benefit obligation was \$5,729 and \$5,254, respectively. Also as of the measurement dates, the total projected benefit obligation, accumulated benefit obligation and fair value of plan assets for individual plans with accumulated benefit obligations in excess of plan assets were \$5,951, \$5,678 and \$4,958, respectively, for 2016, and \$1,245, \$1,139 and \$648, respectively, for 2015.

Future benefit payments by U.S. plans are estimated to be \$215 in 2017, \$224 in 2018, \$233 in 2019, \$241 in 2020, \$249 in 2021 and \$1,326 in total over the five years 2022 through 2026. Based on foreign currency exchange rates as of September 30, 2016, future benefit payments by non-U.S. plans are estimated to be \$41 in 2017, \$42 in 2018, \$45 in 2019, \$47 in 2020, \$51 in 2021 and \$306 in total over the five years 2022 through 2026. The Company expects to contribute approximately \$40 to its retirement plans in 2017.

The weighted-average assumptions used in the valuation of pension benefits follow:

	U.S. Plans			Non-U.S. Plans		
	2014	2015	2016	2014	2015	2016
<u>Net pension expense</u>						
Discount rate used to determine service cost	4.75%	4.25%	4.60%	4.2%	3.6%	3.3%
Discount rate used to determine interest cost	4.75%	4.25%	3.50%	4.2%	3.6%	3.3%
Expected return on plan assets	7.50%	7.50%	7.50%	6.6%	6.6%	6.4%
Rate of compensation increase	3.25%	3.25%	3.25%	3.2%	3.4%	3.4%
<u>Benefit obligations</u>						
Discount rate	4.25%	4.35%	3.50%	3.6%	3.3%	2.3%
Rate of compensation increase	3.25%	3.25%	3.25%	3.4%	3.4%	3.2%

The discount rate for the U.S. retirement plans was 3.50 percent as of September 30, 2016. An actuarially developed, company-specific yield curve is used to determine the discount rate. The expected return on plan assets assumption is determined by reviewing the investment returns of the plans for the past 10 years plus longer-term historical returns of an asset mix approximating the Company's asset allocation targets, and periodically comparing these returns to expectations of investment advisors and actuaries to determine whether long-term future returns are expected to differ significantly from the past.

The Company's asset allocations at September 30, 2016 and 2015, and weighted-average target allocations follow:

	U.S. Plans			Non-U.S. Plans		
	2015	2016	Target	2015	2016	Target
Equity securities	65%	66%	60-70%	55%	51%	50-60%
Debt securities	30	29	25-35	32	36	25-35
Other	5	5	3-10	13	13	10-20
Total	100%	100%	100%	100%	100%	100%

The primary objective for the investment of pension assets is to secure participant retirement benefits by earning a reasonable rate of return. Plan assets are invested consistent with the provisions of the prudence and diversification rules of ERISA and with a long-term investment horizon. The Company continuously monitors the value of assets by class and routinely rebalances to remain within target allocations. The strategy for equity assets is to minimize concentrations of risk by investing primarily in companies in a diversified mix of industries worldwide, while targeting neutrality in exposure to market capitalization levels, growth versus value profile, global versus regional markets, fund types and fund managers. The approach for bonds emphasizes investment-grade corporate and government debt with maturities matching a portion of the longer duration pension liabilities. The bonds strategy also includes a

high-yield element which is generally shorter in duration. For diversification, a small portion of U.S. plan assets is allocated to private equity partnerships and real asset fund investments, providing opportunities for above market returns. Leveraging techniques are not used and the use of derivatives in any fund is limited and inconsequential.

The fair values of defined benefit pension assets as of September 30, organized by asset class and by the fair value hierarchy of ASC 820, *Fair Value Measurement*, follow:

	Level 1	Level 2	Level 3	Total	%
2016					
U.S. equities	\$ 1,081	305	292	1,678	33%
International equities	627	607		1,234	25%
Emerging market equities		257		257	5%
Corporate bonds		648		648	13%
Government bonds	3	749		752	15%
High-yield bonds		122		122	2%
Other	144	71	113	328	7%
Total	\$ 1,855	2,759	405	5,019	100%

2015					
U.S. equities	\$ 956	460	257	1,673	34%
International equities	502	677		1,179	24%
Emerging market equities		211		211	4%
Corporate bonds		628		628	13%
Government bonds	2	674		676	14%
High-yield bonds		175		175	4%
Other	140	67	114	321	7%
Total	\$ 1,600	2,892	371	4,863	100%

Asset Classes

U.S. equities reflect companies domiciled in the U.S., including multinational companies. International equities are comprised of companies domiciled in developed nations outside the U.S. Emerging market equities are comprised of companies domiciled in portions of Asia, Eastern Europe and Latin America. Corporate bonds represent investment-grade debt of issuers primarily from the U.S. Government bonds include investment-grade instruments issued by federal, state and local governments, primarily in the U.S. High-yield bonds include noninvestment-grade debt from a diverse group of developed market issuers. Other includes cash, interests in mixed asset funds investing in commodities, natural resources, agriculture, real estate and infrastructure funds, life insurance contracts (U.S.), and shares in certain general investment funds of financial institutions or insurance arrangements (non-U.S.) that typically ensure no market losses or provide for a small minimum return guarantee.

Fair Value Hierarchy Categories

Valuations of Level 1 assets for all classes are based on quoted closing market prices from the principal exchanges where the individual securities are traded. Cash is valued at cost, which approximates fair value. Equity securities categorized as Level 2 assets are primarily nonexchange-traded commingled or collective funds where the underlying securities have observable prices available from active markets. Valuation is based on the net asset value of fund units held as derived from the fair value of the underlying assets. Debt securities categorized as Level 2 assets are generally valued based on independent broker/dealer bids or by comparison to other debt securities having similar durations, yields and credit ratings. Other Level 2 assets are valued based on a net asset value of fund units held, which is derived from either market-observed pricing for the underlying assets or broker/dealer quotation. U.S. equity securities classified as Level 3 are fund investments in private companies. Valuation techniques and inputs for these assets include discounted cash flow analysis, earnings multiple approaches, recent transactions, transfer restrictions, prevailing discount rates, volatilities, credit ratings and other factors. In the Other class, interests in mixed assets funds are Level 2, and U.S. life insurance contracts and non-U.S. general fund investments and insurance arrangements are Level 3.

Details of the changes in value for Level 3 assets follow:

	2015	2016
Level 3, beginning	\$ 308	371
Gains (Losses) on assets held	18	18
Gains (Losses) on assets sold	(20)	(20)
Purchases, sales and settlements, net	65	36
Level 3, ending	<u>\$ 371</u>	<u>405</u>

(12) POSTRETIREMENT PLANS

The Company sponsors unfunded postretirement benefit plans (primarily health care) for certain U.S. retirees and their dependents. The components of net postretirement benefits expense for the years ended September 30 follow:

	2014	2015	2016
Service cost	\$ 1	1	1
Interest cost	11	9	8
Net amortization	(21)	(22)	(21)
Net postretirement expense	<u>\$ (9)</u>	<u>(12)</u>	<u>(12)</u>

Details of the changes in actuarial present value of accumulated postretirement benefit obligations follow:

	2015	2016
Benefit obligation, beginning	\$ 248	213
Service cost	1	1
Interest cost	9	8
Actuarial (gain) loss	(12)	—
Benefits paid	(18)	(16)
Divestitures	(15)	—
Benefit obligation, ending (recognized in balance sheet)	<u>\$ 213</u>	<u>206</u>

As of September 30, 2016 there were \$133 of deferred actuarial gains in accumulated other comprehensive income, of which approximately \$19 will be amortized into earnings in 2017. The discount rates used to measure the benefit obligation as of September 30, 2016, 2015 and 2014 were 3.10 percent, 3.80 percent and 3.75 percent, respectively. The health care cost trend rate used for both 2017 and 2016 is assumed to be 6.5 percent initially, and declining to 5.0 percent over the subsequent three years. A one percentage point increase or decrease in the health care cost trend rate assumption for either year would have an inconsequential impact on postretirement benefits expense and the benefit obligation. The Company estimates that future health care benefit payments will be approximately \$20 per year for 2017 through 2021, and \$70 in total over the five years 2022 through 2026.

(13) CONTINGENT LIABILITIES AND COMMITMENTS

The Company is a party to a number of pending legal proceedings and claims, including those involving general and product liability and other matters, several of which claim substantial amounts of damages. The Company accrues for such liabilities when it is probable that future costs (including legal fees and expenses) will be incurred and such costs can be reasonably estimated. Accruals are based on developments to date; management's estimates of the outcomes of these matters; the Company's experience in contesting, litigating and settling similar matters; and any related insurance coverage. Although it is not possible to predict the ultimate outcome of these matters, the Company historically has been largely successful in defending itself against claims and suits that have been brought against it, and will continue to defend itself vigorously in all such matters. While the Company believes a material adverse impact is unlikely, given the inherent uncertainty of litigation, a remote possibility exists that a future development could have a material adverse impact on the Company. The Company enters into certain indemnification agreements in the ordinary course of business in which the indemnified party is held harmless and

is reimbursed for losses incurred from claims by third parties, usually up to a prespecified limit. In connection with divestitures of certain assets or businesses, the Company often provides indemnities to the buyer with respect to certain matters including, for example, environmental or unidentified tax liabilities related to periods prior to the disposition. Because of the uncertain nature of the indemnities, the maximum liability cannot be quantified. As such, contingent liabilities are recorded when they are both probable and reasonably estimable. Historically, payments under indemnity arrangements have been inconsequential.

At September 30, 2016, there were no known contingent liabilities (including guarantees, pending litigation, taxes and other claims) that management believes will be material in relation to the Company's financial statements, nor were there any material commitments outside the normal course of business.

(14) INCOME TAXES

Pretax earnings from continuing operations consist of the following:

	2014	2015	2016
United States	\$ 1,736	2,688	1,312
Non-U.S.	1,455	1,119	1,004
Total pretax earnings	<u>\$ 3,191</u>	<u>3,807</u>	<u>2,316</u>

The principal components of income tax expense follow:

	2014	2015	2016
Current:			
Federal	\$ 623	831	394
State and local	47	86	11
Non-U.S.	416	398	305
Deferred:			
Federal	(132)	12	2
State and local	(7)	(1)	4
Non-U.S.	6	(59)	(19)
Income tax expense	<u>\$ 953</u>	<u>1,267</u>	<u>697</u>

Reconciliations of the U.S. federal statutory income tax rate to the Company's effective tax rate follow:

	2014	2015	2016
Federal statutory rate	35.0 %	35.0 %	35.0 %
State and local taxes, net of federal tax benefit	0.8	0.7	0.5
Non-U.S. rate differential	(3.6)	(2.4)	(2.9)
Non-U.S. tax holidays	(0.8)	(0.9)	(1.1)
U.S. manufacturing deduction	(1.5)	(1.2)	(1.8)
Gains on divestitures	—	1.8	—
Other	—	0.3	0.4
Effective income tax rate	<u>29.9 %</u>	<u>33.3 %</u>	<u>30.1 %</u>

Non-U.S. tax holidays reduce tax rates in certain foreign jurisdictions and are expected to expire over the next two years.

Following are changes in unrecognized tax benefits before considering recoverability of any cross-jurisdictional tax credits (federal, state and non-U.S.) and temporary differences. The amount of unrecognized tax benefits is not expected to change significantly within the next 12 months.

	2015	2016
Unrecognized tax benefits, beginning	\$ 120	84
Additions for current year tax positions	7	12
Additions for prior year tax positions	8	16
Reductions for prior year tax positions	(9)	(13)
Reductions for settlements with tax authorities	—	(4)
Reductions for expiration of statutes of limitations	(42)	(9)
Unrecognized tax benefits, ending	\$ 84	86

If none of the unrecognized tax benefits shown is ultimately paid, the tax provision and the calculation of the effective tax rate would be favorably impacted by \$48, which is net of cross-jurisdictional tax credits and temporary differences. The Company accrues interest and penalties related to income taxes in income tax expense. Total interest and penalties recognized were \$2, \$(4) and \$3 in 2016, 2015 and 2014, respectively. As of September 30, 2016 and 2015, total accrued interest and penalties were \$21 and \$20, respectively.

The U.S. is the major jurisdiction for which the Company files income tax returns. U.S. federal tax returns are closed through 2012. The status of state and non-U.S. tax examinations varies due to the numerous legal entities and jurisdictions in which the Company operates.

The principal items that gave rise to deferred income tax assets and liabilities follow:

	2015	2016
Deferred tax assets:		
Net operating losses and tax credits	\$ 138	164
Accrued liabilities	245	277
Postretirement and postemployment benefits	86	82
Employee compensation and benefits	168	206
Pensions	164	271
Other	161	158
Total	\$ 962	1,158
Valuation allowances	\$ (109)	(132)
Deferred tax liabilities:		
Intangibles	\$ (500)	(510)
Property, plant and equipment	(236)	(239)
Other	(51)	(51)
Total	\$ (787)	(800)
Net deferred income tax asset	\$ 66	226

Current deferred tax assets, net were \$400 and \$305 as of September 30, 2016 and 2015, respectively, and noncurrent deferred tax liabilities, net were \$174 and \$239. Total income taxes paid were approximately \$950, \$1,590 and \$1,310 in 2016, 2015 and 2014, respectively. Approximately half of the \$164 of net operating losses and tax credits can be carried forward indefinitely, while the remainder expire over varying periods.

(15) STOCK-BASED COMPENSATION

The Company's stock-based compensation plans include stock options, performance shares, restricted stock and restricted stock units. Although the Company has discretion, shares distributed under these plans are issued from treasury stock.

Stock Options

The Company's stock option plans permit key officers and employees to purchase common stock at specified prices, which are equal to 100 percent of the closing market price of the Company's stock on the date of grant. Options generally vest one-third in each of the three years subsequent to grant and expire 10 years from the date of grant. Compensation expense is recognized ratably over the vesting period based on the number of options expected to vest. As of September 30, 2016, 10.9 million options were available for grant under the plans.

Changes in shares subject to options during the year ended September 30, 2016 follow (shares in thousands):

	Weighted- Average Exercise Price Per Share	Shares	Total Intrinsic Value of Shares	Average Remaining Life (Years)
Beginning of year	\$ 55.40	13,646		
Options granted	\$ 49.68	3,077		
Options exercised	\$ 40.14	(701)		
Options canceled	\$ 56.78	(746)		
End of year	\$ 54.87	15,276	\$ 43	5.8
Exercisable at end of year	\$ 54.56	10,105	\$ 30	4.4

The weighted-average grant date fair value per option was \$9.02, \$12.48 and \$14.83 in 2016, 2015 and 2014, respectively. Cash received for option exercises was \$31 in 2016, \$36 in 2015 and \$77 in 2014. The total intrinsic value of options exercised in 2016, 2015 and 2014 was \$9, \$16 and \$61, respectively, while the tax benefit realized by the Company from tax deductions related to option exercises was \$2, \$10 and \$14, respectively.

The grant date fair value of options is estimated using the Black-Scholes option-pricing model. The weighted-average assumptions used in valuations for 2016, 2015 and 2014 are, respectively: risk-free interest rate, based on U.S. Treasury yields, 1.9 percent, 1.9 percent and 2.0 percent; dividend yield, 3.8 percent, 3.1 percent and 2.6 percent; and expected volatility, based on historical volatility, 27 percent, 28 percent and 28 percent. The expected life of each option awarded is seven years based on historical experience and expected future exercise patterns.

Performance Shares, Restricted Stock and Restricted Stock Units

The Company's incentive shares plans include performance shares awards which distribute the value of common stock to key management employees subject to certain operating performance conditions and other restrictions. The form of distribution is primarily shares of common stock, with a portion in cash. Compensation expense for performance shares is recognized over the service period based on the number of shares ultimately expected to be earned. Performance shares awards are accounted for as liabilities in accordance with ASC 718, *Compensation - Stock Compensation*, with compensation expense adjusted at the end of each reporting period to reflect the change in fair value of the awards.

As of September 30, 2016, 4,944,575 performance shares awarded primarily in 2013 were outstanding, contingent on the Company achieving its performance objectives through 2016 and the provision of additional service by employees. The objectives for these shares were met at the 86 percent level at the end of 2016, or 4,252,335 shares. Of these, 2,552,949 shares will be distributed in early 2017 while 1,699,386 shares remain subject to employees providing one additional year of service. Additionally, the rights to receive a maximum of 2,186,150 common shares awarded in 2016, under the new performance shares program, are outstanding and contingent upon the Company achieving its performance objectives through 2018. As a result of the Company's level of achievement of its performance shares objective at the end of 2013 for performance shares awarded primarily in 2010, and employees providing an additional year of service, rights to receive 4,823,045 common shares vested and were distributed to participants in 2014 as follows: 2,782,143 issued as shares, 1,829,617 withheld for income taxes and the value of 211,285 paid in cash. 14,694 shares were canceled and not distributed.

Incentive shares plans also include restricted stock awards which involve distribution of common stock to key management employees subject to cliff vesting at the end of service periods ranging from three to ten years. The fair value of restricted stock awards is determined based on the average of the high and low market prices of the Company's common stock on the date of grant, with compensation expense recognized ratably over the applicable service period. In 2016, 235,000 shares of restricted stock vested as a result of participants fulfilling the applicable service requirements. Consequently, 139,436 shares were issued while 95,564 shares were withheld for income taxes in accordance with minimum withholding requirements. As of September 30, 2016, there were 1,174,500 shares of unvested restricted stock outstanding.

The total fair value of shares vested under incentive shares plans was \$11, \$9 and \$315, respectively, in 2016, 2015 and 2014, of which \$4, \$5 and \$134 was paid in cash, primarily for tax withholding. As of September 30, 2016, 15.4 million shares remained available for award under incentive shares plans.

Changes in shares outstanding but not yet earned under incentive shares plans during the year ended September 30, 2016 follow (shares in thousands):

	Shares	Average Grant Date Fair Value Per Share
Beginning of year	6,377	\$ 48.97
Granted	2,126	\$ 49.20
Earned/vested	(235)	\$ 44.12
Canceled	(940)	\$ 49.15
End of year	7,328	\$ 49.17

Total compensation expense for stock options and incentive shares was \$159, \$30 and \$143 for 2016, 2015 and 2014, respectively, of which \$14, \$6 and \$20 was included in discontinued operations. The increase in expense for 2016 reflects an increasing stock price in the current year compared with a decreasing price in 2015, and overlap of awards. The decrease in expense for 2015 reflects a stock option award in 2014 and no incentive stock plan overlap in 2015, and a lower stock price in 2015. Income tax benefits recognized in the income statement for these compensation arrangements during 2016, 2015 and 2014 were \$45, \$2 and \$39, respectively. As of September 30, 2016, total unrecognized compensation expense related to unvested shares awarded under these plans was \$133, which is expected to be recognized over a weighted-average period of 1.8 years.

In addition to the employee stock option and incentive shares plans, in 2016 the Company awarded 24,336 shares of restricted stock and 3,042 restricted stock units under the restricted stock plan for nonmanagement directors. As of September 30, 2016, 194,577 shares were available for issuance under this plan.

(16) COMMON AND PREFERRED STOCK

At September 30, 2016, 48.3 million shares of common stock were reserved for issuance under the Company's stock-based compensation plans. During 2016, 12.5 million common shares were purchased and 0.7 million treasury shares were reissued. In 2015, 43.1 million common shares were purchased and 1.1 million treasury shares were reissued.

At September 30, 2016 and 2015, the Company had 5.4 million shares of \$2.50 par value preferred stock authorized, with none issued.

(17) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Activity in accumulated other comprehensive income (loss) attributable to common stockholders is shown below:

	2014	2015	2016
<u>Foreign currency translation</u>			
Beginning balance	\$ 504	171	(622)
Other comprehensive income (loss)	(341)	(793)	(190)
Purchase of noncontrolling interest	8	—	—
Ending balance	171	(622)	(812)
<u>Pension and postretirement</u>			
Beginning balance	(692)	(746)	(952)
Actuarial gains (losses) deferred during the period	(152)	(315)	(310)
Amortization of deferred actuarial losses into earnings	98	109	100
Ending balance	(746)	(952)	(1,162)
<u>Cash flow hedges</u>			
Beginning balance	(1)	—	(43)
Gains (Losses) deferred during the period	(1)	(66)	(30)
Reclassifications of realized (gains) losses to sales and cost of sales	2	23	48
Ending balance	—	(43)	(25)
Accumulated other comprehensive income (loss)	\$ (575)	(1,617)	(1,999)

Activity above is shown net of income taxes for 2016, 2015 and 2014, respectively, as follows: deferral of pension and postretirement actuarial gains (losses): \$159, \$192 and \$87; amortization of pension and postretirement deferred actuarial losses: \$(59), \$(59) and \$(52); deferral of cash flow hedging gains (losses): \$17, \$38 and \$-; reclassification of realized cash flow hedging (gains) losses: \$(28), \$(13) and \$-. Amortization of deferred actuarial losses includes \$(3), \$(3) and \$(2) in 2016, 2015 and 2014, respectively, related to discontinued operations.

(18) BUSINESS SEGMENTS INFORMATION

The Company designs and manufactures products and delivers services that bring technology and engineering together to provide innovative solutions for customers in a wide range of industrial, commercial and consumer markets around the world. The business segments of the Company are organized primarily by the nature of the products and services they sell.

The **Process Management** segment provides systems and software, measurement and analytical instrumentation, valves, actuators and regulators, services and solutions and reliability consulting including digital plant architecture that allows communication of devices with centralized systems, to provide precision measurement, control, monitoring, asset optimization, and plant safety and reliability for plants that produce power or process fluids or items such as petroleum, chemicals, food and beverages, pulp and paper, pharmaceuticals and municipal water supplies. The **Industrial Automation** segment provides fluid power and control mechanisms, electrical distribution equipment, and materials joining and precision cleaning products which are used in a wide variety of manufacturing operations to provide integrated manufacturing solutions to customers. The **Climate Technologies** segment supplies compressors, temperature sensors and controls, thermostats, flow controls and remote monitoring technology and services to all areas of the climate control industry, including residential heating and cooling, commercial air conditioning, commercial and industrial refrigeration and marine controls. The **Commercial & Residential Solutions** segment provides tools for professionals and homeowners, home storage systems and appliance solutions. The principal distribution method for each segment is direct sales forces, although the Company also uses independent sales representatives and distributors. Due to its global presence, certain of the Company's international operations are subject to risks such as significant currency exchange rate fluctuations, restrictions on the movement of funds and potential nationalization of operations. See Notes 3 through 7.

The primary income measure used for assessing segment performance and making operating decisions is earnings before interest and income taxes. Intersegment selling prices approximate market prices. Accounting method differences between segment reporting and the consolidated financial statements are primarily management fees

allocated to segments based on a percentage of sales and the accounting for pension and other retirement plans. Corporate and other includes stock compensation expense, and goodwill impairment charges when applicable. Corporate assets are primarily comprised of cash and equivalents, investments and certain fixed assets. Summarized below is information about the Company's operations by business segment and by geography.

Business Segments

	Sales			Earnings			Total Assets		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Process Management	\$ 9,189	8,516	7,484	\$ 1,918	1,493	1,131	\$ 7,771	7,704	7,622
Industrial Automation	3,004	2,448	2,072	640	509	458	1,810	1,254	1,276
Climate Technologies	4,109	4,011	3,949	737	698	769	2,378	2,314	2,350
Commercial & Residential Solutions	1,891	1,913	1,611	421	403	384	1,152	817	809
	18,193	16,888	15,116	3,716	3,103	2,742	13,111	12,089	12,057
Differences in accounting methods				197	174	189			
Corporate and other (a)	209			(526)	705	(427)	11,066	9,999	9,686
Sales eliminations/ interest (b)	(669)	(639)	(594)	(196)	(175)	(188)			
Total	\$ 17,733	16,249	14,522	\$ 3,191	3,807	2,316	\$ 24,177	22,088	21,743

(a) Corporate and other in 2015 includes gains on divestitures of \$1,039, and in 2014 includes combined sales and earnings of \$209 and \$(6), respectively, related to the Artesyn and Connectivity Solutions businesses, which were reported in the former Network Power segment. See Note 3. Assets held-for-sale of \$6,030, \$6,222 and \$6,904 are included in Corporate and other for 2016, 2015 and 2014, respectively. See Note 4.

(b) Industrial Automation intersegment sales for the years ended September 30, 2016, 2015 and 2014 were \$578, \$622 and \$650, respectively.

	Depreciation and Amortization			Capital Expenditures		
	2014	2015	2016	2014	2015	2016
Process Management	\$ 249	276	297	\$ 300	244	181
Industrial Automation	74	59	50	71	79	79
Climate Technologies	132	132	133	145	134	119
Commercial & Residential Solutions	52	51	44	49	52	44
Corporate and other	62	55	44	86	79	24
Total	\$ 569	573	568	\$ 651	588	447

Geographic Information

	Sales by Destination			Property, Plant and Equipment		
	2014	2015	2016	2014	2015	2016
United States and Canada	\$ 8,753	8,370	7,505	\$ 1,803	1,756	1,780
Asia	3,737	3,363	2,926	504	481	459
Europe	2,896	2,381	2,300	441	426	435
Latin America	1,194	981	834	266	216	203
Middle East/Africa	1,153	1,154	957	48	50	54
Total	\$ 17,733	16,249	14,522	\$ 3,062	2,929	2,931

Sales in the U.S. were \$6,940, \$7,608 and \$7,929 for 2016, 2015 and 2014, respectively, while Asia includes sales in China of \$1,320, \$1,575 and \$1,831 in those years. Assets located in the U.S. were \$1,772 in 2016, \$1,746 in 2015 and \$1,789 in 2014.

(19) OTHER FINANCIAL DATA

Items reported in earnings from continuing operations during the years ended September 30 include the following:

	2014	2015	2016
Research and development expense	\$ 356	336	320
Depreciation expense	\$ 402	399	391
Rent expense	\$ 304	287	273

The Company leases certain facilities, transportation and office equipment, and various other items under operating lease agreements. Minimum annual rentals under noncancelable long-term leases, exclusive of maintenance, taxes, insurance and other operating costs, will approximate \$183 in 2017, \$130 in 2018, \$94 in 2019, \$57 in 2020 and \$36 in 2021.

At September 30, 2015, other current assets included short-term investments of \$99, which matured in 2016.

Items reported in accrued expenses include the following:

	2015	2016
Employee compensation	\$ 448	431
Customer advanced payments	\$ 400	433
Product warranty	\$ 101	106

Other liabilities are summarized as follows:

	2015	2016
Pension liabilities	\$ 543	844
Deferred income taxes	270	210
Postretirement liabilities, excluding current portion	199	193
Other	527	482
Total	<u>\$ 1,539</u>	<u>1,729</u>

Other operating cash flow is comprised of the following:

	2014	2015	2016
Pension expense	\$ 142	153	95
Stock compensation expense	123	24	145
Deferred income taxes and other	(102)	19	45
Total	<u>\$ 163</u>	<u>196</u>	<u>285</u>

(20) QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Net sales	\$ 4,026	3,337	3,934	3,579	4,085	3,674	4,204	3,932	16,249	14,522
Gross profit	\$ 1,740	1,414	1,686	1,542	1,759	1,593	1,823	1,713	7,008	6,262
Earnings from continuing operations common stockholders	\$ 452	303	936	367	502	441	627	479	2,517	1,590
Net earnings common stockholders	\$ 525	349	973	369	564	479	648	438	2,710	1,635
Earnings per common share from continuing operations:										
Basic	\$ 0.65	0.47	1.37	0.57	0.75	0.68	0.95	0.74	3.72	2.46
Diluted	\$ 0.65	0.46	1.36	0.57	0.75	0.68	0.95	0.74	3.71	2.45
Net earnings per common share:										
Basic	\$ 0.76	0.54	1.42	0.57	0.84	0.74	0.98	0.68	4.01	2.53
Diluted	\$ 0.75	0.53	1.42	0.57	0.84	0.74	0.98	0.68	3.99	2.52
Dividends per common share	\$ 0.47	0.475	0.47	0.475	0.47	0.475	0.47	0.475	1.88	1.90
Common stock prices:										
High	\$ 65.94	51.47	62.25	55.54	62.75	56.82	56.12	56.72	65.94	56.82
Low	\$ 57.76	42.21	54.95	41.25	55.23	48.45	42.80	50.41	42.80	41.25

Earnings per share are computed independently each period; as a result, the quarterly amounts may not sum to the calculated annual figure.

Earnings from continuing operations and diluted earnings per share, respectively, include the following: a gain on the divestiture of a business of \$528 and \$0.77 in the second quarter of 2015; and gains on divestitures of businesses of \$83 and \$0.13 in the fourth quarter of 2015.

Emerson Electric Co. common stock (symbol EMR) is listed on the New York Stock Exchange and the Chicago Stock Exchange.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Emerson Electric Co.:

We have audited the accompanying consolidated balance sheets of Emerson Electric Co. and subsidiaries as of September 30, 2016 and 2015, and the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the years in the three-year period ended September 30, 2016. We also have audited Emerson Electric Co.'s internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Emerson Electric Co.'s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emerson Electric Co. and subsidiaries as of September 30, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2016, in conformity with U.S. generally accepted accounting principles. Also in our opinion, Emerson Electric Co. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP
St. Louis, Missouri
November 16, 2016

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A - CONTROLS AND PROCEDURES

The Company maintains a system of disclosure controls and procedures which is designed to ensure that information required to be disclosed by the Company in the reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the Company's certifying officers, as appropriate to allow timely decisions regarding required disclosure. Based on an evaluation performed, the Company's certifying officers have concluded that the disclosure controls and procedures were effective as of September 30, 2016 to provide reasonable assurance of achieving these objectives.

Notwithstanding the foregoing, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company and its consolidated subsidiaries to report material information otherwise required to be set forth in the Company's reports. There was no change in the Company's internal control over financial reporting during the quarter ended September 30, 2016, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Management's report on internal control over financial reporting, and the related report of the Company's auditor, KPMG LLP, an independent registered public accounting firm, set forth in Item 7 and Item 8, respectively, of this Annual Report on Form 10-K, are hereby incorporated by reference.

ITEM 9B - OTHER INFORMATION

None.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding nominees and directors appearing under "Nominees and Continuing Directors" in the Emerson Electric Co. Notice of Annual Meeting of Stockholders and Proxy Statement for the February 2017 annual stockholders' meeting (the "2017 Proxy Statement") is hereby incorporated by reference. Information regarding executive officers is set forth in Part I of this report. Information appearing under "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2016 Proxy Statement is hereby incorporated by reference. Information regarding the Audit Committee and Audit Committee Financial Expert appearing under "Board of Directors and Committees" in the 2017 Proxy Statement is hereby incorporated by reference.

The Company has adopted a Code of Ethics that applies to the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer; has posted such Code of Ethics on its website; and intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting such information on its website. The Company has adopted Charters for its Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee and a Code of Business Ethics for directors, officers and employees, which are available on its website and in print to any stockholder who requests them. The Company has also adopted Corporate Governance Principles and Practices, which are available on its website and in print to any stockholder who requests them. The Corporate Governance section of the Company's website may be accessed as follows: www.Emerson.com, Investors, Corporate Governance.

ITEM 11 - EXECUTIVE COMPENSATION

Information appearing under "Board of Directors and Committees—Compensation Committee," "Board of Directors and Committees—Corporate Governance and Nominating Committee," "Director Compensation," "Executive Compensation" (including, but not limited to, the information set forth under "Compensation Discussion and Analysis," "Compensation Committee Report" and "Summary Compensation Table") and "Compensation Committee Interlocks and Insider Participation" in the 2017 Proxy Statement is hereby incorporated by reference.

The information contained in "Compensation Committee Report" shall not be deemed to be filed with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), except to the extent that the Company specifically incorporates such information into future filings under the Securities Act of 1933 or the Exchange Act.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information regarding beneficial ownership of shares by nominees and continuing directors, named executive officers, five percent beneficial owners, and by all directors and executive officers as a group appearing under, "Stock Ownership of Directors, Executive Officers and 5% Beneficial Owners" in the 2017 Proxy Statement, is hereby incorporated by reference.

The following table sets forth aggregate information regarding the Company's equity compensation plans as of September 30, 2016:

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 (1)	21,731,572	\$54.87	26,554,538
Equity compensation plans not approved by security holders	—	—	—
Total	21,731,572	\$54.87	26,554,538

(1) Includes the Stock Option and Incentive Shares Plans previously approved by the Company's security holders. Included in column (a) are: (i) 15,276,335 shares reserved for outstanding stock option awards, (ii) 2,186,150 shares reserved for performance share awards granted in 2016, (iii) 4,252,335 shares reserved for performance share awards granted primarily in 2013, (iv) 16,513 reserved for outstanding restricted stock unit awards, and (v) 239 shares which have been earned under prior performance share programs but for which participants elected to defer payment. As provided by the Company's Incentive Shares Plans, performance shares awards represent a commitment to issue such shares without cash payment by the employee, contingent upon achievement of the performance objectives and continued service by the employee.

The price in column (b) represents the weighted-average exercise price for outstanding options. Included in column (c) are shares remaining available for award under previously approved plans as follows: (i) 10,917,345 under the 2011 Stock Option Plan, (ii) 11,230,650 under the 2015 Incentive Shares Plan, (iii) 4,211,966 under the 2006 Incentive Shares Plan, and (iv) 194,577 under the Restricted Stock Plan for Non-Management Directors.

Information regarding stock option plans and incentive shares plans is set forth in Item 8 of this Annual Report on Form 10-K in Note 15 of Notes to Consolidated Financial Statements, which note is hereby incorporated by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information appearing under "Director Independence" in the 2017 Proxy Statement is hereby incorporated by reference.

ITEM 14 - PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information appearing under "Fees Paid to KPMG LLP" in the 2017 Proxy Statement is hereby incorporated by reference.

PART IV

ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

A) Documents filed as a part of this report:

1. The consolidated financial statements and accompanying notes of the Company and subsidiaries and the report thereon of KPMG LLP set forth in Item 8 of this Annual Report on Form 10-K.
2. Financial Statement Schedules - All schedules are omitted because they are not required, not applicable or the required information is provided in the financial statements or notes thereto contained in this Annual Report on Form 10-K.
3. Exhibits (Listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K).

3(a) Restated Articles of Incorporation of Emerson Electric Co., incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2001, File No. 1-278, Exhibit 3(a); Termination of Designated Shares of Stock and Certificate of Designation, Preferences and Rights of Series B Junior Participating Preferred Stock, incorporated by reference to Emerson Electric Co. 1998 Form 10-K, File No. 1-278, Exhibit 3(a).

3(b) Bylaws of Emerson Electric Co., as amended through October 6, 2016, incorporated by reference to Emerson Electric Co. Form 8-K filed October 6, 2016, Exhibit 3.1.

4(a) Indenture dated as of December 10, 1998, between Emerson Electric Co. and The Bank of New York, Trustee, incorporated by reference to Emerson Electric Co. 1998 Form 10-K, File No. 1-278, Exhibit 4(b).

No other long-term debt instruments are filed since the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of Emerson Electric Co. and its subsidiaries on a consolidated basis. Emerson Electric Co. agrees to furnish a copy of such instruments to the SEC upon request.

10(a)* Third Amendment to the Emerson Electric Co. 1993 Incentive Shares Plan, as restated, incorporated by reference to Emerson Electric Co. 1996 Form 10-K, File No. 1-278, Exhibit 10(g), and Fourth Amendment thereto, incorporated by reference to Emerson Electric Co. 2001 Form 10-K, File No. 1-278, Exhibit 10(d).

10(b)* Amended and Restated Emerson Electric Co. Continuing Compensation Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(c).

10(c)* Amended and Restated Deferred Compensation Plan for Non-Employee Directors and Forms of Payment Election Form, Initial Notice of Election and Notice of Election Change, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(d).

- 10(d)* First Amendment to the Emerson Electric Co. Supplemental Executive Retirement Plan, incorporated by reference to Emerson Electric Co. 1999 Form 10-K, File No. 1-278, Exhibit 10(h), and Form of Change of Control Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.9 (applicable only with respect to benefits vested as of December 31, 2004).
- 10(e)* Amended and Restated Emerson Electric Co. Pension Restoration Plan dated October 6, 2015, incorporated by reference to Emerson Electric Co. 2015 Form 10-K, File No. 1-278, Exhibit 10(e); Forms of Participation Award Letter, Acceptance of Award and Benefit Election Forms (applicable only with respect to benefits after January 1, 2005), incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(f); and Lump Sum Distribution Election Forms.
- 10(f)* Fifth Amendment to the Supplemental Executive Savings Investment Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 1999, File No. 1-278, Exhibit 10(j), and Form of Participation Agreement and Form of Annual Election, incorporated by reference to Emerson Electric Co. Form 8-K filed October 1, 2004, Exhibit 10.8 (applicable only with respect to benefits vested as of December 31, 2004).
- 10(g)* Amended and Restated Emerson Electric Co. Savings Investment Restoration Plan and Forms of Participation Agreement, Annual Election Form and Payment Election Form (applicable only with respect to benefits after January 1, 2005), incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(h), and First Amendment to Emerson Electric Co. Savings Investment Restoration Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2008, File No. 1-278, Exhibit 10.1.
- 10(h)* Amended and Restated Emerson Electric Co. Annual Incentive Plan and Form of Acceptance of Award, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(i).
- 10(i)* 1997 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 1997 Proxy Statement dated December 6, 1996, File No. 1-278, Exhibit A, and First Amendment thereto, incorporated by reference to Emerson Electric Co. 2001 Form 10-K, File No. 1-278, Exhibit 10(j), Amendment for 409A Compliance, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(j), Form of Performance Share Award Certificate, Forms of Acceptance of Award and Change of Control Election, incorporated by reference to Emerson Electric Co. Form 8-K filed October 1, 2004, Exhibit 10.5, and Form of Restricted Shares Award Agreement, incorporated by reference to Emerson Electric Co. Form 8-K filed October 1, 2004, Exhibit 10.6.
- 10(j)* 1998 Stock Option Plan, incorporated by reference to Emerson Electric Co. 1998 Proxy Statement dated December 12, 1997, File No. 1-278, Appendix A, and Amendment No. 1 thereto, incorporated by reference to Emerson Electric Co. 2000 Form 10-K, File No. 1-278, Exhibit 10(l), Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K filed October 1, 2004, Exhibit 10.1, and Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K filed October 1, 2004, Exhibit 10.2.

- 10(k)* 2001 Stock Option Plan, incorporated by reference to Emerson Electric Co. 2002 Proxy Statement dated December 12, 2001, File No. 1-278, Appendix A, Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K filed October 1, 2004, Exhibit 10.3 (used on or prior to September 30, 2011), Forms of Notice of Grant of Stock Options, Option Agreement and Incentive Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2011, File No. 1-278, Exhibit 10.1 (used after September 30, 2011), Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K filed October 1, 2004, Exhibit 10.4 (used on or prior to September 30, 2011), Forms of Notice of Grant of Stock Options, Option Agreement and Nonqualified Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2011, File No. 1-278, Exhibit 10.2 (used after September 30, 2011).
- 10(l)* Emerson Electric Co. Description of Split Dollar Life Insurance Program Transition, incorporated by reference to Emerson Electric Co. Form 8-K filed September 2, 2005, Exhibit 10.1.
- 10(m)* Amended and Restated Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2009, File No. 1-278, Exhibit 10.1, Form of Restricted Stock Award Letter under the Emerson Electric Co. Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 8-K filed February 1, 2005, Exhibit 10.2, and Form of Restricted Stock Unit Award Letter under the Emerson Electric Co. Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2009, File No. 1-278, Exhibit 10.1.
- 10(n)* Description of Non-Management Director Compensation, incorporated by reference to Emerson Electric Co. 2012 Form 10-K, File No. 1-278, Exhibit 10(n).
- 10(o)* Description of Named Executive Officer Compensation, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2004, Exhibit 10.1.
- 10(p)* Emerson Electric Co. 2006 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 2006 Proxy Statement dated December 16, 2005, Appendix C, Amendment for 409A Compliance, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(q), Forms of Performance Shares Award Certificate and Acceptance of Award (used on or prior to September 30, 2009) and Restricted Shares Award Agreement (used on or prior to September 30, 2011), incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(q), Amendment to Emerson Electric Co. 2006 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended June 30, 2008, File No. 1-278, Exhibit 10.1, Forms of Performance Shares Award Certificate, Acceptance of Award and 2010 Performance Shares Program Award Summary, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2009 (used after September 30, 2009 and on or prior to September 30, 2011), File No. 1-278, Exhibit 10.2, Forms of Performance Shares Award Certificate and Acceptance of Award, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2011, File No. 1-278, Exhibit 10.3 (used after September 30, 2011), and Form of Restricted Shares Award Agreement, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2011, File No. 1-278, Exhibit 10.4 (used after September 30, 2011).
- 10(q) Credit Agreement dated as of April 30, 2014, incorporated by reference to Emerson Electric Co. Form 8-K filed May 2, 2014, Exhibit 10.1.

- 10(r)* 2011 Stock Option Plan, incorporated by reference to Emerson Electric Co. 2011 Proxy Statement dated December 10, 2010, File No. 1-278, Appendix B, 2011 Stock Option Plan as Amended and Restated effective October 1, 2012, incorporated by reference to Emerson Electric Co. 2012 Form 10-K, File No. 1-278, Exhibit 10(r), Forms of Notice of Grant of Stock Options, Option Agreement and Incentive Stock Option Agreement under the 2011 Stock Option Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2012, File No. 1-278, Exhibit 10.1 and Forms of Notice of Grant of Stock Options, Option Agreement and Nonqualified Stock Option Agreement under the 2011 Stock Option Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2012, File No. 1-278, Exhibit 10.2.
- 10(s)* Emerson Electric Co. 2015 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 2015 Proxy Statement dated December 12, 2014, Appendix B, Forms of Performance Shares Award Certificate and Acceptance of Award, 2016 Performance Shares Program Award Summary and Form of Restricted Shares Award Agreement, incorporated by reference to Emerson Electric Co. 2015 Form 10-K, File No. 1-278, Exhibit 10(u).
- 10(t)* Letter Agreement effective as of January 15, 2014 between Emerson Electric Co. and Edgar M. Purvis, incorporated by reference to Emerson Electric Co. 2015 Form 10-K, File No. 1-278, Exhibit 10(v).
- 10(u)* Letter Agreement dated December 7, 2015 by and between Emerson Electric Co. and Charles A. Peters, incorporated by reference to Emerson Electric Co. form 10-Q for the quarter ended December 31, 2015, Exhibit 10.1.
- 10(v)* Letter Agreement effective as of January 15, 2014 between Emerson Electric Co. and Steven J. Pelch.
- 10(w) Transaction Agreement dated as of July 29, 2016 among Emerson Electric Co., Cortes NP Holdings, LLC, Cortes NP Acquisition Corporation, ASCO Power Grp, LLC and Cortes NP JV Holdings, LLC.
- 10(x) Share Purchase Agreement by and between Emerson Electric Co. and Pentair plc dated August 18, 2016.
- 12 Ratio of Earnings to Fixed Charges
- 21 Subsidiaries of Emerson Electric Co.
- 23 Consent of Independent Registered Public Accounting Firm
- 24 Power of Attorney
- 31 Certifications pursuant to Exchange Act Rule 13a-14(a)
- 32 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350
- 101 Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the years ended September 30, 2014, 2015 and 2016, (ii) Consolidated Statements of Comprehensive Income for the years ended September 30, 2014, 2015, and 2016 (iii) Consolidated Balance Sheets at September 30, 2015 and 2016, (iv) Consolidated Statements of Equity for the years ended September 30, 2014, 2015 and 2016, (v) Consolidated Statements of Cash Flows for the years ended September 30, 2014, 2015 and 2016, and (vi) Notes to Consolidated Financial Statements for the year ended September 30, 2016.

* Management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EMERSON ELECTRIC CO.

By /s/ F. J. Dellaquila

F. J. Dellaquila
Senior Executive Vice President and
Chief Financial Officer
November 16, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on November 16, 2016, by the following persons on behalf of the registrant and in the capacities indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ D. N. Farr</u> D. N. Farr	Chairman of the Board and Chief Executive Officer
<u>/s/ F. J. Dellaquila</u> F. J. Dellaquila	Senior Executive Vice President and Chief Financial Officer
<u>/s/ R. J. Schlueter</u> R. J. Schlueter	Vice President, Controller and Chief Accounting Officer
<u>*</u> C. A. H. Boersig	Director
<u>*</u> J. B. Bolten	Director
<u>*</u> A. F. Golden	Director
<u>*</u> W. R. Johnson	Director
<u>*</u> C. Kendle	Director
<u>*</u> M. S. Levatich	Director

J. W. Prueher

Director

R. L. Stephenson

Director

J. S. Turley

Director

* By /s/ F. J. Dellaquila
F. J. Dellaquila
Attorney-in-Fact

INDEX TO EXHIBITS

Exhibits are listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K.

<u>Exhibit No.</u>	<u>Exhibit</u>
10(v)	Letter Agreement effective as of January 15, 2014 between Emerson Electric Co. and Steven J. Pelch.
10(w)	Transaction Agreement dated as of July 29, 2016 among Emerson Electric Co., Cortes NP Holdings, LLC, Cortes NP Acquisition Corporation, ASCO Power Grp, LLC and Cortes NP JV Holdings, LLC.
10(x)	Share Purchase Agreement by and between Emerson Electric Co. and Pentair plc dated August 18, 2016.
12	Ratio of Earnings to Fixed Charges
21	Subsidiaries of Emerson Electric Co.
23	Consent of Independent Registered Public Accounting Firm
24	Power of Attorney
31	Certifications pursuant to Exchange Act Rule 13a – 14(a)
32	Certifications pursuant to Exchange Act Rule 13a – 14(b) and 18 U.S.C. Section 1350
101	Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the years ended September 30, 2014, 2015 and 2016, (ii) Consolidated Statements of Comprehensive Income for the years ended September 30, 2014, 2015 and 2016, (iii) Consolidated Balance Sheets as of September 30, 2015 and 2016, (iv) Consolidated Statements of Equity for the years ended September 30, 2014, 2015 and 2016, (v) Consolidated Statements of Cash Flows for the years ended September 30, 2014, 2015 and 2016, and (vi) Notes to Consolidated Financial Statements for the year ended September 30, 2016.

See Item 15(A) 3. for a list of exhibits incorporated by reference.

Special Recognition Award - Cash Incentive Program Acceptance Form

You have been recommended for an award of **\$125,000**, under the Special Recognition Award - Cash Incentive Program, payable in two (2) installments as follows:

- A. 50% of the incentive payment on April 1, 2015
- B. 50% of the incentive payment on January 15, 2016

Participation in this program is very selective and made solely upon recommendations by the CEO to the Compensation Committee.

In consideration of the foregoing agreement by Emerson, you agree to the following:

1. That during your employment by Emerson Electric Co. or any of its business units, subsidiaries or affiliates (collectively, "Emerson"), and for a period of two (2) years immediately after termination of such employment for any reason, you will not directly or indirectly, regardless of whether any payment has been made to you under this Program, (a) compete against, or enter the employ of or assist any person, firm, corporation or other entity in a business that competes against, any business of Emerson in which you were employed, (b) compete against any such Emerson business by soliciting or pursuing its customers, or (c) solicit or hire any Emerson employees. Emerson shall be entitled to all rights and remedies available at law or equity for any breach or threatened breach of this agreement, including damages and injunctive relief. You also agree Missouri law governs this agreement without regard to any conflicts of laws principles and consent to resolve any disputes exclusively in the courts in the state of Missouri.
2. You agree to keep the terms of this letter agreement in strictest confidence and will not divulge such terms to anyone other than members of your immediate family, your attorneys, and/or your financial advisors, whom you will ensure will comply with this provision. Failure to comply with the preceding sentence will result in the forfeiture of the incentive bonus.
3. If you leave the employ of Emerson or any Emerson business unit, for any reason, prior to the end of the Eligibility period, any unpaid incentive payment under the Program, will be cancelled.
4. Unless specifically approved by the Company in advance, if you voluntarily leave the employ of Emerson or any Emerson business unit within one (1) year after any payment made to you under the Program, you will be required to pay back to the Company 100% of such payment.

AGREED:

/s/ Steven J. Pelch

10/11/2013

Date

FOR EMERSON:

/s/ Cynthia G. Heath

1/15/2014

Date

CONFIDENTIAL

EXECUTION VERSION

TRANSACTION AGREEMENT

dated as of

July 29, 2016

among

**EMERSON ELECTRIC CO.,
CORTES NP HOLDINGS, LLC,
CORTES NP ACQUISITION CORPORATION,
ASCO POWER GP, LLC
and
CORTES NP JV HOLDINGS, LLC**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 Definitions	2
Section 1.01 <i>Definitions</i>	2
Section 1.02 <i>Other Definitional and Interpretative Provisions</i>	21
ARTICLE 2 Contribution, Purchase and Sale	22
Section 2.01 <i>Contribution and Exchange of ASCO Interests; Purchase and Sale of Shares</i>	22
Section 2.02 <i>Purchase and Sale of the Transferred Assets</i>	22
Section 2.03 <i>Excluded Assets</i>	24
Section 2.04 <i>Assumed Liabilities</i>	25
Section 2.05 <i>Excluded Liabilities</i>	26
Section 2.06 <i>Limitation on Assignment of Transferred Assets</i>	27
Section 2.07 <i>Consideration; Allocation of Base Consideration</i>	27
Section 2.08 <i>[Intentionally Omitted]</i>	29
Section 2.09 <i>[Intentionally Omitted]</i>	29
Section 2.10 <i>Closing</i>	29
Section 2.11 <i>Foreign Transfer Agreements; Carve-Out Documents</i>	31
Section 2.12 <i>Cash and Indebtedness Adjustment</i>	32
Section 2.13 <i>Calculation of Modified Net Working Capital Value</i>	33
Section 2.14 <i>Modified Net Working Capital Value Adjustment</i>	35
Section 2.15 <i>Deferred Closing</i>	35
Section 2.16 <i>Obligations with Respect to the Deferred Closing</i>	36
Section 2.17 <i>Payments</i>	36
ARTICLE 3 Representations and Warranties of Seller	37
Section 3.01 <i>Corporate Existence and Power</i>	37
Section 3.02 <i>Corporate Authorization</i>	37
Section 3.03 <i>Governmental Authorization</i>	37
Section 3.04 <i>Noncontravention</i>	38
Section 3.05 <i>Transferred Subsidiaries</i>	38
Section 3.06 <i>Financial Statements</i>	39
Section 3.07 <i>No Undisclosed Liabilities</i>	40
Section 3.08 <i>Absence of Certain Changes</i>	40

Section 3.09 <i>Material Contracts</i>	40
Section 3.10 <i>Litigation</i>	41
Section 3.11 <i>Compliance with Laws</i>	41
Section 3.12 <i>Properties; Liens</i>	42
Section 3.13 <i>Intellectual Property</i>	44
Section 3.14 <i>Permits</i>	46
Section 3.15 <i>Finders' Fees</i>	47
Section 3.16 <i>Employee Benefit Plans and Employees</i>	47
Section 3.17 <i>Environmental Compliance</i>	49
Section 3.18 <i>Investment</i>	50
Section 3.19 <i>Carve-Out Plan</i>	51
Section 3.20 <i>Material Customers</i>	51
Section 3.21 <i>Material Suppliers</i>	51
Section 3.22 <i>Guarantees, Bonds and Letters of Credit</i>	51
Section 3.23 <i>Insurance</i>	52
Section 3.24 <i>Bank Accounts</i>	52
Section 3.25 <i>Related Party Transactions and Agreements</i>	52
Section 3.26 <i>Product Liabilities and Recalls</i>	52
Section 3.27 <i>No Other Representations and Warranties</i>	53
ARTICLE 4 Representations and Warranties of Buyer, Parent, ASCO GP LLC and Holdings	53
Section 4.01 <i>Corporate Existence and Power</i>	53
Section 4.02 <i>Corporate Authorization</i>	53
Section 4.03 <i>Governmental Authorization</i>	54
Section 4.04 <i>Noncontravention</i>	54
Section 4.05 <i>Financing</i>	54
Section 4.06 <i>Solvency</i>	56
Section 4.07 <i>Litigation</i>	56
Section 4.08 <i>Finders' Fees</i>	57
Section 4.09 <i>Inspections; No Other Representations</i>	57
Section 4.10 <i>Purchase for Investment</i>	57
Section 4.11 <i>No Prior Operations; Capitalization</i>	57
Section 4.12 <i>Limited Guaranty</i>	58

Section 4.13 <i>Canadian Tax</i>	59
ARTICLE 5 Covenants of Seller	59
Section 5.01 <i>Conduct of the Business</i>	59
Section 5.02 <i>Confidentiality</i>	61
Section 5.03 <i>Noncompetition</i>	62
Section 5.04 <i>Termination of Intercompany Arrangements</i>	63
Section 5.05 <i>Settlement of Hedging Contracts</i>	63
Section 5.06 <i>Insurance</i>	64
Section 5.07 <i>Carve-Out Plan</i>	65
Section 5.08 <i>Supplements to Disclosure Schedules</i>	66
ARTICLE 6 Covenants of Parent, Buyer, ASCO GP LLC and Holdings	67
Section 6.01 <i>Confidentiality</i>	67
Section 6.02 <i>Covenants of Holdings</i>	67
ARTICLE 7 Covenants of the Parties	67
Section 7.01 <i>Reasonable Best Efforts; Further Assurance</i>	67
Section 7.02 <i>Certain Filings</i>	70
Section 7.03 <i>Public Announcements</i>	70
Section 7.04 <i>Notices of Certain Events</i>	70
Section 7.05 <i>WARN Act</i>	71
Section 7.06 <i>Non-solicit</i>	71
Section 7.07 <i>Waiver of Conflicts Regarding Representation; Nonassertion of Attorney-Client Privilege</i>	71
Section 7.08 <i>Business/Non-Business Assets</i>	72
Section 7.09 <i>Shared Contracts and Seller Funded IT Transition Costs</i>	73
Section 7.10 <i>Access to Information; Cooperation</i>	75
Section 7.11 <i>Existing Litigation</i>	77
Section 7.12 <i>Replacement of Emerson Guaranties</i>	78
Section 7.13 <i>Financing</i>	79
Section 7.14 <i>Financing Cooperation</i>	81
Section 7.15 <i>China Holdover Cash</i>	83
ARTICLE 8 Tax Matters	85
Section 8.01 <i>Representations Relating to Transferred Subsidiaries and Canadian Seller</i>	85

Section 8.02 <i>Tax Representations Relating to Transferred Assets</i>	88
Section 8.03 <i>Tax Returns; Allocation of Taxes</i>	88
Section 8.04 <i>Section 338(h)(10) Elections</i>	90
Section 8.05 <i>Cooperation on Tax Matters</i>	91
Section 8.06 <i>German Withholding Tax Refund</i>	91
Section 8.07 <i>UK Group Elections and Relief</i>	92
Section 8.08 <i>Tax Benefits</i>	93
Section 8.09 <i>Parent Covenants</i>	93
Section 8.10 <i>Dual Consolidated Losses</i>	94
Section 8.11 <i>Tax Sharing</i>	94
Section 8.12 <i>Tax Indemnification</i>	95
Section 8.13 <i>Intended Tax Treatment</i>	97
Section 8.14 <i>Indirect Change of Control Filings</i>	97
Section 8.15 <i>Canadian Income Tax Election</i>	97
ARTICLE 9 <i>Employee Matters</i>	98
Section 9.01 <i>Transferred Subsidiary Business Employees and Non-Automatic Transfer Business Employees</i>	98
Section 9.02 <i>Automatic Transfer Business Employees</i>	98
Section 9.03 <i>Third Party Workers</i>	98
Section 9.04 <i>TSA Employees</i>	99
Section 9.05 <i>Maintenance of Compensation and Benefits</i>	99
Section 9.06 <i>US Defined Contribution Plans</i>	100
Section 9.07 <i>US Defined Benefit Plans</i>	100
Section 9.08 <i>International Transferred Subsidiary Benefit Plans and Assumed Plans</i>	101
Section 9.09 <i>Other International Retirement Plans</i>	101
Section 9.10 <i>Service Credit</i>	102
Section 9.11 <i>Welfare Plans</i>	103
Section 9.12 <i>Pre-Existing Conditions and Co-Payment</i>	104
Section 9.13 <i>Flexible Spending Accounts</i>	104
Section 9.14 <i>Severance</i>	104
Section 9.15 <i>Retiree Medical</i>	105
Section 9.16 <i>Workers Compensation</i>	106

Section 9.17 <i>Assumption of Assumed Plans</i>	106
Section 9.18 <i>Employee Communications</i>	106
Section 9.19 <i>Indemnity in Relation to Transfer Regulations</i>	106
Section 9.20 <i>No Third Party Beneficiaries</i>	106
Section 9.21 <i>Information and Consultation</i>	106
Section 9.22 <i>Equity Incentives</i>	107
ARTICLE 10 Conditions to Closing	107
Section 10.01 <i>Conditions to Obligations of the Parties</i>	107
Section 10.02 <i>Conditions to Obligation of Parent, ASCO GP LLC and Buyer</i>	107
Section 10.03 <i>Conditions to Obligation of Seller</i>	108
Section 10.04 <i>Frustration of Closing Conditions</i>	108
ARTICLE 11 Survival; Indemnification	108
Section 11.01 <i>Survival of Representations, Warranties and Agreements</i>	108
Section 11.02 <i>Indemnification</i>	109
Section 11.03 <i>Procedures</i>	111
Section 11.04 <i>Direct Claim Procedures</i>	112
Section 11.05 <i>Environmental Matters</i>	112
Section 11.06 <i>Calculation of Damages</i>	114
Section 11.07 <i>Exclusivity</i>	115
Section 11.08 <i>UK Claims</i>	116
ARTICLE 12 Termination	116
Section 12.01 <i>Grounds for Termination</i>	116
Section 12.02 <i>Effect of Termination</i>	117
Section 12.03 <i>Termination Fee</i>	118
Section 12.04 <i>GST/HST Gross Up</i>	119
ARTICLE 13 Miscellaneous	119
Section 13.01 <i>Notices</i>	119
Section 13.02 <i>Amendments and Waivers</i>	120
Section 13.03 <i>Expenses</i>	121
Section 13.04 <i>Successors and Assigns</i>	121
Section 13.05 <i>Governing Law</i>	121
Section 13.06 <i>Jurisdiction</i>	121
Section 13.07 <i>Counterparts; Effectiveness; No Third Party Beneficiaries</i>	122

Section 13.08 <i>Specific Performance</i>	122
Section 13.09 <i>WAIVER OF RIGHT TO JURY TRIAL</i>	123
Section 13.10 <i>Entire Agreement</i>	123
Section 13.11 <i>Bulk Sales Laws</i>	123
Section 13.12 <i>Severability</i>	123
Section 13.13 <i>Disclosure Schedule</i>	123
Section 13.14 <i>No Recourse</i>	124
Section 13.15 <i>Currency</i>	124

Schedules and Exhibits

DISCLOSURE SCHEDULE

SCHEDULE I	Accounting Policies and Modified Net Working Capital Value Schedule
SCHEDULE II	Deferred Business
SCHEDULE III	Illustrative Modified Net Working Capital Value Statement
SCHEDULE IV	Transferred Domestic Subsidiaries
SCHEDULE V	Transferred Foreign Subsidiaries
SCHEDULE VI	Agreements of Parent, Buyer and ASCO GP LLC
EXHIBIT A	Form of ASCO Trademark License Agreement
EXHIBIT B	Form of Intellectual Property Cross License Agreement
EXHIBIT C	Form of Limited Liability Company Agreement
EXHIBIT D	Form of Transition Services Agreement
EXHIBIT E	Master Allocation Statement
EXHIBIT F	Form of Foreign Transfer Agreement
EXHIBIT G	July 29, 2016 Cash Repatriation Plan

Schedules and exhibits described in this agreement have been omitted. The registrant undertakes to furnish supplementally a copy of such schedules and exhibits upon request.

TRANSACTION AGREEMENT

This AGREEMENT (this "**Agreement**") dated as of July 29, 2016 among Emerson Electric Co., a Missouri corporation ("**Seller**"), Cortes NP JV Holdings, LLC, a Delaware limited liability company ("**Holdings**"), Cortes NP Holdings, LLC, a Delaware limited liability company and a wholly owned subsidiary of Holdings ("**Parent**"), Cortes NP Acquisition Corporation, a Delaware corporation and a wholly owned Subsidiary of Parent ("**Buyer**"), and ASCO Power GP, LLC, a Delaware limited liability company and wholly owned Subsidiary of Parent ("**ASCO GP LLC**").

WITNESSETH:

WHEREAS, Seller, together with its Subsidiaries, owns and operates the Business (as defined below);

WHEREAS, Holdings owns beneficially and of record all of the outstanding membership interests of Parent, and Parent (i) indirectly owns all of the equity of Buyer and (ii) directly owns all of the equity of ASCO GP LLC;

WHEREAS, Parent desires to (i) acquire all of the limited partnership interest of ASCO Power Technologies, L.P., a Delaware limited partnership ("**ASCO Power**"), held by Automatic Switch Company, a Delaware corporation and a Retained Subsidiary (as defined below) ("**Automatic Switch**"), and (ii) cause ASCO GP LLC to acquire all of the general partnership interest of ASCO Power held by ASCO Switch Enterprises LLC (such general partnership interest, together with the limited partnership interest held by Automatic Switch, the "**ASCO Interests**"), a Delaware limited liability company and a Retained Subsidiary ("**ASE LLC**"), in each case, for certain newly issued Class B Units of membership interests in Parent with the terms and conditions set forth in the Operating Agreement (the "**Class B Units**") and the ASCO Cash Consideration (as defined below), if any, upon the terms and subject to the conditions hereinafter set forth;

WHEREAS, Buyer desires to purchase the Shares (as defined below) (other than the ASCO Interests), and the Transferred Assets (as defined below) and assume the Assumed Liabilities (as defined below) from Seller and its Subsidiaries, and Seller and its Subsidiaries desire to sell the Shares (other than the ASCO Interests) and the Transferred Assets and transfer the Assumed Liabilities to Buyer, upon the terms and subject to the conditions hereinafter set forth;

WHEREAS, at Closing, to govern their ongoing rights and obligations as members of Parent, each of Seller and Holdings have agreed to enter into the Operating Agreement; and

WHEREAS, concurrently with the execution of this Agreement, as an inducement to and condition of Seller's willingness to enter into this Agreement and the other Transaction Documents to which it is a party, Parent and Buyer are delivering to Seller a limited guaranty of Platinum Equity Capital Partners III, L.P., a Delaware limited partnership ("**Sponsor**") in favor of Seller with respect to the performance by Parent and Buyer of certain of their respective obligations hereunder, duly executed by Sponsor and dated as of the date hereof (the "**Limited Guaranty**");

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.01 *Definitions*. (a) As used herein, the following terms have the following meanings:

"1934 Act" means the Securities Exchange Act of 1934.

"338(h)(10) Entities" means Electric Reliability Services, Inc.; Emerson Network Power Solutions Inc.; ASCO Services, Inc.; Liebert Corporation; UP Systems Inc.; High Voltage Maintenance Corp; Emerson Network Power, Liebert Services, Inc.; Liebert Field Services, Inc.; Emerson Network Power Energy Systems North America, Inc.; Liebert North America, Inc.; Alber Corp.; and Vertiv Co.

"Accounting Policies and Modified Net Working Capital Value Schedule" means the schedule setting forth the determination of Modified Net Working Capital Value and the accounting policies, principles, practices and methodologies, in each case, as set forth in Schedule I.

"Action" means any action, suit, claim, arbitration, mediation, investigation or proceeding, in each case by or before any arbitrator, mediator or Governmental Authority.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person; *provided* that from and after the Closing, none of Parent, Buyer or any of their Subsidiaries shall be considered Affiliates of Seller or its Affiliates. For purposes of this definition, **"control"** when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms **"controlling"** and **"controlled"** have correlative meanings.

"Applicable Law" means, with respect to any Person, any transnational, federal, state, provincial, foreign or local law (including common law), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

"Applicable Transfer Time" means, in the case of (i) a TSA Employee, 11:59:59 p.m. on the relevant TSA Termination Date and (ii) any other Transferred Employee, the Effective Time.

"ASCO Cash Consideration" means the ASCO Interests Fair Value less the Class B Units Fair Value as set forth on the Class B Units Fair Value Statement.

"ASCO Interests Fair Value" means the value set forth opposite ASCO Power on the Master Allocation Statement, as adjusted as provided therein.

"ASCO Trademarks" means any trademarks, service marks, trade names, corporate names, business names, trade dress, logos, domain names, and other indicia of commercial source of origin, including all goodwill associated therewith, and all common law rights, and registrations and applications for registration thereof, and all rights therein, containing or comprising the term ASCO or any abbreviation or variation thereof.

"ASCO Trademark License Agreement" means a trademark license agreement to be entered into between Buyer and Automatic Switch and ASCO Controls, L.P. at the Closing in substantially the form attached hereto as Exhibit A.

"Asset Selling Subsidiaries" means each Retained Subsidiary that is a seller of Transferred Assets hereunder or from which Assumed Liabilities will be assumed hereunder.

"Assigned Intellectual Property Rights" means all Intellectual Property Rights that are owned by Seller or a Subsidiary of Seller (other than a Transferred Subsidiary) and are used or held for use primarily in the conduct of the Business (but excluding the Emerson Trademarks, the ASCO Trademarks, any and all social media accounts or identifiers owned by, or registered in the name of, Seller or a Subsidiary of Seller that incorporate the Emerson Trademarks or the ASCO Trademarks, and any and all Intellectual Property Rights related to the Excluded IT Assets or Excluded Software).

"Assigned IT Assets" means any IT Assets that are used or held for use exclusively in the Business (other than any such assets as are retained by Seller or a Retained Subsidiary to the extent necessary to enable them to provide services to the Business under the Transition Services Agreement, such as servers) and the IT Assets listed in Section 1.01(a) of the Disclosure Schedule.

"Assigned Software" means the Software listed in Section 1.01(b) of the Disclosure Schedule and any Software that is sold, or being developed for sale, by the Business as of the date hereof.

"Assumed Environmental Liabilities" means all Environmental Liabilities primarily relating to or arising out of the Transferred Assets or the conduct of the Business as it relates to such Transferred Assets other than (i) the Retained Environmental Liabilities and (ii) Environmental Liabilities relating to or arising out of any Divested Business.

"Assumed Plan" means each Business Benefit Plan that is contributed to, sponsored, maintained or entered into by Seller or a Retained Subsidiary and that is listed on Section 1.01(c) of the Disclosure Schedule.

"Automatic Transfer Business Employee" means any individual (i) who, as of immediately prior to the Effective Time, is Employed by Seller or a Retained Subsidiary and devotes a majority of his or her working time to performing services on behalf of the Business or a Transferred Subsidiary and (ii) who will transfer to Buyer or its applicable Subsidiary at the Effective Time automatically by operation of law pursuant to the Transfer Regulations.

"Automatic Transfer TSA Employee" means any individual (i) who, as of immediately prior to the Effective Time, is Employed by Seller or a Retained Subsidiary and devotes a

majority of his or her working time to performing services on behalf of the Business or a Transferred Subsidiary, (ii) whose services are to be provided to Parent, Buyer or any of their respective Subsidiaries pursuant to the Transition Services Agreement and (iii) who, if Employed by Seller or a Retained Subsidiary as of immediately prior to the applicable TSA Termination Date, will transfer to Parent, Buyer or their applicable Subsidiary on the applicable TSA Termination Date automatically by operation of law pursuant to the Transfer Regulations.

"Balance Sheet" means the audited combined balance sheet of the Business as of the Balance Sheet Date.

"Balance Sheet Date" means September 30, 2015.

"Base Modified Net Working Capital Value" means \$385,000,000.

"Benefit Plan" means each (i) "employee benefit plan" as defined in Section 3(3) of ERISA, (ii) compensation, employment, consulting, severance, termination protection, change in control, transaction bonus, retention or similar plan, agreement, arrangement, program or policy or (iii) other plan, agreement, arrangement, program or policy providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation or expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers' compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits).

"Bulletin 7" means the Tax notice issued by the PRC State Administration of Taxation titled the "State Administration of Taxation's Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises" (State Administration of Taxation Bulletin [2015] No. 7), as may be amended or supplemented from time to time, including any similar or replacement law on the Tax treatment of the offshore indirect transfer of any China Taxable Property and including any applicable laws in the PRC against the avoidance of PRC Tax.

"Business" means Seller's Network Power business consisting of the operations reflected in the Audited Financial Statements and the Interim Financial Statements, including the design, manufacture, and sale of the following products and related installation, maintenance, monitoring, and consulting services, in each case marketed under the principal brand names listed on Section 1.01(h) of the Disclosure Schedule: (i) the thermal management products for data centers and other computer and communications networks equipment applications listed on Section 1.01(i)(i) of the Disclosure Schedule, (ii) the electrical power management products for data centers, other computer and communications networks applications, and other applications listed on Section 1.01(i)(ii) of the Disclosure Schedule, (iii) the IT management products for data centers and other computer and communications networks applications and other critical applications listed on Section 1.01(i)(iii) of the Disclosure Schedule, (iv) the unified infrastructure systems for data centers and other computer and communications networks applications listed on Section 1.01(i)(iv) of the Disclosure Schedule and (v) services related to the products and systems referred to in clauses (i) through (iv) above, which services are listed on Section 1.01(i)(v) of the

Disclosure Schedule. Notwithstanding the foregoing, it is agreed and understood that the Business shall not include the Retained Business.

"Business Benefit Plan" means each Benefit Plan for the benefit of any Business Employee (i) that is contributed to, sponsored, maintained or entered into by Seller or a Retained Subsidiary, a Transferred Subsidiary or any Affiliate of any of them, or (ii) to which Seller or a Retained Subsidiary, a Transferred Subsidiary or any Affiliate of any of them has any Liability.

"Business Day" means a day, other than Saturday, Sunday or other day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by Applicable Law to close.

"Business Employee" means any individual who is (i) a Transferred Subsidiary Business Employee, (ii) an Automatic Transfer Business Employee, (iii) a Non-Automatic Transfer Business Employee or (iv) a TSA Employee. Notwithstanding the foregoing or anything else to the contrary in this Agreement, the individuals listed on Section 1.01(d) of the Disclosure Schedule shall not be deemed to be Business Employees.

"Business Intellectual Property Rights" means (i) all Assigned Intellectual Property Rights and (ii) all Intellectual Property Rights owned by the Transferred Subsidiaries.

"Business Unit" means any of the following business units of the Business (as used for financial reporting purposes): Data Center Solutions; Services; Latin America; China; India; Rest of Asia; Energy Systems; Europe; and ASCO.

"Canadian Buyer" means Buyer or a Subsidiary of Buyer that will purchase the Transferred Assets of Canadian Seller and assume the Liabilities of Canadian Seller.

"Canadian Seller" means Emerson Electric Canada Limited.

"Canadian Tax Elections" means any election under (i) Part IX of the Excise Tax Act (Canada), (ii) an Act respecting the Quebec sales tax, if relevant and applicable, (iii) subsection 20(24) of the Income Tax Act (Canada) (including any corresponding election as may be required under the laws of provincial application), if relevant and applicable, (iv) section 22 of the Income Tax Act (Canada) (including any corresponding election under the laws of provincial application), if relevant and applicable, and (v) section 56.4 of the Income Tax Act (Canada) at the request of Buyer or Seller, if relevant and applicable, in each case, to lawfully seek to minimize the Taxes payable (including by way of refund or credit) under the Applicable Laws of Canada with respect to the consummation of the sale of the Transferred Assets of Canadian Seller and the assumption of the Canadian Liabilities of Canadian Seller.

"Carve Out Plan" means the Project Cortes Network Power Carve Out Plan, dated July 26, 2016, as such plan may be amended after the date thereof (*provided* that no such amendment, when viewed in the aggregate with other amendments, has a material and adverse effect on the economic terms of the Carve Out Plan from the perspective of Parent, Buyer and their respective Affiliates).

"Cash" means all cash, cash equivalents and liquid investments (plus all uncollected bank deposits and less all outstanding checks) of the Transferred Subsidiaries in the aggregate; *provided*, that, for the purposes of this Agreement, (i) Cash shall not include any cash, cash equivalents or liquid investments that (A) are required to be held by the Transferred Subsidiaries in any jurisdiction in order to ensure the accuracy of the representations and warranties set forth in Section 3.05(c) as of the Closing Date, (B) could not be lawfully repatriated by a Transferred Subsidiary (or, in the case of the Transferred Subsidiaries that are members of a cash pool in the People's Republic of China, in the aggregate) as a dividend or return of capital under Applicable Law on the Closing Date (other than Required Foreign Cash), or (C) are restricted by contract as to withdrawal or usage (other than time deposits or short-term certificates of deposit) and (ii) to the extent any such cash, cash equivalents and liquid investments (after application of the exclusions in the foregoing clause (i)) are held outside of the United States ("**Foreign Cash**", which for the avoidance of doubt does not include Required Foreign Cash), then with respect to any such Foreign Cash, the sum of (x) the amount of any Cash Repatriation Damages with respect to such Foreign Cash and (y) any reasonable and necessary documented out-of-pocket non-tax costs (other than the costs of transfer from a bank account incurred in the ordinary course of business) that would be incurred to lawfully repatriate to the United States any such Foreign Cash as of the day immediately following the Closing Date shall be deducted from any calculation of such Foreign Cash.

"Cash Purchase Price" means \$4,000,000,000 less the Transferred Subsidiary Intercompany Debt Repayment Amount.

"Cash Repatriation Damages" means:

(i) (x) for purposes of the definition of "Cash," the amount of any non-U.S. taxes that would be incurred to lawfully repatriate to the United States such Foreign Cash as of the day immediately following the Closing Date, with such repatriation deemed to occur as a dividend or return of capital up the legal entity chain of the relevant Transferred Subsidiaries to Parent to the extent allowed by Applicable Law;

(y) for purposes of Section 5.07, the amount of any non-U.S. taxes that would be incurred to repatriate to the United States any such Foreign Cash as of the day immediately following the Closing Date, with such repatriation deemed to occur as a dividend or return of capital up the legal entity chain of the relevant Transferred Subsidiaries to Parent to the extent allowed by Applicable Law, even if such amounts could not be lawfully repatriated; or

(z) for purposes of Section 7.15, the amount of any non-U.S. taxes actually incurred to repatriate to the United States such Foreign Cash; and

(ii) a deemed amount of U.S. Tax equal to the product of (x) 15% and (y) the amount of any dividend or return of capital deemed received (in the case of the definition of "Cash" and Section 5.07) or actually received (in the case of Section 7.15) in respect of such Foreign Cash by the Parent U.S. consolidated tax group in the United States divided by 0.715.

"Cash Repatriation Plan" means the Project Cortes Network Power Cash Repatriation Plan, dated July 29, 2016, attached hereto as Exhibit G, as such plan may be amended after the

date thereof (*provided* that no such amendment, when viewed in the aggregate with other amendments, has a material and adverse effect on the economic terms of the Cash Repatriation Plan from the perspective of Parent, Buyer and their respective Affiliates).

"China Taxable Property" means the property of an "establishment or place" situated in the PRC, real estates situated in the PRC, equity interests in PRC resident enterprises and any other property which, if directly held and transferred by an enterprise which is not a tax resident in the PRC, the said enterprise is liable to PRC Income Tax on the said transfer in accordance with the Applicable Law in respect of PRC Income Tax.

"Closing Date" means the date on which the Closing occurs.

"Closing Date Cash" means the aggregate amount of the Cash held by the Transferred Subsidiaries as of immediately prior to the Effective Time.

"Closing Date Indebtedness" means the total amount of the Indebtedness of the Transferred Subsidiaries or included in the Assumed Liabilities as of immediately prior to the Effective Time.

"Code" means the United States Internal Revenue Code of 1986.

"Combined Tax" means (i) any Tax with respect to which any of the Transferred Subsidiaries has filed or will file a Tax Return with a member of any Seller Group on a consolidated basis pursuant to Section 1501 of the Code and (ii) any income or franchise Tax payable to any state, local or foreign taxing jurisdiction in which any of the Transferred Subsidiaries has filed or will file a Tax Return with a member of any Seller Group (other than a group that consists solely of two or more of the Transferred Subsidiaries) on an affiliated, consolidated, combined or unitary basis with respect to such Tax.

"Company Entities" means (i) the Transferred Subsidiaries and, to the extent not already included in such definition, their respective Subsidiaries, and (ii) to the extent engaged in the conduct of the Business at or prior to the Closing Date, the Asset Selling Subsidiaries.

"Competition Laws" means statutes, rules, regulations, orders, decrees, administrative and judicial doctrines, and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization, lessening of competition or restraint of trade.

"Confidentiality Agreement" means the confidentiality agreement between Platinum Equity Advisors, LLC and Seller dated as of May 6, 2016.

"Customs and International Trade Laws" means (in each case to the extent applicable to the Transferred Subsidiaries or the Business): any Applicable Law of any Governmental Authority concerning the importation of merchandise, the export or re-export of products (including technology and services), or the ethical conduct of international business activities, including but not limited to the Tariff Act of 1930 as amended and other laws and programs administered or enforced by U.S. Customs and Border Protection and its successor agencies, the Export Administration Act of 1979 as amended, the Export Administration Regulations, the

International Emergency Economic Powers Act as amended, the Arms Export Control Act, the International Traffic in Arms Regulations, Executive Orders of the President of the United States regarding economic sanctions and restrictions on transactions with designated entities (including countries, terrorists, organizations and individuals), the economic sanctions administered by the United States Department of Treasury, Office of Foreign Assets Control, the anti-boycott regulations administered by the United States Department of Commerce, and the anti-boycott provisions administered by the United States Department of Treasury.

"Debt Financing Sources" means the lenders, lead arrangers, bookrunners, syndication agents or similar entities party to the Debt Commitment Letter, including any such Persons that have not executed the Debt Commitment Letter as of the date hereof but become a party thereto after the date hereof in accordance with the terms thereof.

"Debt Financing Source Related Persons" means, with respect to each Debt Financing Source, its current or future Affiliates, officers, directors, managers, employees, equityholders, members, partners, agents and Representatives.

"Deferred Business" means the Business listed on Schedule II.

"Degrouping Gain" means any chargeable gain for UK corporation tax purposes that arises in any Transferred UK Subsidiary by virtue of section 179 of the UK Taxation of Chargeable Gains Act 1992.

"Degrouping Loss" means any loss for UK corporation tax purposes that arises in any Transferred UK Subsidiary by virtue of section 179 of the UK Taxation of Chargeable Gains Act 1992.

"Disclosure Schedule" means the disclosure schedule delivered by Seller to Parent and Buyer concurrently with the execution and delivery of this Agreement.

"Disputed Item" means any item in the Cash/Indebtedness Statement or in the MNWCV Statement that is disputed by Buyer.

"Divested Business" means any business or line of business of Seller or any of its Affiliates that was sold by Seller or any of its Affiliates to a purchaser that was not an Affiliate of Seller prior to the Closing.

"Domestic Subsidiary Shares" means all of the outstanding shares of capital stock of, or other equity interests in the Transferred Domestic Subsidiaries.

"Emerson Philippines" means Emerson Electric (Asia) Limited - Regional Operating Headquarters (Philippines).

"Emerson Trademarks" has the meaning set forth in the Intellectual Property Cross License Agreement.

"Employed" means, with respect to a Business Employee as of an applicable date of determination, that as of such date such Business Employee (i) is actively employed, (ii) is

absent from work on account of paid time off, vacation, sick or personal leave, short- or long-term disability or leave of absence (other than a leave of absence resulting from a reduction in force or a "bridging" of age and/or service credit for purposes of a Business Benefit Plan) or (iii) for whom an obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or Applicable Law.

"Environmental Laws" means any Applicable Laws relating to the environment or any spill, release, discharge, disposal or recycling of, or exposure to, any pollutant or contaminant or ignitable, corrosive, reactive or otherwise hazardous substance or waste, but excluding Product Content Laws.

"Environmental Liabilities" means all Liabilities (including the costs of any Remedial Action) that in each case arise under or relate to any Environmental Law or a Hazardous Substance, including Liabilities arising from any Third Party Claims for personal injury, death, or property damage caused by an actual or alleged release of, or exposure to, a Hazardous Substance.

"Equity Award Deductions" means any item of loss or deduction resulting from or attributable to (i) any vesting that occurs after the Closing Date of any performance shares of Seller held by individuals employed by Seller or any Affiliate of Seller prior to the Closing Date, or (ii) any exercise that occurs after the Closing Date of any options to acquire shares of Seller held by individuals employed by Seller or any Affiliate of Seller prior to the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Excluded Environmental Liabilities" means all Environmental Liabilities relating to the Transferred Assets to the extent arising out of actions occurring or conditions existing prior to the Closing Date and any Environmental Liabilities that have been assigned to or assumed by any Transferred Subsidiary prior to the Closing in connection with the actions taken in the Carve-Out Plan and that do not primarily relate to or arise out of the conduct of the Business; *provided*, that, for the sake of clarity, Excluded Environmental Liabilities shall not include (i) Assumed Environmental Liabilities or (ii) Retained Environmental Liabilities.

"Existing Litigation Rights" means any pending Action in which any Transferred Subsidiary or the Business is a co-plaintiff with Seller, any Retained Entity and/or the Retained Business, including the matters set forth on Section 1.01(e) of the Disclosure Schedule.

"Final Determination" means (i) any final determination of liability in respect of a Tax that, under Applicable Law, is not subject to further appeal, review or modification through proceedings or otherwise (including the expiration of a statute of limitations or a period for the filing of claims for refunds, amended returns or appeals from adverse determinations), including a "determination" as defined in Section 1313(a) of the Code or execution of an IRS Form 870AD or (ii) the payment of Tax by Parent, Buyer, Seller or any of their respective Affiliates, whichever is responsible for payment of such Tax under Applicable Law, with respect to any item disallowed or adjusted by a Taxing Authority, provided that such responsible party determines that no action should be taken to recoup such payment and the other party agrees.

"Foreign Subsidiary Shares" means all of the outstanding shares of capital stock of, or other equity interests in the Transferred Foreign Subsidiaries.

"GAAP" means generally accepted accounting principles in the United States.

"Governmental Authority" means any transnational, domestic or foreign federal, state, provincial or local governmental authority, department, court, agency or official, including any political subdivision thereof.

"Group Relief" means any relief eligible for surrender or transfer by one company to another as a result of those companies forming a group for Tax purposes, including (without limitation) relief surrendered or claimed under Part 5 Corporation Tax Act 2010.

"Hazardous Substances" means any pollutant or contaminant or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substance, waste or material, including petroleum, its derivatives, by-products and other hydrocarbons, and any other substance, waste or material regulated as a pollutant or otherwise as "hazardous" under any Applicable Law pertaining to the environment.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"Income Tax" means any Tax that is, in whole or in part, based on or measured by net income or gains, and any similar Tax which, for the avoidance of doubt, does not include any withholding Tax imposed on a gross basis.

"Indebtedness" means (i) all obligations for borrowed money, (ii) all obligations evidenced by notes, bonds, debentures or other instruments, (iii) all obligations for the deferred purchase price of property or services (other than current liabilities incurred in the ordinary course of business), (iv) all commitments by which a Person assures a creditor against loss (including contingent reimbursement obligations regarding letters of credit), excluding commitments securing performance under contractual obligations in the ordinary course of business, (v) all obligations for capitalized liabilities under GAAP of a Person as lessee under capital leases, (vi) all guarantees (other than product warranties made in the ordinary course of business), including guarantees of any items set forth in clauses (i) through (v), but excluding any guarantees of performance by the Business under contractual obligations in the ordinary course of business, (vii) transaction, change of control or similar bonuses or payments related to the consummation of the transactions contemplated by this Agreement and (viii) all outstanding prepayment premiums, if any, and accrued interest, fees and expenses related to any of the items set forth in clauses (i) through (vii); *provided*, that with respect to the Transferred Subsidiaries, "Indebtedness" shall not include (A) any indebtedness described in clauses (i) through (vii) above, in each case if such obligation, liability, guarantee or premium is owed solely to another Transferred Subsidiary or (B) the Debt Financing or the Transferred Subsidiary Intercompany Debt (including the principal amount and any accrued interest thereon). For the avoidance of doubt, the term "Indebtedness" shall not include any pension or other post-employment benefits.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, advertising, marketing, sales and

promotional materials, including website content, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names and records, supplier names and records, customer and supplier lists, customer and vendor data or correspondence, purchase orders, shipping materials, catalogues, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, files, papers, tapes, keys, correspondence, plans, invoices, forms, labels, product data and literature, promotional and advertising materials, technical data, operating manuals, instructional documents, quality records and regulatory and compliance records.

"Intellectual Property Cross License Agreement" means an intellectual property cross license agreement to be entered into between Seller and Buyer or an Affiliate of Buyer at the Closing in substantially the form attached hereto as Exhibit C.

"Intellectual Property" means any (i) patent and patent application, (ii) trademark, service mark, trade name, trade dress, logo, brand name, corporate name and other indicia of origin, and all registrations of and applications to register the foregoing, together with the goodwill symbolized by any of the foregoing, (iii) copyright, and all registrations thereof and applications to register the foregoing, and all works of authorship and copyrightable subject matter, and all moral rights, (iv) mask work and industrial design, and all registrations of and applications to register the foregoing, (v) internet domain name, (vi) trade secret and (vii) any other intellectual property, including know-how and Software.

"Intellectual Property Rights" means any and all rights (created or arising under the laws of any jurisdiction anywhere in the world, whether statutory, common law, or otherwise) now existing and arising from or related to the Intellectual Property.

"International Plan" means any Business Benefit Plan that covers Business Employees who perform (or who, as of immediately prior to termination of their employment with Seller and its Affiliates, performed) services primarily in a country other than the United States.

"IRS" means the United States Internal Revenue Service.

"IT Assets" means any and all computers, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology equipment, and all associated documentation, in each case other than Software.

"knowledge of Seller", **"Seller's knowledge"** or any other similar knowledge qualification in this Agreement means the actual knowledge after reasonable inquiry of the individuals set forth in Section 1.01(f) of the Disclosure Schedule.

"Liability" means any liability, cost, expense, debt or obligation of any kind, character, or description, and whether known or unknown, accrued, absolute, contingent or otherwise, and regardless of when asserted or by whom.

"Lien" means, with respect to any property or asset, any mortgage, lien, hypothec, license grant, pledge, charge, security interest or encumbrance in respect of such property or asset.

"Marketing Period" means the first period of 15 consecutive business days following receipt of the Marketing Material as required in the Debt Commitment Letter; *provided, however*, that (i) to the extent the Marketing Period shall not have elapsed on or prior to August 19, 2016, it shall not commence until on or after September 4, 2016, (ii) November 25, 2016 shall be excluded as a "business day" for such purposes and (iii) to the extent the Marketing Period shall not have elapsed on or prior to December 16, 2016, it shall not commence until on or after January 3, 2017; *provided* that Parent may, by notice to Seller, terminate the Marketing Period on any earlier date so long as the termination of the Marketing Period would not result in the Debt Financing Commitments becoming unavailable on the Closing Date.

"Material Adverse Effect" means a material adverse effect on the business, assets, properties, condition (financial or otherwise), revenue, liabilities or results of operations of the Business, taken as a whole, except for any such effect to the extent (i) relating to any Excluded Asset or Excluded Liability or (ii) resulting from or arising in connection with (but, with respect to clauses (A) through (E) below, only to the extent that any such matters do not have a disproportionate effect on the Business as compared to businesses engaged in similar operations to the Business) (A) changes, developments or conditions in the financial or securities markets, including in interest rates or currency exchange rates, (B) changes, developments or conditions in economic, regulatory or political conditions generally, (C) changes, developments or conditions affecting generally the industries in which the Business operates or the industries in which suppliers or customers of the Business operate, (D) changes or proposed changes in Applicable Law, GAAP or other applicable accounting or regulatory standards or principles, or in interpretations thereof, occurring after the date of this Agreement, (E) acts of war, sabotage, terrorism, cyberattacks, natural disasters or any escalation or worsening thereof, (F) the announcement of this Agreement or pendency or consummation of the transactions contemplated hereby, (G) any failure of the Business to meet any internal or industry financial estimates, forecasts or projections for any period (it being understood that any effect that has contributed to such failure may be taken into account in determining whether there has been, or would reasonably be expected to be, a Material Adverse Effect, unless it is otherwise excluded from the definition thereof pursuant to a clause other than this clause (G)), (H) changes attributable to actions or omissions by or at the direction of Parent, Buyer or any of their Affiliates or (I) any actions taken or omitted to be taken by Seller or any of its Affiliates that are required or expressly contemplated, or consented to in writing by Buyer, pursuant to this Agreement.

"Material Liability" means a Liability of more than \$2,000,000 or that would materially interfere with the conduct of the Business as currently conducted.

"Modified Net Working Capital Value" means, as of immediately prior to the Effective Time, the amount equal to (i) the aggregate amount of Current Assets of the Business *minus* (ii) the aggregate amount of Current Liabilities of the Business, in each case, as defined in and with such adjustments thereto as specified in the Accounting Policies and Modified Net Working Capital Value Schedule and otherwise calculated in accordance with, and including the line items set forth in the Illustrative Modified Net Working Capital Value Statement set forth in Schedule

III. For the avoidance of doubt, Modified Net Working Capital Value shall, in all cases, be determined with respect to the Transferred Assets, Assumed Liabilities and the Transferred Subsidiaries in their entirety, including those of the Deferred Business.

"Modified Net Working Capital Value Adjustment" means the positive or negative difference between Modified Net Working Capital Value and Base Modified Net Working Capital Value.

"Non-Automatic Transfer Business Employee" means any individual (other than an Automatic Transfer Business Employee or a Non-Automatic Transfer TSA Employee) who, as of immediately prior to the Effective Time, is Employed by Seller or a Retained Subsidiary and who (i) devotes a majority of his or her working time to performing services on behalf of the Business or a Transferred Subsidiary or (ii) is listed on Section 1.01(g) of the Disclosure Schedule.

"Non-Automatic Transfer TSA Employee" means any individual (other than an Automatic Transfer TSA Employee) who, as of immediately prior to the Effective Time, is Employed by Seller or a Retained Subsidiary and who devotes a majority of his or her working time to performing services on behalf of the Business or Transferred Subsidiary, and whose services are to be provided to Parent, Buyer or any of their Subsidiaries pursuant to the Transition Services Agreement.

"Non-Recoverable Transfer Taxes" means any Transfer Taxes other than Recoverable Transfer Taxes.

"Operating Agreement" means the Amended and Restated Limited Liability Company Agreement of Parent by and among Parent, Seller and Holdings to be entered into as of the Closing substantially in the form attached hereto as Exhibit D.

"Person" means an individual, corporation, general or limited partnership, limited liability entity, association, trust, joint venture, unincorporated organization or any other entity or organization, including a Governmental Authority.

"Post-Closing Tax Period" means any Tax period beginning after the Closing Date; and, with respect to a Straddle Tax Period, the portion of such Tax period beginning after the Closing Date.

"PRC" means the People's Republic of China but excluding, for the purposes of this Agreement, Hong Kong Special Administrative Region, Taiwan and the Macau Special Administrative Region.

"Pre-Closing Tax Period" means any Tax period ending on or before the Closing Date; and, with respect to a Straddle Tax Period, the portion of such Tax period ending on the Closing Date.

"Pre-Closing Tax" means any Tax related to a Pre-Closing Tax Period; *provided* that in the case of any Tax (other than a Transfer Tax) that is payable for a Straddle Tax Period, the portion of such Tax related to the Pre-Closing Tax Period shall equal the portion of such Tax that

would have been payable if the relevant Tax period ended on and included the Closing Date. Any payments made prior to the Closing with respect to a Straddle Tax Period shall be taken into account as though the relevant Taxable period ended on the Closing Date.

"Product Content Laws" means any Applicable Laws regulating Hazardous Substances in products manufactured or sold by the Business and associated labeling or packaging content restrictions relating to environmental attributes or as respects product take-back or end-of-life requirements.

"Proscribed Information" means Top Secret information, Communication Security information (except classified keys used to operate secure telephone units), Restricted Data (as defined in the U.S. Atomic Energy Act of 1954), Special Access Program information, and Sensitive Compartmented Information, as defined in the NISPOM, Appendix C, at C-4.

"Qualifying Offer" means an offer of employment made by Buyer or any of its Subsidiaries to a Non-Automatic Transfer Business Employee, to a Non-Automatic Transfer TSA Employee or, if applicable, to an Automatic Transfer Business Employee pursuant to Section 9.02 or an Automatic Transfer TSA Employee pursuant to Section 9.04, in each case, for employment with Buyer, one of its Subsidiaries or a Transferred Subsidiary, that is on terms that meet the requirements set forth in Article 9 including, but not limited to, with regard to maintenance of terms and conditions of employment (including compensation and benefits) and service credit.

"Recall" means any customer-wide, SKU-wide or field-wide "recall" or "campaign" or field service action with respect to repair or replacement.

"Recoverable Transfer Taxes" means (i) the Canadian goods and services tax/harmonized sales tax imposed under Part IX of the Excise Tax Act (Canada) and the Quebec sales tax imposed under an Act respecting the Quebec sales tax and (ii) any other Transfer Taxes that may be recovered (as reasonably determined by the Party entitled to such Recovery) by way of a refund, credit, offset or other reduction in Tax liability in the jurisdiction imposing such Transfer Taxes.

"Remedial Action" means any investigation, remediation, clean-up, abatement, removal or monitoring (or words of similar import) of Hazardous Substances.

"Representative" means, with respect to any Person, any of such Person's directors, officers, employees, counsel, financial and other advisors, auditors, agents, consultants, accountants, attorneys, financing sources and other authorized representatives.

"Required Foreign Cash" means an aggregate amount of up to \$30,000,000 in cash, cash equivalents and liquid investments of the Transferred Subsidiaries held in jurisdictions outside the United States; *provided* that any cash, cash equivalents or liquid investments held in any jurisdiction outside the United States set forth on Section 1.01(k) of the Disclosure Schedule in excess of the amount set forth on such Section of the Disclosure Schedule with respect to such jurisdiction shall not constitute Required Foreign Cash.

"Retained Business" means Seller's Process Management, Industrial Automation, Climate Technologies and Commercial & Residential Solutions business segments as described in Seller's periodic reports filed pursuant to the 1934 Act and any other businesses or activities conducted by the Retained Subsidiaries.

"Retained Subsidiaries" means all of the direct and indirect Subsidiaries of Seller other than the Transferred Subsidiaries.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Governmental Authority, including those of the Office of Foreign Assets Control of the U.S. Department of Treasury, the Bureau of Industry and Security administered by the U.S. Department of Commerce, the United Nations Security Council, Her Majesty's Treasury of the United Kingdom or the European Union.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, or any similar Governmental Authority, (b) any Person operating, organized or resident in a country or territory subject to comprehensive Sanctions or (c) any Person controlled by any such Person.

"Seller Group" means, with respect to U.S. federal income Taxes, the affiliated group of corporations (as defined in Section 1504(a) of the Code) of which Seller is a member and, with respect to state, local or foreign income or franchise Taxes, any consolidated, combined or unitary group of which Seller or any of its Affiliates is a member for such state, local or foreign income or franchise Tax purposes.

"Seller Parent Business Contract" means all contracts or agreements that are used, or held for use, in the conduct of the Business with respect to which at least one of the parties is Seller or an Affiliate of Seller that is not a Transferred Subsidiary (whether or not a Transferred Subsidiary is also a party).

"Seller Parent Entity Level Only Business Contract" means all Seller Parent Business Contracts to which a Transferred Subsidiary is not a party.

"Shared Contract" means all of the Seller Parent Business Contracts and the Transferred Subsidiary Retained Business Contracts.

"Shares" means, collectively and singularly, as the case may be, the Domestic Subsidiary Shares and the Foreign Subsidiary Shares.

"Software" means any and all (i) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (ii) databases and compilations, including any and all data and collections of data, whether machine readable form or otherwise, (iii) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (iv) screens, user interfaces, report formats, firmware, development tools, templates, menus,

buttons and icons and (v) documentation, including user manuals and other training documentation relating to any of the foregoing.

“Straddle Tax Period” means a Tax period that begins on or before the Closing Date and ends thereafter.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body; provided that from and after the Closing, none of Parent, Buyer or its Subsidiaries shall be considered Subsidiaries of Seller.

“Tax” means (i) any tax or other like assessment or charge of any kind whatsoever (including withholding or deduction on amounts paid to or by any Person), together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority (a **“Taxing Authority”**) responsible for the imposition of any such tax (domestic or foreign), and any liability for any of the foregoing as transferee, (ii) in the case of any of the Transferred Subsidiaries, liability for the payment of any amount of the type described in clause (i) as a result of being or having been before the Closing a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of such Transferred Subsidiary to a Taxing Authority is determined or taken into account with reference to the activities of any other Person and (iii) liability of any of the Transferred Subsidiaries for the payment of any amount as a result of being party to any Tax Sharing Agreement.

“Tax Asset” means any net operating loss, net capital loss, investment tax credit, foreign tax credit or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including deductions and credits related to alternative minimum Taxes) and losses or deductions deferred by the Code or other Applicable Law, other than a Degrouping Loss.

“Tax Return” means any report, return, document, declaration or other information or filing required to be supplied to any Taxing Authority with respect to Taxes and any amendment thereto, including information returns and any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information.

“Tax Sharing Agreements” means all Tax sharing, allocation, indemnification, reimbursement, receivables or similar agreement (whether or not written) entered into prior to Closing, including all express or implied agreements or arrangements, binding Seller or any of its Subsidiaries that provide for the allocation, apportionment, sharing or assignment of any Tax Liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any Person's Tax liability (other than any general commercial Contract not primarily relating to Taxes and any contract or arrangement entered into pursuant to the transactions described in the Carve Out Plan, including the “preliminary spin steps” and any restructuring described therein).

“Third-Party Insurance Policy” means any insurance policy maintained by Seller which is purchased from a third-party insurance provider, excluding, for the avoidance of doubt, any self-insurance and other arrangements pursuant to which Seller directly or indirectly (either through New Providence Mutual Limited or otherwise) pays claims for insurance.

“Third Party Worker” means any individual who, as of immediately prior to the Effective Time: (i) devotes the majority of his or her working time to performing services on behalf of the Business and (ii) provides those services through an external third party labor broker or distributor.

“Transaction Documents” means, collectively, this Agreement, each Foreign Transfer Agreement, the Intellectual Property Cross License Agreement, the ASCO Trademark License Agreement, the Transition Services Agreement, the Operating Agreement, the Equity Financing Commitment and the Limited Guaranty.

“Transactional Insurance Policy” means the transactional representation and warranty insurance policy to be purchased by Buyer, or at the direction of Buyer, in connection with the transactions contemplated by this Agreement.

“Transfer Regulations” means any law implementing Council Directive 77/187/EEC as amended by Council Directive 90/50/EC and any legislation in any jurisdiction which provides for the automatic transfer of employment in the event of a transfer of a business or services.

“Transfer Tax” means any excise, sales, use, goods and services, harmonized sales, value added, registration stamp, recording, documentary, conveyancing, franchise, property, land transfer, other transfer and similar Taxes, levies, charges and fees (including any penalties and interest).

“Transferred Domestic Subsidiaries” means the direct and indirect Subsidiaries of Seller listed on Schedule IV.

“Transferred Foreign Subsidiaries” means the direct and indirect Subsidiaries of Seller listed on Schedule V.

“Transferred Subsidiaries” means, collectively, the Transferred Domestic Subsidiaries and the Transferred Foreign Subsidiaries.

“Transferred Subsidiary Benefit Plan” means each Business Benefit Plan that is sponsored, maintained or entered into by a Transferred Subsidiary.

“Transferred Subsidiary Business Employee” means any individual who, as of immediately prior to the Applicable Transfer Time, is Employed by a Transferred Subsidiary.

“Transferred Subsidiary Intercompany Debt” means all indebtedness owed by any Transferred Subsidiary to Seller and/or a Retained Subsidiary that is set forth on Section 1.01(j) of the Disclosure Schedule.

"Transferred Subsidiary Intercompany Debt Repayment Amount" means the total outstanding amount, including principal and interest accrued thereon, of all of the Transferred Subsidiary Intercompany Debt, which amount is set forth on Section 1.01(j) of the Disclosure Schedule.

"Transferred Subsidiary Retained Business Contract" means all contracts or agreements that are used, or held for use, in the conduct of the Retained Business with respect to which one or more Transferred Subsidiaries is a party (and Seller or a Retained Subsidiary is not a party).

"Transferred UK Subsidiary" means any Transferred Subsidiary that is Tax resident in the United Kingdom.

"Transition Services Agreement" means a Transition Services Agreement to be entered into between Buyer and Seller at the Closing in substantially the form attached hereto as Exhibit E.

"Treasury Regulations" means the rules and regulations promulgated by the U.S. Treasury Department under the Code.

"Tri-Partite Agreement" means an agreement in a form reasonably satisfactory to Seller among (a) Seller (or its applicable Affiliate), (b) Buyer or its applicable Subsidiary and (c) a Business Employee who is based in the Philippines, Russia or any other country as Seller may reasonably specify, pursuant to which (i) such Business Employee agrees (x) to the transfer of his or her employment to Buyer or its applicable Subsidiary and (y) to waive any entitlement to severance or other termination-related payments or benefits in connection with such transfer and (ii) Buyer or its applicable Subsidiary agrees to make an offer to employ such Business Employee on the terms set forth in Article 9.

"TSA Employee" means an Automatic Transfer TSA Employee or a Non-Automatic Transfer TSA Employee.

"TSA Termination Date" means, with respect to a TSA Employee, the date on which Seller or its relevant Affiliate ceases to provide such TSA Employee's service pursuant to the Transition Services Agreement.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
1060 Allocation Statement	2.07(e)
338(h)(10) Allocation Statement	2.07(e)
Accounting Referee	2.13(c)
Agreement	Preamble
Allocation Statements	2.07(e)
Alternative Financing	7.13(d)
ASCO Interests	Preamble
ASCO Power	Preamble
Assumed Liabilities	2.04

Term	Section
Audited Financial Statements	3.06(a)(i)
Automatic Switch	Preamble
Base Consideration	2.07(b)
Business Registered Intellectual Property Rights	3.13(a)
Business Software	Section 3.13(f)
Buyer	Preamble
Buyer DC Plan	9.06(a)
Buyer FSA Plan	9.13
Buyer Indemnified Parties	11.02(a)
Buyer International Retirement Plan	9.09(b)
Buyer Related Parties	0
Buyer Warranty Claims	Section 11.02(a)
Cap	Section 11.02(a)
Carve-Out Documents	Section 3.19
Cash Adjustment Reduction	2.12(c)
Cash Consideration	2.07(b)
Cash/Indebtedness Dispute Notice	2.12(b)
Cash/Indebtedness Statement	2.12(a)
China Holdover Cash	7.15
Class B Units	Recitals
Closing	2.10(a)
Closing Trigger Date	2.10(a)
Competing Business	5.03(a)
Covered Business Employee	7.06(a)
Credit Support Items	7.12
Current Assets	Schedule I
Current Liabilities	Schedule I
Current Representation	7.07(a)
Damages	11.02(a)
Debt Financing	4.05(a)
Debt Financing Commitment	4.05(a)
De Minimis Amount	Section 11.02(a)
Deductible	Section 11.02(a)
Deferred Closing	Section 2.15(a)
Deferred Closing Actions	Section 2.15(a)
Deferred Closing Date	(a)
Degrouping Joint Election	8.07(a)
Designated Person	7.07(a)
EECH	7.15
Effective Time	2.10
e-mail	13.01
End Date	12.01(a)
Enforceability Exceptions	3.02
Environmental Matters	11.05
Equity Consideration	2.07(a)

Term	Section
Equity Financing	4.05(a)
Equity Financing Commitment	4.05(a)
Estimated MNWCV	2.12(a)
Excluded Assets	2.03
Excluded IT Assets	2.03(g)
Excluded Liabilities	05
Excluded Software	2.03(f)
FCPA	3.11(b)
Final Modified Net Working Capital Value Adjustment	2.14(a)
Final Post-Closing Cash/Indebtedness True-Up Payment	2.12(c)
Financing	4.05(a)
Financing Agreements	7.13(a)(i)(B)
Financing Commitments	4.05(a)
Financing Failure	0
Foreign Cash	Definition of Cash
Foreign Transfer Agreement	2.11
Guaranty Interest Rate	7.12
Hedging Contracts	2.03(m)
Holdings	Preamble
Holdover Contract	7.09(b)(i)
Indemnified Party	11.03(a)
Indemnifying Party	11.03(a)
Interim Financial Statements	3.06(a)(ii)
International Transfer Amount	9.09(c)
Limited Guaranty	Recitals
Master Allocation Statement	2.07(d)
Master Supply Agreements	2.03(n)
Material Contract	3.09(b)
MNWCV Dispute Notice	Section 2.13(b)
MNWCV Statement	2.13(a)
Multiemployer Plan	Section 3.16(f)
Non-Business Assets	Section 7.08(a)
Notice Period	11.04
OECD Convention	3.11(b)
Parent	Preamble
Permits	3.14
Permitted Liens	3.12(d)(xii)
Philippines DB Plan	9.09(f)
Post-Closing Cash/Indebtedness True-Up Payment	2.12(a)
Post-Closing Representation	7.07(a)
Potential Indemnified Party	8.12(d)
Potential Indemnifying Party	8.12(d)
Pre-Closing Parent-Filed Income Tax Return	8.03(b)
Real Property	3.12(a)(i)
Regulatory Laws	7.01(d)

Term	Section
Relevant Period	9.05
Retained Environmental Liabilities	11.02(a)(iv)(B)
Seller	Preamble
Seller DB Plan	9.07
Seller DC Plan	9.06(a)
Seller FSA Plan	9.13
Seller Funded IT Transition Costs	Section 7.09(e)
Seller International Retirement Plan	9.09
Seller Tax Records	8.05(b)
Seller Welfare Plan	9.11(a)
Sponsor	Preamble
Solvent	4.06
Tax Claim	8.12(d)
Tax Controversy	8.12(d)
Tax Loss	8.12(a)
Taxing Authority	Definition of "Tax"
Termination Fee	12.03(a)
Third Party Claim	11.03(a)
Third Party Consent	7.09(b)(i)
Transferred Assets	2.02
Transferred Employee	9.01
Transferred Subsidiary Holdover Contract	7.09(c)
Transferred Subsidiary Securities	3.05(b)
UK Indemnified Sum	11.08(a)
UK Claim	11.08(a)
Unclaimed Property Liabilities	Section 11.02(a)(v)
WARN	7.05
Warranty Breach	11.02(a)(i)

Section 1.02 *Other Definitional and Interpretative Provisions*. The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms thereof.

References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to "law," "laws" or to any Applicable Law shall be deemed to refer to such law or Applicable Law as amended from time to time, except as otherwise specified herein, and to any rules or regulations promulgated thereunder. All references to any time herein shall refer to Eastern Time, unless otherwise specified. The parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE 2

CONTRIBUTION, PURCHASE and SALE

Section 2.01 *Contribution and Exchange of ASCO Interests; Purchase and Sale of Shares.* Upon the terms and subject to the conditions of this Agreement at the Closing:

(a) (i) Seller agrees to cause Automatic Switch to contribute, convey, transfer, assign and deliver to Parent, and Parent agrees to acquire from Automatic Switch, all of Automatic Switch's right, title and interest in, to and under the ASCO Interests held by it, free and clear of any Lien, and (ii) Seller agrees to cause ASE LLC to contribute, convey, transfer, assign and deliver to ASCO GP LLC, and Parent agrees to cause ASCO GP LLC to acquire from ASE LLC, all of ASE LLC's right, title and interest in, to and under the ASCO Interests held by it, free and clear of any Lien. In consideration for the contributions, conveyances, transfers, assignments and deliveries described in the foregoing clauses (i) and (ii), Parent shall issue to Automatic Switch the Equity Consideration and pay to Automatic Switch the ASCO Cash Consideration; and

(b) Seller agrees to, and to cause the applicable Retained Subsidiaries to sell, convey, transfer, assign and deliver, or cause to be sold, conveyed, transferred, assigned and delivered to Buyer, and Buyer agrees to purchase from Seller and such applicable Retained Subsidiaries, all of Seller's or such applicable Retained Subsidiaries' right, title and interest in, to and under the Shares (other than the ASCO Interests).

Section 2.02 *Purchase and Sale of the Transferred Assets.* Except as otherwise provided below, upon the terms and subject to the conditions of this Agreement, including Section 2.15, Buyer agrees to purchase from Seller and the Retained Subsidiaries, and Seller agrees to, and to cause the Retained Subsidiaries to, sell, convey, transfer, assign and deliver, or cause to be sold, conveyed, transferred, assigned and delivered, to Buyer at the Closing, free and clear of any Liens other than Permitted Liens, all of Seller's and the Retained Subsidiaries' right, title and interest in, to and under the assets, properties and business, of every kind and description, owned, used or held for use primarily in the conduct of the Business by Seller or any of the Retained Subsidiaries (but excluding any Excluded Assets and excluding any assets, properties and businesses owned by a Transferred Subsidiary) as the same shall exist as of the Effective Time,

including all right, title and interest of Seller and the Retained Subsidiaries in, to and under the following assets to the extent owned by Seller or any Retained Subsidiary immediately prior to the Effective Time (collectively, the **"Transferred Assets"**):

- (a) the Real Property, together with all buildings, fixtures and improvements erected thereon, and the leases of, and other interests in the Real Property;
- (b) all tangible personal property and interests therein owned, used or held for use primarily in the conduct of the Business;
- (c) all inventory, raw materials, work-in-process, finished goods, supplies and other inventories of the Business (determined in a manner consistent with the manner in which such assets have been allocated to the Business in the Interim Financial Statements);
- (d) subject to Section 7.09(a)-(c), all rights under (i) all contracts, agreements, licenses, commitments, sales and purchase orders and other instruments primarily related to the conduct of the Business or (ii) rights to enforce any contract or agreement (including all ancillary documents or agreements related thereto) governing the purchase of any business that forms a part of the Business (whether by merger, sale or purchase of securities or assets or otherwise) in accordance with Section 7.09(f), but, in each case, excluding the Hedging Contracts and the Seller Parent Business Contracts (which Seller Parent Business Contracts shall be governed by Section 7.09(a) - (c));
- (e) all transferable rights, claims, credits, causes of action or rights of set-off against third parties relating to or arising from the Transferred Assets, including unliquidated rights under manufacturers' and vendors' warranties;
- (f) all trade accounts receivable and other receivables of the Business, including any intercompany accounts receivable that are payable by Seller or any Retained Subsidiary (all as determined in a manner consistent with the manner in which such assets have been allocated to the Business in the Interim Financial Statements);
- (g) all prepaid assets of the Business other than prepaid insurance (determined in a manner consistent with the manner in which such assets have been allocated to the Business in the Interim Financial Statements);
- (h) all Assigned Intellectual Property Rights;
- (i) all Assigned Software and Assigned IT Assets;
- (j) all bank accounts exclusively dedicated to the Business;
- (k) all transferable insurance policies exclusively related to the Business and the rights set forth in Section 5.06;
- (l) all transferable governmental licenses, permits or other governmental authorizations primarily used or held for use in the Business;

(m) loans to Business Employees as set forth in Section 2.02(m) of the Disclosure Schedule;

(n) all books, records, files, papers and Information relating primarily to the Business (other than, subject to Section 2.02(o), personnel records), whether in hard copy or electronic format, including any information to the extent relating to any Tax imposed on the Transferred Assets (it being understood that Seller and the Retained Subsidiaries shall be permitted to retain copies of such materials and that Buyer shall, at its reasonable request, be provided copies of those portions of any such materials to the extent relating to (but not relating primarily to) the Business upon request);

(o) to the extent permitted by Applicable Law, the personnel records (including all human resources and other records) relating to the Transferred Employees; and

(p) any assets of any Transferred Subsidiary Benefit Plan or any Assumed Plan allocable to the Liabilities under such plan which, for the avoidance of doubt, shall include amounts set aside in trust or a bank account.

Section 2.03 *Excluded Assets*. Buyer expressly understands and agrees that all of the assets of Seller and the Retained Subsidiaries other than the Transferred Assets shall remain the property of Seller or such Retained Subsidiaries (collectively, the “**Excluded Assets**”), which shall include the following:

(a) all cash and cash equivalents on hand and in banks;

(b) all bank accounts not exclusively related to the Business;

(c) subject to Section 5.06, all insurance policies not exclusively related to the Business and all claims, credits, causes of action or rights thereunder;

(d) all real property (other than the Real Property), together with all buildings, fixtures and improvements erected thereon, and the leases of, and other interests in such real property;

(e) all Intellectual Property Rights (other than the Assigned Intellectual Property Rights), including the Emerson Trademarks and the ASCO Trademarks;

(f) all Software (other than the Assigned Software) (the “**Excluded Software**”);

(g) all IT Assets (other than the Assigned IT Assets) (the “**Excluded IT Assets**”);

(h) all books, records, files and papers, whether in hard copy or electronic format, prepared in connection with this Agreement, the other Transaction Documents or the announced spinoff of the Business from Seller or the transactions contemplated

hereby or thereby, all minute books and corporate records of Seller and the Retained Subsidiaries, and Information to the extent not included within Transferred Assets;

- (i) all rights of Seller or any of the Retained Subsidiaries arising under the Transaction Documents or the transactions contemplated thereby;
- (j) all assets of the Business Benefit Plans (other than the Transferred Subsidiary Benefit Plans and the Assumed Plans as provided in Section 2.02(p)), except as otherwise expressly provided in Article 9;
- (k) the personnel records (including all human resources and other records) of Seller or a Retained Subsidiary relating to employees of Seller or such Retained Subsidiary;
- (l) any Existing Litigation Right;
- (m) all hedging or swap contracts, agreements or similar arrangements (such contracts, to the extent relating primarily to the Business, the "**Hedging Contracts**");
- (n) the Master Supply Agreements listed in Section 2.03(n) of the Disclosure Schedule (such contracts, agreements and obligations collectively, the "**Master Supply Agreements**");
- (o) all Tax Assets, as well as any rights to Tax refunds or credits in respect of Tax overpayments;
- (p) all equity interests of Seller in entities other than the Transferred Subsidiaries; and
- (q) the other property and assets described in Section 2.03(q) of the Disclosure Schedule.

Section 2.04 *Assumed Liabilities* Upon the terms and subject to the conditions of this Agreement, including Section 2.15, Buyer agrees, effective at the Effective Time, to assume all Liabilities of Seller or any of the Retained Subsidiaries primarily relating to or arising out of the Transferred Assets or the Business (as currently or formerly conducted) as they exist at the Effective Time, except for the Excluded Liabilities, including the following Liabilities of Seller or any of the Retained Subsidiaries (collectively the "**Assumed Liabilities**"):

- (a) all Liabilities set forth on the Balance Sheet to the extent not satisfied prior to the Effective Time and to the extent not constituting Excluded Liabilities;
- (b) all Liabilities arising under the contracts, agreements and other instruments included in the Transferred Assets pursuant to Section 2.02(d);
- (c) all Liabilities (i) under warranty obligations in respect of returns, Recalls, remedial actions or similar Liabilities relating to any products manufactured or sold by

the Business or (ii) relating to, or arising out of, the use, application, malfunction, defect, design operation, performance or suitability of any product of the Business;

- (d) all trade accounts payable and other accounts and notes payable of the Business;
- (e) all Liabilities that are provided by this Agreement or any other Transaction Document (or the Schedules hereto or thereto) as Liabilities to be assumed by Buyer or any Transferred Subsidiary, and all agreements, obligations and Liabilities of Buyer or any Transferred Subsidiary under this Agreement or any other Transaction Document;
- (f) all Assumed Environmental Liabilities;
- (g) all Liabilities (x) arising out of or in connection with the Assumed Plans or (y) expressly assumed by Buyer pursuant to Section 7.05 or Article 9;
- (h) all Liabilities with respect to each Transferred Employee (excluding any Liabilities arising out of or in connection with any Business Benefit Plan that is not a Transferred Subsidiary Benefit Plan or an Assumed Plan, except as otherwise expressly provided herein);
- (i) all Liabilities or obligations arising out of any Action primarily relating to or arising out of the Business or the Transferred Assets; and
- (j) all Liabilities or obligations arising under any contract or agreement (including all ancillary documents or agreements related thereto) governing the purchase or sale of any business that forms a part of the Business (whether by merger, sale or purchase of securities or assets or otherwise).

Buyer may not offset against its obligation to pay or perform any Assumed Liability any amounts owed or alleged to be owed to Buyer by Seller or any of its Affiliates on the basis of any breach or alleged breach of any representation, warranty or covenant contained in the Transaction Documents or any right to indemnification hereunder or otherwise, it being agreed that the foregoing is a limitation on the right of offset only and shall not in any way limit any other remedy that Buyer may have for any such breach or any such right to indemnification.

Section 2.05 *Excluded Liabilities*. Buyer is assuming only the Assumed Liabilities from Seller and the Retained Subsidiaries and is not assuming any other Liability of Seller or any of the Retained Subsidiaries or any of their Affiliates. All such other Liabilities shall be retained by and remain Liabilities of Seller or the Retained Subsidiaries, as applicable (all such Liabilities not being assumed being herein referred to as the "**Excluded Liabilities**"), including the following:

- (a) all Liabilities to the extent primarily arising out of or relating to the operation or conduct by Seller or any of its Subsidiaries of any Retained Business;

- (b) all Liabilities to the extent primarily arising out of or relating to any Excluded Asset;
- (c) all Liabilities relating to current or former employees of Seller or any of its Affiliates (other than the Transferred Employees as provided in Sections 2.04(g) and (h)) and all Liabilities that are expressly retained by Seller pursuant to Section 7.05 or Article 9;
- (d) all Indebtedness (other than Indebtedness solely among the Transferred Subsidiaries or Indebtedness that is taken into account in determining the Cash Consideration);
- (e) all Liabilities under the Hedging Contracts;
- (f) all Liabilities to any broker, finder or agent for any investment banking or brokerage fees, finders' fees or commissions relating to the transactions contemplated by this Agreement and any other fees and expenses for which Seller is responsible pursuant to Section 13.03;
- (g) subject to Section 8.03(e), all Liabilities of Seller and the Retained Subsidiaries for Taxes;
- (h) all Liabilities related to any Divested Business; and
- (i) all Excluded Environmental Liabilities.

Section 2.06 *Limitation on Assignment of Transferred Assets*. Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Transferred Asset or any right thereunder if an attempted assignment, without the consent of, or other action by, any third party, would constitute a breach thereunder or in any way adversely affect the rights of Buyer or Seller or any of their respective Affiliates thereunder. If such consent is not obtained or such other action is not taken, Seller and Buyer shall cooperate in a mutually agreeable arrangement under which Buyer would obtain the benefits and assume the obligations thereunder in accordance with this Agreement.

Section 2.07 *Consideration; Allocation of Base Consideration*. (a) The consideration for the ASCO Interests shall (i) be 150,000 newly issued Class B Units (the "**Equity Consideration**") and (ii) the ASCO Cash Consideration.

(b) The purchase price for the Transferred Assets and the Shares (other than the ASCO Interests) is an amount in cash equal to (i) the Cash Purchase Price less (ii) the ASCO Cash Consideration plus (iii) the Modified Net Working Capital Value Adjustment plus (iv) Closing Date Cash, minus (v) Closing Date Indebtedness (together with the ASCO Cash Consideration, the "**Cash Consideration**" and together with the Equity Consideration, the "**Base Consideration**").

(c) The Base Consideration shall be paid or delivered, as applicable, as provided in Section 2.10, and the Cash Consideration shall be subject to adjustment as provided in Section 2.12 and Section 2.14.

(d) The Base Consideration shall be allocated to the Transferred Assets and the Shares as set forth in the statement attached hereto as Exhibit E (the “**Master Allocation Statement**”), which shall include a specific allocation with respect to the Deferred Business.

(e) As promptly as practicable after the Closing, but not later than 180 days after the Closing Date, Buyer shall deliver (i) if a Section 338(h)(10) election is made with respect to one or more of the 338(h)(10) Entities, a statement allocating the “aggregate deemed sales price” (as such term is defined in Treasury Regulations Section 1.338-4) with respect to each such 338(h)(10) Entity in accordance with the Treasury Regulations promulgated under Section 338(h)(10), consistent with the allocation of the Cash Consideration to such 338(h)(10) Entity provided on the Master Allocation Statement, adjusted as necessary pursuant to Section 2.07(e) (the “**338(h)(10) Allocation Statement**”) and (ii) a statement allocating the Cash Consideration with respect to the Transferred Assets (as provided on the Master Allocation Statement, adjusted as necessary pursuant to Section 2.07(f)), plus any Assumed Liabilities and capitalized costs taken into account under Section 1060 of the Code, among the Transferred Assets in accordance with Section 1060 of the Code, together with any required corresponding allocation for Canadian tax purposes (the “**1060 Allocation Statement**” and, together with the Master Allocation Statement and the 338(h)(10) Allocation Statement, the “**Allocation Statements**”). If, within 20 days after the delivery of the 338(h)(10) Allocation Statement or the 1060 Allocation Statement, as applicable, Seller notifies Buyer in writing that Seller objects to any allocation set forth thereon, Buyer and Seller shall negotiate in good faith to resolve such objection. In the event that Buyer and Seller are unable to resolve such dispute within 20 days following Seller’s notification of such objection, Buyer and Seller shall jointly retain an Accounting Referee (as defined in Section 2.13(c) below) to resolve the disputed items. Upon resolution of the disputed items, the 338(h)(10) Allocation Statement or the 1060 Allocation Statement, as applicable, shall be adjusted to reflect such resolution. The costs, fees and expenses of the Accounting Referee shall be borne equally by Buyer and Seller.

(f) Notwithstanding anything to the contrary in Section 2.07(a) or (b), if an adjustment is made with respect to the Base Consideration pursuant to Section 2.12 or Section 2.14 or otherwise, such adjustment shall be allocated to (x) the ASCO Interests, if such adjustment was made in respect of the Current Assets, Current Liabilities, Cash or Indebtedness of ASCO Power as of the Effective Time or (y) in all other cases, the Shares of Liebert Corporation and, in each case, the Allocation Statement shall be adjusted in a manner consistent therewith with no sub-allocation to Avocent Corporation.

(g) Parent, Buyer and Seller shall, and shall cause their respective Subsidiaries to, file all Tax Returns (including amended returns and claims for refunds) and information reports in a manner consistent with the Allocation Statements, absent a Final Determination that an alternative allocation is required by Applicable Law.

(h) After the date hereof and prior to Closing, Seller shall engage a nationally regarded valuation or accounting firm of Seller’s choosing, at Seller’s sole cost and expense, to determine

the fair market value as of the Effective Time of the Class B Units to be received by Automatic Switch at Closing (the "**Class B Units Fair Value**"). Seller shall deliver to Parent a written statement setting forth such determination (the "**Class B Units Fair Value Statement**").

Section 2.08 [Intentionally Omitted].

Section 2.09 [Intentionally Omitted].

Section 2.10 *Closing*. (a) Subject to Section 2.15, the closing (the "**Closing**") of the contribution, purchase and sale, as the case may be, of the ASCO Interests, the other Shares and the Transferred Assets and the assumption of the Assumed Liabilities hereunder shall take place by the electronic exchange of documents on the last Business Day in the calendar month in which all of the conditions set forth in Article 10 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted by Applicable Law, waiver of those conditions) have been first satisfied (or, to the extent permitted by Applicable Law, waived) (the date on which such conditions are satisfied (or, to the extent permitted by Applicable Law, waived), the "**Closing Trigger Date**"); *provided*, that, (x) if there are less than three Business Days remaining in the calendar month when the Closing Trigger Date occurs, the Closing shall occur on the last Business Day in the immediately succeeding month, so long as all of the conditions set forth in Article 10 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted by Applicable Law, waiver of those conditions) are satisfied (or, to the extent permitted by Applicable Law, waived) on such date and (y) Seller may, in its sole discretion, elect to have the Closing occur on a date other than the last Business Day of the month, in which case, the Closing will occur as soon as possible, but in no event sooner than three Business Days or later than five Business Days after the Closing Trigger Date; *provided, further*, that if the Closing Trigger Date occurs prior to the last day of the Marketing Period, the Closing Trigger Date shall be deemed to be the last day of the Marketing Period. The Closing shall be deemed effective as of 11:59:59 p.m. on the Closing Date in each applicable local jurisdiction of each applicable Transferred Subsidiary (the "**Effective Time**").

(b) At the Closing, the following transactions will occur concurrently:

(i) Buyer shall deliver:

(A) to Seller, a certificate, dated the Closing Date and signed by an executive officer of Buyer, pursuant to Section 10.03(c) hereof;

(B) to Seller, a duly executed counterpart to each Transaction Document (other than this Agreement or any Transaction Document executed prior to the Closing) to which Buyer or any Affiliate thereof (other than Parent) is a party;

(C) to Seller, an amount equal to the Cash Purchase Price less the ASCO Cash Consideration in immediately available funds by wire transfer to an account or accounts designated by Seller, by notice to Buyer; and

- (D) any applicable Canadian Tax Elections to be made by Canadian Buyer;
- (ii) Parent shall:
 - (A) cause its operating agreement to be amended and restated to reflect the terms of the Operating Agreement; and
 - (B) deliver:
 - (1) to Seller, a certificate, dated the Closing Date and signed by an executive officer of Parent, pursuant to Section 10.03(c) hereof;
 - (2) to Seller, a duly executed counterpart to each Transaction Document (other than this Agreement or any Transaction Document executed prior to the Closing) to which Parent is a party; and
 - (3) on behalf of itself and ASCO GP LLC, to Automatic Switch, an amount equal to the ASCO Cash Consideration in immediately available funds by wire transfer to an account or accounts designated by Seller, by notice to Parent;
- (iii) Holdings shall deliver to Seller, a duly executed counterpart to each Transaction Document (other than this Agreement or any Transaction Document executed prior to the Closing) to which Holdings is a party;
- (iv) ASCO GP LLC shall deliver to Seller, a duly executed counterpart to each Transaction Document (other than this Agreement or any Transaction Document executed prior to the Closing) to which ASCO GP LLC is a party;
- (v) Seller shall deliver, or cause to be delivered:
 - (A) to Parent and Buyer, a certificate, dated the Closing Date and signed by an executive officer of Seller, pursuant to Section 10.02(b) hereof;
 - (B) to Parent, Buyer and, where applicable Holdings, a duly executed counterpart to each Transaction Document (other than this Agreement or any Transaction Document executed prior to the Closing) to which Seller or any Affiliate thereof is a party;
 - (C) to Parent, duly executed resignations, dated the Closing Date, for each officer or director of each of the Transferred Domestic Subsidiaries and any other Transferred Subsidiary designated by Parent at least five Business Days prior to the Closing Date;
 - (D) to Parent, a duly executed certificate, in customary form and substance reasonably acceptable to Buyer, from Seller, each Retained Subsidiary

transferring Shares and each Asset Selling Subsidiary, certifying that either (x) such Person is not a foreign person or (y) the Shares or Transferred Assets acquired from such Person are not U.S. real property interests, as such terms are used under applicable Tax laws;

(E) to Parent, a certificate for the ASCO LP Interest held by Automatic Switch that is duly endorsed or accompanied by a stock power duly endorsed in blank, with any required transfer stamps affixed thereto;

(F) to ASCO GP LLC, a certificate for the ASCO LP Interest held by ASE LLC that is duly endorsed or accompanied by a stock power duly endorsed in blank, with any required transfer stamps affixed thereto;

(G) to Buyer, certificates for the Shares (to the extent the applicable Shares are certificated) of the Domestic Subsidiaries and Great River Holding Limited that are (to the extent required by Applicable Law) duly endorsed or accompanied by stock powers duly endorsed in blank, with any required transfer stamps affixed thereto; and

(H) any applicable Canadian Tax Elections to be made by Canadian Seller or any of its Affiliates; and

(I) if required by Section 8.04(b), a duly completed and executed Form 8023 for each 338(h)(10) Entity.

provided that, in the case of (iv) above, any delivery to the extent related to the Deferred Closing shall occur pursuant to Section 2.15(d).

(c) Immediately after the Closing, Buyer shall, or shall cause one or more of its Subsidiaries to use a portion of the proceeds from the Financing to repay, or cause to be repaid, the Transferred Subsidiary Intercompany Debt in immediately available funds. Upon receipt of such wire transfer (which receipt shall be promptly confirmed Seller), the Transferred Subsidiary Intercompany Debt shall be satisfied in full, and each Transferred Subsidiary shall be automatically and irrevocably released from all Liabilities with respect to the Transferred Intercompany Debt. The foregoing notwithstanding, in lieu of repaying any such Transferred Subsidiary Intercompany Debt, Buyer may, or may cause one or more of its Subsidiaries to, use a portion of the proceeds from the Financing to purchase such Transferred Subsidiary Intercompany Debt by paying the holder thereof the principal amount of and any accrued interest on such Transferred Subsidiary Intercompany Debt.

Section 2.11 *Foreign Transfer Agreements; Carve-Out Documents.* (a) The transfer of each Transferred Foreign Subsidiary (that is being sold directly) and the assignment of the Transferred Assets and assumption of the Assumed Liabilities relating to any portion of the Business located outside of the United States will, to the extent required by Applicable Law, be effected pursuant to individual short-form acquisition agreements (each a “**Foreign Transfer Agreement**”) on a country-by-country basis in substantially the form attached as Exhibit G to this Agreement; *provided that*, in each case, the Foreign Transfer Agreements shall serve purely to effect the legal transfer of the applicable Transferred Foreign Subsidiary or the assignment of

such Transferred Assets and assumption of such Assumed Liabilities. For the avoidance of doubt, (i) the Foreign Transfer Agreements shall not have any effect on the value being given or received by Seller or Buyer, including the allocation of assets and Liabilities and indemnities as between them, all of which shall be determined solely in accordance with this Agreement and (ii) in the event of any conflicts between any Foreign Transfer Agreement and this Agreement, the terms of this Agreement shall control in all respects. Seller and Buyer shall not, and shall cause their respective Affiliates not to, bring any claim for any cause of action under any Foreign Transfer Agreement.

(b) Each of the parties to this Agreement acknowledges and agrees, on their own behalf and on behalf of each of their Affiliates, that (i) those of the Carve-Out Documents entered into prior to the date hereof as set forth on Section 3.19 of the Disclosure Schedule have been, and those of the Carve-Out Documents that will be entered into prior to the Closing, will be, entered into to give effect to the steps in the Carve-Out Plan to be implemented prior to the Closing, (ii) from and after Closing, any disputes arising under the Carve-Out Documents shall be conducted by Parent or Seller, on behalf of its applicable Affiliate that is a party to the applicable Carve-Out Document, against Seller or Parent, as if Seller or Parent, as applicable, were the applicable counterparty to the applicable Carve-Out Document, and in accordance with Section 13.06 hereof, and (iii) any claim for Damages under the Carve-Out Documents associated with any Liability assumed or excluded in the transaction set forth therein, shall be made by Parent or Seller, as applicable, on behalf of its applicable Affiliate party to the applicable Carve-Out Document against Seller or Parent, as applicable, as if Seller or Parent were the applicable counterparty to such Carve-Out Document and in accordance with the procedures and subject to the limitations set forth for indemnification for Assumed Liabilities or Excluded Liabilities set forth in Article 11 hereof.

Section 2.12 *Cash and Indebtedness Adjustment*. (a) As promptly as practicable, but no later than 30 days after the Closing Date, Seller will cause to be prepared and delivered to Buyer a statement (the “**Cash/Indebtedness Statement**”) setting forth Seller’s calculation of (i) Closing Date Indebtedness, (ii) Closing Date Cash, accompanied by a reasonably detailed computation of such calculations, together with a calculation of the Post-Closing Cash/Indebtedness True-Up Payment based thereon. Concurrently with the delivery of the Cash/Indebtedness Statement, Seller shall also deliver to Buyer a statement setting forth Seller’s good faith estimate of the Modified Net Working Capital Value Adjustment (the “**Estimated MNWCV Adjustment**”). The Cash/Indebtedness Statement shall be prepared and the Estimated MNWCV Adjustment shall be determined in accordance with the accounting principles and methodologies set forth in the Accounting Policies and Modified Net Working Capital Value Schedule and this Agreement. For purposes of this Agreement, the “**Post-Closing Cash/Indebtedness True-Up Payment**” shall refer to the amount, whether positive or negative, equal to (i) Closing Date Cash less (ii) Closing Date Indebtedness.

(b) If Buyer disagrees with Seller’s calculation of the Post-Closing Cash/Indebtedness True-Up Payment set forth in the Cash/Indebtedness Statement, Buyer may, within 30 days after delivery of the Cash/Indebtedness Statement, deliver a written notice to Seller of such disagreement (a “**Cash/Indebtedness Dispute Notice**”) specifying all Disputed Items. Buyer may deliver only one Cash/Indebtedness Dispute Notice. Buyer shall be deemed to have agreed with all other items and amounts contained in the Cash/Indebtedness Statement other than the

Disputed Items. Buyer and Seller shall negotiate in good faith for 30 days to resolve all Disputed Items, and if Buyer and Seller cannot resolve any Disputed Item during such period, Buyer and Seller shall jointly retain an Accounting Referee to resolve such Disputed Items in accordance with the procedures set forth in Section 2.13(c), which shall apply to the Cash/Indebtedness Dispute Notice and the Disputed Items set forth therein *mutatis mutandis*. The provisions of Section 2.13(d) and (e) shall apply to the preparation, review and dispute of the Cash/Indebtedness Statement as they do to the MNWCV Statement *mutatis mutandis*.

(c) If the Final Post-Closing Cash/Indebtedness True-Up Payment is a positive number, Buyer shall pay to Seller, in the manner provided in Section 2.12(d), the amount of such excess; *provided* that (i) if the Estimated MNWCV Adjustment is negative, then the amount of such payment shall be reduced (but not below zero) by the amount of the Estimated MNWCV Adjustment (the amount of such reduction, the "**Cash Adjustment Reduction**") and (ii) the amount to be paid by Buyer or Seller pursuant to Section 2.14 shall be increased or decreased, as applicable, by the Cash Adjustment Reduction. If the Final Post-Closing Cash/Indebtedness True-Up Payment is a negative number, Seller shall pay to Buyer, in the manner provided in Section 2.12(d), the amount of such difference. The "**Final Post-Closing Cash/Indebtedness True-Up Payment**" means the Cash/Indebtedness True-Up Payment (x) as set forth in the Cash/Indebtedness Statement if Buyer does not duly deliver Cash/Indebtedness Dispute Notice or (y) if a Cash/Indebtedness Dispute Notice is delivered, (i) as agreed between Seller and Buyer pursuant to Section 2.12(b) or (ii) in the absence of such agreement, as determined by the Accounting Referee pursuant to Section 2.12(b); *provided* that in no event shall (I) Closing Date Cash be more than Seller's calculation thereof or less than Buyer's calculation thereof, or (II) Closing Date Indebtedness be more than Buyer's calculation thereof or less than Seller's calculation thereof, in each case, as set forth in the Cash/Indebtedness Statement and Cash/Indebtedness Dispute Notice, respectively.

(d) Any payment pursuant to this Section 2.12 shall be made by Buyer or Seller, as the case may be, at a mutually convenient time within five Business Days after the determination of Final Post-Closing Cash/Indebtedness True-Up Payment, by wire transfer of immediately available funds to such account or accounts of such other party as may be designated by such other party.

Section 2.13 *Calculation of Modified Net Working Capital Value*. (a) As promptly as practicable, but no later than 75 days after the Closing Date, Seller will cause to be prepared and delivered to Buyer a statement (the "**MNWCV Statement**"), setting forth Seller's calculation of (i) Modified Net Working Capital Value, which includes separate detail regarding Modified Net Working Capital Value with respect to ASCO Power and with respect to the other Transferred Subsidiaries, Transferred Assets and Assumed Liabilities taken as a whole and (ii) the Modified Net Working Capital Value Adjustment based thereon. The MNWCV Statement shall be prepared in accordance with the accounting principles and methodologies set forth in the Accounting Policies and Modified Net Working Capital Value Schedule and this Agreement.

(b) If Buyer disagrees with Seller's calculation of the Modified Net Working Capital Value set forth in the MNWCV Statement, Buyer may, within the later of 90 days after the Closing Date and 75 days after delivery of the MNWCV Statement, deliver a written notice to Seller (a "**MNWCV Dispute Notice**") specifying Buyer's calculation of (i) Modified Net

Working Capital Value, which includes separate detail regarding Modified Net Working Capital Value with respect to ASCO Power with respect to the other Transferred Subsidiaries, Transferred Assets and Assumed Liabilities taken as a whole and (ii) the Modified Net Working Capital Value Adjustment based thereon, in each case, in reasonable detail, including specifying Buyer's grounds for each point of disagreement. Buyer may deliver only one MNWCV Dispute Notice. The MNWCV Dispute Notice shall specify Buyer's Disputed Items, and Buyer shall be deemed to have agreed with all other items and amounts contained in the MNWCV Statement.

(c) If Buyer duly delivers a MNWCV Dispute Notice, Buyer and Seller shall, during the 30 days following such delivery (or such longer period as they may agree in writing), use their reasonable best efforts to reach agreement on each Disputed Item identified thereon in order to determine the Modified Net Working Capital Value and the amount of the Modified Net Working Capital Value Adjustment, based thereon. If Buyer and Seller are unable to reach such agreement during such period, they shall promptly thereafter jointly retain a nationally recognized accounting firm, who shall not have any material relationship with Buyer or Seller (the "**Accounting Referee**"), and cause such Accounting Referee promptly to review this Agreement and the Disputed Items for the purpose of calculating the Modified Net Working Capital Value and the Modified Net Working Capital Value Adjustment. In making such calculation, the Accounting Referee shall consider only the Disputed Items. The Accounting Referee shall deliver to Buyer and Seller, as promptly as practicable, a written report setting forth such calculation. Such report shall be final and binding upon Buyer and Seller. The cost of such review and report shall be borne (i) by Seller if Seller is awarded less than 50% of the sum of all Disputed Items submitted to the Accounting Referee, (ii) by Buyer if Buyer is awarded less than 50% of the sum of all Disputed Items submitted to the Accounting Referee and (iii) otherwise equally by Buyer, on the one hand, and Seller, on the other.

(d) Parent, Buyer and Seller agree that they will, and agree to cause their respective independent accountants and Subsidiaries to, reasonably cooperate and assist in the preparation of the MNWCV Statement and the calculation of Modified Net Working Capital Value and the Modified Net Working Capital Value Adjustment based thereon and in the conduct of the reviews referred to in this Section 2.13, including the making available to the extent necessary of books, records, work papers and personnel.

(e) For the avoidance of doubt, none of the calculations to be made pursuant to Section 2.12, Section 2.13 or the adjustment to be made pursuant to Section 2.12 or Section 2.14 are intended to be used to adjust for errors or omissions, including with respect to any adjustment proposed by auditors (whether or not made), that may be found with respect to the Balance Sheet or the Base Modified Net Working Capital Value, for which Article 11 shall be the sole and exclusive remedy. No fact or event, including any market or business development, occurring on or after the Effective Time, and no change in GAAP or Applicable Law after the date hereof, shall be taken into consideration in the calculations to be made pursuant to Section 2.12 or 2.13. It is understood that (i) the Illustrative Modified Net Working Capital Value Statement set forth in Schedule III is attached only for the purposes set forth in the definition of "Modified Net Working Capital Value" and (ii) the Base Modified Net Working Capital Value is a negotiated number derived independently of the Illustrative Modified Net Working Capital Value Statement.

Section 2.14 *Modified Net Working Capital Value Adjustment*. (a) If the amount of the Final Modified Net Working Capital Value Adjustment *plus* the amount of the Cash Adjustment Reduction (if any) is a positive number, Buyer shall pay to Seller, in the manner provided in Section 2.14(b), such amount. If the Final Modified Net Working Capital Value Adjustment *plus* the amount of the Cash Adjustment Reduction (if any) is a negative number, Seller shall pay to Buyer, in the manner provided in Section 2.14(b), such amount. The "**Final Modified Net Working Capital Value Adjustment**" means the Modified Net Working Capital Value Adjustment (x) as set forth in the MNWCV Statement if Buyer does not duly deliver a MNWCV Dispute Notice or (y) if a MNWCV Dispute Notice is delivered, (i) as agreed between Seller and Buyer pursuant to Section 2.13(c) or (ii) in the absence of such agreement, as determined by the Accounting Referee pursuant to Section 2.13(c); *provided* that in no event shall Modified Net Working Capital Value Adjustment be more than Seller's calculation thereof or less than Buyer's calculation thereof, as set forth in the MNWCV Statement and the MNWCV Dispute Notice, respectively.

(b) Any payment pursuant to this Section 2.14 shall be made by Buyer or Seller, as the case may be, at a mutually convenient time within five Business Days after the determination of Final Modified Net Working Capital Value Adjustment, by wire transfer of immediately available funds to such account or accounts of such other party as may be designated by such other party.

Section 2.15 *Deferred Closing*. (a) As of the Closing, if, and only if, any of the actions specified in Section 2.15 of the Disclosure Schedule with respect to the assignment and assumption of the Transferred Assets and Assumed Liabilities of the Deferred Business (the "**Deferred Closing Actions**"), have not been completed, then the closing of the transactions contemplated hereby (a "**Deferred Closing**") with respect to the Deferred Business shall take place as soon as possible following the Closing, but in any event within three Business Days, after the date on which all of the conditions described in Section 2.15(b) and Section 2.15(c) are satisfied or, to the extent permitted by Applicable Law, waived with respect to the Deferred Business (each, a "**Deferred Closing Date**").

(b) The obligation of Buyer to consummate the Deferred Closing shall be subject to the satisfaction or, in the sole discretion of Buyer, waiver, at or prior to the Deferred Closing Date, of each of the following conditions:

- (i) all the Deferred Closing Actions shall have been completed in all material respects; and
- (ii) no order, decree or judgment of any Governmental Authority having competent jurisdiction shall prohibit the consummation of the Deferred Closing.

(c) The obligation of Seller to consummate the Deferred Closing shall be subject to the satisfaction or, in the sole discretion of Seller, waiver, at or prior to the Deferred Closing Date, of the condition that no provision of any Applicable Law shall prohibit consummation of the Deferred Closing.

(d) At the Deferred Closing:

(i) Buyer shall, or shall cause its Affiliates to, deliver to Seller any of the documents or other deliverables required to be delivered pursuant to Section 2.10 to the extent related to the Deferred Business and not previously delivered to Seller; and

(ii) Seller shall deliver, or cause to be delivered, to Buyer any of the documents required to be delivered pursuant to Section 2.10 to the extent related to the Deferred Business and not previously delivered by Seller.

Section 2.16 *Obligations with Respect to the Deferred Closing.* (a) With respect to the Deferred Business, from the Closing Date until the Deferred Closing Date, Buyer and Seller shall, to the extent permitted by contractual obligation and Applicable Law, use reasonable best efforts to cooperate in a mutually agreeable arrangement under which Buyer (or one or more of its Affiliates) would, obtain the benefits, assume the obligations and bear the economic burdens associated with operating the Deferred Business; *provided* that Seller and its Affiliates shall have no obligation to make any investment in, or to make any loan or other capital contribution to, the Deferred Business; *provided, further*, that, for the avoidance of doubt, the foregoing shall not entitle Buyer or any of its Affiliates to the benefit of any payments (including under any “cost-plus” arrangement) made by Buyer or its Affiliates to Seller or its Affiliates, whether under the Transition Services Agreement or otherwise, in respect of the operation of the Deferred Business between the Closing and the Deferred Closing. With respect to the Deferred Business, from the Closing Date through the Deferred Closing Date, the Deferred Business shall not, and Seller shall cause the Deferred Business not to, without the prior written consent of Buyer:

(i) incur or assume any Liabilities other than in the ordinary course of business consistent with past practice;

(ii) make or pay any dividend, distribution or redemption, whether in cash or otherwise; or

(iii) take any action described in Sections 5.01(b)(i) through 5.01(b)(xix) (other than Section 5.01(b)(xvii)) with respect to the Deferred Business.

(b) For Tax purposes, except as otherwise required by Applicable Law, ownership of the Deferred Business will be considered to transfer from the applicable Retained Subsidiary to Buyer on the Deferred Closing Date.

Section 2.17 *Payments.* Except as otherwise provided in Section 12.03, any amount required to be paid by Buyer or Seller under this Agreement that is not paid within the period specified for such payment shall bear interest on a daily basis, from and including the date such payment was required to be made hereunder, to but excluding the date of payment, at a rate per annum equal to the rate of interest publicly announced by JPMorgan Chase Bank from time to time as its prime rate in effect at its office located at 270 Park Avenue, New York, New York in effect from time to time during the period from the date such payment was required to be made hereunder, to the date of payment. Such interest shall be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. Any payments made with respect to adjustments pursuant to this Article 2 shall be deemed to be, and each of the parties shall treat such payments as, an

adjustment to the Cash Consideration for all Tax purposes to the extent permitted by Applicable Law. Buyer shall be entitled to deduct and withhold from any amounts payable by it pursuant to this Agreement any withholding Taxes or other amounts required by Applicable Law to be deducted and withheld in connection with the making of such payment; *provided* that (i) Buyer shall notify Seller at least five days before the anticipated Closing Date of any such withholding requirement of which Buyer becomes aware, and (ii) the parties shall reasonably cooperate to reduce or eliminate such deduction or withholding. To the extent that any such amounts are so deducted or withheld, such amounts will be treated for all purposes of this Agreement as having been paid to the person with respect to whom such deduction and withholding was made.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the Disclosure Schedule (but subject to Section 13.13), Seller represents and warrants to Holdings, Parent, ASCO GP LLC and Buyer as of the date of this Agreement and as of the Closing Date that:

Section 3.01 *Corporate Existence and Power*. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate powers required to carry on its business as now conducted, except for those licenses, authorizations, permits and approvals the absence of which would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect and as would not prevent or materially delay, or would not reasonably be expected to prevent or materially delay, the transactions contemplated by this Agreement or any other Transaction Document to which Seller or any of its Affiliates is a party.

Section 3.02 *Corporate Authorization*. The execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby are within Seller's corporate powers and have been duly authorized by all necessary corporate action on the part of Seller. The execution, delivery and performance of each other Transaction Document to which Seller or any of its Affiliates is a party, by Seller and any such Affiliates, and the consummation of the transactions contemplated thereby, are within Seller's and any such Affiliate's corporate powers and have been, or will be prior to their execution, delivery and performance, duly authorized by all necessary corporate action on the part of Seller and any such Affiliates. Assuming due and valid execution by each other party hereto, this Agreement constitutes a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity (collectively, the "**Enforceability Exceptions**")). Assuming due and valid execution by each other party thereto, each other Transaction Document to which Seller or any of its Affiliates is a party constitutes or, upon the execution and delivery thereof by Seller and any such Affiliate, shall constitute, a valid and binding agreement of Seller and any such Affiliate, enforceable against Seller and any such Affiliate in accordance with its terms, subject to the Enforceability Exceptions.

Section 3.03 *Governmental Authorization*. The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party and the

consummation of the transactions contemplated hereby and thereby require no action by or in respect of, or filing with, any Governmental Authority, other than (i) compliance with any applicable requirements of the HSR Act; (ii) compliance with any other applicable Competition Laws; (iii) the filings and approvals set forth in Section 7.01(c), (iv) compliance with any applicable requirements of the 1934 Act; (v) the Deferred Closing Actions; (vi) any consent, approval or authorization required to be obtained solely by reason of Holdings', Parent's, ASCO GP LLC's or Buyer's (as opposed to a third party's) participation in the transactions contemplated by this Agreement or the other Transaction Documents; and (vii) any such action or filing as to which the failure to make or obtain would not reasonably be expected, individually or in the aggregate, to result in a Material Liability and as would not prevent or materially delay, or would not reasonably be expected to prevent or materially delay, the transactions contemplated by this Agreement or any other Transaction Document to which Seller or any of its Affiliates is a party.

Section 3.04 *Noncontravention*. The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not, assuming compliance with the matters referred to in Section 3.03 and completion of the Deferred Closing Actions, Cash Repatriation Plan and Carve Out Plan, (i) violate the certificate of incorporation or bylaws of Seller, any Asset Selling Subsidiary or any Transferred Subsidiary, (ii) violate any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Seller or any Asset Selling Subsidiary or to a loss of any benefit to which Seller, any Asset Selling Subsidiary or any Transferred Subsidiary is entitled under any Material Contract, (iv) result in the creation or imposition of any Lien on any Transferred Asset or on any asset of any Transferred Subsidiary, except for any Permitted Liens, or (v) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Seller or any Asset Selling Subsidiary or to a loss of any benefit to which Seller, any Asset Selling Subsidiary or any Transferred Subsidiary is entitled under any provision of any agreement or other instrument binding upon Seller, any Asset Selling Subsidiary or any Transferred Subsidiary (other than any Material Contract), with such exceptions (A), in the case of each of clauses (ii) through (iv), as would not, individually or in the aggregate, result in a Material Liability, (B), in the case of clause (v), as would not individually result in a Material Liability, and (C), in the case of clauses (i) through (v), as would not prevent or materially delay, or would not reasonably be expected to prevent or materially delay, the transactions contemplated by this Agreement or any other Transaction Document to which Seller or any of its Affiliates is a party.

Section 3.05 *Transferred Subsidiaries*. (a) Each Transferred Subsidiary is duly organized and validly existing under the laws of its jurisdiction of organization and has all requisite organizational powers.

(b) All of the Shares are owned beneficially and of record by Seller, the Retained Subsidiaries or a Transferred Subsidiary (as applicable) free and clear of any Lien (except for Liens that will be removed at the Closing). There are no outstanding (i) securities of Seller or any Retained Subsidiary convertible into or exchangeable for shares of capital stock or voting securities of any Transferred Subsidiary or (ii) options or other rights to acquire from Seller or

any Transferred Subsidiary, or other obligation of Seller or any of its Subsidiaries to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of any Transferred Subsidiary (the items in clauses (b)(i) and (b)(ii) being referred to collectively as the **"Transferred Subsidiary Securities"**). There are no outstanding obligations of Seller or any of its Subsidiaries to repurchase, redeem or otherwise acquire any outstanding Transferred Subsidiary Securities. No Transferred Subsidiary has any outstanding indebtedness for borrowed money, outstanding bonds, debentures, notes or other securities, the holders of which have the right to vote (or which are convertible into or exchangeable for securities having the right to vote) with equityholders of such Transferred Subsidiary, respectively.

(c) The Transferred Subsidiaries organized outside the United States are, and as of the Closing will be, taken together, in compliance with all statutory minimum capitalization requirements under all Applicable Laws, and, as of the Closing, there will be no requirement under any Applicable Law for any Person to make contributions of capital to, or to provide letters of support or comfort in respect of the obligations of, such Transferred Subsidiaries in order to comply with all such statutory minimum capitalization requirements (based on facts and circumstances in existence as of the Closing).

Section 3.06 *Financial Statements*. (a)(i) The audited balance sheets of the Business as of September 30, 2014 and 2015, and the related audited statements of income of the Business for the years then ended (the **"Audited Financial Statements"** and (ii) the unaudited interim balance sheets of the Business as of March 31, 2016, and the related unaudited interim statements of income of the Business for the six months ended March 31, 2016 (the **"Interim Financial Statements"**), in each case, fairly present in all material respects, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the financial position of the Business as of the dates thereof and the results of operations and cash flows of the Business for the periods then ended (subject to normal year-end adjustments and the absence of footnote disclosures and other presentation items in the case of any Interim Financial Statements).

(b) Seller maintains a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) relating to Seller's entire business (and not solely the Business) designed to provide reasonable assurances regarding the reliability of Seller's financial reporting and the preparation of Seller's financial statements for external purposes in accordance with GAAP. Seller (i) maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) relating to Seller's entire business (and not solely the Business) designed to ensure that material information required to be disclosed by Seller in the reports that Seller files under the Exchange Act is recorded, processed, summarized and communicated to management and reported within the required time periods and (ii) has disclosed to Seller's auditors (A) any significant deficiencies and material weaknesses in the design or operation of Seller's internal controls over financial reporting that are reasonably likely to adversely affect in any material respect Seller's ability to record, process, summarize and report financial information t and (B) any fraud, whether or not material, that involves management or other employees, in each case, of the Business who have a significant role in Seller's internal controls over financial reporting.

(c) No Transferred Subsidiary has (and the Assumed Liabilities do not include) any Indebtedness.

Section 3.07 *No Undisclosed Liabilities*. There are no Liabilities of the Business of any kind other than: (i) Liabilities disclosed and provided for in the Balance Sheet or in the notes thereto; (ii) Liabilities incurred in the ordinary course of business since the Balance Sheet Date that are of substantially similar size, nature and type as those set forth in the Balance Sheet; (iii) Liabilities relating to a subject matter that is specifically addressed in any other representation and warranties in this Article 3 or Sections 8.01 or 8.02 and (iv) any Liability which is not a Material Liability.

Section 3.08 *Absence of Certain Changes*. Since the Balance Sheet Date, (a) the Business has been conducted in the ordinary course consistent with past practice, (b) there has not been any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (c) Seller and its Affiliates have not taken any action that would, if taken after the date of this Agreement through the Closing Date, require the consent of Buyer under clauses (v) through (xii) of Section 5.01(b).

Section 3.09 *Material Contracts*. (a) Except as set forth in Section 3.09 of the Disclosure Schedule, with respect to the Business, as of the date of this Agreement neither Seller nor any of its Subsidiaries is a party to or bound by:

(i) any lease (whether of real or personal property) requiring (A) annual rentals of \$1,000,000 or more or (B) aggregate payments by Seller and its Subsidiaries of \$5,000,000 or more, in each case, that cannot be terminated on 120 or fewer days' notice without payment by Seller and its Subsidiaries of any material penalty;

(ii) any agreement (excluding purchase orders) for the purchase of materials, supplies, goods, services, equipment or other tangible assets requiring either (A) annual payments by Seller and its Subsidiaries of \$10,000,000 or more or (B) aggregate payments by Seller and its Subsidiaries of \$40,000,000 or more, or that cannot be terminated on 120 or fewer days' notice without payment by Seller and its Subsidiaries of any material penalty;

(iii) any binding sales, distribution or other similar agreement (excluding purchase orders) providing for the sale or license by Seller or any of its Subsidiaries of materials, supplies, goods, services, equipment or other assets requiring either (A) annual payments to Seller and its Subsidiaries of \$10,000,000 or more or (B) aggregate payments to Seller and its Subsidiaries of \$40,000,000 or more, or that cannot be terminated on 120 or fewer days' notice without payment by Seller and its Subsidiaries of any material penalty;

(iv) any partnership, joint venture or other similar agreement;

(v) any agreement that limits the freedom of Seller or any of the Transferred Subsidiaries to compete in any line of business or with any Person or in any area and

which would so limit the freedom of Buyer or its Affiliates (including the Transferred Subsidiaries) after the Closing Date;

(vi) any agreement between the Business, on the one hand, and any (A) Retained Business or (B) Retained Subsidiary, on the other hand;

(vii) any agreement relating to the acquisition or disposition of (x) any material business (whether by merger, sale of stock, sale of assets or otherwise) entered into during the five-year period immediately preceding the date hereof or (y) any business (whether by merger, sale of stock, sale of assets or otherwise) with respect to which Buyer or any Transferred Subsidiary will have any material liabilities or obligations after giving effect to the Closing (including any Deferred Closing); or

(viii) any material agreement with any Material Customer or Material Supplier (to the extent not already disclosed pursuant to another subsection of this Section 3.09(a)).

(b) Each agreement, contract, lease or commitment required to be disclosed pursuant to this Section 3.09 (each, a "**Material Contract**") is a valid and binding agreement of Seller and is in full force and effect, and none of Seller or, to the knowledge of Seller as of the date hereof, any other party thereto is in default or breach in any respect under the terms of any such Material Contract, except for any such defaults or breaches which would not reasonably be expected, individually or in the aggregate, to result in a Material Liability.

Section 3.10 *Litigation*. There are no Actions pending against or, to the knowledge of Seller, threatened against, the Business, and there is no order, writ, judgment, award, ruling, injunction, decree or consent decree entered by or with any Governmental Authority, except for such matters as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, or that would not prevent or materially delay, or would not reasonably be expected to prevent or materially delay, the transactions contemplated by this Agreement or any other Transaction Document to which Seller or any of its Affiliates is a party. (For the purposes of evaluating Seller's liability for any breach of this Section 3.10 with respect to the making of such representations as of the Closing Date, Buyer agrees that Seller shall not be deemed to have breached this representation with respect to any Actions filed after the date of the Agreement (that were not, to the knowledge of Seller, threatened as of the date of this Agreement) unless such Actions would reasonably be expected to result, individually or in the aggregate, in Liability in excess of \$5,000,000).

Section 3.11 *Compliance with Laws*. Except as would not reasonably be expected individually (including, for the purposes hereof, all related matters arising from the same set of facts) to result in a Liability in excess of \$1,000,000:

(a) neither Seller nor any of its Subsidiaries is or has been since January 1, 2012 in violation of, and to the knowledge of Seller is not under investigation with respect to and has not since January 1, 2012 been threatened to be charged with or given notice of any violation of, any Applicable Law relating to the conduct of the Business;

(b) neither Seller nor any of its controlled Affiliates nor any of its and their directors, officers or employees or, to the knowledge of Seller, agents, distributors, or any other Person

acting on behalf of the Business, in connection with the conduct of the Business, (i) is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977 (the “**FCPA**”) or (ii) is in violation of any Applicable Law enacted in any jurisdiction in connection with or arising under the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions (the “**OECD Convention**”), including the UK Bribery Act of 2010, as amended. To the knowledge of Seller, none of Seller, any of its controlled Affiliates or any of its and their directors, officers, employees, agents, distributors, or any other Person acting on behalf of the Business is, in connection with the conduct of the Business, subject to any investigation by any Governmental Authority with regard to any bribe, rebate, payoff, influence payment, kickback or other unlawful payment or gift of money or anything of value prohibited under Applicable Law addressing matters comparable to those addressed by the FCPA or the OECD Convention implementing legislation concerning such payments or gifts in any jurisdiction;

(c) (i) the Transferred Subsidiaries, and Seller and the Retained Subsidiaries with respect to the Business, are in compliance with all applicable Customs and International Trade Laws, and at no time since January 1, 2012 has any Seller or Seller Affiliate, in the conduct of the Business, committed any act that would reasonably be expected, individually or in the aggregate, to result in a Material Liability under any of the Customs and International Trade Laws or otherwise materially interfere with the conduct of the Business in substantially the manner currently conducted, (ii) each Transferred Subsidiary and the Business is not, and since January 1, 2012 has not been, subject to any civil or criminal litigation, audit, compliance assessment, focused assessment, penalty proceeding, liquidated damages proceeding, forfeiture or forfeiture action, assessment of additional duty for failure to properly mark imported merchandise, written notice to properly mark merchandise or return merchandise to customs custody, claim for additional customs duties or fees, denial order, suspension of export privileges, or any other proceeding by a Governmental Authority involving or otherwise relating to any alleged or actual violation of the Customs and International Trade Laws, (iii) none of the Transferred Subsidiaries have, and the Business has not, received since January 1, 2012, any written notice threatening a civil or criminal investigation with respect to the foregoing, and (iv) each Transferred Subsidiary and the Business has paid all material customs duties and fees owed for merchandise imported by them or imported on their behalf into any applicable jurisdiction; and

(d) To the knowledge of Seller, the Transferred Subsidiaries and their respective officers, employees, directors and agents, are in compliance with applicable Sanctions, and none of any Transferred Subsidiary or any of their respective directors, officers or employees is a Sanctioned Person.

Section 3.12 *Properties; Liens*. (a) Section 3.12(a) of the Disclosure Schedule includes a list of all material real property (i) which any of the Transferred Subsidiaries owns, leases (as tenant) or subleases (as subtenant) or (ii) which Seller or any of the Retained Subsidiaries owns, leases or subleases primarily in the conduct of the Business, but excluding any real property covered by a lease, sublease or license listed in Section 2.03(p) of the Disclosure Schedule (the “**Real Property**”).

(b) The Real Property constitutes all the material real property that is used or held for use primarily in the conduct of the Business as currently conducted. No Person other than the

Transferred Subsidiaries or the Seller or a Retained Subsidiary (subject to the arrangements on Section 3.12(b) of the Disclosure Schedule, which will cease to have such right as of the Closing) has the right to use the Real Property and, other than disclosed on Section 3.12(b) of the Disclosure Schedule, there are no shared facilities or services at the Real Property which are used in connection with any Retained Business. To the knowledge of Seller, (i) there are no pending condemnation proceedings with respect to any Real Property, (ii) the current use of the Real Property does not violate any local planning, zoning or similar land use restrictions of any Governmental Authority in any material respect and (iii) all of the buildings, structures, appurtenances and other improvements situated on any Real Property have been maintained in all material respects in accordance with the usual business practices of the relevant Transferred Subsidiary, Seller or Retained Subsidiary and, with respect to each, the Transferred Subsidiary, Seller or Retained Subsidiary has reasonably adequate rights of ingress and egress for operation of its respective businesses in the ordinary course of business for the purposes for which they are presently being used.

(c) Seller or a Subsidiary of Seller, as the case may be, has legal title to, or in the case of any leased Real Property or personal property, has valid leasehold interests (or the right to occupy the Real Property under a services agreement or license) in, all Transferred Assets and all material assets of the Transferred Subsidiaries, except for properties and assets sold since the Balance Sheet Date in the ordinary course of business consistent with past practice or where the failure to have such legal title or valid leasehold interests would not reasonably be expected individually or in the aggregate to result in a Material Liability. Except as would not, individually or in the aggregate, result in a Material Liability, the material items of equipment owned by the Transferred Subsidiaries or included in the Transferred Assets (i) are in reasonably good operating condition and repair, ordinary course wear and tear excepted and (ii) are reasonably adequate and suitable in all material respects for the purposes for which they are presently being used. At the Closing, Buyer and the Transferred Subsidiaries will own or have the right to use, or will be provided access pursuant to a Transaction Document to, all of the assets and rights reasonably necessary and sufficient for the operation of the Business following the Closing in substantially the same manner as it is currently conducted and conducted immediately prior to the Closing.

(d) No Transferred Asset or asset of a Transferred Subsidiary is subject to any Lien, except for:

- (i) Liens disclosed in Section 3.12(d) of the Disclosure Schedule;
- (ii) Liens disclosed on the Balance Sheet or notes thereto or securing liabilities reflected on the Balance Sheet or notes thereto;
- (iii) Liens for Taxes, assessments and similar charges that are not yet due and payable, or, if due, not delinquent or that are being contested in good faith;
- (iv) mechanic's, materialman's, carrier's, repairer's, worker's, warehouseman's and other similar Liens arising or incurred in the ordinary course of business or that relate to obligations that are not yet more than 60 days past due or, if more than 60 days past due, are being contested in good faith by appropriate proceedings;

- (v) statutory or contractual Liens of landlords or Liens on a current or prior landlord's interests;
- (vi) zoning, building codes and other land use laws regulating the use or occupancy of the Real Property or the activities conducted thereon which are imposed by any Governmental Authority;
- (vii) leases, subleases, licenses or other agreements (and proposed leases and renewals) for the use and/or occupancy of the Real Property that are in effect as of the date hereof and are disclosed to Buyer in the Disclosure Schedule;
- (viii) with respect to Real Property, any Liens that would be disclosed by an accurate land survey of such Real Property;
- (ix) Liens constituting licenses, sublicenses or covenants not to sue in respect of Intellectual Property Rights granted in the ordinary course of business;
- (x) Liens incurred in the ordinary course of business since the Balance Sheet Date that are of substantially similar size, nature and type as those set forth in the Balance Sheet;
- (xi) purchase money Liens and Liens securing rental payments under capital lease arrangements; or
- (xii) Liens which will be extinguished and released in full as of the Closing or which otherwise would not reasonably be expected, individually or in the aggregate, to result in a Material Liability (clauses (i) - (xii) of this Section 3.12(d) are, collectively, the **"Permitted Liens"**).

Section 3.13 *Intellectual Property*. (a) Section 3.13(a) of the Disclosure Schedule contains a list of all registrations and applications for registration or issuance of patents, trademarks, service marks, domain names and copyrights included in the Business Intellectual Property Rights (the **"Business Registered Intellectual Property Rights"**). Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, to the knowledge of Seller, all such Business Registered Intellectual Property Rights are subsisting and, to the knowledge of Seller, are valid and enforceable.

(b) Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, (i) Seller or a Subsidiary of Seller is the owner of or the holder of a valid license to all material Business Intellectual Property Rights, (it being understood that the foregoing does not constitute a representation or warranty with respect to infringement, misappropriation or other violation of Intellectual Property Rights), (ii) excluding ordinary course and routine office actions and other similar proceedings that may be pending before the United States Patent and Trademark Office or its foreign equivalents, no proceedings are pending or, to the knowledge of Seller, threatened since January 1, 2012 which challenge the validity or enforceability of any rights in respect of any of the Business Intellectual Property Rights, or which allege that the conduct of the Business infringes, misappropriates or otherwise violates the Intellectual Property Rights of any third party, (iii) to the knowledge of Seller, the present

conduct of the Business does not infringe, misappropriate or violate any valid and enforceable Intellectual Property Rights of any third party, (iv) to the knowledge of Seller, no third party is infringing, misappropriating or violating a Business Intellectual Property Right, and (v) none of the Business Intellectual Property Rights are subject to any outstanding judgment, decree, order, writ, award, injunction or determination of an arbitrator or court or other governmental authority affecting the rights of the Company Entities.

(c) Section 3.13(c) of the Disclosure Schedule (which schedule may be supplemented and revised during the seventy-five (75) day period following the date hereof, with such supplemented and revised schedule to be deemed for all purposes hereof to have been delivered as of the date hereof) contains a list of the Business Software (other than any software embedded in any product of the Business) as of date hereof, indicating for each item listed whether, at Closing, such item will be (i) owned by Buyer or a Transferred Subsidiary, (ii) licensed to Buyer or a Transferred Subsidiary by a third party (other than Seller or its Affiliates), (iii) licensed to Buyer or a Transferred Subsidiary by Seller or an Affiliate of Seller or (iv) to be provided to Buyer or a Transferred Subsidiary under the Transition Services Agreement, excluding in each case Business Software licensed in the ordinary course of business that is (x) subject to a total license fee of less than \$50,000 per year or \$150,000 in the aggregate or (y) that is in the nature of "shrink-wrap" or "click-wrap" license agreements or off-the-shelf Software that has not been modified.

(d) Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, to the knowledge of Seller, (i) each item of Intellectual Property used or held for use in the conduct of the Business is either: (A) owned solely by the Company Entities free and clear of any Liens other than Permitted Liens; or (B) rightfully used and authorized for use by a Company Entity and its permitted successors pursuant to a valid and enforceable license, and (ii) the Company Entities have all rights in Business Intellectual Property Rights necessary and sufficient to carry out the activities of the Business as currently conducted.

(e) Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, (i) the Company Entities are, and have been since January 1, 2012, in material compliance with and have not since January 1, 2012 breached, violated or defaulted under, or received notice that they have breached, violated or defaulted under, any of the terms or conditions of any material license, sublicense or other agreement to which any of the Company Entities is a party or is otherwise bound relating to Business Intellectual Property Rights, and to the knowledge of Seller there is no event or occurrence that would reasonably be expected to constitute such a breach, violation or default (with or without the lapse of time, giving of notice or both), and (ii) each such agreement is in full force and effect, and to the knowledge of Seller, no party obligated to the Company Entities pursuant to any such agreement is in material default thereunder.

(f) Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, Seller and the Company Entities have obtained from all employees and consultants who have created any portion of the Business Intellectual Property Rights, either by operation of law or by valid and enforceable written agreement, assignments of or rights to use such employees' or consultants' rights in such Business Intellectual Property Rights, and, to

the knowledge of Seller, no employee or consultant of Seller or the Company Entities is in default or breach of any term of any employment agreement, nondisclosure agreement, assignment of invention agreement or similar agreement or contract to the extent such term relates in any way to the protection, ownership, development, use or transfer of the Business Intellectual Property Rights.

(g) Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, Seller and the Company Entities have each taken commercially reasonable measures to establish and preserve in all material respects its ownership of, and rights in, all Business Intellectual Property Rights. Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, to the knowledge of the Seller, the material Software used by the Business ("**Business Software**") does not contain (i) any computer code designed to disrupt, disable or harm in any manner the operation of any software or hardware or (ii) any unauthorized feature (including any worm, bomb, backdoor, clock, timer or other disabling device, code, design or routine) that causes the software or any portion thereof to be erased, inoperable or otherwise incapable of being used, either automatically, with the passage of time or upon command by any person.

(h) Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, to the knowledge of Seller, Seller and the Company Entities have not incorporated any Software or source code in any Business Software licensed or delivered by Seller or a Company Entity in connection with the conduct of the Business (including any such Business Software currently under development) that is distributed under an open source license in a manner that would (i) require the contribution, sale, licensing, provision or public disclosure to any person of any source code for such Business Software or (ii) impose limitations on Buyer's or a Transferred Subsidiary's right to require royalty payments from or restrict further distribution of such Business Software (such as, for example, the GNU General Public License or other "copyleft" licenses). Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, neither Seller nor any of its Affiliates has participated in any standards setting activities that would materially affect the proprietary nature of any Business Software licensed or delivered by Seller or a Company Entity in connection with the conduct of the Business or restrict the ability of Buyer or any Transferred Subsidiary to enforce, license, or exclude others from using such Business Software.

(i) Except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, since January 1, 2012, (i) to the knowledge of Seller, no person has gained unauthorized access to the information technology systems of the Business, (ii) the Business has complied with its publicly posted privacy policies and all Applicable Laws applicable to its products and services, (iii) no claims have arisen regarding such privacy policies or the implementation thereof, and (iv) Seller and its Affiliates have taken reasonable steps in the conduct of the Business (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) in accordance with Applicable Law to protect all private or personally identifiable information against loss and against unauthorized access, use, modification, disclosure or other misuse.

Section 3.14 *Permits*. Taken together, the Transferred Subsidiaries possess, and the Transferred Assets include, all governmental permits, approvals, orders, authorizations, consents,

licenses, certificates, franchises, exemption of, or filings or registrations with, or issued by, any Governmental Authority necessary for the operation of the Business as currently conducted, except as would not reasonably be expected, individually or in the aggregate, to result in a Material Liability (the "**Permits**"). The Permits are valid and in full force and effect. Seller and its Subsidiaries are not in default, and no condition exists that with notice or lapse of time or both would constitute a default, under the Permits.

Section 3.15 *Finders' Fees*. Except for J.P. Morgan Securities LLC and *Centerview Partners LLC*, whose fees shall be paid by Seller, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Seller or any of its Affiliates who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document.

Section 3.16 *Employee Benefit Plans and Employees*. (a) Section 3.16(a) of the Disclosure Schedule lists each material Business Benefit Plan, and separately identifies each Transferred Subsidiary Benefit Plan. For each material Business Benefit Plan, Seller has made available to Buyer (i) a summary of the benefits provided under such plan or a copy of such plan (or in the case of individual agreements that are based on a form agreement, a copy of such form) together with all material amendments thereto and, if applicable, the most recently filed annual return/report (Form 5500) and (ii) the most recent IRS determination letter and the most recent material dedicated actuarial report (where applicable) for each Transferred Subsidiary Benefit Plan and Assumed Plan.

(b) Except as set forth in Section 3.16(b) of the Disclosure Schedule, no Transferred Subsidiary Benefit Plan or Assumed Plan (i) is subject to Title IV of ERISA or (ii) provides any post-retirement medical, dental or life insurance benefits to any Business Employee (other than coverage mandated by Applicable Law). No Transferred Subsidiary Benefit Plan or Assumed Plan that is subject to Title IV of ERISA is in "at-risk status" (within the meaning of Section 303(i)(4) of ERISA), and none of the following events has occurred in connection with any such plan, except for such events that would not reasonably be expected to, individually or in the aggregate result in a Material Liability: (x) a "reportable event," within the meaning of Section 4043 of ERISA, other than any such event for which the 30-day notice period has been waived by the Pension Benefit Guaranty Corporation, or (y) any notification to the Pension Benefit Guaranty Corporation as a result of an event described in Section 4062 or 4063 of ERISA. For the avoidance of doubt, the foregoing representations set forth in this Section 3.16(b) are made solely with respect to plans that are not International Plans. No International Plan has been declared to be fully or partially wound up, nor, to the knowledge of Seller, has any act or event occurred pursuant to which any such plan could reasonably be expected to be ordered to be wound up, in whole or in part, by any Governmental Authority.

(c) Each Business Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter from the IRS or has applied to the IRS for such a letter within the applicable remedial amendment period or such period has not expired. Each material International Plan that is intended to qualify for favorable tax benefits under the Laws of any jurisdiction is so qualified, and, to the knowledge of Seller, no condition exists nor has an event occurred that could reasonably be expected to result in the loss or revocation of such status. Except as would not reasonably be expected to individually result in a

Liability in excess of \$1,000,000, each International Plan that is required to be registered has been registered and has been maintained in good standing with all applicable regulatory authorities. Each Transferred Subsidiary Benefit Plan and Assumed Plan has been maintained in compliance with its terms and Applicable Law, except for failures to comply that would not reasonably be expected to individually result in a Liability in excess of \$1,000,000.

(d) As of the date hereof, except as would not reasonably be expected to, individually or in the aggregate, result in a Material Liability, no action, suit, investigation, audit, proceeding or claim (other than routine claims for benefits) is pending against or involves or, to Seller's knowledge, is threatened against or threatened to involve, any Transferred Subsidiary Benefit Plan or Assumed Plan before any Governmental Authority. No action, suit, investigation, audit, proceeding or claim (other than routine claims for benefits) is pending against or involves or, to Seller's knowledge, is threatened against or threatened to involve, any Transferred Subsidiary Benefit Plan or Assumed Plan before any Governmental Authority, except for such matters as would not individually result in a Liability in excess of \$5,000,000.

(e) The Transferred Subsidiaries are, and Seller and the Retained Subsidiaries are with respect to the Business Employees, in compliance with all Applicable Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, discrimination, sexual harassment, civil rights, affirmative action, work authorization, immigration, worker classification, tax withholding, unemployment insurance, workers compensation, plant closings, mass layoffs, safety and health and continuation coverage under group health plans, except for failures to comply that would not reasonably be expected to, with respect to any individual claim (or series of related claims) result in a Liability in excess of \$1,000,000.

(f) Neither Seller, nor any Retained Subsidiary or any Transferred Subsidiary is party to or subject to any collective bargaining agreement with respect to the Business Employees. There is no material labor strike or stoppage pending or, to Seller's knowledge, threatened, that relates to the Business Employees. Neither Seller, nor any Retained Subsidiary or Transferred Subsidiary contributes to a multi-employer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA) with respect to any Business Employees (each such plan, a "**Multiemployer Plan**"). With respect to each such Multiemployer Plan, no unsatisfied withdrawal liability within the meaning of Title IV of ERISA (whether or not asserted by such Multiemployer Plan and whether for a partial or complete withdrawal) has been incurred by Seller, nor any Retained Subsidiary or Transferred Subsidiary, and none of such entities has received written notice that any Multiemployer Plan has undergone or is expected to undergo a mass withdrawal or termination (or treatment of a plan amendment as termination), and all material contributions (including installments) required to be made by Seller, any Retained Subsidiary or Transferred Subsidiary to any such Multiemployer Plan have been timely made.

(g) Except for such obligations as would not individually reasonably be expected to result in a Liability in excess of \$1,000,000, (i) except as contemplated by the Carve-Out Plan, there are no obligations to create any material additional Business Benefit Plans or to materially modify or change the participation of any Business Employees or beneficiary thereof, (ii) no event has occurred with respect to a Business Benefit Plan that would subject Buyer to any penalty or excise tax with respect to the administration of any such plan and (iii) the benefits to

be provided under any Transferred Subsidiary Benefit Plan or Assumed Plan which have accrued on or prior to the Closing Date have been paid and/or properly reflected on the books and records and other financial reports of the Business.

(h) Neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated by the Carve-Out Plan or the other transactions contemplated hereby will (either alone or in conjunction with any other event, such as a termination of employment) (i) result in any material payment or equity award (including, without limitation, severance, parachute or otherwise) becoming due to any Business Employee under any Transferred Subsidiary Benefit Plan, (ii) materially increase any benefits otherwise payable to any Business Employee under any Transferred Subsidiary Benefit Plan, (iii) result in the acceleration of the time of payment or vesting of any material benefits to any Business Employee under any Transferred Subsidiary Benefit Plan or (iv) result in the payment of any amount that could, individually or in combination with any other such payment, constitute an "excess parachute payment," as defined in Section 280G(b)(1) of the Code. To the knowledge of Seller, there is no agreement, plan or arrangement covering any Business Employee or former employee of any Transferred Subsidiary that provides or could provide for the payment of any amount that would not be deductible under Section 162(a)(1) of the Code. Notwithstanding the foregoing, the representation contained in this Section 3.16(h) shall not apply to and Seller shall have no obligation to disclose any exceptions thereto with respect to payments for which none of any Transferred Subsidiary, Buyer or any of their respective Affiliates will have any obligation or Liability and which are made to Business Employees other than those whose annual cash compensation has been or is expected to be in excess of \$250,000.

(i) Neither Seller nor any Transferred Subsidiary has incurred, and no event has occurred and no condition or circumstance exists that could reasonably be expected to result in any unsatisfied material liability (including, without limitation, any indirect, contingent or secondary liability), other than premiums payable to the Pension Benefit Guaranty Corporation, of Seller or any Transferred Subsidiary under Title IV of ERISA or Section 412 or 430 of the Code or Section 302 or 303 of ERISA for which Buyer, any Transferred Subsidiary or any of their respective Affiliates could be held liable, including as a result of being treated as a single employer with Seller or any of its Affiliates under Section 414 of the Code. No asset or property of any Transferred Subsidiary is subject to any lien arising under Section 430(k) of the Code or Section 303(k) of ERISA. No Transferred Subsidiary has been required to provide any security under Section 307 of ERISA or Section 436(f) or 412(f) of the Code.

(j) None of Seller, the Retained Subsidiaries, the Transferred Subsidiaries or the Affiliates of any of them contributes to a Benefit Plan that is maintained for the benefit of any Third Party Worker. For clarity, fees, costs, invoices or the like paid by Seller, the Retained Subsidiaries, the Transferred Subsidiaries or the Affiliates of any of them to an external third party labor broker or distributor that maintains a Benefit Plan for the benefit of any Third Party Worker are not contributions for purposes of the immediately preceding sentence.

Section 3.17 *Environmental Compliance*. (a) Except as to matters that would not reasonably be expected individually or in the aggregate to result in a Material Liability:

(i) with respect to the Business, the Transferred Assets, the Transferred Subsidiaries and the Real Property, Seller and its Subsidiaries are and have been since January 1, 2012 in compliance with all applicable Environmental Laws;

(ii) with respect to the Business, the Transferred Assets, the Transferred Subsidiaries and the Real Property, (x) Seller and its Subsidiaries possess all Permits required by all applicable Environmental Laws; (y) all such Permits are valid and in full force and effect; and (z) neither Seller nor any of its Subsidiaries is in default, and, to the knowledge of Seller, no condition exists that with notice or lapse of time or both would constitute a default, under such Permits;

(iii) (x) since January 1, 2012, no written notice, order, request for information, complaint or penalty has been received by Seller or any of its Subsidiaries, and (y) there has been no Action pending or, to the knowledge of Seller, threatened, and (z) there has been no order, writ, judgment, award, ruling, injunction, decree or consent decree entered by or with any Governmental Authority, in the case of each of (x), (y) and (z), which (A) alleges a violation of or liability under any Environmental Law, (B) relates to the Business, the Transferred Assets, the Transferred Subsidiaries or the Real Property and (C) has not been settled, dismissed, paid or otherwise resolved; and

(iv) no portion of any Real Property has been used by Seller or any of its Affiliates (with respect to the Business) for the handling, manufacturing, processing, generation, storage or disposal of Hazardous Substances in a manner other than in compliance with applicable Environmental Law and associated Permits, and to the knowledge of Seller, the Business has not caused the introduction of any Hazardous Substances in the environment (including natural resources, soil, surface water, ground water, any present or potential drinking water supply, subsurface strata or ambient air) in a manner or in quantities that would result in a violation of or give rise to a liability under Environmental Laws at any currently or formerly owned or leased property or facility of the Business or any Real Property.

(b) To Seller's knowledge, Seller has provided, or made available, to Buyer all material environmental assessments, reports, audits and compliance reviews, including any Phase I or Phase II reports relating to the Real Property, the Transferred Subsidiaries and the operation of the Business, that are in the possession or control of Seller or its Subsidiaries.

(c) The representations and warranties in this Section 3.17 and Section 3.04(ii), (iii) and (iv) are the exclusive representations or warranties made by Seller with respect to Environmental Laws, Hazardous Substances, or any other environmental matters (for the sake of clarity, in each case, other than Product Content Laws).

Section 3.18 *Investment*. Seller is causing the Class B Units to be acquired by Automatic Switch for investment for its own account and not with a view to, or for sale in connection with, any distribution thereof. Seller, ASE LLC and Automatic Switch (each either alone or together with its advisors) have sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of their investment in the Class B Units and are capable of bearing the economic risks of such investment.

Section 3.19 *Carve-Out Plan*. Seller has made available to Buyer a true and complete copy of the Carve-Out Plan and Section 3.19 of the Disclosure Schedule lists the implementing documents in respect thereof as currently in effect and which will be implemented prior to the date hereof (together with those documents entered into between the date hereof and closing to give effect to those transactions contemplated in the Carve-Out Plan to be completed between the date hereof and Closing, the “**Carve-Out Documents**”). Each of the Carve-Out Documents entered into as of the date this representation and warranty is made (a) is a valid and binding agreement of the parties thereto, enforceable in accordance with its terms, subject to the Enforceability Exceptions, (b) has not been amended or modified and represents the entire agreement between the parties thereto, and (c) is not the subject of any lawsuits or other proceedings pending or, to the knowledge of Seller, threatened by any Governmental Authority that seek the revocation, cancellation, suspension or adverse modification thereof. None of the parties to the any of the Carve-Out Documents entered into as of the date this representation and warranty is made are in default of, or have received any written notice of any default or event that, with notice or lapse of time, or both, would constitute a default by the parties thereto.

Section 3.20 *Material Customers*. Section 3.20 of the Disclosure Schedule lists the ten largest end-user customers of each of the Business Units (in each case measured by aggregate expenditure on product and service offerings of the Business) for each of the fiscal year ended September 30, 2015 and the trailing six (6) month period ended March 31, 2016 (with customers that are affiliated with each other being aggregated and counted as one). Since June 1, 2014, to the knowledge of Seller, no customer listed or required to be listed on Section 3.20 of the Disclosure Schedule (each a “**Material Customer**”) has notified Seller or any Company Entity in writing that such customer intends to terminate, materially reduce the rate of, or materially decrease the price of, buying services from any Transferred Company or the Business. There is no dispute pending or, to the knowledge of Seller, threatened with or by Seller or any Company Entity with any of the Material Customers that would reasonably be expected to result in a Material Liability.

Section 3.21 *Material Suppliers*. Section 3.21 of the Disclosure Schedule lists the ten largest suppliers of each of the Business Units (in each case measured by aggregate payments by Seller and its Affiliates in respect of the Business) for each of the fiscal year ended September 30, 2015 and the trailing six (6) month period ended March 31, 2016 (with suppliers that are affiliated with each other being aggregated and counted as one). Since June 1, 2014, to the knowledge of Seller, no supplier listed or required to be listed on Section 3.21 of the Disclosure Schedule (each a “**Material Supplier**”) has notified Seller or any Company Entity in writing that such supplier intends to terminate, materially reduce the rate of, or materially increase the price of, selling services to any Transferred Company or the Business. There is no dispute pending or, to the knowledge of Seller, threatened with or by Seller or any Company Entity with any of the Material Suppliers that would reasonably be expected to result in a Material Liability.

Section 3.22 *Guarantees, Bonds and Letters of Credit*. Section 3.22 of the Disclosure Schedule lists all material guarantees (including of performance under contracts or agreements including under foreign exchange contracts), letters of credit or other credit arrangements, including surety and performance bonds and similar documents, agreements or arrangements, issued and outstanding or entered into as of the date hereof by or on behalf of, or in support of any liability or obligation of, any of the Transferred Subsidiaries or the Business, or that, to the

knowledge of Seller, are required to be issued by any Transferred Company pursuant to any existing contract or awarded bid or request for proposals, in each case guaranteeing obligations of the Transferred Subsidiaries or the Business in excess of \$100,000 in any instance, indicating in each case the obligor with respect to such guarantee, letter of credit or other credit arrangement and the beneficiary thereof.

Section 3.23 Insurance. Seller and its Subsidiaries maintain policies of fire and casualty, liability and other forms of insurance (and/or participate in insurance arrangements made by Seller and/or its Affiliates, including any self-insurance programs) that provide coverage for the Business in such amounts, with such deductibles and against such types of risks and losses as are set forth in Section 3.23 of the Disclosure Schedule. Except as would not reasonably be expected to, individually or in the aggregate, result in a Material Liability, (i) all such policies are in full force and effect, no invoiced premiums are overdue for payment (other than retroactive or retrospective premium adjustments that are not yet, but may be, required to be paid with respect to any period ending prior to the Closing Date), and no written notice of cancellation or termination has been received by Seller or any of its Subsidiaries with respect to any such policy providing coverage that is material to the Business that has not been replaced on substantially similar terms prior to the date of such cancellation or termination, (ii) there are no pending or ongoing material claims with respect to which Seller or its Subsidiaries has received written notice that coverage under any such policy has been rejected, denied or reserved or is under review, and (iii) to the knowledge of Seller, there are no outstanding requirements by an insurer or a regulatory authority for security or deposits that will give rise to a material capital expenditure by Buyer or the Transferred Subsidiaries after the Closing.

Section 3.24 Bank Accounts. Section 3.24 of the Disclosure Schedule lists all bank accounts, safety deposit boxes, securities accounts and lock-boxes of Seller and its Subsidiaries that are utilized in the conduct of the Business (for example, that accept customer payments or hold Business deposits) but that are not exclusively related to the Business (as so are Excluded Assets).

Section 3.25 Related Party Transactions and Agreements. Section 3.25 of the Disclosure Schedule lists all material agreements and transactions between Seller and its Subsidiaries (to the extent not engaged in the conduct of the Business), on the one hand, and a Company Entity (to the extent engaged in the conduct of the Business), on the other hand (other than the Carve-Out Plan and Cash Repatriation Plan transactions), indicating for each whether such agreement or transaction will be terminated at the Closing or survive the Closing, as contemplated in Section 5.04.

Section 3.26 Product Liabilities and Recalls. Section 3.26 of the Disclosure Schedule sets forth a list of each product warranty, product liability and product recall claims of Seller and its Subsidiaries in respect of the Business outstanding or experienced since January 1, 2012 which resulted in a Material Liability. Since January 1, 2012, (i) each product category and service offering manufactured or sold in the conduct of the Business has been manufactured or sold in material conformity with all contractual commitments and all standard warranties, in each case, to the extent applicable except for failures to do so which in each individual instance (as to any product category or service offering) did not and would not reasonably be expected to result in a Material Liability, (ii) Seller and its Subsidiaries in the conduct of the Business have not had

a Material Liability for replacement or repair of any such product category or service offering or other damages in connection therewith, (iii) Seller and its Subsidiaries in the conduct of the Business have not received any written notice asserting a claim for product liability or breach of warranty (including implied warranties) involving (other than ordinary course notices provided to customer service teams which do not result in an Action), and there has been no recall of, any of the products of the Company which would reasonably be anticipated to result in a Material Liability, (iv) Seller and its Subsidiaries in the conduct of the Business have not been denied product liability insurance coverage by a third party insurance provider. The standard product warranties of the Business with respect to each of the products it sells or has sold since January 1, 2012 have been made available to Buyer.

Section 3.27 *No Other Representations and Warranties*. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE 3 AND ARTICLE 8 (IN EACH CASE, AS DISCLOSED AGAINST IN THE DISCLOSURE SCHEDULE), NEITHER SELLER NOR ANY OTHER PERSON MAKES ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO SELLER OR ITS AFFILIATES, THE PROBABLE SUCCESS OR PROFITABILITY OF THE BUSINESS, THE SHARES, THE TRANSFERRED ASSETS, THE TRANSFERRED SUBSIDIARIES, THE BUSINESS, THE REAL PROPERTY OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE ASSUMED LIABILITIES OR ANY OTHER RIGHTS OR OBLIGATIONS TO BE TRANSFERRED OR ASSUMED PURSUANT HERETO, AND SELLER DISCLAIMS ANY OTHER REPRESENTATIONS, WARRANTIES, FORECASTS, PROJECTIONS, STATEMENTS OR INFORMATION, WHETHER MADE OR FURNISHED BY SELLER OR ANY OF ITS AFFILIATES OR ANY OF ITS OR THEIR REPRESENTATIVES.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER, PARENT, ASCO GP LLC AND HOLDINGS

Each of Holdings, Parent, ASCO GP LLC and Buyer represents and warrants to Seller as of the date of this Agreement and as of the Closing Date that:

Section 4.01 *Corporate Existence and Power*. Each of Holdings, Parent and Buyer is duly organized, validly existing and in good standing under the laws of the State of Delaware and has all powers required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not prevent or materially delay the transactions contemplated by this Agreement or any other Transaction Document to which Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates is a party.

Section 4.02 *Corporate Authorization*. The execution, delivery and performance by each of Holdings, Parent, ASCO GP LLC and Buyer of this Agreement and the consummation of the transactions contemplated hereby are within the powers of Holdings, Parent, ASCO GP LLC and Buyer, as applicable, and have been duly authorized by all necessary action on the part of Holdings, Parent, ASCO GP LLC and Buyer, as applicable. The execution, delivery and performance of each other Transaction Document to which Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates is a party, by Holdings, Parent, ASCO GP LLC, Buyer and any such Affiliates, and the consummation of the transactions contemplated thereby, are within

Holdings' Parent's, ASCO GP LLC's, Buyer's and any such Affiliate's powers and have been, or will be prior to their execution, delivery and performance, duly authorized by all necessary action on the part of Holdings, Parent, ASCO GP LLC, Buyer and any such Affiliates. Assuming due and valid execution by each other party hereto, this Agreement constitutes a valid and binding agreement of each of Holdings, Parent, ASCO GP LLC and Buyer, enforceable against Holdings, Parent, ASCO GP LLC and Buyer, as applicable, in accordance with its terms, subject to the Enforceability Exceptions. Assuming due and valid execution by each other party thereto, each other Transaction Document to which Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates is a party constitutes or, upon the execution and delivery thereof by Holdings, Parent, ASCO GP LLC, Buyer and any such Affiliate, shall constitute, a valid and binding agreement of Holdings, Parent, ASCO GP LLC, Buyer and any such Affiliate, enforceable against Holdings, Parent, ASCO GP LLC, Buyer and any such Affiliate in accordance with its terms, subject to the Enforceability Exceptions.

Section 4.03 *Governmental Authorization.* The execution, delivery and performance by each of Holdings, Parent, ASCO GP LLC and Buyer of this Agreement and each other Transaction Document to which Holdings, Parent, ASCO GP LLC and/or Buyer is a party and the consummation of the transactions contemplated hereby and thereby require no material action by or in respect of, or material filing with, any Governmental Authority other than (i) compliance with any applicable requirements of the HSR Act; (ii) compliance with any other applicable Competition Laws; (iii) completion of any Deferred Closing Actions; (iv) the filings and approvals set forth in Section 7.01(c), (v) any consent, approval or authorization required to be obtained solely by reason of Seller's (as opposed to a third party's) participation in the transactions contemplated by this Agreement or the other Transaction Documents; and (vi) any such action or filing as to which the failure to make or obtain would not prevent or materially delay the transactions contemplated by this Agreement or any other Transaction Document to which Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates is a party.

Section 4.04 *Noncontravention.* The execution, delivery and performance by each of Holdings, Parent, ASCO GP LLC and Buyer of this Agreement and each other Transaction Document to which Holdings, Parent, ASCO GP LLC and/or Buyer is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the certificate of incorporation or bylaws (or equivalent governing instruments) of Holdings, Parent, ASCO GP LLC or Buyer, (ii) assuming compliance with the matters referred to in Section 4.03 and completion of any Deferred Closing Actions, violate any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Holdings, Parent, ASCO GP LLC or Buyer or to a loss of any benefit to which Holdings, Parent, ASCO GP LLC or Buyer is entitled under any provision of any agreement or other instrument binding upon Holdings, Parent, ASCO GP LLC or Buyer or (iv) result in the creation or imposition of any material Lien on any asset of Holdings, Parent, ASCO GP LLC or Buyer, with such exceptions, in the case of each of clauses (ii) through (iv), as would not prevent or materially delay the transactions contemplated by this Agreement or any other Transaction Document to which Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates is a party.

Section 4.05 *Financing.*

(a) Parent and Buyer have delivered to Seller a true, complete and correct copy of the executed debt commitment letter (the "**Debt Commitment Letter**"), dated as of the date of this Agreement, from the Debt Financing Sources and each executed fee letter and engagement letter (redacted, in the case of such fee letters and engagement letters, in a customary manner, including with respect to the amounts and percentages of the fees and other economic terms set forth therein) associated therewith (such Debt Commitment Letter, including all exhibits, schedules, annexes, supplements and amendments thereto and each such fee letter and engagement letter, including all exhibits, schedules, annexes, supplements and amendments thereto, collectively, the "**Debt Financing Commitment**"), pursuant to which the Debt Financing Sources party thereto have committed, on the terms and subject to the conditions set forth therein, to lend the amounts set forth therein for the purposes of, among others, financing the transactions contemplated by this Agreement and the Transaction Documents and related fees and expenses (the "**Debt Financing**"). Parent and Buyer have delivered to Seller a true, complete and correct copy of the executed equity financing commitment (including all exhibits, schedules, annexes, supplements and amendments thereto, the "**Equity Financing Commitment**", and together with the Debt Financing Commitment, the "**Financing Commitments**"), pursuant to which the Sponsor has committed, on the terms and subject to the conditions set forth therein, to invest in Buyer the cash amount set forth therein in connection with the transactions contemplated hereby (the "**Equity Financing**", and together with the Debt Financing, the "**Financing**").

(b) As of the date of this Agreement, (i) the Financing Commitments are in full force and effect and are legal, valid and binding obligations of Parent and/or Buyer and, to the knowledge of Parent and/or Buyer, each of the other parties thereto, (ii) assuming due authorization and valid execution and delivery by each other party thereto, the Debt Financing Commitment is enforceable by Parent and/or Buyer against the other parties thereto in accordance with its terms (subject to the Enforceability Exceptions), (iii) the Equity Commitment is enforceable by Parent, Buyer and Seller against the other parties thereto in accordance with its terms (subject to the Enforceability Exceptions), (iv) none of the Financing Commitments have been amended or modified in any respect, (v) other than any joinders of additional Debt Financing Sources that have not executed the Debt Commitment Letter as of the date hereof, no amendment or modification to the Financing Commitments is contemplated by Parent and/or Buyer, or to the knowledge of Parent and/or Buyer, the other parties thereto, and (vi) the respective commitments contained in the Financing Commitments have not been withdrawn, rescinded or otherwise modified in any respect. There are no side letters or other contracts, arrangements or understandings (written or oral) directly or indirectly related to the Financing other than as expressly set forth in the Financing Commitments delivered to Seller pursuant to this Section 4.05. Parent and Buyer have fully paid any and all commitment fees or other fees or expenses in connection with the Financing Commitments that are payable on or prior to the date of this Agreement. There are no conditions precedent related to the funding of the full amount of the Financing, other than as expressly set forth in the Financing Commitments. No event has occurred as of the date of this Agreement which, with or without notice, lapse of time or both, would reasonably be expected to constitute a default or breach on the part of Parent, Buyer or, to the knowledge of Parent and/or Buyer, any other party thereto under any of the Financing Commitments. Neither Parent nor Buyer is, as of the date of this Agreement, aware of any fact, event or other occurrence that makes any of the representations and warranties of Buyer in any Financing Commitment inaccurate in any material respect. As of the date of this

Agreement, assuming satisfaction of the conditions set forth in Section 10.01 and 10.02 of this Agreement and compliance by the Seller, the Transferred Subsidiaries and the Business with the provisions of Section 7.14 of this Agreement, neither Parent nor Buyer has any reason to believe that any of the conditions to the Financing contemplated by the Financing Commitments will not be satisfied or that the Financing will not be made available to Parent and Buyer on or prior to the Closing and neither Parent nor Buyer is aware of the existence of any fact or event as of the date of this Agreement that would reasonably be expected to cause such conditions to funding not to be satisfied and the Closing not to occur. The Financing Commitments provide for, at the Closing, funds sufficient to (i) pay the Base Consideration and repay the Transferred Subsidiary Intercompany Debt Repayment Amount, (ii) pay any and all fees and expenses required to be paid by Parent, Buyer or their Subsidiaries in connection with the transactions contemplated hereby and by the Financing, and (iii) satisfy all other payment obligations of Parent, Buyer and their Subsidiaries contemplated hereunder and/or under the Financing Commitments required to be made at or in connection with the Closing. The Equity Financing Commitment designates, and will continue to designate, Seller as an intended third party beneficiary thereof who may enforce the rights of Parent and Buyer pursuant to such Equity Financing Commitment as if Seller was a party thereto.

(c) Each of Holdings, Parent, ASCO GP LLC and Buyer acknowledges and agrees that, notwithstanding anything to the contrary in this Agreement, the consummation of the Financing shall not be a condition to the obligation of Parent or Buyer to consummate the transactions contemplated hereby.

Section 4.06 *Solvency*. Assuming the truth and accuracy of the representations and warranties set forth in Article 3, after giving effect to the transactions contemplated by this Agreement (including the funding of the full amount of the Financing), Holdings, Parent, ASCO GP LLC, Buyer, the Transferred Subsidiaries and the Business, taken as a whole, will be Solvent. For purposes of this Agreement, “**Solvent**” when used with respect to any Person, means that, as of any date of determination, (A) the amount of the “fair saleable value” (as such term is generally determined in accordance with Applicable Laws governing determinations of the insolvency of debtors) of the assets of such Person will, as of such date, exceed (1) the value of all Liabilities of such Person, as of such date, and (2) the amount that will be required to pay the probable Liabilities of such Person on its existing debts (including contingent Liabilities, it being understood that the amount of contingent Liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability) as such debts become absolute and matured in the ordinary course of business, (B) such Person will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged following such date and (C) such Person will be able to pay its Liabilities, including contingent and other Liabilities, as they mature in the ordinary course of business.

Section 4.07 *Litigation*. There are no Actions pending against or, to the knowledge of Parent or Buyer, threatened against, Holdings, Parent, ASCO GP LLC or Buyer, except for such Actions as would not reasonably be expected, individually or in the aggregate, to prevent or materially delay the transactions contemplated by this Agreement or any other Transaction Document to which Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates is a party.

Section 4.08 *Finders' Fees*. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Holdings, Parent, ASCO GP LLC or Buyer who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement or the other Transaction Documents.

Section 4.09 *Inspections; No Other Representations*. Each of Holdings, Parent, ASCO GP LLC Buyer is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as the Transferred Assets and the Shares as contemplated hereunder. Each of Holdings, Parent, ASCO GP LLC and Buyer has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement. Each of Holdings, Parent, ASCO GP LLC and Buyer acknowledges that Seller has given such party access to the key employees, documents and facilities of the Business. Each of Parent, ASCO GP LLC and Buyer acknowledges and agrees that the Transferred Assets and the Shares are sold "as is" and each of Parent, ASCO GP LLC and Buyer agrees to accept the Transferred Assets and the Business in the condition they are in on the Closing Date based on its own inspection, examination and determination with respect to all matters, and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Seller, except as expressly set forth in this Agreement. Without limiting the generality of the foregoing, each of Parent, ASCO GP LLC and Buyer acknowledges that Seller makes no representation or warranty with respect to (i) any projections, estimates or budgets delivered to or made available to Parent, ASCO GP LLC, Buyer or their Representatives of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Business or the future business and operations of the Business or (ii) except as expressly set forth in this Agreement, any other information or documents made available to Parent, ASCO GP LLC, Buyer or their Representatives with respect to the Business.

Section 4.10 *Purchase for Investment*. Each of Parent, ASCO GP LLC and Buyer is acquiring the applicable Shares for investment for its own account and not with a view to, or for sale in connection with, any distribution thereof. Parent, ASCO GP LLC and Buyer (either alone or together with their advisors) have sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Shares and is capable of bearing the economic risks of such investment.

Section 4.11 *No Prior Operations; Capitalization*. Each of Holdings, Parent, ASCO GP LLC and Buyer has been formed solely for the purpose of consummating the transactions contemplated by this Agreement. Sponsor (and as of Closing, together with the other Equity Investors (as defined in the Equity Financing Commitment)), is the direct or indirect record and beneficial owner of 100% of the outstanding capital stock and any other outstanding ownership interests of Holdings.

(a) Immediately prior to giving effect to the Closing, all of the outstanding equity of Buyer and ASCO GP LLC will be indirectly owned by Parent and , other than as referred to in the previous clause in this sentence, there currently are, and immediately following the Closing, there will be outstanding no, (i) equity securities of Buyer or ASCO GP LLC, (ii) securities of

Buyer or ASCO GP LLC convertible into or exchangeable for shares of capital stock or voting securities of Buyer or ASCO GP LLC, respectively or (iii) options or other rights to acquire from Buyer or ASCO GP LLC, or other obligation of Buyer or ASCO GP LLC or any of their respective Subsidiaries to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Buyer or ASCO GP LLC, respectively. None of Holdings, Parent, ASCO GP LLC or Buyer has conducted any operations, owned an interest in any assets (including any ownership interest in any other Person except (x) in the case of Holdings, its ownership interest in Parent and (y) in the case of Parent, its ownership interest in ASCO GP LLC and Buyer), or incurred any Liabilities of any nature, in each case other than in connection with this Agreement and the transactions contemplated hereby. None of Parent, ASCO GP LLC or Buyer has become party to any agreement other than the Transaction Documents, the Financing Commitments and the agreements listed on Schedule VI.

(b) As of the date hereof, all issued and outstanding ownership interests in Parent are owned by Holdings and as of immediately following the Closing, all issued and outstanding ownership interests in Parent will be as set forth on the Schedule of Members to the Operating Agreement. Except as set forth in the first sentence of this Section 4.11(b) and as contemplated by this Agreement and the transactions contemplated hereby, there currently are no, and immediately following the Closing, there will be outstanding no, (i) equity securities of Parent, (ii) securities of Parent convertible into or exchangeable for ownership interests in Parent or (iii) options or other rights to acquire from Parent, or other obligation of Parent or any of its Subsidiaries to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Parent. None of Holdings, Parent, ASCO GP LLC or Buyer has any outstanding indebtedness for borrowed money, outstanding bonds, debentures, notes or other securities, the holders of which have the right to vote (or which are convertible into or exchangeable for securities having the right to vote) with equityholders of Holdings, Parent, ASCO GP LLC or Buyer, respectively.

(c) Holdings, Parent, ASCO GP LLC, Buyer and their respective Affiliates have no Liabilities, costs, expenses, commitments and obligations (whether direct or indirect, actual or contingent) under, with respect to or otherwise arising out of or relating to any liability imposed on a so-called "controlled group" basis, with or without reference to any provision of Section 414 of the Code or Section 4001 of ERISA, or any other statute that imposes liability on a so-called controlled group basis with reference to any provision of Section 52(a) or Section 414 of the Code or Section 4001 of ERISA, as applicable, that is due to Parent's or Buyer's affiliation with any of its respective Affiliates or any member of its controlled group of corporations, within the meaning of Section 52(a) of the Code, prior to the Closing Date.

Section 4.12 *Limited Guaranty*. Concurrently with the execution of this Agreement, Sponsor has delivered to Seller a duly executed Limited Guaranty. Sponsor is a limited partnership duly organized, validly existing and in good standing under the laws of the state of Delaware and has all organizational powers required to carry on its business as now conducted. The execution, delivery and performance by Sponsor of the Limited Guaranty, and the consummation of the transactions contemplated thereby, are within the organizational powers of Sponsor and have been duly authorized by all necessary action on the part of Sponsor. The Limited Guaranty is in full force and effect and constitutes a valid and binding obligation of Sponsor, enforceable against Sponsor in accordance with its terms. As of the date hereof, no

event has occurred which, with or without notice, lapse of time or both, would constitute a default on the part of Sponsor under the Limited Guaranty.

Section 4.13 *Canadian Tax*. Prior to the Closing, Canadian Buyer will be registered for purposes of Part IX of the Excise Tax Act (Canada) and, to the extent relevant and applicable, the Act respecting the Quebec sales tax.

ARTICLE 5

COVENANTS OF SELLER

Seller agrees that:

Section 5.01 *Conduct of the Business*. (a) From the date hereof until the Closing Date, except as required by Applicable Law, as set forth in Section 5.01 of the Disclosure Schedule, as expressly contemplated by the Transaction Documents or with Buyer's written consent (which shall not be unreasonably withheld, conditioned or delayed), Seller shall conduct the Business in the ordinary course consistent with past practice and shall use its commercially reasonable efforts to preserve intact the Business's business organizations and relationships with third parties and to keep available the services of the current Business Employees.

(b) Notwithstanding the foregoing, from the date hereof until the Closing Date, except as required by Applicable Law, as set forth in Section 5.01 of the Disclosure Schedule, as expressly contemplated by the Transaction Documents (including Section 7.08 of this Agreement) or with Buyer's consent (which shall not be unreasonably withheld, conditioned or delayed), with respect to the Business, Seller shall not and shall cause its Subsidiaries not to:

(i) amend the articles of incorporation, bylaws or other similar organizational documents of any Transferred Subsidiary;

(ii) acquire a material amount of assets from any other Person except (A) pursuant to existing contracts or commitments disclosed to Buyer or (B) with respect to the purchase of raw material or supplies in the ordinary course consistent with past practice;

(iii) sell, lease, license or otherwise dispose of any material Transferred Assets or material asset of the Transferred Subsidiaries except (A) pursuant to existing contracts or commitments, (B) dividends or other distribution to Seller or its Affiliates or (C) with respect to sales of inventory and obsolete assets in the ordinary course consistent with past practice;

(iv) create or otherwise incur any Lien on any material Transferred Assets or any material asset of any Transferred Subsidiary, other than Permitted Liens;

(v) incur any capital expenditures, except for (A) those contemplated by the capital expenditure budget made available to Parent and Buyer prior to the date of this Agreement and (B) unbudgeted capital expenditures not to exceed \$1,500,000 individually or \$7,500,000 in the aggregate;

- (vi) other than in connection with actions permitted by Section 5.01(b)(v), make any loans, advances or capital contributions to, or investments in, any other Person, other than (A) in the ordinary course of business consistent with past practice or (B) between or among Transferred Subsidiaries;
- (vii) except as required by Applicable Law, enter into, or amend or modify in any material respect, or terminate any Material Contract, or otherwise waive or release any material rights, claims or benefits of the Business thereunder, other than, in each case, in the ordinary course of business consistent with past practice;
- (viii) settle, or offer or propose to settle, (A) any material Action involving the Business (excluding any Existing Litigation Right or any right relating to an Excluded Asset or Excluded Liability), except where the amount paid in settlement or compromise does not exceed (x) the amount of any reserves reflected on the Balance Sheet in respect of such Action or (y) the aggregate coverage provided for under any insurance policy in respect of such Action, in either case, as long as such settlement or compromise does not impose any material equitable relief on any Transferred Subsidiary, Buyer or its Affiliates, or (B) any Action relating to the transactions contemplated by this Agreement;
- (ix) with respect to any Transferred Subsidiary, make or change any Tax election, change any annual Tax accounting period, adopt or change any method of Tax accounting, amend any Tax Returns or file claims for Tax refunds, enter into any closing agreement, settle any Tax claim, audit or assessment, or surrender any right to claim a Tax refund, offset or other reduction in Tax liability, in each case except in the ordinary course of business consistent with past practice or if such action will have no material effect on the Tax liability of the Transferred Subsidiary (other than for Pre-Closing Taxes);
- (x) make any material change in any method of accounting or accounting practice, except for any such change required by reason of a concurrent change in GAAP;
- (xi) materially increase the compensation or benefits of the Business Employees other than in the ordinary course of business, as contemplated by the Carve-Out Plan, or as required by Applicable Law or the terms of any Business Benefit Plan or any applicable collective bargaining, works council or other labor agreement;
- (xii) grant, sell, deliver, dispose of, pledge or otherwise encumber any equity securities of any Transferred Subsidiary;
- (xiii) split, combine or reclassify, or repurchase, redeem or otherwise acquire, any share capital or capital stock of any Transferred Subsidiary, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of share capital or capital stock of any Transferred Subsidiary;
- (xiv) hire any new Business Employees, unless such hiring is in the ordinary course of business consistent with past practice with respect to employees with an individual annual base salary not to exceed \$250,000, or terminate any Business

Employees (other than for cause) with an individual annual base salary in excess of \$250,000;

(xv) adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization of any Transferred Subsidiary;

(xvi) license, sub-license, assign, transfer, or allow to lapse any material Intellectual Property, except in the ordinary course of business consistent with past practice;

(xvii) except as provided in Section 5.07, make any material change in the manner in which it manages its working capital, including any material change in the payment of accounts payable, the collection of accounts receivable or the maintenance of inventory levels;

(xviii) create, incur or assume any material amount of Indebtedness (other than incurrence of trade credit in the ordinary course of business); or

(xix) authorize, announce, agree or commit to do any of the foregoing.

(c) Nothing in this Section 5.01 shall restrict Seller or any of its Subsidiaries, in any respect, from taking any action to (i) consummate any of the transactions set forth in the Carve Out Plan and the Cash Repatriation Plan, (ii) cause each Transferred Subsidiary to dividend, distribute or otherwise pay to Seller or any of its Affiliates any or all of the cash and cash equivalents of such Transferred Subsidiary; (iii) remove, or cause any Subsidiary to remove, and pay to Seller or any of its Affiliates any cash and cash equivalents held in any bank account that is a Transferred Asset, (iv) settle intercompany balances between any Transferred Subsidiary, on the one hand, and Seller or any Retained Subsidiary, on the other hand, and make capital increases or decreases in connection therewith or otherwise, (v) contribute or loan cash to ASCO Power and/or cause ASCO Power to distribute cash, in each case, in order to adjust the fair market value of the ASCO Interests, by entering into intercompany loan transactions with Liebert Corporation or another Transferred Domestic Subsidiary and distributing the borrowed cash proceeds to Automatic Switch, (vi) in connection with any of clauses (i), (ii), (iii) and (iv) above, cause any Transferred Subsidiary to incur indebtedness for borrowed money from another Transferred Subsidiary and (vii) otherwise comply with or give effect to the provisions of this Agreement, including pursuant to Section 7.08 hereof.

Section 5.02 *Confidentiality*. Seller shall not, and shall cause its controlled Affiliates and Representatives not to, for a period of five years after the Closing Date, directly or indirectly, without Buyer's consent, disclose to any third party (other than each other and their respective Representatives) any confidential or proprietary information relating primarily to the Business or included in the Transferred Assets or disclosed to Seller pursuant to the exercise of its rights under Section 7.09 hereof; *provided* that the foregoing restriction shall not (a) apply to any information (i) generally available to, or known by, the public (other than as a result of disclosure in violation of this Section 5.02), (ii) lawfully acquired by Seller or its Affiliates after the Effective Time from sources other than Holdings, Parent, ASCO GP LLC, Buyer or their

respective Affiliates, in each case whom Seller does not know to owe a duty of confidentiality to Buyer or its Affiliates or (iii) that can be demonstrated to have been independently developed by Seller or any of its Affiliates (other than by the Business prior to the Closing) without reference to the confidential or proprietary information or (b) prohibit any disclosure (i) required by Applicable Law so long as, to the extent legally permissible, Seller provides Buyer with reasonable prior notice of such disclosure and a reasonable opportunity to contest such disclosure or (ii) made in connection with the enforcement of any right or remedy relating to any of the Transaction Documents or the transactions contemplated thereby.

Section 5.03 *Noncompetition*. (a) As an inducement to cause Holdings, Parent, ASCO GP LLC and Buyer to enter into this Agreement, Seller agrees that during the 48-month period commencing on the Closing Date, neither Seller nor any of its Subsidiaries shall engage, directly or indirectly, in any business that competes with the Business anywhere in the world as it exists on the Closing Date (a "**Competing Business**"); *provided* that nothing herein shall prohibit (x) the acquisition by Seller or any of its Affiliates of a diversified business having not more than 25% of its sales (based on its latest annual financial statements) attributable to any Competing Business, (y) the acquisition by Seller or any of its Affiliates of a diversified business having more than 25% of its sales (based on its latest annual financial statements) attributable to any Competing Business; *provided* that Seller shall use its reasonable best efforts to divest such Competing Business or a portion thereof so that the Competing Business represents not more than 25% of such diversified business's sales (based on its latest annual financial statements), within 18 months following consummation of such acquisition or (z) the acquisition, holding of investments or direct or indirect ownership by Seller or any of its Affiliates of any voting stock, capital stock or other equity interest of any Person engaged in a Competing Business, so long as such ownership interest represents not more than 25% of the aggregate voting power or outstanding capital stock or other equity interests of such Person. For the avoidance of doubt and notwithstanding the foregoing, (i) the design, manufacture, marketing, sale and/or servicing of any products sold, in production or contemplated to be in production in a line of business other than the Business (as conducted, or as contemplated to be conducted, as of the Closing Date) by Seller or any of its Affiliates as of the Closing Date and (ii) the design, manufacture, marketing, sale and/or servicing of surface acoustic wave technology products by, or on behalf of, Seller's Subsidiary, Intellisaw, Inc. (or any successor or assignee), in each case, shall not be considered a Competing Business and (iii) the foregoing shall not, in any way, limit or effect Seller's ability to operate the Deferred Business or perform its obligations under the Transition Services Agreement.

(b) Seller acknowledges that: (i) Seller's obligations under this Section 5.03 are reasonable in the context of the nature of the Business and the competitive injuries likely to be sustained by the Business, Holdings, Parent, ASCO GP LLC and Buyer if Seller or any of its Affiliates were to violate such obligations; (ii) the covenants in this Section 5.03 are adequately supported by consideration from Parent and Buyer for the benefit of Seller and (iii) the foregoing makes it necessary for the protection of the Business, Holdings, Parent, ASCO GP LLC and Buyer that Seller uphold Seller's obligations under this Section 5.03 for the reasonable time period contained herein. If any provision in this Section 5.03 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section 5.03, but this Section 5.03 shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of

the parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by Applicable Law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under Applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section 5.03 to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such Applicable Law.

(c) For the avoidance of doubt and notwithstanding anything to the contrary in this Section 5.03, in the event that Seller or any of its Subsidiaries shall sell to a Person all or any portion of its businesses (whether by means of acquisition, asset purchase, merger, consolidation, similar business combination or otherwise), the restrictions contained in this Section 5.03 shall not prohibit such sale and shall not apply to any such Person or such Person's Affiliates; *provided* that Seller and its Subsidiaries shall continue to be bound by this Section 5.03 following such sale.

Section 5.04 *Termination of Intercompany Arrangements*. On or prior to Closing (or, with respect to the Deferred Business, the Deferred Closing), Seller shall take any and all actions necessary to (a) terminate any contract between a Transferred Subsidiary, on the one hand, and Seller or any Retained Subsidiary, on the other hand, except for any outstanding purchase orders, and (b) repay or otherwise settle any indebtedness owed by a Transferred Subsidiary to Seller or any Retained Subsidiary; *provided*, that, the foregoing obligation shall not apply with respect to any Transaction Document, any contract or arrangement entered into pursuant to the transactions described in the Carve Out Plan, including the "preliminary spin steps" and any restructuring described therein, the Transferred Subsidiary Intercompany Debt or the contracts and arrangements set forth on Section 5.04 of the Disclosure Schedule. Such actions shall be taken and effected in each case in such a manner as to ensure that no Liability or obligation (Tax or otherwise) arising therefrom or related thereto is imposed on the Transferred Subsidiaries or included in the Assumed Liabilities (unless, and then to the extent, that such Liability or obligation is satisfied prior to the Closing or is otherwise indemnified by Seller pursuant to Article 8 or Article 11).

Section 5.05 *Settlement of Hedging Contracts*. (a) Within 10 Business Days after the Closing Date, Seller shall take any and all actions necessary to settle the Hedging Contracts in cash.

(b) Promptly (but in no event more than 5 Business Days) after the settlement date:

(i) if the aggregate net cash proceeds received or paid by Seller upon settlement of any Hedging Contract pursuant to Section 5.05(a) results in a net payment by Seller, Buyer shall make a cash payment to Seller of such amount; or

(ii) if the aggregate net cash proceeds received or paid by Seller to the counterparties to any Hedging Contracts upon settlement thereof pursuant to Section 5.05(a) results in a net payment to Seller, Seller shall make a cash payment to Buyer of such amount.

Any payment to be made pursuant to this Section 5.05(b) shall be made to the bank account designated by Seller or Buyer, as applicable, prior to the making of such payment.

Section 5.06 *Insurance*. (a) Seller shall use commercially reasonable efforts to (x) maintain or cause to be maintained in full force and effect all liability, property or casualty Third-Party Insurance Policies covering the Business until the Closing; (y) for a period concluding on the sixth anniversary of the Closing Date, file, notice and otherwise continue to pursue any applicable claims for events occurring prior to the Closing on behalf of any Transferred Subsidiary or the Business under any applicable insurance policy for the Business to the extent in effect at the time of such event; and (z) enable Parent, ASCO GP LLC, Buyer and their Affiliates or the Business to recover, on behalf of any Transferred Subsidiary or the Business, proceeds under the terms of such insurance policies (including recovery of such proceeds after the Closing, but only to the extent such policies would otherwise permit such recovery by Seller) to the extent that Parent, ASCO GP LLC or Buyer has suffered Damages in respect of such event and such Damages were not taken into account in determining Final Modified Net Working Capital Value; in each case, *provided that*:

(i) Parent, ASCO GP LLC, Buyer and/or the Transferred Subsidiaries shall promptly notify Seller's Corporate Risk Management Department of all such claims and/or efforts to seek recovery and Seller shall cooperate and use commercially reasonable efforts in pursuing all such claims;

(ii) To the extent Parent, ASCO GP LLC, Buyer and the Transferred Subsidiaries provide timely notice to Seller of any claim, Seller shall be solely responsible for timely notifying any and all insurance companies of such claims and complying with all policy conditions for such claims; and

(iii) Parent, ASCO GP LLC, Buyer and the Transferred Subsidiaries shall (1) exclusively bear and be liable (and Seller shall have no obligation to repay and reimburse Parent, ASCO GP LLC, Buyer or Transferred Subsidiaries) for all deductibles and retentions, self-insured (including through captive self-insurance entities, including New Providence Mutual Limited) and uninsured, uncovered, unavailable or uncollectible amounts relating to or associated with such claims, whether made by the Transferred Subsidiaries, their employees or third parties, and (2), to the extent Seller or its Affiliates maintain any such guaranty, security or collateral associated with the payment of such deductible or retention as of the Closing Date, shall use commercially reasonable efforts to novate such guaranty, security or collateral obligations to Parent, ASCO GP LLC, Buyer or a Transferred Subsidiary (it being understood that if such guaranty, security or collateral cannot be so novated, Seller or its applicable Affiliate shall maintain such guaranty, security or collateral for the benefit of Parent, ASCO GP LLC, Buyer or the applicable Transferred Subsidiary and Parent, ASCO GP LLC and Buyer shall indemnify Seller and its Affiliates against, and hold each of them harmless from, any and all Damages incurred or suffered by Seller or any of its Affiliates related to or arising out of maintaining such guaranty, security or collateral, including any costs related thereto). In the event that Seller or an Affiliate of Seller pays any deductible, retention, self-insured (including through captive self-insurance entities, including New Providence Mutual Limited) and uninsured, uncovered, unavailable or uncollectible amounts relating to or

associated with such claims that is to be borne by Parent, ASCO GP LLC, Buyer and the Transferred Subsidiaries, Parent agrees to reimburse Seller for such amounts within ten (10) Business Days of Seller's written request therefor.

For the avoidance of doubt, from and after the Closing, (A) the Business shall cease to be insured by Seller's or its Affiliates' current and historical insurance policies or programs (other than its insurance policies in accordance with the terms of this Section 5.06), (B) none of Parent, ASCO GP LLC, Buyer or their Subsidiaries shall have any access, right, title or interest to or in any such policies or programs except as described in this Section 5.06, and (C) Parent, ASCO GP LLC and Buyer shall be solely responsible for providing insurance to the Business for any events occurring on or after the Closing.

(b) Notwithstanding the above, to the extent the aggregate amount of insured Damages sought to be recovered under any insurance policy maintained by Seller exceeds the coverage amount of such policy, available coverage under such policy shall be allocated *first* to Seller and the Retained Subsidiaries regardless of when such covered Damages arose (and each of Parent, ASCO GP LLC and Buyer agrees to reimburse Seller and its Affiliates for any and all Damages and costs incurred by Seller and the Retained Subsidiaries directly or indirectly as a result of their respective claims, which Damages were not recoverable under any applicable insurance policy that would have been recoverable by Seller or its Affiliates under such policy but for Parent's, ASCO GP LLC's, Buyer's or their Affiliates' recovery under such policies pursuant to this Section 5.06) and *second* to Parent, ASCO GP LLC, Buyer and the Transferred Subsidiaries.

(c) Seller, Parent, ASCO GP LLC, Buyer and the Transferred Subsidiaries (i) shall cooperate with each other to share such information as is reasonably necessary in order to permit Seller to manage and conduct its insurance matters in accordance with this Section 5.06 and otherwise as Seller deems appropriate and (ii) hereby give consent for Seller to inform any affected insurer of this Agreement and to provide such insurer with a copy of this Agreement.

Section 5.07 Carve-Out Plan. Seller shall, and shall cause each of its applicable Affiliates to, use its commercially reasonable efforts to complete the actions contemplated by the Carve-Out Plan (except for actions which are contemplated to occur at the Closing or at the Deferred Closing) and the Cash Repatriation Plan prior to the Closing, except to the extent that a deviation from the actions contemplated by the Carve-Out Plan or the Cash Repatriation Plan (i) would not result in any Liability or obligation (Tax or otherwise) arising therefrom or related thereto being imposed on the Transferred Subsidiaries or included in the Assumed Liabilities, in each case other than those expressly contemplated by the Carve-Out Plan or the Cash Repatriation Plan, (ii) would result in any such Liability or obligation, but such Liability or obligation is satisfied prior to the Closing or is otherwise indemnified by Seller pursuant to Article 8 or Article 11 or borne by Seller pursuant to Section 13.03 or (iii) with respect to the Cash Repatriation Plan, such deviations are incurrences of indebtedness solely among Transferred Subsidiaries or settlements of intercompany balances among Transferred Subsidiaries; *provided*, that if any such deviation is material to the proposed intercompany loan structure and intercompany balance settlements described in the Cash Repatriation Plan (without giving effect to any subsequent amendments), Seller shall indemnify Parent for the sum of (x) any Cash Repatriation Damages with respect to each such material deviation in the amount of intercompany indebtedness or settlements of intercompany balances, with the amount of Cash

Repatriation Damages determined for this purpose as if the amount of such deviation were Foreign Cash, and (y) any reasonable and necessary documented out-of-pocket non-tax costs (other than the costs of transfer from a bank account incurred in the ordinary course of business) that would be incurred to repatriate to the United States any such deviation as of the day immediately following the Closing Date, even if such amounts could not be lawfully repatriated (it being understood that any increase in the amount of any indebtedness or intercompany settlements among Transferred Subsidiaries that is less than 50% (or in the case of intercompany indebtedness or settlements owed by Transferred Subsidiaries organized in Brazil, Spain, Sweden, Croatia or the People's Republic of China, 25%) of the amount of such indebtedness or settlements contemplated by the Cash Repatriation Plan (excluding any amendments) shall not be considered "material to the proposed intercompany loan structure and intercompany balance settlements contemplated by the Cash Repatriation Plan" for purposes of this Agreement). All such actions contemplated by the Carve-Out Plan and, to the extent applicable, the Cash Repatriation Plan, shall be taken and effected in each case in such a manner as to ensure that no liability or obligation (Tax or otherwise) arising therefrom or related thereto is imposed on the Transferred Subsidiaries or included in the Assumed Liabilities, in each case, other than (i) those expressly contemplated by the Carve-Out Plan or the Cash Repatriation Plan, (ii) those Liabilities or obligations that are satisfied prior to the Closing or (iii) those Liabilities or obligations that are indemnified by Seller pursuant to Article 8 or Article 11 or borne by Seller pursuant to Section 13.03. The parties acknowledge and agree that the transactions contemplated by "Part 3" of the Carve-Out Plan will be implemented between the date hereof and the Closing using Carve-Out Documents substantially in the form used prior to the date hereof (other than for amendments required by local Applicable Law). In the event that Seller or its Affiliates undertakes any cash repatriation efforts from Foreign Transferred Subsidiaries between the date hereof and Closing in a manner that is not consistent with the Cash Repatriation Plan, Seller shall, and shall cause its Affiliates to, undertake such efforts in a manner that first utilizes all distributable reserves at a particular Foreign Transferred Subsidiary to repatriate cash held at such Foreign Transferred Subsidiary prior to utilizing intercompany loans to repatriate such cash.

Section 5.08 *Supplements to Disclosure Schedules*. Upon request of Buyer given at least twenty (20) Business Days before Closing, Seller shall prepare, or cause to be prepared, and delivered to Buyer within five (5) Business Days of Closing, a supplemented and amended version of the Disclosure Schedules, solely to the extent necessary to make the representations and warranties contained in the corresponding Sections of this Agreement true and correct in all material respects as of the date of delivery of such supplemented and amended version of such Sections of the Disclosure Schedule as if such representations and warranties were made on such date; *provided, however*, that such supplemented and amended version of the Disclosure Schedule shall (i) not be required to include informational listings of contracts entered into between signing and Closing in compliance with Section 5.01, or actions taken that are described on Section 5.01 of the Disclosure Schedules as of the date of this Agreement, (ii) be for informational purposes only, (ii) in no way affect the allocation of rights or obligations of the parties under this Agreement or any other Transaction Document and (iii) not give rise to any Liability for Seller or any Retained Subsidiary, including under Article 8 or Article 11 of this Agreement.

ARTICLE 6
COVENANTS OF PARENT, BUYER, ASCO GP LLC AND HOLDINGS

Each of Parent, Buyer, ASCO GP LLC and Holdings agrees that:

Section 6.01 *Confidentiality*. All information provided or made available to Holdings, Parent, ASCO GP LLC, Buyer, their Affiliates or any of their respective Representatives pursuant to any of the Transaction Documents or in connection with any of the transactions contemplated thereby, whether provided prior to or after the date hereof, shall be subject to the Confidentiality Agreement. The Confidentiality Agreement shall terminate at the Closing only with respect to that portion of the Confidential Information (as defined in the Confidentiality Agreement) as exclusively relates to the Business and otherwise shall continue in full force and effect following the Closing. If this Agreement is terminated, for any reason, prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

Section 6.02 *Covenants of Holdings*. (a) From the date hereof until the earlier of the Closing and the termination of this Agreement in accordance with its terms, Holdings shall (i) comply with the transfer restrictions set forth in the Operating Agreement as though it were in effect and (ii) comply with the restrictions set forth in Section 5.7(c) of the Operating Agreement as though it were in effect.

(b) Prior to the Closing, Holdings shall (i) take the necessary actions to enter into, and cause its members to adopt and enter into, an amended and restated limited liability company agreement/operating agreement on the terms set forth in Exhibit B-1 to the Equity Financing Commitment, (ii) provide to Seller a true and complete copy of such agreement (including any and all attachments thereto) at least ten Business Days prior to the Closing and (iii) maintain such agreement in effect (with only such amendments to or waivers under as may be consented to by Seller) through the Closing.

ARTICLE 7
COVENANTS OF THE PARTIES

Each of Holdings, Parent, ASCO GP LLC, Buyer and Seller agree that:

Section 7.01 *Reasonable Best Efforts; Further Assurance*. (a) Subject to the terms and conditions of this Agreement, each of Holdings, Parent, ASCO GP LLC, Buyer and Seller shall use their reasonable best efforts to take, or cause to be taken, all actions (including instituting litigation or any other Action) and to do, or cause to be done, all things necessary or desirable under Applicable Law to consummate the transactions contemplated by this Agreement (including satisfying all of the Deferred Closing Actions and taking any and all other steps necessary to consummate the Deferred Closings) and the other Transaction Documents prior to the End Date, including (i) preparing and filing as promptly as practicable with any Governmental Authority

or other third party all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority or other third party that are necessary to consummate the transactions contemplated by this Agreement and the other Transaction Documents, including under any Regulatory Law. Each of Parent, Seller and Buyer agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement (including satisfying all of the Deferred Closing Actions and taking any and all other steps necessary to consummate the Deferred Closings), to (A) vest in Automatic Switch ownership of the Class B Units, (B) vest in Parent ownership in the ASCO Interests, (C) vest in Buyer ownership of the Transferred Subsidiaries (other than ASCO Power) and good title to the Transferred Assets and (D) assure and evidence the assumption by Buyer of the Assumed Liabilities.

(b) In furtherance and not in limitation of the foregoing, each of Buyer and Seller shall make required filings pursuant to applicable Competition Laws, including the filing of a Notification and Report Form pursuant to the HSR Act and any required filing pursuant to the Competition Laws of the United States and the other jurisdictions listed on Section 10.01(a) of the Disclosure Schedule, with respect to the transactions contemplated by this Agreement as promptly as practicable. Each of Holdings, Parent, ASCO GP LLC, Buyer and Seller shall supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and any other applicable Competition Laws and shall take all other actions necessary or desirable to cause the expiration or termination of the applicable waiting periods under the HSR Act and any other Competition Laws as soon as practicable and in any event prior to the End Date.

(c) Without limiting the generality of the first sentence of Section 7.01(a), each of Buyer and Seller shall use reasonable best efforts to, in each case to the extent applicable, (i) as promptly as practicable make appropriate filings with or notices (the "**NISPOM Filing**") to the Defense Security Service ("**DSS**") regarding the parties' plan to operate the applicable portion of the Business pursuant to a proposal to mitigate foreign ownership, control or influence ("**FOCI**") in accordance with the National Industrial Security Program Operating Manual ("**NISPOM**"), (ii) as promptly as practicable submit an appropriate filing with or notice (the "**ITAR Filing**") to the Directorate of Defense Trade Controls ("**DDTC**") of the U.S. State Department in accordance with the International Traffic in Arms Regulations ("**ITAR**") and (iii) as promptly as practicable make appropriate filings or notices in accordance with NISPOM to obtain assurances that favorable National Interest Determinations or similar determinations under any applicable national or industrial security regulations will permit the Business to continue to have, to the extent it currently has, access to Proscribed Information after the Closing. Buyer and Seller shall share responsibility for preparation and submission of the NISPOM Filing and the ITAR Filing. Buyer and Seller shall each permit the other party to review, prior to submission, the NISPOM Filing and the ITAR Filing and shall consider in good faith the written comments of the other party and its authorized representatives to each of the NISPOM Filing and the ITAR Filing and all documents and submission materials relating thereto. Buyer and Seller hereby agree promptly to provide and cause their respective Affiliates to provide to the other party or to DSS or the DDTC, as appropriate, all information and other assistance necessary to prepare and timely submit the NISPOM Filing and the ITAR Filing in accordance with this Section 7.01(c). Buyer and Seller further hereby agree that (i) if DDTC has either (x) by sixty (60) days after the date hereof failed to grant Buyer's application for registration as a manufacturer or exporter of

defense articles under ITAR (each such registration, an **"ITAR Registration"**) or (y) sent written notice to Buyer stating that DDTC has made the final determination that DDTC will neither approve (A) the registration of Buyer nor (B) the transfer from Seller to Buyer of Seller's ITAR Registration, then Seller may, at its discretion, surrender its ITAR Registration, without impact on the obligation of Buyer to consummate the Closing and (ii) if by sixty (60) days after the date hereof, Buyer has not received the written approval of DSS to operate the applicable portion of the business of the Seller pursuant to a FOCI mitigation agreement in accordance with the NISPOM, Seller may, at its discretion, terminate any or all of its facility security clearances and may terminate, renounce, assign, transfer or sell any associated contracts or contracts for such facility security clearance was required or maintained, without regard to the obligation of Buyer to consummate the Closing.

(d) If any objections are asserted with respect to the transactions contemplated by this Agreement or any other Transaction Documents under the HSR Act or any other applicable Competition Law or other Applicable Laws, including the Arms Export Control Act, the Defense Production Act and the National Defense Act (collectively, **"Regulatory Laws"**), or if any Action is instituted or threatened by any Governmental Authority or any private party challenging any of the transactions contemplated by this Agreement or any other Transaction Document as violative of any Regulatory Law, each of Parent and Buyer shall, and shall cause its Affiliates to use its best efforts to promptly resolve such objections prior to the End Date. In furtherance of the foregoing and to procure as promptly as possible clearance from Governmental Authorities reviewing the transactions contemplated by this Agreement or any other Transaction Documents prior to the End Date, Holdings, Parent, ASCO GP LLC and Buyer shall, and shall cause their Subsidiaries and Affiliates to, take all actions in connection therewith, including (i) agreeing to hold separate or to divest any of the businesses or properties or assets of Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates (including, following the Closing, any Transferred Assets and any assets of any Transferred Subsidiary); (ii) terminating any existing relationships and contractual rights and obligations; (iii) terminating any venture or other arrangement; (iv) creating any relationship, contractual rights or obligations of the Transferred Assets, Transferred Subsidiaries, Holdings, Parent, ASCO GP LLC or Buyer of any of their Affiliates; (v) effectuating any other change or restructuring of the Transferred Assets, Transferred Subsidiaries, Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates, (vi) opposing, fully and vigorously, including through litigation and all available avenues of appeal, (A) any administrative or judicial action or proceeding that is initiated or threatened to be initiated challenging this Agreement or the consummation of the transactions contemplated hereby and (B) any request for, the entry of, and seek to have vacated or terminated, any order that could restrain, prevent or delay the consummation of the transactions contemplated hereby, in the case of (A) and (B) as may be required in order to resolve any objections as a Governmental Authority may have to such transactions under any Regulatory Law and/or to avoid the entry of, or to effect the dissolution, vacating, lifting, altering or reversal of, any order that has the effect of restricting, preventing or prohibiting the consummation of the transactions contemplated by this Agreement; and (vii) commencing any Action before any court or other applicable Governmental Authority, and vigorously pursuing all available avenues of appeal thereto, as may be required in order to (A) resolve any objections as a Governmental Authority may have to such transactions under any Regulatory Law and (B) avoid the entry of, or to effect the dissolution, vacating, lifting, altering or reversal of, any order that has the effect of restricting, preventing or prohibiting the consummation of the transactions contemplated by this Agreement;

provided, however, that none of Holdings, Parent, ASCO GP LLC, Buyer or any of their Affiliates shall be required to take any such action described in this Section 7.01(d) that has, or would reasonably be expected to have, individually or in the aggregate with any other change, condition, occurrence, effect or development, a Material Adverse Effect.

Section 7.02 *Certain Filings*. Each of Holdings, Parent, ASCO GP LLC, Seller and Buyer shall reasonably cooperate with one another (i) in determining whether any action by or in respect of, or filing with, any Governmental Authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement or the other Transaction Documents and (ii) in taking such actions or making any such filings, furnishing information required in connection therewith and seeking to obtain any such actions, consents, approvals or waivers in a timely manner.

Section 7.03 *Public Announcements*. Each of the parties hereto agree to obtain the written consent (which shall not be unreasonably withheld) of Parent and Seller before issuing any press release or making any public statement with respect to the Transaction Documents or the transactions contemplated thereby; *provided, however*, that a party may, without the prior consent of Parent and Seller, but only following consultation with Parent and Seller to the extent practicable, issue such public disclosure as may be required by Applicable Law or any listing agreement with any national securities exchange to which the disclosing party is subject. Notwithstanding the foregoing, after the issuance of any agreed upon publication or press release, either party may issue such additional publications or press releases and make such other customary announcements without the consent of any other party hereto so long as such additional publications, press releases and announcements do not disclose any non-public information regarding the transactions contemplated by this Agreement beyond the scope of the disclosure included in the agreed upon publications or press releases.

Section 7.04 *Notices of Certain Events*. (a) Each of Holdings, Parent, ASCO GP LLC, Buyer and Seller shall promptly notify the other party of:

(i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by any Transaction Documents if the failure to obtain such consent would be reasonably likely to have a Material Adverse Effect;

(ii) any material notice or other communication from any Governmental Authority in connection with the transactions contemplated by any Transaction Documents; and

(iii) the commencement of any Action that would prevent or materially delay the consummation of the transaction contemplated by this Agreement.

(b) Notwithstanding anything to the contrary herein, a party's failure to comply with this Section 7.04 shall not provide the other party hereto or any of such other party's Affiliates with a right not to effect the transactions contemplated by this Agreement.

Section 7.05 *WARN Act*. Seller shall be responsible for all Liabilities for the provision of notice or payment in lieu of notice and any applicable penalties under the Worker Adjustment and Retraining Notification Act ("**WARN**") or any similar Applicable Law arising prior to the Closing as a result of the transactions contemplated by the Transaction Documents. Buyer shall be responsible for all Liabilities for the provision of notice or payment in lieu of notice and any applicable penalties under WARN or any similar Applicable Law arising (i) after the Closing as a result of the termination by Seller of any Business Employee to whom Buyer was required to make a Qualifying Offer but failed to do so or (ii) as a result of any actions taken by Buyer and its Subsidiaries after the Closing. Seller shall promptly reimburse Buyer for all Liabilities incurred by Buyer for which Seller is responsible pursuant to this Section 7.05, and Buyer shall promptly reimburse Seller for all Liabilities incurred by Seller for which Buyer is responsible pursuant to this Section 7.05.

Section 7.06 *Non-solicit*. (a) For a period of 36 months following the Closing Date, Seller and its controlled Affiliates shall not (and shall not attempt to), and Seller shall cause its Subsidiaries not to, directly or indirectly, except with the express prior written consent of Parent or Buyer, solicit for employment or hire (or cause or seek to cause to leave the employ of Parent or Buyer) any person who is employed by the Business in an executive, technical, sales or marketing position as of the Closing Date or who becomes an employee of the Business in any such capacity following the Closing as contemplated by Section 9.04 or the penultimate sentence of Section 9.11(a) (any such employee, a "**Covered Business Employee**"), *provided however*, that notwithstanding the foregoing, Seller and its Affiliates and its or their directors, officers and employees shall not be prohibited from (i) placing in circulation any general solicitation through the media or third party recruiting firms not directed towards the Covered Business Employees of Buyer or Parent or (ii) hiring any such Covered Business Employee who has separated from employment with Buyer or a Transferred Subsidiary at least six (6) months prior to the date of hire.

(b) For a period of 36 months following the Closing Date, neither Parent nor Buyer shall (or shall attempt to), and shall cause their controlled Affiliates (including, after the Closing, the Transferred Subsidiaries) not to, directly or indirectly, except with the express prior written consent of Seller, solicit for employment or hire (or cause or seek to cause to leave the employ of Seller or any of the Retained Subsidiaries) any person who is now employed by Seller or any of the Retained Subsidiaries in an executive, technical, sales or marketing position or other employee with whom Buyer and its Affiliates had substantial contact in connection with the negotiation and execution of this Agreement, *provided, however*, that notwithstanding the foregoing, Parent, Buyer and their Affiliates and their respective directors, officers and employees shall not be prohibited from (i) placing in circulation any general solicitation through the media or third party recruiting firms not directed towards any Covered Business Employee of Seller or (ii) hiring any such person who has separated from employment with Seller at least six (6) months prior to the date of hire.

Section 7.07 *Waiver of Conflicts Regarding Representation; Nonassertion of Attorney-Client Privilege*. (a) Each of Parent, ASCO GP LLC and Buyer waives and shall not assert, and agrees to cause its Affiliates (including, after the Closing, the Transferred Subsidiaries) to waive and not to assert, any conflict of interest arising out of or relating to the representation, after the Closing (the "**Post-Closing Representation**"), of Seller or any of its Affiliates or any

shareholder, officer, employee or director of Seller or any of its Affiliates (any such Person, a “**Designated Person**”) in any matter involving this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, by any legal counsel currently representing Seller or any of its Affiliates, including any Transferred Subsidiary, in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby (the “**Current Representation**”).

(b) Each of Parent, ASCO GP LLC and Buyer waives and shall not assert, and agrees to cause its Affiliates (including, after the Closing, the Transferred Subsidiaries) to waive and to not assert, any attorney-client privilege with respect to any communication between any legal counsel and any Designated Person occurring during the Current Representation in connection with any Post-Closing Representation, including in connection with a dispute with Parent, ASCO GP LLC, Buyer or any of their Affiliates, and following the Closing, with any Transferred Subsidiary, it being the intention of the parties hereto that all such rights to such attorney-client privilege and to control such attorney-client privilege shall be retained by Seller; *provided* that the foregoing waiver and acknowledgement of retention shall not extend to any communication not involving this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, or to communications with any Person other than the Designated Persons and their advisers.

(c) Each of Parent, ASCO GP LLC, Seller and Buyer agree to take, and to cause their respective Affiliates to take, all steps reasonably necessary to implement the intent of this Section 7.07.

Section 7.08 *Business/Non-Business Assets*. (a) Prior to the Closing, Seller and the Transferred Subsidiaries shall effect all transfers and take all such actions as are necessary so that any assets (other than Tax Assets) of the Transferred Subsidiaries not used or held for use primarily in the Business or that would constitute Excluded Assets under Section 2.03 if they were assets of a Retained Subsidiary (the “Non-Business Assets”) are transferred to Seller or a Retained Subsidiary. In the event that at any time, or from time to time after the Closing Date, Seller on the one hand or Buyer on the other (or any of their respective Affiliates, including the Transferred Subsidiaries in the case of Buyer) shall receive or otherwise possess any asset (including cash) that should belong to another Person pursuant to this Agreement, such Person shall promptly transfer, or cause to be transferred, such asset to the Person so entitled thereto. In furtherance of the foregoing, Buyer undertakes and agrees to return any Non-Business Assets and any other assets that are not Transferred Assets that are owned by Seller or any of its Affiliates and are transferred to Buyer at or after the Closing (through failure to transfer such assets out of the Transferred Subsidiaries or otherwise), and to forward or remit to Seller of any payments received by Buyer or any of its Affiliates on account of any Non-Business Asset, and Seller undertakes and agrees to forward and remit to Buyer any payment on account of any Transferred Asset, including any accounts or notes receivable. Prior to any such transfer, the Person receiving or possessing such asset shall hold such asset in trust for such other Person.

(b) Prior to the Closing, Seller may, or may cause any of its Subsidiaries to (i) enter into any lending transaction; provided that such lending transaction may only be entered into between or among Transferred Subsidiaries, (ii) contribute cash to ASCO Power and/or (iii) distribute cash, in each case, in order to adjust the fair market value of the ASCO Interests,

including by entering into intercompany loan transactions with Liebert Corporation and distributing the borrowed cash proceeds to Automatic Switch.

Section 7.09 Shared Contracts and Seller Funded IT Transition Costs.

(a) Except for those Shared Contracts set forth on Section 7.09(a) of the Disclosure Schedule, each of Parent, Seller and Buyer shall cooperate with each other and use their respective commercially reasonable efforts to obtain the agreement of the third party that is the counterparty to each material Shared Contract to enter into a new contract, amendment splitting the Shared Contract or assignment in relevant part, as appropriate (as determined by Seller in good faith), effective as of the Closing Date (or with respect to the Deferred Business, the date of the Deferred Closing) pursuant to which a Transferred Subsidiary or Retained Subsidiary, as applicable, will receive substantially the same services/benefits provided (and, if applicable, will be subject to substantially the same obligations, terms and conditions imposed) under the applicable Shared Contract to such Transferred Subsidiary or Retained Subsidiary, as applicable, as of the Closing Date (or with respect to the Deferred Business, the date of the Deferred Closing); *provided, however*, that it is agreed and understood that Seller shall have no obligation under this Section 7.09 with respect to any of the Master Supply Agreements as such, with the understanding that the business unit agreements of the Transferred Subsidiaries or the Business that provide access to products or services under the Master Supply Agreements are included in the subject matter of this Section 7.09).

(b)

(i) With respect to any material Seller Parent Entity Level Only Business Contract in respect of which a consent from, notice to or action by, a third party (a **"Third Party Consent"**) is required to take the actions described in Section 7.09(a) has not been obtained at or prior to the Closing (or with respect to the Deferred Business, the date of the Deferred Closing), to the extent not prohibited under the terms of such contract, Seller or the applicable Seller Affiliate that is a party to such Seller Parent Entity Level Only Business Contract (or such other of Seller or Seller's Affiliates as designated by Seller in good faith) shall retain (or be transferred, as applicable) such Seller Parent Entity Level Only Business Contract (each, a **"Holdover Contract"**), and each of Parent, Seller and Buyer shall, subject to the assumption of all liabilities in respect of or relating to such Holdover Contract (with respect to which Parent or Buyer agrees that it shall fully indemnify and hold harmless Seller and its Affiliates) by Parent or Buyer, until the earlier of (i) the time such Third Party Consent has been obtained, and (ii) the expiration or termination of such Holdover Contract in accordance with its terms and (iii) one year after the Closing Date (or with respect to a Holdover Contract relating to the Deferred Business, the date of the Deferred Closing), cooperate in a mutually agreeable arrangement under which Parent, Buyer or a Transferred Subsidiary obtains the benefits and assumes the liabilities related to the Business thereunder in accordance with this Agreement, including subcontracting, sublicensing or subleasing to Parent, Buyer or a Transferred Subsidiary or under which the applicable of Seller or its Affiliates would, to the extent commercially reasonable, enforce for the benefit of Parent, Buyer or a Transferred Subsidiary, any and all rights of Seller and its Affiliates under such Holdover Contract related to the Business against any third party thereto; and

(ii) With respect to any Seller Parent Business Contract (other than a Seller Parent Entity Level Only Business Contract) in respect of which a Third Party Consent is required to take the actions described in Section 7.09(a) has not been obtained at or prior to the Closing (or with respect to a Seller Parent Business Contract relating to the Deferred Business, the Deferred Closing), (A) the applicable Transferred Subsidiary and Emerson or its applicable Affiliate shall continue to operate under such contract and (B) Parent and Buyer shall indemnify and hold harmless Seller and its Affiliates for all Damages arising under such contract to the extent related to the Business or the actions of the applicable Transferred Subsidiary thereunder and Seller shall indemnify and hold harmless the Parent, Buyer and their Affiliates for all Damages arising under such contract to the extent related to the applicable portion of the Retained Business or the actions of Seller or the applicable of its Affiliates thereunder. It is agreed and understood that neither Seller nor any applicable Affiliate of Seller shall be obligated to renew or otherwise extend for any period any Seller Parent Business Contract (and Seller or the other applicable Seller Affiliate shall be permitted to deliver any applicable notice of non-renewal or non-extension).

(c) With respect to any material Transferred Subsidiary Retained Business Contract in respect of which a Third Party Consent is required to take the actions described in Section 7.09(a) has not been obtained at or prior to the Closing, to the extent not prohibited under the terms of such contract, the applicable Transferred Subsidiary that is a party to such Transferred Subsidiary Retained Business Contract shall retain such Transferred Subsidiary Retained Business Contract (each, a **"Transferred Subsidiary Holdover Contract"**), and each of Seller, Parent and Buyer shall, subject to the assumption of all liabilities in respect of or relating to such Transferred Subsidiary Holdover Contract (with respect to which Seller agrees that it shall fully indemnify and hold harmless Buyer and its Affiliates) by Seller, until the earlier of (i) the time such Third Party Consent has been obtained and (ii) the expiration or termination of such Transferred Subsidiary Holdover Contract in accordance with its terms, cooperate in a mutually agreeable arrangement under which Seller or its applicable Affiliate obtains the benefits and assumes the liabilities related to the Retained Business thereunder in accordance with this Agreement, including subcontracting, sublicensing or subleasing to Seller or its applicable Affiliate or under which the applicable Transferred Subsidiary would, to the extent commercially reasonable, enforce for the benefit of Seller or its applicable Affiliate, any and all rights of the Transferred Subsidiary under such Transferred Subsidiary Holdover Contract related to the Retained Business against any third party thereto.

(d) Notwithstanding anything to the contrary contained herein, except as otherwise provided in Section 7.09(e), none of Parent, Buyer, Seller or any of their respective Subsidiaries shall have any obligation to make payments or incur any costs or expenses, grant any concession or incur any liability to obtain any Third Party consents contemplated by this Section 7.09, and the failure to receive any such Third Party Consents shall not be taken into account with respect to whether any condition to the Closing (or the Deferred Closing) set forth in Article 10 shall have been satisfied.

(e) Section 7.09(e) of the Disclosure Schedule sets forth a budget (of approximately \$15,140,000) for information technology related hardware, software and related services (including new contracts with third parties) that Seller has agreed to fund in order to assist the

Business in operating as a stand-alone business following the Closing (and following the termination of the services to be provided under the Transition Services Agreement) (collectively, "**Seller Funded IT Transition Costs**"). Seller shall, or shall cause its Affiliates to, in cooperation and consultation with Buyer, use commercially reasonable efforts to procure the information technology related hardware, software and services set forth on Section 7.09(e) of the Disclosure Schedule or fund the Seller Funded IT Transition Costs of at least \$15,140,000 prior to the Closing. In no event shall Seller and its Affiliates be required to expend more than \$15,140,000 in the aggregate pursuant to the preceding sentences of this Section 7.09(e). If and to the extent Seller and its Affiliates have not procured the information technology related hardware, software and services set forth on Section 7.09(e) of the Disclosure Schedule and made total expenditures with respect to Seller Funded IT Transition Costs prior to the Closing of at least \$15,140,000, Seller shall continue to provide additional funds to Buyer following the Closing to assist in transitioning the Business to stand-alone operations until Seller has either (i) provided all of the information technology related hardware, software and services set forth on Section 7.09(e) of the Disclosure Schedule or (ii) funded the full amount budgeted for Seller Funded IT Transition Costs. In addition, if and to the extent that, prior to the first anniversary of the Closing, Buyer requests that Seller and its Affiliates acquire for, or transfer to, the Business any additional information technology related hardware or software (or obtain any related services for the benefit of the Business) which would result in Seller and its Affiliates expending more than its total of \$15,140,000, then, if (i) Buyer funds such additional expenditures, (ii) pays for the assets so transferred and (iii) such acquisitions or transfers are permitted by Applicable Law and Seller and its Affiliate's existing contractual relationships with the vendors providing such information technology related hardware or software, Seller and its Affiliates will use commercially reasonable efforts to make the acquisitions and effect the transfers (or obtain the services) requested by Buyer and Buyer shall promptly reimburse Seller and its Affiliates for any such additional expenditures; *provided* that Seller and its Affiliates will in no event be required to make any such acquisitions or effect any such transfers once such costs, together with the Seller Funded IT Transition Costs, have exceeded \$49,560,000 in the aggregate; *provided, further*, that nothing included in this Section 7.09(c) shall require Seller or its Affiliates to transfer to Buyer any information technology related hardware or software used by Seller or its Affiliates to operate the Retained Businesses, and that will continue to be required for such purpose after the Closing, but this Section 7.09(e) is intended to require Seller or its Affiliates to transfer to Buyer such information technology related assets or software as may no longer be required by Seller or its Affiliates, such as seat licenses for Software that were assigned to Business Employees to the extent such licenses are transferrable.

(f) Seller shall, and shall cause any of its applicable Subsidiaries to, at Buyer's request and expense, enforce (i) any contract or agreement (including all ancillary documents or agreements related thereto) governing the purchase of any business that forms a part of the Business (whether by merger, sale or purchase of securities or assets or otherwise) and (ii) any confidentiality or non-disclosure agreement entered into with the sale process that resulted in the transaction contemplated by this Agreement, in each case, on behalf and for the benefit (and at the expense) of Buyer.

Section 7.10 *Access to Information; Cooperation.* (a) From the date hereof until the Closing Date (or, if earlier, the termination of this Agreement), and subject to Applicable Law and the Confidentiality Agreement, Seller will (i) give Parent, ASCO GP LLC, Buyer, their

counsel and other authorized Representatives reasonable access to the properties, books and records of the Business, (ii) furnish to Parent, ASCO GP LLC, Buyer, their counsel and other authorized Representatives such financial and operating data and other information relating to the Business as such Persons may reasonably request and (iii) instruct the employees, independent accountants, counsel and financial advisors of Seller to cooperate with Parent, ASCO GP LLC and Buyer in their investigation of the Business. Notwithstanding the foregoing, Buyer and its agents shall not have access to (A) any properties of Seller or its Affiliates, including the Transferred Assets and the Real Property, for purposes of conducting any sampling or other invasive investigation, including of the air, soil, soil gas, surface water, groundwater, building materials or other environmental media, (B) any information to the extent relating to any Retained Business or (C) any Seller Tax Records; *provided*, that Seller shall extract from Seller Tax Records and provide to Parent, ASCO GP LLC or Buyer any information solely related to the Transferred Subsidiaries, the Transferred Assets, the Assumed Liabilities or the Business as reasonably requested by Parent, ASCO GP LLC or Buyer. Without limiting the foregoing (and subject to the limitations of the foregoing), after the date hereof and prior to the Closing, Buyer shall identify to Seller from time-to-time certain members of its transition team to work closely with their functional counterparts of Seller and the Business after the date of this Agreement and through the Closing Date to assist in the implementation of the transition of the Business to operate on a stand-alone basis (with the understanding and agreement that such identified personnel shall not participate in the management or operation of the Business prior to the Closing). Such personnel of Buyer and Seller shall use good faith efforts to meet on a periodic basis to review the progress of the Business towards functioning on a stand-alone basis as of the Closing Date.

(b) From and after the Closing Date, and subject to Applicable Law, upon request, each of Parent, ASCO GP LLC and Buyer will afford promptly to Seller and its authorized Representatives, reasonable access to its properties, books, records, employees and auditors (i) to the extent necessary to permit Seller to prepare the Modified Net Working Capital Value Statement, (ii) to the extent necessary to permit Seller or any of its Affiliates to comply with their financial reporting, accounting or auditing obligations with respect to any period ending before the Closing Date with respect to the Business or the Excluded Assets or Excluded Liabilities, (iii) in connection with any Action related to either the Excluded Assets and Liabilities or the conduct of the Business or the ownership of the Transferred Assets prior to the Closing for which Seller or such Affiliate has retained liability under this Agreement and (iv) otherwise to the extent that Seller reasonably requests or requires such access in connection with its tax, regulatory, litigation, contractual or other legitimate matters.

(c) In furtherance of the foregoing, from and after the Closing Date, each of Parent, ASCO GP LLC and Buyer will provide and, as applicable, cause its employees and its Affiliates and their employees to provide, all cooperation reasonably requested by or on behalf of Seller, any of its Affiliates or their respective Representatives in connection with any Excluded Liability, which cooperation will include furnishing or causing to be furnished records, information and testimony as requested by Seller, its Affiliates or their respective Representatives and causing Transferred Employees who possess knowledge pertaining to any such Action to provide information, recollections and explanations with respect thereto and make themselves available, including for consultation with respect to settlement discussions and to attend strategy sessions and judicial and arbitration proceedings, as requested by Seller, its Affiliates or their respective

Representatives in connection therewith; *provided* that, notwithstanding the foregoing, Parent, ASCO GP LLC and Buyer will only be obligated to cause any person to cooperate with Seller pursuant to this Section 7.10 if and for so long as Parent, ASCO GP LLC or Buyer is capable of directing the actions of such person.

(d) Any access granted to either party or its Representatives pursuant to this Section 7.10 shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the party granting such access. The party to whom such access or other cooperation is granted pursuant to this Section 7.10 shall bear all of the out-of-pocket costs and expenses (including attorneys' fees, but excluding reimbursement for general overhead, salaries and employee benefits) reasonably incurred by the other party or its Representatives in connection therewith.

(e) Notwithstanding anything to the contrary contained herein, nothing in this Section 7.10 shall require (i) Seller, Parent, ASCO GP LLC or Buyer, as applicable, to provide the other party or its Representatives with access to (A) personnel records of employees relating to individual performance or evaluation records, medical histories or other information which, in the disclosing party's good faith opinion, is sensitive or the disclosure of which could subject such party or its Affiliates to risk of liability, (B) information the disclosure of which would violate Applicable Law or (C) information the disclosure of which, in the disclosing party's good faith opinion (x) would conflict with confidentiality obligations to which such party or any of its Affiliates is bound or (y) would reasonably be expected to result in the forfeiture or waiver of any attorney-client or similar privilege; *provided* that, in the case of this clause (y), the disclosing party shall use commercially reasonable efforts to provide the other party, to the extent possible, with access to the relevant information in a manner that would not reasonably be expected to result in the forfeiture or waiver of any such attorney-client or similar privilege, or (ii) either party's independent accountants to make available to the other party or its Representatives any work papers unless and until such Person has signed a customary confidentiality and hold harmless agreement relating to such access to work papers in form and substance reasonably acceptable to such independent accountants.

Section 7.11 *Existing Litigation.* (a) Each of Parent, ASCO GP LLC and Buyer shall promptly notify Seller in writing of any event, fact, circumstance, transaction or occurrence of which their respective executive officers become aware that could reasonably be expected to give rise to an Existing Litigation Right. If such Existing Litigation Right is held by a Transferred Subsidiary, each of Parent, ASCO GP LLC and Buyer shall take all steps reasonably necessary, including executing any assignment or other agreement in a form and substance satisfactory to Seller, to assign such Existing Litigation Right to Seller or one of its Affiliates, as designated by Seller.

(b) Without limiting the generality of Section 7.10, after the Closing, each of Parent, ASCO GP LLC, Buyer and their respective Subsidiaries shall cooperate fully with Seller, at Seller's expense, in the prosecution of any Existing Litigation Right, including by (i) making available to Seller and its counsel, as promptly as resolved, all witnesses, pertinent records, materials and information in Parent's, ASCO GP LLC's, Buyer's or their Affiliates' possession or control relating thereto as requested by Seller or its counsel and (ii) otherwise providing any

assistance on a timely basis requested by Seller or its counsel to facilitate any Action by Seller or its Affiliates arising out of or relating to an Existing Litigation Right.

(c) Without limiting the generality of Section 7.10, after the Closing, Parent, ASCO GP LLC, Buyer and their respective Subsidiaries shall cooperate fully with Seller, at Seller's expense, in the defense of the Specified Litigation Matter, including by (i) making available to Seller and its counsel, as promptly as resolved, all witnesses, pertinent records, materials and information relating thereto which is in the possession or control of Parent, ASCO GP LLC, Buyer or their respective Affiliates as required by Seller or its counsel and (ii) otherwise providing any assistance requested by Seller or its counsel to facilitate any defense to the Specified Litigation Matter.

Section 7.12 Replacement of Emerson Guaranties. On or prior to Closing, each of Parent, ASCO GP LLC and Buyer shall use commercially reasonable efforts (and Seller shall cooperate with each of them) so as to cause the replacement, effective as of the Closing, of all guaranties, letters of credit and other sureties provided by Seller or any Retained Subsidiary to the Business (the "**Credit Support Items**") on a like-for-like basis; provided that if any Credit Support Item is not replaced effective as of the Closing, Parent, ASCO GP LLC and Buyer shall use its commercially reasonable efforts to replace such Credit Support Item promptly after the Closing (and such parties shall have an ongoing obligation to use such efforts until each such Credit Support Item is replaced) and shall indemnify Seller and its Affiliates against, and hold each of them harmless from, any and all Damages (including, but only for the first year following the Closing, all out-of-pocket costs and expenses incurred by Seller or a Retained Subsidiary to maintain such Credit Support Item) incurred or suffered by Seller or any of its Affiliates related to or arising out of such Credit Support Item. Notwithstanding the foregoing, until the third anniversary of the Closing, none of Parent, ASCO GP LLC or Buyer shall be required to use its commercially reasonable efforts to replace any Credit Support Item if in Buyer's good faith judgment the replacement thereof would result in Buyer and its Subsidiaries having insufficient liquidity. If any Credit Support Item is not replaced within one year of Closing, Buyer will begin paying Seller a fee (which fee shall not reduce Parent's indemnification obligation hereunder (except as specifically provided in the preceding sentence with respect to fees and expenses) and with the understanding that no such fee shall be payable with respect to performance guarantees under any contract or lease) equal to the product of (i) the maximum exposure under such Credit Support Item pursuant to the terms thereof and (ii) the Guaranty Interest Rate, payable on a quarterly basis, in arrears; *provided* that such fee shall not exceed \$5 million in the aggregate in any calendar year except to the extent relating to Credit Support Items entered into after the date hereof and prior to the Closing Date increases the maximum aggregate exposure of all Credit Support Items up to \$7.5 million at any one time (excluding, for clarity, any Credit Support Item that has previously terminated or expired) or any other Credit Support Item entered into or issued with the written consent of Buyer. For purposes of this Agreement, the "**Guaranty Interest Rate**" shall initially mean 3.0% per annum and shall increase annually by 1.0% per annum beginning on the second anniversary of the Closing; provided that the Guaranty Interest Rate shall never be in excess of 5.0% per annum. The fee with respect to each individual Credit Support Item will cease accruing once such Credit Support Item is replaced. Seller shall use commercially reasonable efforts to cause all Credit Support Items to remain in place and not allow them to lapse or terminate (and with respect to the guaranty listed as item 1 in Section 7.12 of the Disclosure Schedule, until the second anniversary

of the Closing Seller shall maintain such guaranty until replaced with an alternative arrangement to the extent permitted by Applicable Law and permitted by the beneficiary thereof without the granting of any material accommodation by Seller (unless Buyer agrees to be responsible for such accommodation)), in each case until the earlier to occur of (A) the replacement of such Credit Support Item with an alternative arrangement as contemplated by this Section 7.12, (B) the termination of the underlying obligation to maintain such item, (C) the initial public offering of Buyer or any direct or indirect parent of Buyer or any of their respective Subsidiaries and (D) the sale of all or substantially all of the Business however effected. Seller shall not at any time after the date hereof replace any guaranty or surety with a letter of credit or, except on a like-for-like basis, a bank guaranty. Section 7.12 of the Disclosure Schedule sets forth (i) the guarantee of pension liabilities in Sweden referenced in item 1 therein, (ii) a list of surety bonds of \$24,121,049.70 guaranteed by Seller or a Retained Subsidiary, and (iii) letters of credit and bank guarantees of \$71,051,839.20, all of which are guaranteed by Seller or a Retained Subsidiary (the items described in clauses (i), (ii) and (iii) are the obligations that are referenced in Section 4.1 of the Operating Agreement).

Section 7.13 *Financing*. (a) From the date hereof until the Closing Date, each of Parent and Buyer shall (i) use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to arrange the Debt Financing on the terms and conditions described in the Debt Financing Commitment (including complying with any request exercising so-called "flex" provisions) and to consummate and obtain the Financing at or prior to the End Date, including using its reasonable best efforts to (A) maintain in effect the Debt Financing Commitment in accordance with the terms and conditions thereof, (B) satisfy (or use its reasonable best efforts to obtain the waiver of) all conditions applicable to Parent and Buyer in the Debt Financing Commitment (excluding any condition that cannot be satisfied as a direct result of the failure of any condition set forth in Section 10.01 or 10.02 of this Agreement or non-compliance by the Seller, the Transferred Subsidiaries and the Business with the provisions of Section 7.14 of this Agreement) and (C) negotiate and enter into such definitive agreements to be entered into in accordance with the Debt Financing Commitment (the "**Financing Agreements**") consistent in all material respects with the terms and conditions (including any "flex" provisions) contemplated by the Debt Financing Commitment or on other terms no less favorable in any material respect to Parent or Buyer, including with respect to conditionality and (ii) subject to the satisfaction (or waiver by the Debt Financing Sources) of all conditions set forth in the Debt Financing Commitment, consummate the Debt Financing at or prior to Closing and cause the applicable Financing Sources to fund the Debt Financing in an amount sufficient, together with the Equity Financing, to consummate the transactions contemplated by this Agreement and for Parent and Buyer to pay all other amounts payable by Parent and Buyer pursuant to the Transaction Documents and the Debt Financing Commitment at or prior to the Closing; *provided* that such efforts shall not include taking enforcement actions against the Debt Financing Sources or the Debt Financing Source Related Persons). Each of Parent and Buyer shall, upon the reasonable request of Seller, provide updates to Seller in reasonable detail of the status of its efforts to arrange the Debt Financing (or Alternative Financing obtained in accordance with Section 7.13(d)). Without limiting the generality of the foregoing, each of Parent and Buyer shall provide Seller with prompt written notice (A) of any breach or default (or any event or circumstance that, with or without notice, lapse of time or both, would reasonably be expected to give rise to any breach or default) by any party to any Financing Commitment (or to any Alternative Financing obtained in accordance with Section 7.13(d)) and (B) of the receipt of any

written notice or other written communication from any Person with respect to any (x) actual or potential breach or default, (y) withdrawal, termination or repudiation by any party to any Financing Commitment (or to any Alternative Financing obtained in accordance with Section 7.13(d)) or (z) material dispute or disagreement between or among any parties to any Financing Commitment (or to any Alternative Financing obtained in accordance with Section 7.13(d)), in each case of clauses (A), (B)(x) and (B)(z), that would reasonably be expected to prevent, impede, delay or impair the availability of the Financing or the ability of Parent and Buyer to consummate the transactions contemplated by this Agreement in a timely manner.

(b) Subject to the terms and conditions of the Debt Financing Commitment, each of Parent and Buyer shall use its reasonable best efforts to cause the Debt Financing Sources to fund on the Closing Date the Financing required to consummate the transactions contemplated hereby; *provided* that such efforts shall not include taking enforcement actions against the Debt Financing Sources or the Debt Financing Source Related Persons). For the avoidance of doubt, in the event that (x) all or any portion of the Debt Financing has not been consummated, and (y) all conditions set forth in Article 10 have been satisfied or waived (other than those conditions that are to be satisfied at the Closing) and the Closing is required to occur pursuant to Section 2.10, Parent and Buyer shall, subject to the terms and conditions of the Debt Financing Commitment, cause the proceeds of any bridge facility contemplated by the Debt Financing Commitment to be used to cause the Closing to occur.

(c) Neither Parent nor Buyer shall, without Seller's prior written consent, permit, agree to or consent to, individually or in the aggregate, (i) any amendment or other modification to the Financing Commitments (other than any such amendment or modification which is solely for the benefit of the borrower thereunder) if such amendment or modification would (I) impose new or additional conditions precedent that would reasonably be expected to prevent, impede or delay or impair the availability of the Financing or the ability of Parent and Buyer to consummate the transactions contemplated by this Agreement in a timely manner or (II) adversely impact the ability of Parent or Buyer or, in the case of the Equity Commitment, Seller to enforce its rights against the other parties to the Financing Commitments or (III) reduce the aggregate cash amount of the funding commitments thereunder to an amount less than the cash amount necessary to consummate the transactions contemplated by this Agreement and for Parent and Buyer to pay all other amounts payable by Parent and Buyer pursuant to the Transaction Documents and the Debt Financing Commitment; *provided*, that Parent and Buyer may modify or amend the Debt Financing Commitments solely to add Debt Financing Sources that have not executed the Debt Financing Commitment as of the date hereof, (ii) any waiver of any provision under the Financing Commitments (other than any such waiver solely for the benefit of the borrower thereunder) that would reasonably be expected to prevent, impede, delay or impair the availability of the Financing or the ability of Parent and Buyer to consummate the transactions contemplated by this Agreement in a timely manner or (iii) early termination of the Debt Financing Commitment. Nothing in this Section 7.13 is intended to or shall limit in any way the ability of Buyer and its Subsidiaries to increase the Debt Commitment or to require Seller's consent for any such increase. Upon any modification or amendment of any Financing Commitment, Buyer shall provide a copy thereof to Seller and references to the "Debt Financing Commitment", "Equity Commitment" and "Financing Commitment" shall include such documents as permitted to be amended or modified under this Section 7.13(c) and references to "Financing", "Equity Financing" and "Debt Financing" shall include the financing contemplated

by the Financing Commitments as permitted to be amended or modified under this Section 7.13(c). Buyer shall obtain the Equity Financing upon satisfaction or waiver of the conditions set forth in Article 10 (other than the conditions that are to be satisfied at the Closing).

(d) In the event that all or any portion of the Debt Financing becomes unavailable on the terms and conditions (including any “flex” provisions) or from the Debt Financing Sources contemplated in the Debt Financing Commitment, Parent and Buyer shall promptly notify Seller and shall use their reasonable best efforts to, as promptly as practicable but no later than prior to the End Date, take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and obtain, and to negotiate and obtain definitive commitments with respect to, alternative debt financing from the same or alternative sources (the “**Alternative Financing**”) (i) in an amount sufficient to consummate the transactions contemplated by this Agreement and for Parent and Buyer to pay all other amounts payable by Parent and Buyer pursuant to the Transaction Documents and the documents governing such Alternative Financing and (ii) that would not impose new or additional conditions precedent to funding such Alternative Financing that are not contained in the Debt Financing Commitment and that would not reasonably be expected to prevent, impede or delay or impair the availability of the Financing or the ability of Parent and Buyer to consummate the transactions contemplated by this Agreement in a timely manner. The obligations under this Section 7.13 shall apply equally to any such Alternative Financing (including any new financing commitments). In the event that any Alternative Financing is obtained in accordance with this Section 7.13(d), references to “Debt Financing”, “Financing”, “Debt Commitment”, “Financing Commitment” and other like terms in this Agreement shall include such Alternative Financing, as applicable.

(e) Notwithstanding the foregoing, the parties acknowledge and agree that Parent, Buyer and ASCO GP have the right to seek to consummate the Debt Financing prior to the Closing by causing Buyer to issue the debt securities to be issued in the Debt Financing and to cause the proceeds from such issuance to be placed into an escrow account administered by an unaffiliated escrow agent (the “**Debt Financing Escrow Account**”) to be held pending the Closing. If the Closing occurs, the obligations of Buyer with respect to the Debt Financing (including any accrued but unpaid interest thereon) will be performed by Buyer or assumed by another subsidiary of Parent and the funds raised through the Debt Financing will be released from the Debt Financing Escrow Account and be made available to fund the transactions contemplated by this Agreement in the same manner as would have occurred if the Debt Financing had been consummated on the Closing Date.

Section 7.14 Financing Cooperation. (a) Prior to the Closing, Seller shall cause the Transferred Subsidiaries and the Business to use reasonable best efforts (including instructing their respective legal, accounting and other advisors) to provide to Parent and Buyer, at Parent’s and Buyer’s sole cost and expense, cooperation reasonably requested by Parent and/or Buyer that is necessary in connection with the arrangement of the Debt Financing, including using reasonable best efforts to (i) furnish to the Debt Financing Sources financial and other information with respect to the Business, the Transferred Assets and the Transferred Subsidiaries, including all financial information required pursuant to Section 3(a) and (b) of Annex V of the Debt Commitment Letter (which financial information shall have been reviewed by the Transferred Subsidiaries’ independent accountants and shall, in the case of such financial information for the period ending June 30, 2016, be delivered no later than September 6, 2016)

which shall in any event be recent enough for the independent accountants that have audited or reviewed, as applicable, such financial statements to provide customary “negative assurance” in the comfort letter referred to below with respect to the period following the latest balance sheet included therein throughout the Marketing Period and (y) all information required for the Parent or the Buyer to prepare the pro forma financial statements and forecasts required pursuant to Section 3(c) and (d) of Annex V of the Debt Commitment Letter and information that is of the type and form required under Regulation S-X and Regulation S-K under the Securities Act and customarily included in a private placement of non-convertible debt securities pursuant to Rule 144A promulgated under the Securities Act (in each case assuming that such offering of non-convertible debt securities were consummated at the same time during the Transferred Subsidiaries’ fiscal year as such offering of non-convertible debt securities will be made as contemplated by the Debt Financing Commitment) (which, for the avoidance of doubt, shall not include financial statements and information required by Rules 3-09, 3-10 and 3-16 of Regulation S-X, the Compensation Discussion and Analysis or other information required by Item 402 of Regulation S-K and the executive compensation and related person disclosure rules related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A), (ii) participate in a reasonable number of lender presentations, due diligence sessions, road shows and sessions with rating agencies in connection with the arrangement of the Debt Financing, (iii) assist in the preparation of (A) any offering documents, private placement memoranda, bank information memoranda (including the delivery of customary representation letters as contemplated by the Debt Financing Commitment) and similar documents and (B) materials for rating agency presentations, (iv) obtain accountant’s comfort letters reasonably requested by Parent or Buyer and customary for financings similar to the Debt Financing and consents from accountants for the inclusion of annual and quarterly historical financial statements (or reports thereon) that may be required to be included in any securities filings or offering memoranda for the Debt Financing (the documents described in clauses (i), (iii) and (iv), the “**Marketing Material**”), (v) cooperate with the marketing efforts of Parent or Buyer and the Debt Financing Sources, (vi) cause the Transferred Subsidiaries to enter into such agreements, and deliver such officer’s certificates, as are customary in financings similar to the Debt Financing and as are, in the good faith determination of the persons executing such officer’s certificates, accurate, and agreeing to pledge, grant security interests in, and otherwise grant liens on, the Transferred Assets and/or the assets of the Transferred Subsidiaries pursuant to such agreements as may be reasonably requested; *provided*, in the case of this clause (vi), that (A) none of the documents or certificates shall be executed and/or delivered except in connection with the Closing, (B) the effectiveness thereof shall be conditioned upon, or become operative after, the Closing and (C) no Liability shall be imposed on Seller or the officers or employees involved, (vii) cooperate with the Parent or Buyer and Debt Financing Sources in completing a field examination and inventory appraisal, (viii) provide all documentation and other information that the Debt Financing Sources have reasonably determined is required by United States regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, the Patriot Act, in each case, at least five Business Days prior to the Closing, to the extent reasonably requested in writing at least 10 Business Days prior to the Closing and (ix) cooperate, and use commercially reasonable efforts to cause any relevant third parties to cooperate, with respect to the termination, replacement or backstop of any outstanding letters of credit issued for the account of the Transferred Subsidiaries. Notwithstanding the foregoing, (x) such requested cooperation shall not unreasonably interfere with the ongoing business and

operations of Seller or its Affiliates and (y) none of Seller or any of its Affiliates or their respective officers, directors or employees shall be required to execute or enter into or perform any agreement, pledge or grant with respect to Transferred Assets or the Transferred Subsidiaries in connection with the arrangement of the Debt Financing Commitment that is not contingent upon the Closing or that would be effective prior to the Closing. The Seller hereby consents, on behalf of itself and the Transferred Subsidiaries, to the reasonable use of the logos of the Transferred Subsidiaries in connection with the Debt Financing; *provided* that such logos are used solely in a manner that is not intended to or reasonably likely to harm or disparage the Transferred Subsidiaries or the Seller.

(b) Neither Seller, any of its Subsidiaries nor any of their respective officers, directors, employees, accountants, consultants, legal counsel, agents, investment bankers and other representatives shall be required to take any action in connection with this Section 7.14 that would (i) subject such Person to Liability, to bear any cost or expense or to pay any commitment or other similar fee or make any other payment or incur any other Liability (other than any costs and expenses that will be reimbursed by Parent, Holdings or Buyer pursuant to clause (c) of this Section 7.14) or provide or agree to provide any indemnity in connection with the Financing or their performance of their respective obligations under this Section 7.14 and any information utilized in connection therewith or (ii) conflict with or violate any Applicable Law or such Person's organizational documents or result in the contravention of, or that would reasonably be expected to result in a violation or breach of, or a default under, any contract or other arrangement to which such Person is a party. Each of Parent, Buyer and Holdings acknowledges and agrees that none of Seller or any of its Subsidiaries or Affiliates shall have any responsibility for, or incur any Liability to any Person under or with respect to, the Financing, or any cooperation provided pursuant to this Section 7.14, and Holdings shall indemnify and hold harmless Seller, its Subsidiaries and Affiliates and their respective directors, officers, employees, accountants, consultants, legal counsel, agents, investment bankers and other representatives from and against any and all Damages suffered or incurred by them in connection with the Financing and the performance of their respective obligations under this Section 7.14 (including any action taken in accordance with this Section 7.14) and any information utilized in connection therewith.

(c) Each of Parent, Holdings and Buyer shall, promptly upon request by Seller, reimburse Seller for all reasonable and documented out-of-pocket costs and expenses incurred by Seller or its Subsidiaries in connection with this Section 7.14 (including those of its accountants, consultants, legal counsel, agents, investment bankers and other representatives).

Section 7.15 *China Holdover Cash*. (a) If any cash, cash equivalents or liquid investments (plus all uncollected bank deposits and less all outstanding checks) of the Transferred Subsidiaries organized in the People's Republic of China (the "**PRC Transferred Subsidiaries**") are not included in the calculation of Closing Cash used in the determination of the Final Post-Closing Cash/Indebtedness True-Up Payment due to the exclusion set forth in clause (i)(B) of the definition of Cash (giving effect to such amount of Required Foreign Cash as Seller allocates to China as reflected on the Cash/Indebtedness Statement) (such cash, cash equivalents or liquid investments (plus all uncollected bank deposits and less all outstanding checks) that are so not included in the calculation of Closing Cash, the "**China Holdover Cash**"), Buyer shall, and shall cause its applicable Subsidiaries to, use reasonable best efforts to

cooperate in taking all actions reasonably necessary or appropriate to enable distributable reserves to be determined or created (in each case based on the results of operations of the business through December 31, 2016) at the PRC Transferred Subsidiaries to enable the China Holdover Cash to be able to be lawfully repatriated up the corporate entity chain to Buyer as a dividend or return of capital under Applicable Law, including by taking the actions set forth on Section 7.15 of the Disclosure Schedule (to the extent not finalized prior to Closing) within the time periods prescribed thereon;

(b) Within five (5) Business Days of completion of the actions with respect to any PRC Transferred Subsidiary which would enable any China Holdover Cash to be able to be lawfully distributed to the United States as a dividend or return of capital under Applicable Law, Buyer shall initiate such distribution and additional distributions up the legal entity chain to Buyer to the extent allowable by Applicable Law. Promptly following receipt of distributions by Buyer, Buyer shall pay to Seller, or a designee of Seller, the amount of such China Holdover Cash ~~less~~ the amount of (i) any Cash Repatriation Damages with respect to such China Holdover Cash, with the amount of Cash Repatriation Damages determined for this purpose as if the amount of such China Holdover Cash were Foreign Cash and (ii) any reasonable and necessary documented non-tax out-of-pocket costs incurred to comply with the requirements of 7.15(a).

(c) Until all of the actions set forth on Section 7.15 of the Disclosure Schedule have been taken and the amount of the China Holdover Cash that becomes lawfully able to be distributed up the corporate chain to Buyer as a result thereof is paid to Seller or Seller's designee in accordance with this Section 7.15, each of Parent and Buyer shall not, and each shall cause its respective Subsidiaries not to, without Seller's written consent, take any action that would prevent, impair or delay the ability of the applicable PRC Transferred Subsidiary to (i) enable distributable reserves to be determined or created (in each case based on the results of operations of the business through December 31, 2016) at the PRC Transferred Subsidiaries to enable the China Holdover Cash to be able to be lawfully repatriated up the corporate chain to Buyer, (ii) take the actions set forth on Section 7.15 (in the time periods contemplated thereon) or (iii) make the payment of any China Holdover Cash that becomes able to be lawfully distributed as described in Section 7.15(b) above, in each case, including (A) for a period of one year after Closing, any name change of any PRC Transferred Subsidiary, (B) any restructuring of a PRC Transferred Subsidiary such that it would have a new shareholder and (C) changing any method of accounting at any PRC Transferred Subsidiary.

(d) Without limiting the generality of Section 7.10, Buyer shall keep Seller and its Representatives reasonably informed as to, and provide each of them reasonable access to information regarding, the status and substance of the matters contemplated by this Section 7.15 and shall consult with, and consider the reasonable input and advice of Seller and its Representatives regarding, the taking of any of the actions contemplated by section 7.15(a).

(e) At or prior to Closing, Seller shall cause each of the applicable PRC Transferred Subsidiaries to lend Seller's good faith estimate (as of the date that is five (5) Business Days prior to the Closing Date) of any Reserved China Holdover Cash held by it to Emerson Electric (China) Holdings Co. Limited ("EECH") pursuant to a customary entrustment loan agreement with Standard Chartered Bank (or a global financial institution of similar repute) and at the lowest interest rate permitted by Applicable Law. If on the date of determination of the amount

of the Final Post-Closing Cash/Indebtedness True-Up Payment and taking into account such determination, (i) Seller and Buyer reasonably agree that as of the Closing the applicable PRC Transferred Subsidiaries held Reserved China Holdover Cash in excess of its pre-Closing estimate thereof, then the amount of such additional Reserved China Holdover Cash shall be lent to EECH and the principal amount of the entrustment loan shall be correspondingly increased or (ii) Seller and Buyer reasonably agree that as of the Closing the applicable PRC Transferred Subsidiaries held Reserved China Holdover Cash that was less than its pre-Closing estimate thereof, then Seller shall cause EECH to repay the difference between Reserved China Holdover Cash and Seller's pre-Closing estimate thereof to the applicable PRC Transferred Subsidiary and the principal amount of the entrustment loan shall be correspondingly reduced.

(f) Seller shall cause EECH to repay any amounts outstanding under the entrustment loan agreements entered into in connection with Section 7.15(e) above: (i) in order to allow Buyer to pay or cause any PRC Transferred Subsidiary in the corporate entity chain to pay any required withholding taxes due with respect to any repatriation of China Holdover Cash (provided that, for the avoidance of doubt, any such withholding taxes shall not reduce the amount of China Holdover Cash other than through the calculation of Cash Repatriation Damages with respect to such China Holdover Cash), (ii) immediately prior to the Buyer's initiation of distributions under Section 7.15(b) or (iii) if it is agreed between the parties hereto that the distributable reserves determined or created (in each case based on the results of operations of the business through December 31, 2016) at the PRC Transferred Subsidiaries have been exhausted or the funds cannot be repatriated up the legal entity chain to Buyer based on distributable reserves as of December 31, 2016, and, if such an event described in this clause (iii) occurs, then Parent and Buyer shall have no further obligations under this Section 7.15.

(g) For purposes of this Agreement, "**Reserved China Holdover Cash**" shall mean Seller's good faith estimate of China Holdover Cash with respect to which it reasonably expects distributable reserves to be determined or created (in each case based on the results of operations of the business through December 31, 2016) at the PRC Transferred Subsidiaries so as to enable such China Holdover Cash to be able to be lawfully repatriated up the legal entity chain to Buyer as a dividend or return of capital under Applicable Law.

ARTICLE 8 TAX MATTERS

Section 8.01 *Representations Relating to Transferred Subsidiaries and Canadian Seller.* Except as set forth in the Disclosure Schedule, the Carve Out Plan or the Cash Repatriation Plan, and as to matters that would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, Seller hereby represents and warrants to Parent, ASCO GP LLC and Buyer that:

(a) Each of the Transferred Subsidiaries has timely filed, or caused to be timely filed, with the appropriate taxing authorities, all material Tax Returns that are required to be filed by, or with respect to, each of the Transferred Subsidiaries. Each such Tax Return is true, correct and complete in all material respects.

(b) All material Taxes due and payable by or with respect to the Transferred Subsidiaries have been timely paid in full. All Taxes incurred but not yet due and payable for periods covered by the Balance Sheet have been accrued and adequately disclosed on the Balance Sheet in accordance with GAAP.

(c) All material Taxes that any of the Transferred Subsidiaries is (or was) required by Applicable Law to withhold or collect in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, member or other third party have been duly withheld or collected, and have been timely paid over to the proper authorities to the extent due and payable.

(d) No Taxing Authority has proposed, or, to the knowledge of Seller, is threatening to propose any material adjustment to any Tax Return of any of the Transferred Subsidiaries.

(e) (i) There is no claim, audit, action, suit, proceeding, examination or investigation now pending or, to Seller's knowledge, threatened against or with respect to any of the Transferred Subsidiaries in respect of any Tax; and (ii) there are no settlements of any prior examinations that could reasonably be expected to adversely affect any Taxable period of any Transferred Subsidiary for which the statute of limitations has not run or that have not been paid in full.

(f) Neither Seller nor any of its Subsidiaries has made any requests for rulings or determinations, with respect to any Tax of any Transferred Subsidiary, that are currently pending before a Taxing Authority.

(g) Neither Seller nor any of its Subsidiaries has entered into an agreement or arrangement with any Taxing Authority with regard to Tax liabilities of any Transferred Subsidiary other than settlements or compromises with respect to asserted Tax liabilities for prior Tax years that do not impose any payment obligation on any Transferred Subsidiary after the Closing Date.

(h) No Transferred Subsidiary is a party to, is otherwise bound by or has any obligation under, any Tax Sharing Agreement (other than (i) a Tax Sharing Agreement exclusively between or among Seller and any of its Subsidiaries, which will be terminated at or prior to Closing with respect to the Transferred Subsidiaries or (ii) a Tax Sharing Agreement exclusively between or among the Transferred Subsidiaries).

(i) Other than with respect to a Tax Return for which the statute of limitations has expired, no Transferred Subsidiary (i) has been a member of an affiliated group filing a consolidated federal Income Tax Return (other than the Seller Group) or (ii) has any liability for the Taxes of any Person (other than any of the Transferred Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign Income Tax law), or as a transferee or successor.

(j) No Transferred Subsidiary has participated or engaged in any transaction that constitutes a "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2).

(k) No Transferred Subsidiary is required to include any material adjustment in Taxable income for any period ending after the Closing Date as a result of any: (i) change in method of accounting prior to the close of business on the Closing Date under Section 481 of the Code (or any corresponding or similar provision of state, local or foreign Income Tax law), (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Income Tax law) entered into prior to the close of business on the Closing Date or (iii) installment sale or open transaction disposition made prior to the close of business on the Closing Date. No Transferred Subsidiary has (x) any material "deferred gains" with respect to "intercompany transactions" within the meaning of Treasury Regulations Section 1.1502-13 or (y) been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897 of the Code.

(l) No Transferred Domestic Subsidiary has constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (i) in the two (2) years prior to the date of this Agreement or (ii) in a distribution which could otherwise constitute a part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) that includes the transactions contemplated by this Agreement.

(m) Each Transferred Subsidiary has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code.

(n) In the three (3) years prior to the date of this Agreement, no claim has been made in writing by any Taxing Authority in any jurisdiction in which a Transferred Subsidiary does not file Tax Returns that such Transferred Subsidiary is or may be subject to taxation by that jurisdiction. No Transferred Subsidiary has received any written notice in the prior four (4) years from any Taxing Authority that any Transferred Subsidiary has a permanent establishment in any jurisdiction in which such Transferred Subsidiary has not filed Tax Returns. No Transferred Subsidiary has at any time been treated (including under any double taxation arrangement) as resident for any tax purpose, or as subject to tax by virtue of having a permanent establishment or other place of business, in any jurisdiction other than the jurisdiction of its incorporation. None of the Transferred Subsidiaries constitutes a permanent establishment of any other person, business or enterprise for any tax purpose.

(o) There are no outstanding powers of attorney granted by any Transferred Subsidiary with respect to Taxes.

(p) All material related party transactions between Seller and its Affiliates, on the one hand, and any Transferred Subsidiary, on the other hand, have been, in all material respects, on an arms'-length basis in accordance with Section 482 of the Code and any state or foreign law equivalent, and are supported by contemporaneous transfer pricing documentation.

(q) The summary spreadsheet located at Folder 12.26 of the data room maintained by Seller as of the date of this Agreement sets forth a true and correct listing of the U.S. federal tax classification for each Transferred Subsidiary.

(r) The summary spreadsheet located at Folder 12.18 of the data room maintained by Seller as of the date of this Agreement sets forth a true and correct listing of all (i) grants, subsidies and other similar funds from any Governmental Authority or (ii) Tax exemptions, reductions, incentives and concessions, in each case of any Transferred Subsidiary.

(s) The consummation of the transactions contemplated by this Agreement with respect to the equity interests of any Transferred Subsidiary organized under the Laws of a state in the United States will not result in any reduction of the Tax attributes, including the Tax basis of the assets (including stock of a Subsidiary) and deferred deductions, of any of such Transferred Subsidiaries pursuant to Treasury Regulations Section 1.1502-36(d).

(t) Seller is eligible to join with Parent and Buyer in making Section 338(h)(10) elections with respect to 338(h)(10) Entities

(u) Canadian Seller is registered for purposes of Part IX of the Excise Tax Act (Canada) and the Act respecting the Quebec sales tax and is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

Section 8.02 *Tax Representations Relating to Transferred Assets*. Except as set forth in the Disclosure Schedule and as to matters that would not reasonably be expected, individually or in the aggregate, to result in a Material Liability, Seller hereby represents and warrants to Parent, ASCO GP LLC and Buyer that:

(a) Each of Seller and Canadian Seller has paid (or has caused to be paid) or has collected, deducted, withheld and remitted (or has had collected, deducted, withheld and remitted on its behalf) to the appropriate Taxing Authority or has reflected an adequate accrual on the Balance Sheet in accordance with GAAP, in each case, for material Taxes relating to the Transferred Assets, the non-payment (or failure to collect, deduct or withhold) of which would result in a Lien on any Transferred Asset.

(b) No Taxing Authority has proposed, or, to the knowledge of Seller, is threatening to propose any adjustment to any item with respect to Taxes, the non-payment of which would result in a Lien on any Transferred Asset, on any Tax Return of Seller or its Retained Subsidiaries.

(c) There is no claim, audit, action, suit, proceeding, examination or investigation now pending or, to Seller's knowledge, threatened against or with respect to Seller or its Retained Subsidiaries in respect of any Tax, the non-payment of which would result in a Lien on any Transferred Asset.

Notwithstanding any other provision of this Agreement, Section 3.16, Section 8.01 and this Section 8.02 shall contain the sole and exclusive representations and warranties of Seller with respect to Taxes.

Section 8.03 *Tax Returns; Allocation of Taxes*.

(a) Seller shall (i) file or cause to be filed, when due (taking into account any extension of a required filing date), all Tax Returns with respect to the Transferred Subsidiaries that are

required to be filed on or prior to the Closing Date and timely pay all Taxes shown as due on such Tax Returns and (ii) file or cause to be filed, when due (taking into account any extension of a required filing date), all Tax Returns that relate to Combined Taxes and timely pay all Taxes shown as due on such Tax Returns. All other Tax Returns with respect to the Transferred Subsidiaries shall be filed or caused to be filed by Parent or Buyer, as applicable.

(b) Parent or Buyer shall file, or cause to be filed, when due (taking into account any extensions of a required filing date), all Tax Returns for Income Taxes with respect to the Transferred Subsidiaries that do not relate to Combined Taxes, which are required to be filed by any of the Transferred Subsidiaries after the Closing Date with respect to a Pre-Closing Tax Period or a Straddle Tax Period (each a **"Pre-Closing Parent-Filed Income Tax Return"**). Preparation and filing costs of such Tax Returns shall be allocated between the parties in proportion of the relative amount of Tax to be paid by each pursuant to this Article 8. Any Pre-Closing Parent-Filed Income Tax Return shall be prepared in a manner consistent with past practice and without a change of any election or any accounting method, unless otherwise required by Applicable Law, and shall be submitted by Parent to Seller (together with schedules, statements and, to the extent reasonably requested by Seller, supporting documentation) at least 30 days prior to the due date (including any applicable extension) of such return. Seller shall have the right to review and comment on such Pre-Closing Parent-Filed Income Tax Return. If Seller, within 10 days after review of any such Pre-Closing Parent-Filed Income Tax Return, notifies Parent in writing that it objects to any items in such return, the disputed item shall be resolved in a manner mutually agreeable to both parties within 10 days, and if not so resolved, then by a jointly retained Accounting Referee (which may be the same as or different from the Accounting Referee retained pursuant to Section 2.10, if any) within a reasonable time, taking into account the deadline for filing such return. Upon resolution of all such items, the relevant Pre-Closing Parent-Filed Income Tax Return shall be adjusted to reflect such resolution and shall be binding upon the parties without further adjustment. The costs, fees and expenses of such Accounting Referee shall be borne equally by Parent and Seller. Except to the extent otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code (or any comparable provision of state, local or foreign law), no Transferred Subsidiary shall amend any Tax Return with respect to Income Tax for a Pre-Closing Tax Period or a Straddle Tax Period without the prior written consent of Seller, such consent not to be unreasonably withheld. Parent shall pay or cause to be paid all Taxes with respect to any Pre-Closing Parent-Filed Income Tax Return filed under this Section 8.03(b) in accordance with Applicable Law. Seller shall pay to Parent an amount equal to any Pre-Closing Taxes shown as due and payable on any Pre-Closing Parent-Filed Income Tax Return, to the extent not paid at or before Closing, at least two days prior to the date on which such Income Taxes are due.

(c) Parent shall pay or cause to be paid to Seller any refund of any Pre-Closing Tax (except to the extent such refund was taken into account in calculating Modified Net Working Capital Value) or any other Tax subject to indemnification by Seller pursuant to Section 8.11(a) (or any credit allowed in lieu of such a refund), together with interest paid on such refund or credit, that are received by Parent, any Affiliate of Parent or the Transferred Subsidiaries after the Closing Date no later than ten days following receipt of such refund, net of any fees, expenses, costs, or Income Taxes imposed thereon.

(d) Seller shall include the Transferred Subsidiaries in any Tax Return for Combined Taxes, as applicable, through the close of business on the Closing Date.

(e) Notwithstanding anything to the contrary in this Agreement, (i) all Non-Recoverable Transfer Taxes payable in connection with the purchase and sale of the ASCO Interests, the Shares, the Transferred Assets and the Assumed Liabilities shall be borne 50% by Seller and 50% by Buyer and (ii) all Recoverable Transfer Taxes shall be borne by the Party entitled to the recovery of such Recoverable Transfer Taxes. Any Tax Returns that must be filed in connection with Transfer Taxes shall be prepared and filed, and all Transfer Taxes shall be paid by the applicable party when due, unless otherwise required under Applicable Law. Each party shall use commercially reasonable efforts to (i) avail itself of any available exemptions from, or any refunds, credits or other recovery of, any such Transfer Taxes or fees and shall cooperate with the other parties in providing any information and documentation that may be necessary to obtain such exemptions, refunds, credits or other recovery and (ii) minimize the amount of any such Transfer Taxes.

(f) Seller shall make a timely election (taking into account any payments treated as post-closing adjustments to amounts paid for any Transferred Subsidiary organized under the Laws of a state in the United States) under Treasury Regulations Section 1.1502-36(d)(6)(i)(A) for U.S. federal Income Tax purposes (and, to the extent permissible, for U.S. alternative minimum tax purposes) and any comparable provision of state and local tax law, to reduce the Tax basis in the stock of any Transferred Subsidiary to the extent necessary, and in an amount sufficient, to avoid any reduction of the Tax attributes, including the Tax basis of the assets (including stock of a Subsidiary) and deferred deductions, of any of such Transferred Subsidiary pursuant to Treasury Regulations Section 1.1502-36(d). Such election, if made, shall be in accordance with the rules set forth in Treasury Regulations Section 1.1502-36(e)(5), and shall be subject to Parent's review and approval (not to be unreasonably withheld, conditioned or delayed). Seller shall provide reasonable supporting documentation to Parent of the amount of Tax basis subject to reduction pursuant to the election, including documentation supporting Seller's Tax basis in the stock of its Transferred Subsidiary subject to such an election immediately prior to the Closing and the net inside attribute amounts (within the meaning of Treasury Regulations Section 1.1502-36(d)(3)) of any Transferred Subsidiary.

Section 8.04 *Section 338(h)(10) Elections.*

(a) At Buyer's request, Seller shall join with Buyer (or its applicable Affiliates) in making an election under Code Section 338(h)(10) (and any corresponding elections under state and local tax law) with respect to the purchase and sale of all or some of the Section 338(h)(10) Entities. Seller shall include any income, gain, loss, deduction, or other tax item resulting from such Section 338(h)(10) elections on its Tax Returns to the extent required by Applicable Law.

(b) If a Section 338(h)(10) election is made with respect to any 338(h)(10) Entity, (i) Seller will deliver to Buyer at Closing a duly completed and executed Form 8023 for each such 338(h)(10) Entity and (ii) in the event an adjustment to the Cash Consideration is made pursuant to Section 2.11 or otherwise and the Allocation Statements are accordingly adjusted as provided in Section 2.07(e), Buyer and Seller will file an amended IRS Form 8883 as required.

(c) If Buyer has requested that a Section 338(h)(10) be made with respect to any 338(h)(10) Entity, Buyer represents, warrants, covenants and agrees that the purchaser of such 338(h)(10) Entity is, and that Buyer will take all actions necessary to ensure that on the Closing Date such purchaser will be, eligible to make a Section 338(h)(10) election with respect to such 338(h)(10) Entity and (y) neither Buyer nor such purchaser has any plan or intention to take, and Buyer will, and will cause such purchaser to, refrain from taking, any actions that would reasonably be expected to cause such purchaser to fail to qualify as a purchasing corporation within the meaning of Section 338 of the Code.

Section 8.05 *Cooperation on Tax Matters*. (a) Subject to Section 8.05(b), Parent and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Business, the Transferred Assets, the Assumed Liabilities and the Transferred Subsidiaries (including access to books and records) as is reasonably necessary for the filing of all Tax Returns (including any report required pursuant to Section 6043A of the Code and all Treasury Regulations promulgated thereunder), the making of any election relating to Taxes, the preparation for any audit by any Taxing Authority, and the prosecution or defense of any claim, suit or proceeding relating to any Tax. Parent and Seller shall (i) retain all books and records with respect to Taxes pertaining to the Business, the Transferred Assets, the Assumed Liabilities or the Transferred Subsidiaries until the expiration of any applicable statute of limitations and abide by all record retention agreements entered into with any Taxing Authority for all periods required by such Taxing Authority, and (ii) use commercially reasonable efforts to provide the other party with at least 30 days' prior written notice before destroying any such books and records, during which period the party receiving the notice can elect to take possession, at its own expense, of such books and records. Seller and Parent shall cooperate with each other fully, as and to the extent reasonably requested by the other party, in the conduct of any audit or other proceeding relating to Taxes involving the Business, the Transferred Assets, the Assumed Liabilities or the Transferred Subsidiaries. In addition, if so requested by Seller, the parties shall cooperate in making all filings to obtain copies of any applicable clearance certificates pursuant to section 6 of the Retail Sales Tax Act (Ontario), section 187 of the Provincial Sales Tax Act (British Columbia), section 51 of the Revenue and Financial Services Act (Saskatchewan), section 45 of the Tax Administration and Miscellaneous Taxes Act (Manitoba) and any equivalent or corresponding provisions under any other Applicable Laws of any province or territory and will use commercially reasonable efforts to obtain all such clearance certificates prior to the Closing Date. Seller shall indemnify and defend Buyer from, and hold Holdings, Parent, Buyer and their Affiliates harmless from, all Tax Losses as a result of, or in connection with, any failure to obtain any such certificate and from any failure by Seller or any of its Affiliates to pay any provincial sales Tax.

(b) Notwithstanding anything to the contrary herein, except to the extent solely relating to the Transferred Subsidiaries, the Transferred Assets or the Assumed Liabilities, Seller and its Affiliates shall not be required at any time to provide to Parent any right to access or to review any Tax Return or Tax work papers of Seller, any Seller Group, or any Affiliate of Seller (such Tax Returns or Tax work papers, the "**Seller Tax Records**").

Section 8.06 *German Withholding Tax Refund*. Seller and Parent agree to cooperate, after the Closing Date, at Seller's expense, in the pursuit of a refund in respect of the withholding Tax imposed on the dividend paid by Ortrud Verwaltungsgesellschaft GmbH ("**Ortrud**") as

described in the Cash Repatriation Plan. Without limiting the foregoing, Parent shall, or shall cause Ortrud to, file for a new withholding certificate from the German Taxing Authority, and shall, or shall cause Ortrud to, apply to the German Taxing Authority for a reduced the rate of withholding tax on dividends.

Section 8.07 *UK Group Elections and Relief*. (a) At Seller's written request, Parent and Seller shall cause their applicable controlled Affiliates to join in making any joint election with respect to a Transferred UK Subsidiary pursuant to section 171A of the UK Taxation of Chargeable Gains Act 1992 that Seller determines, in its sole discretion, is necessary so as to allocate any and all liability for Degrouping Gains, and any and all rights to Degrouping Losses, to Seller Group under Applicable Law (each such election, a **"Degrouping Joint Election"**). Notwithstanding Section 8.03, Seller shall prepare, or cause to be prepared, all Degrouping Joint Elections, and shall submit each such Degrouping Joint Election to Parent for execution by the applicable Transferred UK Subsidiary. Parent shall cause the applicable Transferred UK Subsidiary to file such Degrouping Joint Election no more than thirty (30) days after the relevant Degrouping Joint Election has been submitted to Parent by Seller for execution. Parent and Seller shall cause their respective controlled Affiliates that enter into any such Degrouping Joint Election to reflect all applicable Degrouping Gains or Degrouping Losses which are the subject of such Degrouping Joint Election on their applicable Tax Returns. The Seller shall notify the Parent of any Degrouping Joint Election required under this Section 8.07(a) no later than thirty (30) days before the date on which the relevant Transferred UK Subsidiary is required to file a UK tax return where the Degrouping Joint Election would result in a change to that tax return.

(b) Upon written notice to Parent, Seller may, or may cause its controlled Affiliates to, (i) mitigate or eliminate any Pre-Closing Tax of a Transferred UK Subsidiary by surrendering (or causing the surrender of) Group Relief to the relevant Transferred UK Subsidiary, to the extent permitted by Applicable Law, or (ii) require Parent to cause the surrender of Group Relief by a relevant Transferred UK Subsidiary for no consideration to any Affiliate of the Seller, to the extent permitted by Applicable Law, provided that the surrender of such Group Relief by the relevant Transferred UK Subsidiary does not reduce any Tax benefit which was taken into account in calculating Modified Net Working Capital Value. Upon receipt of such notice from Seller, Parent shall cause the applicable Transferred UK Subsidiary to take all steps as the Seller may reasonably require to permit and effect such surrender of Group Relief, to the extent permitted by Applicable Law, including by making or amending any provisional or final claims to accept the surrender of Group Relief from Seller or any Affiliate of Seller or to make the surrender of Group Relief from the relevant Transferred UK Subsidiary to the relevant Affiliate of the Seller. Neither Parent nor any Affiliate of Parent shall revoke or make any amendments to any such claims without the prior written consent of Seller.

(c) Notwithstanding Section 8.07(a) or (b), nothing in this Section 8.07 shall require the Parent to procure that any relevant Transferred UK Subsidiary shall enter into any Degrouping Joint Election or surrendering Group Relief for any accounting period, where (A) the making of such election or surrender would result in any Transferred UK Subsidiary having an actual liability or an increased liability to pay any Pre-Closing Tax or (B) the Tax benefit which is the subject matter of such election or surrender was taken into account in calculating Modified Net Working Capital Value. Neither the Parent nor any Transferred UK Subsidiary

shall be required to make any payment to the Seller in consideration for any Degrouping Joint Election or Group Relief surrendered to that Transferred UK Subsidiary.

(d) For the avoidance of doubt, if any Tax Asset arising to any Transferred UK Subsidiary pursuant to any Degrouping Joint Election or Group Relief is reduced or eliminated following a Final Determination, the Buyer Indemnified Parties' rights to recover any Pre-Closing Tax pursuant to Section 8.12 shall continue to apply to such Pre-Closing Tax. The Seller hereby indemnifies Buyer Indemnified Parties against and agrees to hold each of them harmless from any fees, expenses or costs incurred in entering into any Degrouping Joint Election or Group Relief surrenders made at the request of the Seller.

Section 8.08 *Tax Benefits*. (a) Parent agrees to pay to Seller any Tax benefit received by any Transferred Subsidiary, Parent or any Affiliate of Parent from the use in any Pre-Closing Tax Period of any Tax Asset of any Transferred Subsidiary from a Pre-Closing Tax Period, except to the extent such Tax benefit was taken into account in calculating Modified Net Working Capital Value. The amount of such benefit shall be considered equal to the excess of (i) the amount of Taxes that would have been payable (or of the Tax refund, offset or other reduction in Tax liability actually receivable) by any of the Transferred Subsidiaries, Parent or any Affiliate of Parent in the absence thereof over (ii) the amount of Taxes actually payable (or of the Tax refund, offset or other reduction in Tax liability that would have been receivable in the absence thereof) by any of the Transferred Subsidiaries, Parent or any Affiliate of Parent, and net of any fees, expenses, costs or Income Taxes imposed thereon. Payment of the amount of such benefit shall be made within 90 days of the filing of the applicable Tax Return for the taxable year in which the Tax Asset is utilized. If, subsequent to the payment by Parent to Seller of any such amount, there shall be (A) a Final Determination which results in a disallowance or a reduction of the Tax Asset or (B) a reduction in the amount of the benefit realized by any Transferred Subsidiary, Parent or any Affiliate of Parent from such Tax Asset as a result of a Final Determination (or, if later, within 90 days of notification to Buyer of such event), Seller shall repay to Parent, within 90 days of such event described in (A) or (B), any amount which would not have been payable to Seller pursuant to this Section 8.08 had the amount of the benefit been determined in light of the events.

(b) Parent agrees to file Tax Returns (including amended Tax Returns and claims for Tax refunds) reflecting the benefits to which they are entitled from the Tax Assets described in this Section 8.08 to the maximum extent possible.

(c) Parent, any affiliate of Parent, or any Transferred Subsidiary shall have no obligation to compensate Seller or any of its Affiliates for use in any Post-Closing Tax Period of a carryforward of any Tax Assets of any Transferred Subsidiary from a Pre-Closing Tax Period or for any tax assets arising from the making of any Section 338(h)(10) elections for any 338(h)(10) Entities.

Section 8.09 *Parent Covenants*. Parent covenants that it shall not cause or permit any Transferred Subsidiary or any Affiliate of Parent (except pursuant to Section 8.04) (a) to take any action on the Closing Date other than in the ordinary course of business, including the distribution of any dividend or the effectuation of any redemption that could reasonably give rise to any Tax liability or reduce any Tax Asset of Seller or a Seller Group or give rise to any loss of

Seller or a Seller Group under this Agreement, (b) to make any election or deemed election under Section 338(g) of the Code or any comparable provision under Applicable Law with respect to any Transferred Subsidiary in connection with the purchases under this Agreement absent Seller's consent (which consent may be withheld by Seller in its sole discretion) or (c) to make or change any Tax election, amend any Tax Return or take any Tax position on any Tax Return, take any action, omit to take any action or enter into any transaction, merger or restructuring that results in any increased Tax liability or reduction of Tax Asset of Seller or a Seller Group, including, for the avoidance of doubt, changing the Tax period of any Transferred Foreign Subsidiary for any Tax year for U.S. or foreign tax reporting purposes that includes the Closing Date.

Without limiting the foregoing, with respect to any Transferred Foreign Subsidiary, for the period after Closing and through the close of each such Transferred Foreign Subsidiary's taxable year (as defined in the Code) which includes the Closing Date, Parent and its Affiliates shall not cause or permit such Transferred Foreign Subsidiaries to engage in (or to be treated, for U.S. federal income tax purposes, as engaging in) the following prohibited transactions (except to the extent (A) Parent, after consultation with Seller, reasonably determines that such prohibited transaction is necessary to service indebtedness of Buyer or any of its Affiliates, including any of the Transferred Subsidiaries or (B) such prohibited transaction constitutes an action that any such Transferred Foreign Subsidiary is required to take pursuant to Section 7.15):

(i) declare or pay a dividend or return of capital or otherwise make a distribution with respect to capital stock;

(ii) make or cause to be made any investment in U.S. property within the meaning of Section 956 of the Code; or

(iii) conduct business outside the ordinary course or engage in any transaction outside the ordinary course (in either case based upon the Transferred Foreign Subsidiary's historic activities) if such business or activities would impact the amount or character of Seller's or a Seller Group's gross income reportable under Section 1248 of the Code, the amount of Seller's or a Seller Group's associated deemed-paid foreign taxes within the meaning of Section 902 of the Code that are associated with the Section 1248 inclusion or the amount of Seller's or a Seller Group's subpart F income within the meaning of Section 952 of the Code.

Section 8.10 *Dual Consolidated Losses.* Parent shall file, or shall cause to be filed, a new domestic use agreement (as defined in Treasury Regulations Section 1.1503(d)-6(f)(2)(iii)) with respect to each dual consolidated loss set forth in Section 8.10 of the Disclosure Schedule, so as to render the exception set forth in Treasury Regulations Section 1.1503(d)-6(f)(2) available with respect to any "triggering event" arising by reason of the transactions contemplated by the Transaction Documents.

Section 8.11 *Tax Sharing.* Seller shall cause any and all existing Tax Sharing Agreements between any Transferred Subsidiary and any member of a Seller Group to be terminated as of the Closing Date with none of the Transferred Subsidiaries, Parent or any Affiliate of Parent having any further liabilities or obligations thereunder.

Section 8.12 *Tax Indemnification*. (a) Notwithstanding any limitations set forth in Article 11, which shall not apply to this Article 8 except as expressly stated in Section 8.12(c), Seller hereby indemnifies Buyer Indemnified Parties against and agrees to hold each of them harmless from any (i) Pre-Closing Tax of any of the Transferred Subsidiaries, (ii) amount of the type described in clause (i) of the definition of "Tax" as a result of any Transferred Subsidiary being or having been before the Closing a member of a Seller Group, (iii) Taxes arising from the pre-Closing restructuring steps completed by Seller and its Affiliates, including the Carve-Out Plan activities or the Cash Repatriation Plan activities, and including any direct or indirect capital gains taxes (for example, in respect of Bulletin 7 or similar Applicable Laws in India), (iv) Pre-Closing Taxes arising out of or related to any breach of any representation or warranty made in this Article 8 and any Taxes in any Post-Closing Tax Period arising out of or related to any breach of any representation or warranty made in Section 8.01(k), (v) Taxes attributable to or arising from any amounts or items required to be taken into account by any Buyer Indemnified Party under Code Section 481 or any similar provision of local or foreign law resulting from or attributable to any change in method of accounting made by Seller or its Affiliates prior to the Closing, including without limitation those items set forth in Section 8.01(k), (vi) breach or default of Seller and its Affiliates in performing any of the provisions of this Article 8 and (vii) liabilities, costs, expenses (including reasonable expenses of investigation and attorneys' and tax advisors' fees and expenses), arising out of or incident to the imposition, assessment or assertion of any Tax described in the foregoing clauses of this Section 8.12(a), including those incurred in the contest in good faith in appropriate proceedings relating to the imposition, assessment or assertion of any such Tax (each of the items under clauses (i) through (vii), a "**Tax Loss**"), in each case incurred or suffered by Buyer or any of its Affiliates or, effective upon Closing, the Transferred Subsidiaries; *provided, however*, that Seller shall have no liability for the payment of any Tax Loss attributable to or resulting from any action or prohibited action described in Section 8.09 or Section 8.14, including an election made or deemed made by Buyer under Section 338(g) of the Code or any comparable provision of Applicable Law. No indemnification shall be provided under this Section 8.12(a) or otherwise for any Tax Claim (as defined below) as to which Buyer provides notice to Seller after the date that is ninety days following the expiration of any applicable statute of limitations (as it may be extended or tolled, including by agreement).

(b) Buyer hereby indemnifies Seller and its Affiliates (other than in respect of a Seller Affiliate in its capacity as a stockholder of Parent, to the extent applicable) against and agrees to hold each of them harmless from (i) any Tax of the Transferred Subsidiaries that is not a Pre-Closing Tax subject to indemnification by Seller pursuant to Section 8.12(a), (ii) any Tax of Seller or any Affiliate of Seller attributable to or resulting from Parent's failure to comply with any of its obligations under Section 8.07, (iii) any Tax of Seller or any Affiliate of Seller attributable to or resulting from any action or prohibited action described in Section 8.09 or Section 8.14, (iv) any goods and services tax/harmonized sales tax, Quebec sales tax, penalties, interest and other amounts which may be assessed against the Canadian Seller as a result of the transfer of the Canadian Assets not being eligible for any Canadian Tax Election jointly executed by the Canadian Seller and the Buyer under Part IX of the Excise Tax Act (Canada) or an Act respecting the Quebec sales tax or as a result of the Buyer's failure to file such elections within the prescribed time and (v) liabilities, costs and expenses (including reasonable expenses of investigation and attorneys' and tax advisors' fees and expenses) arising out of or incident to the imposition, assessment or assertion of any Tax described in clauses (i) - (v), including those

incurred in the contest in good faith in appropriate proceedings relating to the imposition, assessment or assertion of any such Tax, in each case incurred or suffered by Seller or any of its Affiliates; *provided* that no indemnification shall be provided under this Section 8.12(b) or otherwise for any Tax Claim as to which Seller provides notice to Buyer after the date that is ninety days following the expiration of any applicable statute of limitations (as it may be extended or tolled, including by agreement).

(c) The provisions of Section 11.06(a) through Section 11.06(e) shall apply, *mutatis mutandis* in respect of any indemnification payment under this Section 8.12.

(d) If any claim or demand for Taxes in respect of which indemnity may be sought pursuant to (i) Section 8.12(a) or Section 8.12(b) or (ii) Section 11.02 for breach of a representation, warranty or covenant contained in this Article 8 (any such claim or demand, a **"Tax Claim"**) is asserted in writing against the party which would be entitled to seek such indemnification (the **"Potential Indemnified Party"**) or any of its Affiliates, the Potential Indemnified Party shall notify the party from which such indemnification would be sought (the **"Potential Indemnifying Party"**) of such Tax Claim in writing within twenty (20) days of receipt thereof, and shall give the Potential Indemnifying Party such information with respect thereto as the Potential Indemnifying Party may reasonably request; *provided*, that the failure of the Potential Indemnifying Party to give notice as provided in this Section 8.12(d) shall not relieve any Potential Indemnifying Party of its obligations under Section 8.12, except to the extent that such failure adversely prejudices the rights of any such Potential Indemnifying Party. The Potential Indemnifying Party may discharge, at any time, its indemnification obligation with respect to any Tax Claim by paying to the Potential Indemnified Party the amount payable pursuant to this Section 8.12 or Section 11.02, as the case may be, calculated on the date of such payment. The Potential Indemnifying Party shall have the right, at its own expense, to participate in and, upon notice to the Potential Indemnified Party, to assume the defense of any claim, suit, action, litigation or proceeding (including any Tax audit) relating to a Tax Claim (a **"Tax Controversy"**), and the Potential Indemnifying Party shall not have any indemnification obligations with respect to any payment in respect of any Taxes arising out of a Tax Controversy with a Taxing Authority as to which it was not afforded such right. If the Potential Indemnifying Party assumes such defense, the Potential Indemnifying Party shall have the sole discretion as to the conduct of such defense and the Potential Indemnified Party shall have the right (but not the duty) to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Potential Indemnifying Party. Whether or not the Potential Indemnifying Party chooses to defend or prosecute any Tax Claim, all of the parties hereto shall cooperate and shall cause their Affiliates to cooperate in the defense or prosecution thereof.

(e) The Potential Indemnifying Party shall not be liable in respect of any Tax Claim under this Section 8.12 or Section 11.02, as the case may be, for any Tax (i) the payment of which was made without the Potential Indemnifying Party's prior written consent, unless the Potential Indemnified Party has complied with the provisions set forth in Section 8.12(d) and a Final Determination of the amount of Tax has been made, (ii) resulting from a settlement effected without the consent of the Potential Indemnifying Party, or (iii) resulting from any Tax Controversy with respect to which the Potential Indemnified Party has not complied with the provisions set forth in Section 8.12(d).

(f) Notwithstanding any other provision of this Agreement, neither Seller nor any of its Affiliates (other than the Transferred Subsidiaries) shall have any liability for any Taxes of any Transferred Subsidiary that were taken into account in calculating Modified Net Working Capital Value.

Section 8.13 *Intended Tax Treatment*. The parties intend to treat the acquisition by Parent and ASCO GP LLC of the ASCO Interests as a transaction governed by Section 351 of the Code and shall file all Tax Returns in a manner consistent with this treatment unless an alternative position is required pursuant to a Final Determination.

Section 8.14 *Indirect Change of Control Filings*. Seller shall, and shall cause its applicable Affiliates to, comply with all applicable Tax Laws in any applicable jurisdiction with respect to the pre-Closing restructuring of the Business being effected by Seller, including as identified in the Carve-Out Plan and the Cash Repatriation Plan, including making all required filings with the applicable Taxing Authority and paying any required Taxes in respect thereof. The parties agree that any filing provided under Bulletin 7 is voluntary and any indirect transfer of China Taxable Property resulting from any transaction undertaken pursuant to the pre-Closing restructuring of the Business or any transaction contemplated by this Agreement shall not be reported or disclosed by Seller, Buyer or their respective Affiliates to the PRC Taxing Authority pursuant to Bulletin 7 or otherwise. Regardless of whether or not any PRC Taxing Authority issues or makes any notice, demand, assessment, letter or other formal or informal claim, Buyer shall not, and shall cause its Affiliates to not, provide any information to or engage in any correspondence or interaction with any PRC Taxing Authority regarding any PRC Tax liability or obligation in respect of any transaction undertaken pursuant to the pre-Closing restructuring of the Business or any transaction contemplated by this Agreement under Bulletin 7 without the prior written consent of the Seller, which shall not be unreasonably withheld. If any PRC Tax Authority makes any formal or informal request to the Buyer or any of its Affiliates for PRC Tax under Bulletin 7 to be paid in respect of any transaction undertaken pursuant to the pre-Closing restructuring of the Business or any transaction contemplated by this Agreement, such request, whether or not in writing, shall be a Tax Claim. To the extent that a Final Determination has been made regarding PRC Tax payable by Seller, Buyer or any of their Affiliates under Bulletin 7 in respect of any transaction in the pre-Closing restructuring of the Business or any transaction contemplated herein, Seller shall, or shall cause an applicable Affiliate of Seller to, pay such Tax and any penalties, interest and other amounts required to be paid pursuant to such Final Determination within such period of time as required by the relevant PRC Taxing Authority. Notwithstanding any other provision of this Agreement, Seller shall indemnify and hold Holdings, Parent, Buyer and their Affiliates harmless from and against any and all Tax Losses, Damages, attorneys' and tax advisors' fees and expenses resulting from or arising out of the compliance by Buyer or any of its Affiliates with this Section 8.14 or from any related audit, investigation or inquiry by any PRC Taxing Authority.

Section 8.15 *Canadian Income Tax Election*. If Canadian Buyer and Canadian Seller file the Canadian Tax Election under subsection 20(24) of the Income Tax Act (Canada) and under the corresponding provincial provisions regarding the amount paid by Canadian Seller to Canadian Buyer for assuming future obligations relating to the Business of Canadian Seller (as required if such election is relevant), Canadian Buyer and Canadian Seller acknowledge that :
(i) the amount elected under subsection 20(24) of the Income Tax Act (Canada) and the equivalent

provincial provisions will not exceed the amount of deferred revenue forming part of Assumed Liabilities of Canadian Seller reflected in the Modified Net Working Capital Value (as finally determined); and (ii) a portion of the Canadian Assets transferred by Canadian Seller pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the Income Tax Act (Canada) and the equivalent provincial provisions is being transferred by Canadian Seller as a payment for the assumption of such future obligations by Canadian Buyer.

ARTICLE 9 EMPLOYEE MATTERS

Section 9.01 *Transferred Subsidiary Business Employees and Non-Automatic Transfer Business Employees*. Subject to Section 9.11, Buyer shall (or shall cause one of its Subsidiaries to) (i) continue the employment at the Applicable Transfer Time of each Transferred Subsidiary Business Employee and (ii) within a reasonable period of time (but not less than 15 Business Days) prior to the Closing Date, make a Qualifying Offer to each Non-Automatic Transfer Business Employee commencing as of the Applicable Transfer Time. In addition, with respect to any Business Employee who is based in the Philippines, Russia or such other country as Seller may specify, at the request of Seller, Buyer shall (or shall cause its applicable Subsidiary to) use commercially reasonable efforts to enter into a Tri-Partite Agreement with Seller (or its applicable Affiliate) and such Business Employee. Buyer shall (or shall cause its applicable Subsidiary to) use commercially reasonable efforts to ensure that each such Non-Automatic Transfer Business Employee who accepts a Qualifying Offer executes appropriate documents in respect of the transfer of his or her employment from Seller or its Affiliate to Buyer (or its applicable Subsidiary) including without limitation documentation that is reasonably required by the relevant local authorities. Unless a written acceptance of an offer of employment is required by Applicable Law, a Business Employee who continues employment or who has received an offer of employment pursuant to this Section 9.01, Section 9.02 or Section 9.04 shall be deemed to have accepted such continuance or offer, unless such Business Employee specifically declines such continuance or offer or does not report for employment following the Closing under circumstances where it would be reasonable to conclude that such Business Employee has determined not to accept such continuance or offer. Each Business Employee who accepts, or is deemed to accept, such continuance or offer is referred to herein as a “**Transferred Employee**”.

Section 9.02 *Automatic Transfer Business Employees*. The parties acknowledge and agree that the transactions contemplated by the Transaction Documents in so far as they relate to Automatic Transfer Business Employees will constitute the automatic transfer of such employees to Buyer or one of its Subsidiaries by operation of law. If it is found or alleged by the relevant legal authorities or any Automatic Transfer Business Employee that any Automatic Transfer Business Employee does not automatically transfer to Buyer or its relevant Subsidiary, Buyer shall (or shall cause its relevant Subsidiary to) make a Qualifying Offer to such Automatic Transfer Business Employee.

Section 9.03 *Third Party Workers*. Buyer and Seller shall, or shall cause their relevant Subsidiaries to, cooperate in good faith to either (i) procure the transfer or assignment of any third party agreement under which a Third Party Worker provides services to Seller or its Affiliates, from Seller or its Affiliate to a Transferred Subsidiary; or (ii) in connection with the termination of any third party agreement with Seller or its Affiliates under which a Third Party

Worker provides services to Seller or its Affiliates, arrange the immediate employment or engagement of such Third Party Worker by the relevant Transferred Subsidiary. In either case, Buyer and Seller shall cooperate in good faith to use commercially reasonable efforts to take all reasonable steps to ensure that neither Seller nor its Affiliates are liable for any Damages or severance payments or benefits payable to any Third Party Workers or to any third party in connection with the termination of such agreement with Seller or its Affiliates; provided, however, that Buyer shall not be required to pay or otherwise be responsible for any additional consideration that may be necessary to secure agreement or consent relating to such transfer, assignment or engagement and/or release of any Damages or severance payments or benefits payable.

Section 9.04 *TSA Employees*. Buyer shall (or shall cause its relevant Subsidiary to) (i) make a Qualifying Offer of employment to each Non-Automatic Transfer TSA Employee, such offer to be made not later than 10 days prior to the relevant TSA Termination Date and offering that such employment will commence as of the Applicable Transfer Time. Buyer acknowledges that each Automatic Transfer TSA Employee shall transfer to and become an employee of Buyer or its relevant Subsidiary automatically by operation of law pursuant to the Transfer Regulations with effect from the Applicable Transfer Time (subject to any right of each such Automatic Transfer TSA Employee to object to such transfer under Applicable Law). If it is found or alleged by the relevant legal authorities or any Automatic Transfer Business Employee that any Automatic Transfer TSA Employee does not transfer to Buyer or its relevant Subsidiary pursuant to the Transfer Regulations or Applicable Law, Buyer shall (or shall cause its relevant Subsidiary to), make a Qualifying Offer to such Automatic Transfer TSA Employee.

Section 9.05 *Maintenance of Compensation and Benefits*. Subject to Section 9.06, 9.07, 9.08, 9.09, 9.13, 9.14 and 9.14(d), as applicable, Buyer agrees that it shall provide (or cause its Subsidiaries to provide) each Transferred Employee, for the period commencing at the Applicable Transfer Time and ending on the eighteen (18) month anniversary of the Closing (the “**Relevant Period**”), with (i) an annual base salary and incentive opportunities (including annual bonus opportunity) that is no less than the annual base salary and incentive compensation opportunity (including annual bonus opportunity) of such Transferred Employee in effect immediately prior to the Applicable Transfer Time, and (ii) other employment benefits under Business Benefit Plans listed on Section 3.16(a) of the Disclosure Schedule (or otherwise adopted or offered after the date hereof in compliance with Section 5.01 and disclosed to Buyer) that are no less favorable, in the aggregate (for clarity, on an after-tax basis), than the other benefits provided to such Transferred Employee under such Business Benefit Plans immediately prior to the Closing (other than equity based benefits, benefits under any defined benefit plan (except and to the extent provided in Section 9.07(b)), non-qualified deferred compensation benefits, retiree medical benefits, long-term compensation benefits and executive perquisites). For the avoidance of doubt, the covenants above are not intended to release Buyer and its Affiliates (including any Transferred Subsidiary) from any obligation it may have to provide terms and conditions, including benefits and compensation, to Transferred Employees following the Applicable Transfer Time in accordance with the requirements of Applicable Law, the Transfer Regulations, and any Transferred Subsidiary Business Benefit Plan or Assumed Plan, and/or any applicable collective bargaining, works council or other labor agreements to which any Transferred Subsidiary is a party or by which it is bound, including, without limitation, with regard to employer contributions to any Multiemployer Plan. As of the Closing Date, Seller

shall take all actions that are necessary so that any collective bargaining agreement to which any Transferred Subsidiary will be bound as of the Closing Date or pursuant to which Seller or any of its Affiliates has an obligation to make employer contributions to a Multiemployer Plan under such agreement, has been transferred to the Transferred Subsidiaries without the incurrence of any additional obligations or liabilities solely as a result of such transfer. Notwithstanding any provision of this Section 9.05 to the contrary, if compliance with this Section 9.05 would result in a breach of any such collective bargaining agreement as in effect as of the Closing Date with respect to Transferred Employees, Buyer and its Affiliates shall comply with such collective bargaining agreement rather than this Agreement with respect to Transferred Employees.

Section 9.06 *US Defined Contribution Plans*. (a) As of the Applicable Transfer Time, (i) Buyer shall cover (or cause to be covered) each Transferred Employee who is based primarily in the United States and who participated in any defined contribution plan and trust intended to qualify under Section 401(a) of the Code sponsored by Seller or any of its Affiliates (collectively, the “**Seller DC Plan**”) under one or more defined contribution plans and trusts intended to qualify under Section 401(a) of the Code (collectively, the “**Buyer DC Plan**”) on terms that reflect the service credit provisions of Section 9.10 and (ii) Seller shall (x) cause such Transferred Employees to vest in full in respect of account balances of such Seller DC Plan and (y) make any pro-rata employer contributions to the Seller DC Plan for the plan year in which the Applicable Transfer Time occurs and which relate to service or employee salary deferral contributions on or prior to the Applicable Transfer Time, whether or not required to be made on or prior to the Applicable Transfer Time under the Seller DC Plan; *provided, however*, that such contributions shall not be required to the extent they would cause the Seller DC Plan to violate Section 415 or the applicable non-discrimination provisions of the Code.

(b) As soon as administratively practicable after the Applicable Transfer Time, Seller shall cause the Seller DC Plan to transfer to the Buyer DC Plan, and Buyer shall cause the Buyer DC Plan to accept from the Seller DC Plan, in a trust-to-trust transfer, the account balance (including promissory notes evidencing outstanding loans) of each Transferred Employee referred to in Section 9.06(a), and Buyer and Seller shall cooperate in completing and making all filings required or appropriate under the Code or ERISA in connection with such transfer.

Section 9.07 *US Defined Benefit Plans*. With respect to the Emerson Retirement Plan, a defined benefit plan intended to qualify under Section 401(a) of the Code (the “**Seller DB Plan**”):

(a) Seller shall take all such actions as may be necessary to ensure that each Transferred Employee who is a participant in the Seller DB Plan shall vest in full in respect of any unvested benefits, and cease to participate as an active employee, in the Seller DB Plan as of the Applicable Transfer Time. Seller shall retain all assets and liabilities thereunder, including responsibility for all benefits accrued to each such Transferred Employee in respect of periods prior to the Applicable Transfer Time under the terms of the Seller DB Plan; and

(b) Buyer agrees that during the Relevant Period its annual contributions with respect to the applicable Buyer DC Plans shall be at least equal to Seller's aggregate annual service cost (determined in accordance with GAAP) with respect to the Seller DB Plan (as in effect as of the Closing) for the Transferred Employees who are participants in the Seller DB Plan; *provided, however*, that such contributions shall not be required to the extent they would cause the Buyer

DC Plan to violate the Section 415 or the applicable non-discrimination provisions of the Code, in which case, such contributions shall be carried forward and made, to the extent possible, in a subsequent year.

Section 9.08 *International Transferred Subsidiary Benefit Plans and Assumed Plans*. In respect of any International Plan that provides retirement benefits and that is a Transferred Subsidiary Benefit Plan or Assumed Plan, Buyer shall ensure that such Transferred Subsidiary Benefit Plan or Assumed Plan, for the Relevant Period, continues to provide benefits in respect of each participating Transferred Employee that are not less favorable in the aggregate to the benefits provided under such plan as in effect immediately prior to the Applicable Transfer Time.

Section 9.09 *Other International Retirement Plans*. With respect to each International Plan (other than any Transferred Subsidiary Benefit Plan or Assumed Plan) which provides retirement benefits (each, a “**Seller International Retirement Plan**”):

(a) effective as of the Applicable Transfer Time, Seller shall take all such actions as may be necessary to ensure that each Transferred Employee who is an active participant in a Seller International Retirement Plan immediately prior to the Applicable Transfer Time shall be vested in his or her accrued benefits earned under such plan through the Applicable Transfer Time;

(b) effective as of the Applicable Transfer Time, Seller shall take all such actions as may be necessary to ensure that each Transferred Employee who as of immediately prior to the Applicable Transfer Time is an active participant in a Seller International Retirement Plan shall cease to be an active participant under such plan and Buyer shall take all such actions as may be necessary to ensure that such Transferred Employee shall become a participant in one or more retirement plans established or designated by Buyer (collectively, the “**Buyer International Retirement Plan**”). Each such Buyer International Retirement Plan shall provide that the credited service of each Transferred Employee under the applicable Seller International Retirement Plan as of the Applicable Transfer Time will be considered as credited service under such Buyer International Retirement Plan and will be taken into account under such Buyer International Retirement Plan for purposes of determining eligibility and vesting and otherwise on terms that reflect the service credit provisions of Section 9.10 (but not, except as otherwise required by Applicable Law, for purposes of benefit accrual for defined benefit plans or, subject to Section 9.15, retiree medical obligations), except to the extent such credit would result in a duplication of benefits. Buyer shall ensure that each such Buyer International Retirement Plan shall, for the Relevant Period, provide benefits that are not less favorable in the aggregate than the benefits provided under the applicable Seller International Retirement Plan as in effect immediately prior to the Applicable Transfer Time. Seller shall have no obligation or liability for benefits under the Buyer International Retirement Plan, and Buyer shall have no obligation or liability for benefits under any Seller International Retirement Plan;

(c) as soon as practicable after the Applicable Transfer Time, Seller shall use reasonable best efforts to cause the transfer from each Seller International Retirement Plan that is a defined contribution plan to the applicable Buyer International Retirement Plan of the International Transfer Amount attributable to the Transferred Employees who are participants as of immediately prior to the Applicable Transfer Time in such Seller International Retirement

Plan; *provided, however*, that if and to the extent such transfer is not permitted by Applicable Law and Buyer or its Affiliates are liable for payment of the applicable benefits, Seller shall contribute the applicable amount directly from Seller or one of its Affiliates to Buyer. For purposes of this Section 9.09(c), the **"International Transfer Amount"** shall be equal to the account balances as of the date on which such account balances are transferred unless otherwise required by Applicable Law;

(d) as soon as practicable after the Applicable Transfer Time, Seller shall use reasonable best efforts to cause the transfer of assets from the Statutory Gratuity Scheme maintained by Emerson Electric Company (Private), Ltd. (the **"India Gratuity Scheme"**) with respect to Transferred Employees who are participants in the India Gratuity Scheme as of immediately prior to the Applicable Transfer Time, in an amount determined under Applicable Law by the Life Insurance Company of India, to a scheme established or designated by Buyer for such purpose, and Buyer shall assume all liability under the India Gratuity Scheme with respect to such Transferred Employees;

(e) in respect of any jurisdiction to which the provisions of the Transfer Regulations apply, Buyer shall additionally comply with the requirements of the Transfer Regulations and any Applicable Law as to minimum pension provision post-transfer; *provided, however*, that Buyer shall not be considered to have violated this covenant to the extent Buyer's failure to comply results from lack of disclosure of the applicable terms and conditions of employment of the applicable Transferred Employees; and

(f) Buyer agrees to enroll the Transferred Employees who are participants as of immediately prior to the Applicable Transfer Time in the applicable retirement plan for employees of Emerson Philippines (the **"Philippines DB Plan"**) in the applicable Buyer International Retirement Plan as of the Applicable Transfer Time, and credited service with respect to such Transferred Employees accrued under the Philippines DB Plan prior to the Applicable Transfer Time shall be considered as credited service under such Buyer International Retirement Plan for purposes of determining benefits and otherwise on terms that reflect the service credit provisions of Section 9.10.

Section 9.10 *Service Credit*. Buyer shall grant (or cause its Subsidiaries to grant) each Transferred Employee credit for years of prior service, and recognize such employee's continuity of service, with Seller or any of its Affiliates or their respective predecessors for all purposes, including, without limitation, under each employee benefit plan sponsored or maintained by Buyer or any of its Affiliates (excluding benefit accrual under a defined benefit pension plan or, subject to Section 9.15, a retiree medical arrangement) for end of service benefit purposes, and for the purposes of any entitlement during employment, or entitlement or severance due on termination of employment; *provided, however*, that such credit shall not result in a duplication of benefits. Buyer and Seller agree to cooperate and exchange such information as is necessary to avoid any such duplication of benefits. For the avoidance of doubt, Buyer shall (or shall cause its Subsidiaries to) credit each Transferred Employee with all paid time off accrued in accordance with the Accounting Policies and Modified Net Working Capital Value Schedule to the extent unused by such Transferred Employee through the Applicable Transfer Time.

Section 9.11 *Welfare Plans*. (a) As of the Applicable Transfer Time, Seller shall take all such actions as may be necessary to ensure that each Transferred Employee shall cease participation in the health and welfare benefit plans (other than, for the avoidance of doubt, Transferred Subsidiary Benefit Plans and Assumed Plans) of Seller and its Affiliates (each, a “**Seller Welfare Plan**”) and Buyer shall take all such actions as may be necessary to allow such Transferred Employees the opportunity to commence participation in the health and welfare benefit plans maintained, administered or contributed to by Buyer and its Subsidiaries. Seller and its Affiliates shall be responsible for providing benefits in respect of claims incurred under a Seller Welfare Plan for Transferred Employees and their beneficiaries and dependents prior to the Applicable Transfer Time. Benefits in respect of all welfare plan claims incurred by Transferred Employees at or after the Applicable Transfer Time shall be provided by Buyer and its Affiliates. For purposes of this Section 9.11, the following claims shall be deemed to be incurred as follows: (i) life, accidental death and dismemberment and business travel accident insurance benefits, upon the death or accident giving rise to such benefits and (ii) health or medical, dental, vision care and/or prescription drug benefits, upon provision of the applicable services, materials or supplies.

(b) Notwithstanding the foregoing or anything else contained in this Agreement to the contrary, (1) Seller shall be solely responsible for compliance with the requirements of Section 4980B of the Code and part 6 of subtitle B of Title I of ERISA (such provisions of the Code and ERISA collectively referred to as “**COBRA**”), including, without limitation, the provision of continuation coverage (within the meaning of COBRA), with respect to all employees and former employees of the Business, and their respective spouses and dependents, for whom a qualifying event (within the meaning of COBRA) occurs at any time on or prior to the Closing Date under any group health plan of Seller or its Affiliates (other than a Transferred Subsidiary Benefit Plan or an Assumed Plan), and (2) Buyer shall be solely responsible for compliance with the requirements of COBRA, including the provision of continuation coverage (within the meaning of COBRA), with respect to all Transferred Employees and their respective spouses and dependents for whom a qualifying event (within the meaning of COBRA) occurs at any time after the Closing Date (and for any Business Employees to whom Buyer does not extend a Qualifying Offer and whose termination occurs on the Closing Date) under any group health plan of Buyer or its Affiliates (including a Transferred Subsidiary Benefit Plan or an Assumed Plan). Seller shall promptly reimburse Buyer for all Liabilities incurred by Buyer for which Seller is responsible pursuant to this Section 9.11(b), and Buyer shall promptly reimburse Seller for all Liabilities incurred by Seller for which Buyer is responsible pursuant to this Section 9.11(b). For clarity, in the case of any self-insured group health plan, the amount of the Liabilities required to be reimbursed by either party pursuant to this Section 9.11(b) shall reflect the cost of the claims incurred by the other party, rather than the COBRA premium.

(c) Notwithstanding any other provision of this Agreement, any Business Employee who as of the Closing Date is on (x) long-term disability under a long-term disability plan or program sponsored by Seller or one of its Affiliates (other than by a Transferred Subsidiary) shall remain on such plan or program until such Business Employee is able to return to full time active employment, at which time such Business Employee shall return to full time active employment with a Transferred Subsidiary or with another Affiliate of Buyer or (y) short-term disability under a short-term disability plan or program sponsored by Seller or one of its Affiliates (other than a Transferred Subsidiary) shall be covered by a short-term disability plan or

program (and, if applicable and if permitted by the applicable long-term disability provider, upon expiration of the applicable long-term disability period, a long term disability plan or program) sponsored by Buyer or one of its Affiliates (and Buyer shall use commercially reasonable efforts to cause its long-term disability providers to permit such transition, but if the provider does not, then any such employee who transitions to long-term disability shall remain under Seller's long-term disability plan or program) . For the avoidance of doubt, Seller's and Buyer's respective obligations under this Section 9.11 shall be subject to the Transition Services Agreement, where applicable.

(d) With respect to the Transferred Employees' participation in any Seller Welfare Plan for the plan year in which the Applicable Transfer Time occurs, Buyer shall be responsible for filing with the Internal Revenue Service the information reports required under Sections 6055 and 6056 of the Code and, at Seller's request, Buyer shall provide Seller with the information contained in such reports to the extent permitted by Applicable Law. Seller will reasonably cooperate and assist Buyer in the filing of such reports and will provide Buyer with any information that Buyer may reasonably request with respect to the preparation of such reports.

Section 9.12 *Pre-Existing Conditions and Co-Payments*. Buyer shall (or shall cause its Subsidiaries to), in each case to the extent permitted by the applicable plan and third-party service providers and Applicable Law:

(a) waive all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Transferred Employees under any health and welfare plans in which such Transferred Employees are eligible to participate at or after the Applicable Transfer Time to the extent that such limitations were waived under the applicable Seller Welfare Plan; and

(b) provide each Transferred Employee with credit for any co-payments and deductibles paid prior to the Applicable Transfer Time in satisfying any applicable deductible or out-of-pocket requirements under any health and welfare plans in which such Transferred Employee is eligible to participate after the Applicable Transfer Time.

Section 9.13 *Flexible Spending Accounts*. As of the Applicable Transfer Time, Seller shall transfer from medical and dependent care account plans of Seller and its Affiliates (each, a "**Seller FSA Plan**") to one or more medical and dependent care account plans established or designated by Buyer (collectively, the "**Buyer FSA Plan**") the account balances of Transferred Employees, and Buyer shall be responsible for the obligations of the Seller FSA Plans to provide benefits to Transferred Employees with respect to such transferred account balances at or after the Applicable Transfer Time. Each Transferred Employee shall be permitted to continue to have payroll deductions made as most recently elected by him or her under the applicable Seller FSA Plan. Buyer shall promptly reimburse Seller for benefits paid by the Seller FSA Plans to any Transferred Employee prior to the Applicable Transfer Time to the extent in excess of the payroll deductions made in respect of such Transferred Employee prior to the Applicable Transfer Time, such reimbursement to be offset by any benefits paid under the Buyer FSA Plan in excess of the related payroll deductions after the Applicable Transfer Time.

Section 9.14 *Severance*.

(a) Buyer shall be responsible for any severance or other termination-related payments or benefits required to be paid or provided to any Business Employee that are triggered by such Business Employee's rejection of an offer of employment that is not a Qualifying Offer.

(b) Seller shall be responsible for any severance or other termination-related payments or benefits required to be paid or provided to (i) any Transferred Employee that are triggered by the transfer of such Transferred Employee from Seller or its relevant Affiliate to Buyer or its relevant Affiliate in connection with the transactions contemplated by the Transaction Documents or (ii) any Business Employee irrespective of whether such Business Employee accepts a Qualifying Offer.

(c) Seller and Buyer shall each be responsible for 50% of any severance or other termination-related payments or benefits required to be paid or provided to any Business Employee that are triggered by such Business Employee's (i) rejection of an offer of employment that is a Qualifying Offer or (ii) opting out of, or objection to, a transfer to Buyer or one of its Subsidiaries under the Transfer Regulations (to the extent such Business Employee has the right to opt out or object to such transfer under Applicable Law); *provided, however*, that Buyer's aggregate liability pursuant to this Section 9.14(c) shall not exceed \$3 million.

(d) Any Transferred Employee whose employment is terminated other than for cause during the Relevant Period shall be entitled to severance or other termination-related payments or benefits from Buyer in an amount equal to the aggregate amount of the severance or other termination-related payments or benefits that he or she would have received under (i) the Business Benefit Plan of Seller or its Affiliates (as in effect immediately prior to the Applicable Transfer Time) or (ii) statutory or regulatory scheme, in either case applicable to such Transferred Employee (taking into account any post-Applicable Transfer Time service with Buyer or any of its Subsidiaries), assuming for purposes of this Section 9.14(d) that such Transferred Employee had satisfied any requirements for the receipt of severance under such Business Benefit Plan.

(e) Buyer and Seller shall cooperate in good faith to obtain a customary general release in favor of Buyer, Seller and their respective Affiliates from each Business Employee who is entitled to receive payments or benefits under this Section 9.14.

Section 9.15 *Retiree Medical.* To the extent applicable, Buyer shall, or shall cause, each Transferred Employee to either (i) participate in a retiree medical and life insurance plan providing, for the Relevant Period, benefits that are not less favorable than the retiree medical and life insurance benefits available (or to be made available on satisfaction of the applicable eligibility criteria) to such Transferred Employee immediately prior to the Applicable Transfer Time under the Business Benefit Plans, taking into account the service credit provisions of Section 9.10 and any service following the Applicable Transfer Time with Buyer or any of its Subsidiaries, or (ii) receive a payment equal the economic value of such participation during the Relevant Period with such economic value determined based upon the assumptions and calculations outlined in the applicable actuarial reports provided to Buyer prior to the date hereof (it being agreed that the aggregate economic value of such participation for all Transferred Employees is \$750,000).

Section 9.16 *Workers Compensation*. Buyer shall be responsible for providing benefits in respect of all claims for benefits in respect of workers compensation and any comparable liabilities that are based upon Transferred Employees' injuries or illnesses that arise at or after the Applicable Transfer Time. Seller shall be responsible for providing benefits in respect of all claims for benefits (other than claims under Transferred Subsidiary Benefit Plans and Assumed Plans) in respect of workers compensation and any comparable liabilities that are based upon Transferred Employees' injuries or illnesses that arise prior to the Applicable Transfer Time. For the avoidance of doubt, Seller's and Buyer's respective obligations under this Section 9.16 shall be subject to the Transition Services Agreement, where applicable.

Section 9.17 *Assumption of Assumed Plans*. Effective as of the Effective Time, Buyer shall, or shall cause its Subsidiary to, adopt each Assumed Plan and assume all Liabilities and responsibilities of Seller or the applicable Retained Subsidiary thereunder.

Section 9.18 *Employee Communications*. Seller and Buyer shall reasonably cooperate in communications with Business Employees with respect to employee benefit plans maintained by Seller or Buyer or their respective Affiliates and with respect to other matters arising in connection with the transactions contemplated by the Transaction Documents (including the termination of the Transition Services Agreement)

Section 9.19 *Indemnity in Relation to Transfer Regulations*. Buyer and the Transferred Subsidiaries shall defend, indemnify and hold Seller and its Affiliates harmless against any and all claims or Damages arising out of a breach by Buyer or its Affiliates of the information and consultation requirements of the Transfer Regulations to the extent that they apply to the transactions contemplated by the Transaction Documents (including the termination of the Transition Services Agreement), but such indemnity shall not apply with respect to any claims or Damages resulting from any actions or omissions of Seller or any of its Affiliates, including any breach of Section 9.21.

Section 9.20 *No Third Party Beneficiaries*. Without limiting the generality of the last sentence of Section 13.07, nothing in this Article 9, express or implied, (a) is intended to or shall confer upon any Person other than the parties hereto, including any Business Employee, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, (b) shall establish, or constitute an amendment, termination or modification of, or an undertaking to amend, establish, terminate or modify, any benefit plan, program, agreement or arrangement or (c) shall create any obligation on the part of Seller, Buyer or any of their respective Affiliates to employ any Business Employee for any period following the Effective Time.

Section 9.21 *Information and Consultation*. Seller and Buyer shall, and shall cause their respective Affiliates to, comply in all material respects with all Applicable Laws in any relevant jurisdiction relating to notification of and/or consultation with any labor or trade union, staff association, works council, European Works Council, employee representatives or other body representing any of the Business Employees in connection with the Carve-Out Plan or the other transactions contemplated by this Agreement. Each party shall (or shall cause its Subsidiaries to) provide any information reasonably requested by the other party for the purposes of any such information and consultation process. In particular, Buyer and Seller shall cooperate to satisfy, or cause to be satisfied, the information and consultation requirements of the Transfer

Regulations and any other Applicable Law requiring employee information and/or consultation to the extent that they apply to the transactions contemplated by the Transaction Documents (including the termination of the Transition Services Agreement). Further, and if so reasonably requested by Seller, Buyer shall (or shall cause its Subsidiaries to) send an appropriate representative to any European or local works council meetings and shall co-operate with Seller regarding the preparation for and conduct of any such meeting(s), the information to be provided at such meeting(s) and the information and consultation process with such works councils generally.

Section 9.22 *Equity Incentives*. On the Closing Date, the outstanding equity incentive awards held by Business Employees will be treated in accordance with the terms set forth in the applicable equity incentive plans and award agreements and, where applicable, the completion bonus letter with each such Business Employee, which letters are substantially in the form provided to Buyer prior to the date hereof. In the event that Parent or any of its Affiliates actually realizes a reduction in income Tax liability as a result of any Equity Award Deductions in a Post-Closing Tax Period, Parent shall pay to Seller, within 30 days after the date on which such reduction in income Tax liability is actually realized, an amount in cash equal to the amount of such reduction (calculated on a with and without basis at the highest applicable marginal rate as the last item applied), net of the employer portion of any employment or other payroll Taxes that are the liability of Parent or any of its Affiliates and that are attributable to the vesting or exercise of any equity incentive awards giving rise to such Equity Award Deductions. Parent shall promptly furnish Seller with such information regarding the amounts of deductions as is reasonably requested by Seller.

ARTICLE 10

CONDITIONS TO CLOSING

Section 10.01 *Conditions to Obligations of the Parties*. The obligations of the parties to consummate the Closing are subject to the satisfaction or, where legally permitted, waiver by each party, of each of the following conditions:

(a) (i) any applicable waiting period under the HSR Act relating to the transactions contemplated hereby shall have expired or been terminated and (ii) all required filings shall have been made and required approvals obtained pursuant to Competition Laws of the jurisdictions listed in Section 10.01(a) of the Disclosure Schedule; and

(b) no order, decree or judgment of any Governmental Authority having competent jurisdiction in any jurisdiction where the Business conducts substantial operations shall have been issued that prohibits or makes illegal the Closing.

Section 10.02 *Conditions to Obligation of Parent, ASCO GP LLC and Buyer*. The obligations of Parent, ASCO GP LLC and Buyer to consummate the Closing is also subject to the satisfaction or, in the sole discretion of Buyer, waiver of, each of the following further conditions:

(a) Seller shall have performed in all material respects all of its obligations hereunder required to be performed by it on or prior to the Closing;

(b) (i) The representations and warranties of Seller contained in clause (b) of Section 3.08) shall be true and correct as of the Effective Time as though made on and as of the Effective Time, and (ii) each of the other representations and warranties of Seller contained in this Agreement shall be true and correct as of the Effective Time as though made on and as of the Effective Time, except (A) that those representations and warranties which address matters only as of a particular date shall be true and correct as of such particular date and (B) where the failure of the representations and warranties of Seller contained in this Agreement in the aggregate to be so true and correct has not had, and would not reasonably be expected to result in, a Material Adverse Effect (disregarding for purposes of this clause (B) any qualification in the text of the relevant representation or warranty as to materiality or Material Adverse Effect); and

(c) Buyer shall have received a certificate signed by an executive officer of Seller to the foregoing effect.

Section 10.03 *Conditions to Obligation of Seller*. The obligation of Seller to consummate the Closing is also subject to the satisfaction or, in the sole discretion of Seller, waiver of each of the following further conditions:

(a) each of Holdings, Parent, ASCO GP LLC and Buyer shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing;

(b) each of the representations and warranties of Holdings, Parent, ASCO GP LLC and Buyer contained in this Agreement shall be true and correct as of the Effective Time as though made on and as of the Effective Time, except (i) that those representations and warranties which address matters only as of a particular date shall be true and correct as of such particular date and (ii) where the failure of the representations and warranties of Holdings, Parent, ASCO GP LLC or Buyer contained in this Agreement in the aggregate to be so true and correct has not had, and would not reasonably be expected to result in, a material adverse effect on Holdings, Parent, ASCO GP LLC or Buyer or on Holdings', Parent's, ASCO GP LLC's or Buyer's ability to consummate the transactions contemplated by this Agreement (disregarding for purposes of this clause (ii) any qualification in the text of the relevant representation or warranty as to materiality or material adverse effect); and

(c) Seller shall have received a certificate signed by an executive officer of each of Holdings, Buyer, ASCO GP LLC and Parent to the foregoing effect.

Section 10.04 *Frustration of Closing Conditions*. None of Holdings, Buyer, Parent, ASCO GP LLC nor Seller may rely on the failure of any condition set forth in this Article 10 to be satisfied if such failure was caused by such party's breach of, or failure to comply with, any provision of this Agreement.

ARTICLE 11

SURVIVAL; INDEMNIFICATION

Section 11.01 *Survival of Representations, Warranties and Agreements*. The representations and warranties of the parties hereto contained in this Agreement shall survive the Closing until the third anniversary of the Closing Date; *provided* that the representations and

warranties contained in Sections 3.01, 3.02, 3.05, 3.15, 4.01, 4.02, 4.08, 4.09 and 4.11 shall survive until the sixth anniversary of the Closing Date; and *provided, further*, that the representations and warranties with respect to Taxes shall be subject to the provisions of Article 8. The covenants and agreements of the parties hereto contained in this Agreement shall survive the Closing indefinitely or for the shorter period explicitly specified therein. Notwithstanding the preceding two sentences, any breach or inaccuracy of any covenant, agreement, representation or warranty in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding two sentences, if notice of the breach or inaccuracy thereof giving rise to such right of indemnity shall have been given pursuant to Sections 11.03 or 11.04, as applicable, to the party against whom such indemnity may be sought prior to such time.

Section 11.02 *Indemnification*. (a) Effective at and after the Closing, Seller shall indemnify Parent, Buyer, ASCO GP LLC and the Transferred Subsidiaries (the “**Buyer Indemnified Parties**”) against and agrees to hold each of them harmless from any and all damage, loss and expense (“**Damages**”) actually suffered by any Buyer Indemnified Party to the extent arising out of or relating to:

- (i) any breach of any representation or warranty made in this Agreement (each such breach, a “**Warranty Breach**”) by Seller, except any Warranty Breach relating to Tax (which is the subject matter of Article 8); *provided*, that such representations and warranties shall be read without any materiality qualifiers (including any reference to any breach resulting in a Material Liability) solely for the purposes of determining the Damages arising from any Warranty Breach (but not for determining whether a Warranty Breach has occurred);
- (ii) any breach of covenant or agreement made or to be performed by Seller pursuant to this Agreement;
- (iii) the matters listed in Section 11.02(a)(iii) of the Disclosure Schedule to the extent relating to human exposure prior to the Effective Time to asbestos or asbestos-containing materials present in the building, structure, fixture or equipment at a facility of any Transferred Subsidiary;
- (iv) (A) Remedial Action to the extent relating to the disposal of Hazardous Substances prior to the Effective Time by or on behalf of the Transferred Subsidiaries at the disposal sites set forth on Section 11.02(a)(iv)(A) of the Disclosure Schedule and (B) the matters listed on Section 11.02(a)(iv)(B) of the Disclosure Schedule, but solely to the extent relating to events occurring or conditions existing prior to the Effective Time and solely to the extent Damages were caused by a Transferred Subsidiary or any of their respective Affiliates (collectively, the “**Retained Environmental Liabilities**”);
- (v) all amounts payable by any Transferred Subsidiary or the Business to Governmental Authorities arising out of or related to, and reasonable out-of-pocket costs resulting from, any violation by the Business prior to the Closing of (or any Action related to any actual or alleged violation by the Business prior to the Closing of) any Applicable Law relating to escheat or unclaimed property, including the matters that are

the subject of the Unclaimed Property Audit described in Section 3.10 of the Disclosure Schedule (collectively, “**Unclaimed Property Liabilities**”); and

(vi) the matter listed in Section 11.02(a)(vi) of the Disclosure Schedule (the “**Specified Litigation Matter**”);

provided that Seller’s indemnification obligations for Excluded Environmental Liabilities pursuant to Section 11.02(a)(ii) and Section 11.02(a)(vii) shall expire on the date that is three (3) years after the Closing Date, and any claim for such indemnification shall be asserted in writing pursuant to Section 11.03 and on or before such date, and if not so asserted, shall be barred, and on and after such date, Excluded Environmental Liabilities for which a claim has not been asserted pursuant to Section 11.03 by such date shall be deemed Assumed Environmental Liabilities; and *provided, further*, that with respect to indemnification by Seller for any claims by any Buyer Indemnified Party for any Warranty Breach by Seller pursuant to Section 11.02(a)(i) (“**Buyer Warranty Claims**”), (A) Seller shall not be liable in respect of any individual Buyer Warranty Claim unless the Damages with respect thereto exceed \$250,000 (the “**De Minimis Amount**”), (B) Seller shall not be liable in respect of any Buyer Warranty Claim unless and until the aggregate amount of the Damages incurred by the Buyer Indemnified Parties in respect of all Buyer Warranty Claims (other than Buyer Warranty Claims that do not exceed the De Minimis Amount) equals \$30,000,000 (the “**Deductible**”), (C) once the aggregate amount of Damages incurred by the Buyer Indemnified Parties in respect of all Buyer Warranty Claims (other than Buyer Warranty Claims that do not exceed the De Minimis Amount) exceeds the Deductible, Seller shall be responsible for, and shall indemnify the Buyer Indemnified Parties pursuant to Section 11.02(a)(i) and this Article 11 against all Damages incurred by the Buyer Indemnified Parties in respect of Buyer Warranty Claims until the amount of Damages so paid by Seller in respect of such Buyer Warranty Claims pursuant to Section 11.02(a)(i) and this Article 11 equals the amount of the Deductible (the “**Cap**”), and (D) Seller’s maximum liability for all Buyer Warranty Claims shall not exceed the Cap; and *provided further*, that with respect to indemnification by Seller pursuant to Section 11.02(a)(v), (1) Seller shall not be liable in respect of any Unclaimed Property Liabilities until the aggregate amount of all Damages in respect of Unclaimed Property Liabilities exceeds \$1,400,000 and then only to the extent of such excess and (2) Seller’s maximum liability for all Unclaimed Property Liabilities shall not exceed \$13,000,000.

(b) Effective at and after the Closing, Parent shall indemnify Seller and its Affiliates against and agrees to hold each of them harmless from any and all Damages incurred or suffered by Seller or any of its Affiliates to the extent arising out of or relating to:

(i) any Warranty Breach by Holdings, Parent, ASCO GP LLC or Buyer; *provided*, that such representations and warranties shall be read without any materiality qualifiers solely for the purposes of determining the Damages arising from any Warranty Breach (but not for determining whether any Warranty Breach has occurred);

(ii) any breach of covenant or agreement made or to be performed by Buyer pursuant to this Agreement;

(iii) the matters described in Section 7.12;

(iv) without duplication, (A) any Assumed Liability and (B) any Liability of a Transferred Subsidiary, except those for which Seller has expressly agreed to indemnify the Buyer Indemnified Parties pursuant to Section 11.02(a); and

(v) the ownership or operation of the Business or any Transferred Subsidiary (including, for the avoidance of doubt, the Deferred Business) after the Closing.

Section 11.03 *Procedures*. (a) Each Person seeking indemnification under this Article 11 (the “**Indemnified Party**”) shall give prompt notice to the Person from whom indemnification is sought (the “**Indemnifying Party**”) of the assertion of any claim or the commencement of any Action by any third party (“**Third Party Claim**”); *provided* that the failure of the Indemnified Party to give notice as provided in this Section 11.03(a) shall not relieve any Indemnifying Party of its obligations under Section 11.02, except to the extent that such failure adversely prejudices the rights of any such Indemnifying Party. Such notice shall set forth in reasonable detail such claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, as promptly as reasonably practicable following the Indemnified Party's receipt thereof, copies of all written notices and documents (including any court papers) received by the Indemnified Party relating to the Third Party Claim and the Indemnified Party shall provide the Indemnifying Party with such other information with respect to any such Third Party Claim reasonably requested by the Indemnifying Party. The Indemnifying Party shall have the right, at its sole option and expense, to be represented by counsel of its choice and, subject to the limitations set forth in this Section 11.03, to assume control of, and defend against, negotiate, settle (subject to clause (b)) or otherwise deal with such Third Party Claim, but the Indemnified Party may nonetheless participate in the defense of such Third Party Claim with its own counsel and at its own expense. If the Indemnifying Party elects not to defend against, negotiate, settle or otherwise deal with any Third Party Claim or resolve any Environmental Matter pursuant to this Article 11, then the Indemnified Party may defend against, negotiate, settle (subject to clause (b)) or otherwise deal with such Third Party Claim or Environmental Matter. If the Indemnifying Party shall assume the defense of any Third Party Claim or the resolution of any Environmental Matter pursuant to this Article 11, then the Indemnified Party may participate, at his or its own expense, in the defense of such Third Party Claim or Environmental Matter, as applicable; *provided* that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) requested by the Indemnifying Party to participate or (ii) in the reasonable opinion of counsel to the Indemnifying Party, a material conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; *provided, further* that the Indemnifying Party shall not be required to pay for more than one such counsel for all Indemnified Parties in connection with any Third Party Claim or Environmental Matter. Notwithstanding the foregoing, Seller shall control, and coordinate all aspects of the defense of, the Specified Litigation Matter.

(b) Notwithstanding anything in this Section 11.03 to the contrary, neither the Indemnifying Party nor the Indemnified Party shall, without the written consent of the other party, settle or compromise any Third Party Claim or permit a default or consent to entry of any judgment. Notwithstanding the foregoing, consent of the Indemnified Party shall not be required for any such settlement if (i) the sole relief provided is monetary damages that are paid in full by

the Indemnifying Party (other than, for the avoidance of doubt, the payment of the deductible referred to in clause (B) of the proviso to Section 11.02(a) to the extent applicable), (ii) such settlement does not permit any order, injunction or other equitable relief to be entered, directly or indirectly, against the Indemnified Party and (iii) such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Third Party Claim and does not include any statement as to or any admission of fault, culpability or failure to act by or on behalf of any Indemnified Party.

(c) After any decision, judgment or award shall have been rendered by a Governmental Authority of competent jurisdiction, or a settlement shall have been consummated (in accordance with this Article 11), or the Indemnified Party and the Indemnifying Party shall have arrived at a mutually binding agreement with respect to a Third Party Claim hereunder, the Indemnified Party shall forward to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such matter.

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

(e) Notwithstanding the foregoing, this Section 11.03 or the following Section 11.04 shall not apply to indemnification for a Tax Claim. The procedures for such indemnification shall be governed by Section 8.12.

Section 11.04 *Direct Claim Procedures*. In the event an Indemnified Party has a claim for indemnity under Section 11.02 against an Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party agrees to give, as promptly as practicable, written notice of such claim to the Indemnifying Party, which notice shall in no event be delivered to the Indemnifying Party later than 60 days after the Indemnified Party first learns of the facts on which such claim is based (such 60-day period, the "**Notice Period**"). Such notice shall set forth in reasonable detail such claim and the basis for indemnification and the amount of such Damages incurred or that such Indemnified Party reasonably estimates in good faith is likely to be incurred in connection with such claim (taking into account the information then available to the Indemnified Party). The failure to notify the Indemnifying Party as promptly as practicable within the Notice Period shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that such failure shall have actually prejudiced the Indemnifying Party, and in any event, the Indemnifying Party shall have no indemnification obligation in respect of any claim for which notice is delivered following expiration of the applicable Notice Period for such claim.

Section 11.05 *Environmental Matters*. Notwithstanding anything to the contrary in this Article 11 and without limiting the proviso in Section 11.02(a), with respect to any claim for indemnification hereunder for any Retained Environmental Liability, Excluded Environmental Liability or Warranty Breach of Section 3.17 (collectively, "**Environmental Matters**"), the parties agree on behalf of themselves and their respective Affiliates that, in addition to the provisions set forth in Article 11 (and in the case of any conflict between the provisions of this

Section 11.05 and any other provision in Article 11, the provisions of this Section 11.05 shall prevail and apply):

(a) Seller shall have no Liability under this Agreement for any Damages (i) arising out of or resulting from any testing, sampling, other invasive investigation of, or Remedial Action relating to, the air, soil, soil gas, surface water, groundwater, sediment, building materials or other environmental media or any disclosure, report or communication to, or initiation or encouragement of any action by, any Governmental Authority or other third party relating to any Environmental Matter unless such action (A) is required by Environmental Law or any order or binding requirement of any Governmental Authority, or undertaken to respond to a claim by a Governmental Authority or other third party that Hazardous Substances have been released from the Real Property, so long as such order or claim was not precipitated or solicited by or in any other way the result of any voluntary disclosure by or at the behest of Parent or any Transferred Subsidiary to a Governmental Authority or other third party, (B) is performed by a Transferred Subsidiary and is necessary for the construction, renovation, modification, maintenance or expansion of any Real Property by any Transferred Subsidiary for a legitimate and bona fide business purpose and would be performed in the ordinary course or (C) is undertaken to respond to an emergency situation or catastrophic release of Hazardous Substances which poses a material threat of a risk to human health or the environment; or (ii) arising in connection with any change in use, shutdown, demolition or closure of any asset, facility or real property on or after the Closing.

(b) Any obligation of Seller to indemnify a Buyer Indemnified Party (including as of the Closing, the Transferred Subsidiaries) for any Environmental Matter shall be limited to, and its obligations under this Agreement shall be satisfied upon achievement of, in a reasonably cost-effective manner, the minimum standards required to be met, based on the use of the relevant property as of the Closing Date, by applicable Environmental Laws as in effect at the time such Environmental Matter is addressed or by any order or requirement of a Governmental Authority. Both parties expressly agree that such minimum standards may include risk-based clean-up remedies and standards and/or the imposition of engineering or institutional controls such as deed or other use restrictions that do not unreasonably interfere with the continued use of the relevant property as such use existed as of the Closing Date.

(c) Except as to any Retained Environmental Liability, for which Seller shall have the obligation to retain the defense and control, Seller has the right (but not the obligation) to retain the defense and control of any Environmental Matter, including the disclosure, investigation, negotiation, performance and settlement thereof and Remedial Action relating thereto. In connection with such, Parent and Buyer shall, and shall cause each of their Affiliates and Representatives, to reasonably cooperate regarding the resolution of any such Environmental Matter, including providing to Seller and its Representatives with all necessary accommodations, including access to relevant properties and site utilities (at a cost not greater than the actual cost incurred by Buyer or the relevant Transferred Subsidiary), in order to allow Seller and its Representatives to respond to, defend, and conduct Remedial Action relating to such Environmental Matter. Parent, Buyer and their Affiliates shall not interfere with or disturb the performance by Seller and its representatives of any such Remedial Action. In connection with any such Environmental Matter which Seller is defending or controlling, Seller shall (i) keep Buyer reasonably informed relating to the progress of such Environmental Matter (including

providing Buyer with copies of all material plans and reports submitted to Governmental Authorities); (ii) diligently and promptly pursue the resolution thereof; and (iii) not unreasonably interfere with the continuing use of such relevant property, as long as the manner of use does not materially differ from the manner it is being used as of the Closing.

(d) Seller shall have no liability under this Agreement for any Damages to the extent such Damages have been caused, exacerbated, compounded or aggravated by acts or omissions of or on behalf of Parent, Buyer or their Affiliates (including, as of the Closing, the Transferred Subsidiaries), or any employee, agent, contractor, consultant, attorney, tenant, lessee, sublessee, licensee, permittee or invitee of any of the foregoing.

(e) Notwithstanding anything else herein to the contrary, Seller shall have no liability under this Agreement for any Damages relating to any Environmental Matters to the extent arising from or relating to the coming into force of, or the change in, any requirement or obligation set forth in any Environmental Law or Permit required by Environmental Law (or the interpretation or enforcement of such Environmental Law or Permit), including any new or modified standard or requirement for Remedial Action) on or after Closing.

Section 11.06 *Calculation of Damages*. (a) The amount of any Damages payable under Section 11.02 by the Indemnifying Party shall be net of any amounts actually recovered by the Indemnified Party or its Affiliates under applicable insurance policies or from any other Person alleged to be responsible therefor and any Tax benefit actually realized by the Indemnified Party or its Affiliates arising from the incurrence or payment of any such Damages. The amount of any such Tax benefit shall be calculated as the amount by which the Tax liability of the Indemnified Party (or local country Tax group of Affiliates of and including such Indemnified Party), in each case other than (x) a 338(h)(10) Entity and its Subsidiaries and (y) in respect of the Transferred Assets and Assumed Liabilities of the Canada operations of the Business, is actually reduced (calculated on a with and without basis at the highest applicable marginal rate as the last item applied, and net of any out-of-pocket fees, costs and expenses incurred by such Indemnified Party or local country Tax group) if such Indemnified Party (or such local country Tax group) realizes sufficient taxable income to fully offset such Damage in a Post-Closing Tax Period that includes the year in which such Damages are incurred or in any of the following three Tax years. If the Indemnified Party (i) receives any amounts under applicable insurance policies, or from any other Person alleged to be responsible for any Damages, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or out-of-pocket expense incurred by such Indemnifying Party in connection with providing such indemnification payment up to the amount received by the Indemnified Party, net of any fees, costs and expenses incurred by such Indemnified Party in collecting such amount or (ii), in each case other than (x) a 338(h)(10) Entity and its Subsidiaries and (y) in respect of the Transferred Assets and Assumed Liabilities of the Canada operations of the Business, realizes any net Tax benefit subsequent to an indemnification payment by the Indemnifying Party that was not previously taken into account in the indemnification payment, then such Indemnified Party shall promptly pay to the Indemnifying Party the amount of such net Tax benefit (as computed pursuant to this Section 11.06(a)), net of any out-of-pocket fees, costs and expenses incurred by such Indemnified Party in collecting such amount. Nothing in this Section 11.06 shall require Buyer Indemnified Party to pay over to Seller any proceeds received under the Transactional Insurance Policy.

(b) The Indemnifying Party shall not be liable under Section 11.02 for any (i) Damages relating to any matter to the extent that the Indemnified Party had otherwise been compensated for such matter pursuant to the calculation of Modified Net Working Capital Value or the adjustment of the Cash Consideration under Section 2.14, (ii) Damages that were not reasonably foreseeable as of the date hereof, (iii) exemplary, punitive or other similar Damages, except in the case of clauses (ii) and (iii), to the extent such Damages are included in a judgment resulting from a Third Party Claim if the Damages from such Third Party Claim are otherwise indemnifiable hereunder, or (iv) Damages that would not exist if not for, or to the extent aggravated by, any wrongful act or wrongful omission of the Indemnified Party.

(c) Each Indemnified Party must mitigate in accordance with Applicable Law any loss for which such Indemnified Party seeks indemnification under this Agreement. If such Indemnified Party mitigates its loss after the Indemnifying Party has paid the Indemnified Party under any indemnification provision of this Agreement in respect of that loss, the Indemnified Party must notify the Indemnifying Party and pay to the Indemnifying Party the extent of the value of the benefit to the Indemnified Party of that mitigation (less the Indemnified Party's reasonable costs of mitigation) within two Business Days after the benefit is received.

(d) Any indemnification payment made pursuant to this Agreement (for the avoidance of doubt, including any payment made pursuant to Article 8) shall be treated by Buyer and Seller as an adjustment to the Base Consideration for Tax purposes.

(e) Where any indemnification payment is made pursuant to this Agreement (for the avoidance of doubt, including any payment made pursuant to Article 8) either to or in respect of a indemnified liability of any Transferred UK Subsidiary, if the relevant Transferred UK Subsidiary incurs, or would have incurred, but for the use of a Tax relief, a Tax liability which results from, or is calculated by reference to, the indemnification payment, the amount payable will be increased by any amount that will ensure that, after payment of the Tax liability, the relevant Buyer Indemnified Party is left with a net sum equal to the sum it would have received had no such Tax liability arisen.

Section 11.07 *Exclusivity*. Each of Holdings, Parent, ASCO GP LLC and Buyer expressly waives and agrees to cause its Affiliates (including, as of the Closing, the Transferred Subsidiaries) and its and their respective successors, assigns, heirs and legal representatives to waive any rights and claims they may have against Seller and its Affiliates, including claims for contribution or other rights of recovery, under any Environmental Law (whether now or hereinafter in effect), including the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq. After the Closing, the remedies provided for in this Agreement shall provide the exclusive remedy for any claim by any party hereto arising out of this Agreement or the transactions contemplated hereby; *provided* that nothing herein shall be construed to (i) limit any remedy set forth in any other Transaction Document, (ii) limit the rights of Parent, Buyer or any of their Affiliates under the Transactional Insurance Policy or apply to any claims made thereunder or any proceeds received therefrom or (iii) limit any claim based on actual common law fraud with respect to the representations and warranties set forth in Article 3 and Article 4 hereof and Sections 8.01 and 8.02 hereof.

Section 11.08 *UK Claims*. (a) Notwithstanding any other provision in this Article 11 or Article 8, where but for this Section 11.08(a) a sum (the “**UK Indemnified Sum**”) would have been payable by Seller or its Affiliates to any of the Transferred UK Subsidiaries in respect of any indemnified liabilities of any of the Transferred UK Subsidiaries pursuant to any provision of this Agreement (including without limitation Article 8 or Article 11), (the “**UK Claim**”), then Seller hereby covenants to pay to Buyer an amount equal to the UK Indemnified Sum, such payment representing an adjustment of the Base Consideration.

(b) Where any payment has been made by Seller pursuant to Section 11.08(a), any sums payable by Seller or its Affiliates to any of the Transferred UK Subsidiaries in respect of any indemnified liabilities of any of the Transferred UK Subsidiaries pursuant to any provision of this Agreement (including without limitation Article 8 or Article 11) in respect of the same facts or circumstances giving rise to the UK Claim shall be reduced any sums paid by Seller pursuant to Section 11.08(a).

(c) For the avoidance of doubt, the calculation of the UK Indemnified Sum shall take account of other provisions of this Agreement (including without limitation provisions relating to the De Minimis Amount, the Deductible and the Cap).

ARTICLE 12 TERMINATION

Section 12.01 *Grounds for Termination*. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of Seller, Parent and Buyer;

(b) by either Seller, Parent or Buyer if the Closing shall not have been consummated on or before January 31, 2017 (as may be extended, the “**End Date**”); *provided* that, if on the End Date all conditions to Closing contained in Article 10 have been satisfied (other than those that, by their terms, are capable of being satisfied only at Closing) other than receipt of the consents and approvals set forth in Section 10.01(a), then either party may, by written notice to the other party, extend the End Date until February 28, 2017 and, if at the end of such extended period, one or more such consents or approvals has not been received, either party may, by written notice to the other party, extend the End Date until March 31, 2017; *provided* that the right to terminate this Agreement pursuant to this Section 12.01(a) shall not be available to any party whose breach of any provision of this Agreement has caused or resulted in the failure of the Closing to be consummated by such time; *provided, further*, that (i) neither Parent nor Buyer may terminate this Agreement pursuant to this Section 12.01(a) unless Buyer has paid the Termination Fee prior to or concurrently herewith if, at the time of such termination, Seller would have been entitled to terminate this Agreement pursuant Section 12.01(f) by delivering the written notice provided for in Section 12.01(f) and (ii) neither Parent nor Buyer may terminate this Agreement pursuant to this Section 12.01(b) during the period beginning on the End Date and ending on the sixth (6) Business Day of the first month after the earlier of the (i) end of the Marketing Period and (ii) the then-scheduled termination of the Marketing Period (the “**MP Extended Closing Date**”) if the

Marketing Period has commenced but the MP Extended Closing Date has not occurred prior to the End Date;

(c) by either Seller, Parent or Buyer, if there shall be any order, decree or judgment of any Governmental Authority having competent jurisdiction in any jurisdiction where the Business conducts substantial operations that permanently enjoins Buyer, Parent or Seller from consummating the transactions contemplated hereby and such order, decree or judgment shall have become final and nonappealable, *provided* that the right to terminate this Agreement pursuant to this Section 12.01(c) shall not (x) apply in respect of any Deferred Closing Actions or (y) be available to any party whose breach of any provision of this Agreement has caused or resulted in such Applicable Law being enacted or becoming applicable to the transactions contemplated hereby (including due to a failure to use reasonable best efforts in connection with the actions specified in Section 7.01 to the extent required thereunder);

(d) by Parent or Buyer if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Seller set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 10.02(a) or 10.02(b) not to be satisfied, and such conditions are incapable of being satisfied by the End Date; *provided* that neither Parent nor Buyer is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 10.01 or 10.03 not to be satisfied;

(e) by Seller if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Holdings, Parent or Buyer set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 10.03(a) or 10.03(b) not to be satisfied, and such conditions are incapable of being satisfied by the End Date; *provided* that Seller is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 10.01 or 10.02 not to be satisfied; or

(f) by Seller if all conditions set forth in Sections 10.01 and 10.02 have been satisfied or waived by the party entitled to waive such condition (other than those conditions that by their terms are to be satisfied at the Closing), Seller has given written notice to Parent and Buyer that it is prepared to consummate the Closing and Parent or Buyer fails to consummate the transactions contemplated by the Closing on the date the Closing should have occurred pursuant to Section 2.10.

Other than in the case of a termination pursuant to Section 12.01(a), the party desiring to terminate this Agreement pursuant to any clause of this Section 12.01 shall give written notice of such termination to the other party.

Section 12.02 *Effect of Termination*. Except as otherwise set forth in Section 12.03, if this Agreement is terminated as permitted by Section 12.01, such termination shall be without liability of any party (or any stockholder or Representative of such party) to any other party to this Agreement; *provided* that the Confidentiality Agreement, the provisions of this Section 12.02 and the provisions of Sections 6.01, 7.03, 7.14(b), 11.08 and Article 13 shall survive any such termination; and *provided, further* that the termination of this Agreement shall not relieve

any party hereto from any liability for (i) fraud and (ii) any willful and material breach of, or failure to perform any obligation under, any covenant or agreement contained in this Agreement.

Section 12.03 *Termination Fee*. (a) If this Agreement is terminated by Seller pursuant to Section 12.01(f) (or by Parent or Buyer pursuant to Section 12.01(a) or by Seller pursuant to Section 12.01(e), in each case, at a time when Seller would have been entitled to terminate this Agreement pursuant to Section 12.01(f) by delivering the written notice provided for in Section 12.01(f)), Parent shall pay, or cause to be paid, to Seller \$300,000,000 (the "**Termination Fee**") by wire transfer of immediately available funds within five (5) Business Days after such termination (or, in the case of a termination by Parent or Buyer pursuant to Section 12.01(b), prior to or concurrently with such termination), it being understood that in no event shall Parent be required to pay the Termination Fee more than once. Notwithstanding anything to the contrary in Section 2.17, if all or any part of the Termination Fee is not paid when due pursuant to this Section 12.03(a), the unpaid portion of the Termination Fee shall accrue interest at the rate of 8.0% per annum, compounding monthly, from and including the date the Termination Fee was required to be paid, to but excluding the date of payment, and such accrued and unpaid interest shall be deemed part of the "Termination Fee."

(b) In the event that this Agreement is terminated due to Parent's and Buyer's failure to obtain the Debt Financing (which failure was not caused by Parent's or Buyer's breach in any material respect of its representation, warranties, covenants or agreements contained herein) (a "**Financing Failure**") and the Termination Fee is paid under Section 12.03(a), Seller's receipt of the Termination Fee in full pursuant to Section 12.03(a) shall be the sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) of Seller against Parent, ASCO GP LLC, Buyer, Holdings and Sponsor and their respective former, current and future Affiliates, and their respective former, current and future officers, directors, managers, employees, equityholders, managers, members, partners, agents, representatives or assigns (collectively, the "**Buyer Related Parties**") for any Damage suffered as a result of the failure of the Closing to be consummated or for a breach or failure to perform hereunder (except as provided below), and no Buyer Related Party shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated hereby; *provided, however*, that in the event that this Agreement is terminated and the Termination Fee is payable under Section 12.03(a), this 0 shall not limit the ability of Seller to recover reimbursement for costs and expenses and indemnification under Section 7.14. For the avoidance of doubt, the amount of the Termination Fee is intended to serve as a cap on the maximum aggregate liability of the Buyer Related Parties under this Agreement only in the event Buyer fails to effect the Closing in accordance with Section 2.10 of this Agreement due to a Financing Failure; *provided, further*, that even in the event of a Financing Failure, the Termination Fee shall not serve as a cap on any costs and expenses and indemnification owed under Section 7.14, nor shall any such reimbursement or indemnification amounts reduce the amount of the Termination Fee. Nothing in this 0 shall restrict (x) the availability to Seller of any remedies in connection with fraud or intentional misrepresentation or any willful and material breach of any representation, warranty, covenant or agreement contained in this Agreement for which all applicable legal and equitable remedies shall be available to Seller or (y) Seller's entitlement to seek and obtain specific performance as and to the extent permitted by Section 13.08; *provided, however*, that in no event shall Seller be entitled to recover Damages, in the aggregate, in excess of \$500,000,000 in any Action in which it seeks any remedy in connection with fraud or intentional misrepresentation or any willful and

material breach of any representation, warranty, covenant or agreement contained in this Agreement (for clarity, this proviso does not apply to any claim made under Article 11). Under no circumstances, however, shall Seller be permitted or entitled to (i) receive payment of the Termination Fee after the Closing has occurred or (ii) receive payment of the Termination Fee following a written demand therefor by Seller and (A) continue to seek specific performance or (B) to thereafter seek any legal or equitable remedy for any alleged fraud or any alleged intentional misrepresentation or willful and material breach of any representation, warranty, covenant or agreement contained in this Agreement or (iii) commence any Action seeking any award of Damages for any alleged fraud or any alleged intentional misrepresentation or willful and material breach of any representation, warranty, covenant or agreement contained in this Agreement and thereafter seek to require payment of the Termination Fee hereunder; *provided, however*, that nothing herein shall prevent Seller from bringing a claim for specific performance and if unsuccessful, collecting the Termination Fee (to the extent Seller is entitled to such Termination Fee).

(c) Each of Parent and Buyer acknowledges that the agreements contained in this Section 12.03 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Seller would not enter into this Agreement. Accordingly, if Parent fails to promptly pay any amount due pursuant to this Section 12.03, it shall also pay any reasonable costs and expenses incurred by Seller in connection with a legal action to enforce this Agreement that results in a judgment against Parent or Sponsor for such amount.

Section 12.04 *GST/HST Gross Up*. If any payment made by an Indemnifying Party pursuant to Article 11, or by the Parent or Buyer pursuant to this Article 12, is deemed by the Excise Tax Act (Canada) to include goods and services tax/harmonized sales tax, or is deemed by any applicable provincial or territorial legislation to include a similar value added or multistaged tax, the amount of such payment shall be increased accordingly.

ARTICLE 13

MISCELLANEOUS

Section 13.01 *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission and electronic mail ("**e-mail**") transmission, so long as a receipt of such e-mail is requested and received) and shall be given,

if to Buyer, Parent, ASCO GP LLC or Holdings, to:

c/o Platinum Equity Advisors, LLC
360 North Crescent Drive, South Building
Beverly Hills, CA 90210
Attn: Eva M. Kalawski, Executive Vice President,
General Counsel and Secretary
Facsimile: (310) 712-1863
E-mail: ekalawski@platinumequity.com

with a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
600 Anton Blvd, 18th Floor
Costa Mesa, CA 92626
Attn: James W. Loss
Facsimile: (714) 830-0700
E-mail: jim.loss@morganlewis.com

if to Seller, to:

Emerson Electric Co.
8000 West Florissant Avenue
P.O. Box 4100
St. Louis, MO 63136
Attention: Alan D. Mielcuszny
Vanessa R. McKenzie
Facsimile No.: 314-553-1365
314-553-1232
E-mail: alan.mielcuszny@emerson.com

vanessa.mckenzie@emerson.com

with a copy (which shall not constitute notice) to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Attention: Phillip R. Mills
Marc O. Williams
Facsimile No.: 212-701-5000
E-mail: phillip.mills@davispolk.com
marc.williams@davispolk.com

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 13.02 *Amendments and Waivers*. (a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof

nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided in Section 11.08, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(c) Notwithstanding anything to the contrary contained herein, (i) Section 12.03(b), this Section 13.02 and Sections 13.04, 13.05, 13.06, 13.07, 13.09 and 13.14 (and any provision of this Agreement to the extent a modification, waiver or termination of such provision would modify the substance of any such Section) may not be modified, waived or terminated in a manner that is adverse to the Debt Financing Sources or the Debt Financing Source Related Persons without the prior written consent of the Debt Financing Sources and (ii) Section 12.03 may not be modified or waived in a manner that is adverse to the Sponsor (including any increase in the amount of the Termination Fee) without the prior written consent of the Sponsor.

Section 13.03 *Expenses*. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense; *provided, however*, the all costs and expenses incurred in connection with the preparation, legal documentation and execution of the Carve-Out Plan or the Cash Repatriation Plan shall be borne by Seller and its Affiliates (other than the Transferred Subsidiaries) unless paid prior to the Closing.

Section 13.04 *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto; *provided, further*, that no such consent shall be required for (i) any collateral assignment by Buyer, Parent or any permitted assign of Buyer or Parent pursuant to clause (ii) below of any or all of its rights under this Agreement to any Debt Financing Source solely for collateral purposes in connection with the Debt Financing; *provided* that no such assignment shall relieve the assignor of its obligations to Seller or otherwise relieve the assignor of any Liability hereunder, (ii) any assignment by Parent or Buyer of any of their rights or obligations hereunder to any Affiliate prior to the Closing; *provided* that no such assignment shall relieve the assignor of its obligations to Seller or otherwise relieve the assignor of any Liability hereunder and (iii) any assignment by Buyer, Parent or any permitted assign of Buyer or Parent pursuant to clause (ii) above of any or all of its rights or obligations under this Agreement to the buyer in any sale of all or substantially all of the Business however effected.

Section 13.05 *Governing Law*. This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state.

Section 13.06 *Jurisdiction*. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the Southern District of New York or any New York State court sitting in New York City, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York, and each of the parties

hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 13.01 shall be deemed effective service of process on such party.

Section 13.07 Counterparts; Effectiveness; No Third Party Beneficiaries. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than (i) the parties hereto and their respective successors and assigns and (ii) the Debt Financing Sources and the Debt Financing Source Related Persons, solely in respect of Sections 13.02(b), 13.04, 13.05, 13.06, 13.07, 13.09 and 13.14, with respect to which the Debt Financing Sources and the Debt Financing Source Related Persons are third party beneficiaries to the extent such Sections are applicable to the Debt Financing Sources and the Debt Financing Source Related Persons.

Section 13.08 Specific Performance. (a) Subject to the limitations set forth in Section 13.08(b), the parties hereto agree that irreparable damage would occur if any provision of this Agreement (including failing to take such actions as are required of it hereunder to consummate the transactions contemplated hereby) were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement or the Transaction Documents, or to enforce specifically the performance of the terms and provisions hereof or thereof in any federal court located in the State of New York or, to the extent that no such federal court has jurisdiction over such proceeding, in any New York state court, in addition to any other remedy to which they are entitled at law or in equity. In furtherance of the foregoing, the parties hereby waive, to the fullest extent permitted by Applicable Law, (i) any and all defenses to any action for specific performance hereunder, including any defense based on the claim that a remedy at law would be adequate and (ii) any requirement to post a bond or other security as a prerequisite to obtaining equitable relief.

(b) Notwithstanding anything to the contrary in this Agreement, Seller shall be entitled to cause Parent and Buyer to fully enforce the terms of the Equity Commitment against the Sponsor and to cause the Equity Financing to be funded, including by demanding that Parent and Buyer institute one or more actions, suits or proceedings against the Sponsor to fully enforce the Sponsor's obligations thereunder and Parent's and Buyer's rights thereunder, and to consummate the transactions contemplated by this Agreement, only if each of the following conditions has been satisfied: (i) all of the conditions set forth in Section 10.01 and Section 10.02 have been

satisfied (other than those conditions that by their terms are to be satisfied at the Closing and those conditions that Parent or Buyer's breach of this Agreement or the Financing Commitment has caused not to be satisfied), (ii) the Debt Financing has been funded or will be funded at the Closing if the Equity Financing is funded at the Closing and (iii) Seller has given written notice to Parent and Buyer that it is prepared to consummate the Closing and Parent or Buyer fails to consummate the transactions contemplated by the Closing on the date that the Closing should have occurred pursuant to Section 2.10.

Section 13.09 *WAIVER OF RIGHT TO JURY TRIAL*. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH OF THE PARTIES HERETO ACKNOWLEDGES THAT EACH OTHER PARTY HERETO HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 13.09.

Section 13.10 *Entire Agreement*. The Transaction Documents and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

Section 13.11 *Bulk Sales Laws*. Buyer and Seller each hereby waive compliance by Seller with the provisions of the "bulk sales", "bulk transfer" or similar laws of any state in connection with the sale of the Transferred Assets.

Section 13.12 *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 13.13 *Disclosure Schedule*. The parties acknowledge and agree that (i) matters reflected on the Disclosure Schedule are not necessarily limited to matters required to be reflected therein, (ii) the inclusion of any items or information in the Disclosure Schedule that are not required by this Agreement to be so included is solely for the convenience of Buyer, (iii) the disclosure by Seller of any matter in the Disclosure Schedule shall not be deemed to constitute an acknowledgement by Seller that the matter is required to be disclosed by the terms of this Agreement or that the matter is material, (iv) if any section of the Disclosure Schedule lists an item or information in such a way as to make its relevance to the disclosure required by

or provided in another section of the Disclosure Schedule or the statements contained in any Section of Article 3 reasonably apparent, the matter shall be deemed to have been disclosed in or with respect to such other section, notwithstanding the omission of an appropriate cross-reference to such other section or the omission of a reference in the particular representation and warranty to such section of the Disclosure Schedule, (v) except as provided in clause (iv) above, headings have been inserted in the Disclosure Schedule for convenience of reference only, (vi) the Disclosure Schedule is qualified in its entirety by reference to specific provisions of this Agreement and (vii) the Disclosure Schedule and the information and statements contained therein are not intended to constitute, and shall not be construed as constituting, representations or warranties of Seller except as and to the extent provided in this Agreement.

Section 13.14 *No Recourse*. Without limiting any other provision of this Agreement, it is hereby agreed and acknowledged that this Agreement may only be enforced against, and any claims or actions that may be based upon, arise out of, or relate to, this Agreement, or the negotiation, execution or performance of this Agreement, may only be made against the parties hereto, and no former, current or future Affiliates, officers, directors, managers, employees, equityholders, members, partners, agents, Representatives, Debt Financing Sources, Debt Financing Source Related Persons or assigns of Seller or Buyer, in each case who is not a party to this Agreement shall have any liability for any obligations of the parties hereto or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

Section 13.15 *Currency*. Unless otherwise specified in this Agreement, all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in U.S. dollars. The parties agree that to the extent this Agreement provides for (i) any valuation, measurement or test as of a given date based on an amount specified in U.S. dollars and the subjects of such valuation, measurement or test are comprised of items or matters that are, in whole or in part, denominated other than in U.S. dollars, such non-U.S. dollar amounts shall be converted into U.S. dollars using an exchange rate that will be the MID Fixing Rate at 11:00 AM New York time as of the second Business Day prior to such date quoted by WM/Reuters for U.S. dollars to amounts of such non-U.S. currency and (ii) any valuation, measurement or test as of a given date based on an amount specified in Chinese renminbi and the subjects of such valuation, measurement or test are comprised of items or matters that are, in whole or in part, denominated in Chinese renminbi, such Chinese renminbi shall be converted into U.S. dollars using the PBOC Fixing rate Bloomberg page CNYMUSD <INDEX> on such date. For the avoidance of doubt, this Section 13.15 shall not impact the calculation of Modified Net Working Capital Value or any amounts set forth on the Audited Financial Statements.

*[The remainder of this page has been intentionally left blank;
the next page is the signature page.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

EMERSON ELECTRIC CO.

By: /s/ Alan D. Mielcuszny
Name: Alan D. Mielcuszny
Title: Vice President, Development

CORTES NP HOLDINGS, LLC

By: /s/ Mary Ann Sigler
Name: Mary Ann Sigler
Title: President and Treasurer

CORTES NP ACQUISITION CORPORATION

By: /s/ Mary Ann Sigler
Name: Mary Ann Sigler
Title: President and Treasurer

ASCO POWER GP, LLC

By: /s/ Mary Ann Sigler
Name: Mary Ann Sigler
Title: President and Treasurer

CORTES NP JV HOLDINGS, LLC

By: /s/ Mary Ann Sigler
Name: Mary Ann Sigler
Title: President and Treasurer

DISCLOSURE SCHEDULE TABLE OF CONTENTS

	Page
Section 1.01(a) Assigned IT Assets	6
Section 1.01(b) Assigned Software	7
Section 1.01(c) Assumed Plan	8
Section 1.01 (d) Business Employees Who Will Not be Transferred	9
Section 1.01 (e) Existing Litigation Rights	10
Section 1.01 (f) Knowledge of the Seller	11
Section 1.01 (h) Definition of the "Business"	12
Section 1.01 (i) Definition of the "Business"	13
Section 1.01 (j) Transferred Subsidiary Intercompany Debt	15
Section 1.01(k) Required Foreign Cash	16
Section 2.02(m) Loans to Business Employees	18
Section 2.03(n) Excluded Master Agreements	19
Section 2.03(q) Other Excluded Assets	29
Section 2.15 Deferred Closing Actions	31
Section 3.02 Corporate Authorization	32
Section 3.03 Governmental Authorization	33
Section 3.04 Noncontravention	34
Section 3.05 Transferred Subsidiaries	41
Section 3.06 Financial Statements	46
Section 3.07 No Undisclosed Liabilities	47
Section 3.08 Absence of Certain Changes	49
Section 3.09 Material Contracts	51
Section 3.10 Litigation	83

Section 3.11 Compliance with Laws	89
Section 3.12(a) Purchased Real Property, Long Leased and Shared Sites	92
Section 3.12(b) Leasehold Interests To Be Confirmed	93
Section 3.12(d) Permitted Liens	100
Section 3.13(a) Business Registered Intellectual Property Rights	111
Section 3.13(b) Ownership of Business Registered Intellectual Property Rights	112
Section 3.13(c) Ownership of Business Software	114
Section 3.13(d) Sufficiency of Intellectual Property	115
Section 3.13(h) Open Source	116
Section 3.13(i) IT Systems	117
Section 3.14 Permits	118
Section 3.15 Finders' Fees	119
Section 3.16(a) Material Business Benefit Plans	120
Section 3.16(b) ERISA Title IV Plans and Post-Retirement Benefits	201
Section 3.16(e) Compliance with Labor and Employment Laws	202
Section 3.16(f) Collective Bargaining Agreements	203
Section 3.16(g) Obligations to Create Material Benefit Plans	206
Section 3.17(a) Environmental Compliance	207
Section 3.19 Carve-Out Plan	209
Section 3.20 Material Customers	210
Section 3.21 Material Suppliers	213
Section 3.22 Guarantees, Bonds and Letters of Credit	215
Section 3.23 Insurance	216
Section 3.24 Bank Accounts	217
Section 3.25 Related Party Transactions and Agreements	219

Section 3.26 Product Liabilities and Recalls	220
Section 5.01 Conduct of the Business	222
Section 5.04 Maintained Intercompany Arrangements	225
Section 7.09(a) Shared Contracts Where No Action is to be Taken	229
Section 7.09(e) Seller Funded IT Transition Costs	230
Section 7.12 Replacement of Emerson Guaranties	231
Section 7.15 China Holdover Cash	232
Section 8.01 Tax Representations Relating to Transferred Subsidiaries	233
Section 8.02 Tax Representations Relating to Transferred Assets	241
Section 8.10 Dual Consolidated Losses	242
Section 10.01(a) Competition Law Filings	243
Section 11.02(a) Indemnification by Seller	244

ANNEXES:

ANNEX A - Assigned IT Assets

ANNEX B - Assigned Software

ANNEX C - Debt Owed by Transferred Subsidiaries

ANNEX D - Loans to Business Employees

ANNEX E - Pending and Closed Litigation

ANNEX F - Safety Notices

ANNEX G - Project California

ANNEX H - Brazil Litigation

ANNEX I - EMEA Litigation

ANNEX J - APAC Litigation

ANNEX K - Emerson Network Power Litigation

ANNEX L - Real Estate Master Tracker

ANNEX M - Real Estate Status Tracker

ANNEX N -Master IT Inventory

ANNEX O - WSP Environmental Summary

ANNEX P - Guaranties

ANNEX Q - Surety Bonds

ANNEX R - Insurance

ANNEX S - IT Vendor Contracts

ANNEX T - Seller Funded IT Transition Costs

ANNEX U - China Holdover Cash

Schedules and exhibits described in this agreement have been omitted. The registrant undertakes to furnish supplementally a copy of such schedules and exhibits upon request.

SHARE PURCHASE AGREEMENT

BY AND BETWEEN

EMERSON ELECTRIC CO.

AND

PENTAIR PLC

DATED AS OF AUGUST 18, 2016

TABLE OF CONTENTS

	Page
Article I PURCHASE AND SALE OF THE SHARES	1
1.1 Purchase and Sale of the Shares	1
1.2 Designated Purchasers	1
1.3 Equity Transfer Documents	2
1.4 Conflict or Inconsistency	2
Article II PURCHASE PRICE; PAYMENT	2
2.1 Purchase Price	2
2.2 Payment	3
2.3 Determination of Purchase Price Adjustments	3
2.4 Withholding	7
Article III REPRESENTATIONS AND WARRANTIES OF PARENT	7
3.1 Due Organization and Power	7
3.2 Authority	8
3.3 Companies and Subsidiaries	8
3.4 Title	10
3.5 No Violation	10
3.6 Financial Statements	10
3.7 Tax Matters	11
3.8 Absence of Certain Changes	14
3.9 Absence of Undisclosed Liabilities	14
3.10 No Litigation	15
3.11 Compliance With Laws and Orders	15
3.12 Anti-Bribery and Anti-Corruption Laws; Sanctions; Export Controls.	16
3.13 Licenses and Permits	17
3.14 Insurance	17
3.15 Environmental Matters	17
3.16 Asbestos Matters.	19
3.17 Title to Assets; Necessary Assets	20
3.18 Material Contracts	21
3.19 Employee Benefit Plans	23
3.20 Labor	26
3.21 Intellectual Property Rights	27
3.22 Intercompany Accounts	28
3.23 Product Liabilities and Recalls	28
3.24 Material Customers	29
3.25 Material Suppliers	29
3.26 Guarantees, Bonds and Letters of Credit	29
3.27 Related Party Transactions	29
3.28 Bank Accounts	29

3.29	Step Plan	29
3.30	Fees	30
Article IV REPRESENTATIONS AND WARRANTIES OF BUYER		30
4.1	Due Organization and Power	30
4.2	Authority	30
4.3	No Violation	30
4.4	Financial Capacity	31
4.5	No Litigation or Impediment	31
4.6	Fees	31
4.7	Application to Designated Purchaser	31
4.8	No Other Representations or Warranties; Projections	31
Article V COVENANTS		32
5.1	Access to Information Concerning Properties and Records; Confidentiality	32
5.2	Conduct of the Business Pending the Closing	34
5.3	Reasonable Best Efforts	37
5.4	Notification	39
5.5	Contract Matters	39
5.6	Tax Matters	42
5.7	Employee Matters	52
5.8	Property Transfer Statute Compliance	63
5.9	Asbestos Matters and Other Litigation Matters	64
5.10	Post-Closing Access to Information	65
5.11	Further Assurances	65
5.12	Intellectual Property	66
5.13	No Competition; No Solicitation	68
5.14	Insurance	69
5.15	Step Plan; Certain Restrictions on Intercompany Loan Receivables	70
5.16	Resignations	71
5.17	Title Insurance Cooperation	71
5.18	Transition Services Agreement	71
5.19	Required Financial Statements	71
Article VI CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS		73
6.1	Accuracy of Representations and Warranties; Performance of Obligations	73
6.2	No Legal Prohibition	74
6.3	HSR Act and Other Approvals	74
6.4	Delivery of Documents	74
6.5	Buyer's Frustration of Closing Conditions	74

Article VII CONDITIONS PRECEDENT TO PARENT'S OBLIGATIONS	74
7.1 Accuracy of Representations and Warranties; Performance of Obligations	74
7.2 No Legal Prohibition	75
7.3 HSR Act and Other Approvals	75
7.4 Delivery of Purchase Price and Documents	75
7.5 Parent's Frustration of Closing Conditions	75
Article VIII CLOSING	75
8.1 Closing Date	75
8.2 Documents to be Delivered by Parent	76
8.3 Documents to be Delivered by Buyer	76
Article IX SURVIVAL; INDEMNIFICATION	77
9.1 Survival	77
9.2 Indemnification	77
9.3 Third Party Claim Procedures	79
9.4 Direct Claim Procedures	81
Article X TERMINATION	81
10.1 General	81
10.2 Notice of Termination	82
10.3 Effect of Termination	82
10.4 Termination Fee	83
Article XI MISCELLANEOUS	84
11.1 Publicity	84
11.2 Consent to Service of Process; Waiver of Jury Trial; Venue	84
11.3 Entire Agreement; Amendments and Waivers	84
11.4 Governing Law	85
11.5 Notices	85
11.6 Severability	86
11.7 Specific Performance	86
11.8 Binding Effect; Assignment	87
11.9 Expenses	87
11.10 Payment of Sales, Use or Similar Taxes	87
11.11 Schedules	87
11.12 Knowledge	88
11.13 Interpretation	88
11.14 No Strict Construction	88
11.15 Counterparts	89
11.16 Definitions	89

Schedules

Schedule 3.3 Companies and Subsidiaries; Company Securities
Schedule 3.4 Title
Schedule 3.5 No Violation
Schedule 3.6(a) Financial Statements
Schedule 3.7 Tax Matters
Schedule 3.8 Absence of Certain Changes
Schedule 3.9 Absence of Undisclosed Liabilities
Schedule 3.10 No Litigation
Schedule 3.11 Compliance With Laws and Orders
Schedule 3.12 Anti-Bribery and Anti-Corruption Laws; Sanctions; Export Controls
Schedule 3.14 Insurance
Schedule 3.15 Environmental Matters
Schedule 3.16 Asbestos Matters and Other Litigation Matters
Schedule 3.17 Title to Assets; Necessary Assets
Schedule 3.18 Material Contracts
Schedule 3.19 Employee Benefit Plans
Schedule 3.20 Labor
Schedule 3.21 Intellectual Property Rights
Schedule 3.22 Intercompany Accounts
Schedule 3.23 Product Liabilities and Recalls
Schedule 3.24 Material Customers
Schedule 3.25 Material Suppliers
Schedule 3.26 Guarantees, Bonds and Letters of Credit
Schedule 3.27 Related Party Transactions
Schedule 3.28 Bank Accounts
Schedule 5.2 Conduct of the Business Pending the Closing
Schedule 5.3 Competition Law Filings and Approvals
Schedule 5.3(c) Burdensome Condition
Schedule 5.5(a) Continuing Contracts
Schedule 5.5(b) Parent Guarantees
Schedule 5.5(c) Shared Contracts
Schedule 5.5(d) Transferred Contracts
Schedule 5.5(e) Company Guarantees
Schedule 5.6(a) Parent Pre-Closing Returns
Schedule 5.6(l) Group Relief Elections and Non-U.S. Consolidated Groups
Schedule 5.6(o) Equity Award Deductions
Schedule 5.6(p) Specified Carryforwards
Schedule 5.7(a)(ii) Mixed Foreign Retirement Plans
Schedule 5.7(a)(iii) UK Pension Plan Guarantee
Schedule 5.7(a)(iv) Agreements and Bonuses
Schedule 5.7(e)(ii) Put Option Matters
Schedule 5.7(f) Cooperation Actions

Schedule 5.8(a) New Jersey Entities
Schedule 5.9(c) Certain Actions
Schedule 5.13(c) Restricted Employees
Schedule 5.14 Insurance Claims Handling Procedures
Schedule 5.15(b) Step Plan Contact
Schedule 5.19(a) Form of Carve-Out Financial Statements
Schedule 8.2(e) Certificates With Respect to United States Real Property
Schedule 10.4(a) Termination Fee
Schedule 11.12 Knowledge of Parent
Schedule 11.16(i) Cash
Schedule 11.16(ii) Specified Individual Shares
Schedule 11.16(iii) Losses

Exhibits

Exhibit A	Determination of Net Working Capital and Accounting Protocol
Exhibit B	Step Plan
Exhibit C	Transition Services Agreement
Exhibit D	Form of Equity Transfer Agreement

Schedules and exhibits described in this agreement have been omitted. The registrant undertakes to furnish supplementally a copy of such schedules and exhibits upon request.

SHARE PURCHASE AGREEMENT

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

RECITALS

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

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

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

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

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

ARTICLE 1

PURCHASE AND SALE OF THE SHARES

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

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

provides Parent with written acceptance thereof, in form and substance acceptable to Parent, prior to the Closing Date and (b) Buyer shall be and remain jointly and severally liable for all obligations of Buyer and such Designated Purchaser under this Agreement and all Ancillary Agreements to be executed and delivered by Buyer or such Designated Purchaser pursuant hereto. Section 5.6(a) sets forth certain requirements applicable to any Designated Purchaser that purchases Shares of U.S. Holdco.

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

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

ARTICLE II

PURCHASE PRICE; PAYMENT

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

Dollar amount (allocated pursuant to Section 5.6(m)) or as otherwise mutually agreed by the parties hereto) shall be converted into the applicable Foreign Currency at the Exchange Rate and paid by Buyer to Parent or the relevant Seller in accordance with Section 2.2.

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

2.3 Determination of Purchase Price Adjustments.

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

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

the Estimated Closing Statement delivered by Parent pursuant to Section 2.3(a) shall be used for the purpose of the payment set forth in Section 2.2.

(c) Post-Closing Reconciliation.

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

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

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

(iv) Following the end of the Exchange Period, either of Buyer or Parent may submit the Disputed Items (together with both Position Statements) to be resolved by Ernst & Young LLP or, if such firm is unable or unwilling to perform the

services required under this Section 2.3(c), such other nationally recognized independent accounting firm as is mutually agreed to by Buyer and Parent (the "Accounting Firm"), who shall act as an expert and not as an arbitrator. Regardless of whether Buyer or Parent submits the matter to the Accounting Firm for resolution, both Buyer and Parent will enter into the Accounting Firm's standard engagement letter and both will instruct the Accounting Firm to resolve each Disputed Item (but no other items) as soon as practicable, but in any event within 60 days of being engaged. Buyer and Parent will cooperate with the Accounting Firm in all reasonable respects, but neither Buyer nor Parent will have ex parte meetings, teleconferences or other correspondence with the Accounting Firm, as it is intended for Buyer and Parent to be included in all discussions and correspondence with the Accounting Firm. In resolving each Disputed Item, the Accounting Firm will not assign a value to any item greater than the greatest value for such item claimed by either Buyer or Parent or less than the least value for such item claimed by either Buyer or Parent (as each item had been disclosed by Buyer or Parent to the other in its respective Position Statement, as amended in the manner provided below). If either Buyer or Parent fails to provide the other with its Position Statement within the Exchange Period or fails to enter into the Accounting Firm's standard engagement letter, the Accounting Firm must resolve every Disputed Item in the manner set forth in the opposing party's Position Statement.

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

Effective Time and (D) the amount of Accrued Tax Liabilities as of the Effective Time.

- (vi) The fees and expenses of the Accounting Firm will be paid one half by Buyer and one half by Parent.
- (vii) The determination of the Accounting Firm with respect to the Disputed Items will be final and binding upon the parties hereto, will be non-appealable and may be enforced by a court of competent jurisdiction.
- (viii) The final amount of the Cash as of the Effective Time (the "Final Cash"), the final amount of the Net Working Capital as of the Effective Time (the "Final Net Working Capital"), the final amount of Indebtedness as of the Effective Time (the "Final Indebtedness") and the final amount of Accrued Tax Liabilities as of the Effective Time (the "Final Accrued Tax Liabilities") will be:

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

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

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

(d) Adjustment Payment to Buyer. In the event the Purchase Price is less than the Estimated Purchase Price, Parent shall make an adjustment payment to Buyer in an amount equal to the difference of (i) the Estimated Purchase Price minus (ii) the Purchase Price. Any payment required by the first sentence of this Section 2.3(d) shall be made by Parent to Buyer, together with interest thereon at an annual rate equal to the rate calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to

time) and published on the Closing Date by the Federal Reserve Bank of New York as the federal funds effective rate as of the Closing Date (the "Applicable Rate") calculated on the basis of the number of days elapsed from and including the Closing Date to and excluding the date of payment, in immediately available funds within five Business Days after the determination of the Final Closing Statement.

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

2.4 Withholding. Buyer and each Designated Purchaser shall be entitled to deduct and withhold from any amount otherwise payable pursuant to this Agreement any Taxes required to be deducted and withheld under any provision of applicable Law. No less than five Business Days prior to the Closing Date, Buyer shall furnish to Parent such information regarding the amounts and types of Taxes to be deducted and withheld as may reasonably be requested by Parent. Buyer and Parent shall reasonably cooperate with each other to minimize the amounts required to be deducted and withheld. In the event that any withholding Taxes (with respect to amounts otherwise payable pursuant to this Agreement) arise solely by reason of the Designated Purchaser being incorporated in a jurisdiction other than (i) the United States or (ii) the jurisdiction in which the relevant Company or Seller is located, the Purchase Price shall be increased as necessary so that, after all such withholding Taxes have been imposed (including any such withholding Taxes that apply to additional sums payable under this sentence), Parent receives and retains an amount equal to the sum it would have received and retained had such withholding Taxes not been imposed. If any Tax is withheld pursuant to this Section 2.4, the withheld amount shall be treated for all purposes of this Agreement as having been paid to the applicable payee. Within 30 days after the date of payment by Buyer or the Designated Purchaser of any Taxes so withheld, Buyer or the Designated Purchaser, as the case may be, shall furnish to Parent evidence of payment thereof satisfactory to Parent.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PARENT

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

3.1 Due Organization and Power. Each of Parent and the Sellers is a corporation or other entity duly organized, validly existing and in good standing (or the local legal equivalent thereof, if any) under the laws of its jurisdiction of incorporation or organization. Each of Parent and the Sellers has all requisite corporate or other power and authority to own, operate and lease its properties and to carry on its business as and where such is now being conducted. Each of Parent

and the Sellers has all requisite corporate (or comparable) power to enter into this Agreement (in the case of Parent) and the Ancillary Agreements to be executed and delivered by Parent and the Sellers and to carry out the transactions contemplated hereby and thereby.

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

3.3 Companies and Subsidiaries.

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

or (D) Contracts, commitments or other obligations of any Company relating to the issuance, sale or transfer of any capital stock, voting securities or other equity ownership interests of any Company, any such securities convertible or exchangeable for capital stock, voting securities or other equity ownership interests of any Company or any such options, warrants or other rights (the items in clauses (A), (B), (C) and (D) being referred to collectively as the "Company Securities"). There are no outstanding obligations of any Company or any Subsidiary to repurchase, redeem or otherwise acquire any Company Securities. All outstanding Company Securities are (or will be prior to the Closing) owned by a Seller, a Company or a Subsidiary except for the Specified Individual Shares.

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

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

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

3.5 No Violation. Neither the execution, delivery and performance of this Agreement or the Ancillary Agreements to be executed, delivered and performed by Parent and the Sellers nor the consummation by Parent and the Sellers of the transactions contemplated hereby and thereby, including the transactions contemplated by the Step Plan, (a) will violate any Law or any Order of any Government Entity applicable to Parent, the Sellers, the Business, the Companies or the Subsidiaries, (b) except for applicable requirements of the HSR Act and any other applicable Competition Laws, will require any action, authorization, consent or approval by, filing with or notice to any Government Entity other than any action, authorization, consent or approval by, filing with or notice to any Government Entity that is required as a result of the status of Buyer, its Affiliates or any Designated Purchaser, (c) will require any consent or other action by any Person under, violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or result in or give rise to any right to the termination or cancellation of, or to the acceleration of the performance required by, or to a loss of benefit to which Parent, the Sellers, the Business, the Companies or the Subsidiaries are entitled under, or result in the creation of any Liens upon the Purchased Shares or the Specified Individual Shares or any of the assets of the Business, the Companies or the Subsidiaries under, the express terms of any Contract to which Parent, the Sellers, the Business, the Companies or the Subsidiaries are a party or by which Parent, the Sellers, the Business, the Companies or any Subsidiary or any of their respective assets or properties may be bound or affected, or (d) will violate any term or provision of the respective charter or organizational documents of Parent, the Sellers, the Companies or the Subsidiaries, except, in the case of clauses (a), (b) and (c), for such violations, conflicts, defaults, terminations, cancellations, accelerations, losses of benefits or Liens that would not, individually or in the aggregate, be reasonably expected to be material to the Business, the Companies and the Subsidiaries, taken as a whole, or to have a material adverse effect on Parent's ability to perform its obligations hereunder.

3.6 Financial Statements.

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

consolidated financial position and operating results of the Companies and the Subsidiaries as of their respective dates and for the respective periods covered thereby.

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

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

3.7 Tax Matters.

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

(b) (i) There is no claim, audit, examination, proceeding, suit, deficiency or proposed adjustment now pending or threatened in writing against the Companies or the Subsidiaries with respect to any Taxes or Tax asset and (ii) none of the Companies or the Subsidiaries has waived any statute of limitations that is currently in effect with respect to Taxes or has agreed to an extension of time that is currently in effect with respect to a Tax assessment or deficiency.

(c) Section 3.7(c) of the Disclosure Schedule identifies each affiliated group of corporations that filed a consolidated U.S. federal income Tax return (other than an affiliated group the common parent of which was U.S. Holdco) that included a Company or Subsidiary at any time after September 28, 2012, or, to the knowledge of Parent, at any time on or before September 28, 2012. Section 3.7(c) of the Disclosure Schedule also identifies each group of corporations that, at any time after September 28, 2012, or, to the knowledge of Parent, at any time on or before September 28, 2012, included any Company or Subsidiary if (i) all members of such group filed a consolidated income Tax return pursuant to the Tax Laws of any country other than the United States, and such group included an entity other than a Company or Subsidiary, or (ii) pursuant to "group relief" or similar provisions under the Tax Laws of any country other than the United States,

a Company or a Subsidiary surrendered or received Tax items to a group member that is neither a Company nor a Subsidiary.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(r) All related party transactions to which any Company or Subsidiary has been a party, in any taxable year, and which are required to be on an arms'-length basis under applicable Tax law and for which the relevant statute of limitations (taking into account any extensions thereof)

with respect to Taxes has not yet expired, have been, in all material respects, on an arms'-length basis in accordance with Code Section 482 and any state or foreign law equivalent.

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

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

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

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

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

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

3.8 Absence of Certain Changes.

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

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

3.9 Absence of Undisclosed Liabilities. Except as disclosed in the Recent Balance Sheet, the Companies and the Subsidiaries do not have any liabilities, commitments or obligations of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which would reasonably be expected

to result in such a liability, other than (a) liabilities reflected or reserved for on the Recent Balance Sheet or the Final Closing Statement (to the extent reflected in Final Indebtedness, Final Net Working Capital or Final Accrued Tax Liabilities), (b) executory obligations pursuant to (i) the Contracts disclosed on Section 3.18 of the Disclosure Schedule, (ii) Contracts that are not required to be disclosed on Section 3.18 of the Disclosure Schedule or (iii) Contracts entered into after the date of this Agreement as permitted by Section 5.2(m) (but not in each case liabilities for breaches of such Contracts), (c) liabilities disclosed in the Disclosure Schedule, or that are of the type or kind required to be disclosed in the Disclosure Schedule but are not disclosed solely because they fall below the minimum threshold amount, term or materiality of the disclosures required by the terms of this Agreement to be set forth in the Disclosure Schedule and (d) liabilities that have arisen after the date of the Recent Balance Sheet in the ordinary course of business consistent with past practice or otherwise in compliance with the terms and conditions of this Agreement.

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

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

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

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

- (i) taken any action, directly or indirectly, that violated any applicable Anti-Corruption Law;
- (ii) made any offer, payment, or promise, or authorized the offer, payment or promise, of any money or other property, gift, or anything of value, regardless of form, directly or indirectly, to any Government Official for purposes of influencing any act or decision of such Government Official in his or her official capacity to secure an improper advantage, obtain or retain business or direct business to any Person or away from any Person, in each case, in violation of applicable Law;
- (iii) accepted or received any unlawful contributions, payments, gifts, or expenditures in connection with the Business, the Companies or the Subsidiaries; or
- (iv) been under administrative, regulatory, civil or criminal investigation, indictment, audit or internal investigation with respect to any suspected, alleged or actual violation of any Anti-Corruption Law, and neither Parent, the Sellers, the Companies or the Subsidiaries are aware of any circumstances reasonably likely to give rise to such action or investigation.

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

- (c) Each of the Companies and the Subsidiaries has established and maintains reasonable internal controls and procedures:
- (i) to ensure compliance with all applicable Anti-Corruption Laws; and
 - (ii) which each of the Companies and the Subsidiaries reasonably believes to be adequate to prevent employees, agents, contractors and other persons acting on behalf of the Business, the Companies or the Subsidiaries from bribing any person.

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

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

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

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

3.15 Environmental Matters.

(a) Each of the Business, the Companies, the Subsidiaries and the Company Facilities are, and have been since January 1, 2013, in compliance with applicable Environmental

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

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

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

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

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

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

3.16 Asbestos Matters.

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

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

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

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

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

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

the Companies or the Subsidiaries (or their predecessors, if relevant) under the Coverage Documents. To the knowledge of Parent, the Coverage Documents are not subject to limit erosion as a result of any claims presented, or that could be presented, by any Person other than a Company or a Subsidiary.

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

3.17 Title to Assets; Necessary Assets.

(a) The Companies and the Subsidiaries have good and valid title to (or its equivalent under applicable Law), or, in the case of leased property and assets, valid leasehold interests in, all of their respective properties and assets (whether real, personal, intangible or intangible), including those properties and assets reflected in the Recent Balance Sheet or acquired after the date of the Recent Balance Sheet, except for property and assets sold since the date of the Recent Balance Sheet in the ordinary course of business consistent with past practice. Such properties and assets are held free and clear of any Liens, except for Permitted Liens.

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

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

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

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

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

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

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

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

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

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

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

- (f) Any Contract relating to the borrowing of money with a party that is not a Company or a Subsidiary;
- (g) Any Contract for the lease of personal property that has future liability in any calendar year in excess of \$500,000 or its Foreign Currency equivalent on the date hereof;
- (h) Any Contract for the lease of Leased Real Property either (i) consisting of (A) a manufacturing facility containing 50,000 rentable square feet or more or (B) any other facility containing 50,000 rentable square feet or more and with a future liability in any calendar year in excess of \$500,000 or its Foreign Currency equivalent on the date hereof or (ii) that has future liability in any calendar year in excess of \$500,000 or its Foreign Currency equivalent on the date hereof;
- (i) Any Contract (excluding licenses for commercial off the shelf Software that are generally available on nondiscriminatory pricing terms) pursuant to which any of the Companies or the Subsidiaries (i) obtains the right to use, or a covenant not to be sued under, any Intellectual Property Right or (ii) grants the right to use, or a covenant not to be sued under, any Intellectual Property Right;
- (j) Any sales agent or sales representative agreement pursuant to which the Companies and/or the Subsidiaries made aggregate payments to the sales agent or sales representative of at least \$500,000 or its Foreign Currency equivalent during 2015;
- (k) Any dealer or distribution agreement pursuant to which the Companies and/or the Subsidiaries received aggregate payments of at least \$2,000,000 or its Foreign Currency equivalent during 2015;
- (l) Any Contract with any director or officer of any of the Companies or any Subsidiary, other than any Contracts disclosed in Section 3.18(c) of the Disclosure Schedule;
- (m) Any Contract relating to the acquisition or disposition of (i) any material business (whether by merger, sale of stock, sale of assets or otherwise) entered into during the five-year period immediately preceding the date hereof relating to the Business or (ii) any business (whether by merger, sale of stock, sale of assets or otherwise) with respect to which any Company or Subsidiary will have any liabilities or obligations after giving effect to the Closing;
- (n) Any Contract with any Material Customer or Material Supplier that is not otherwise disclosed in Section 3.18(b) of the Disclosure Schedule;
- (o) Any Contract or purchase order providing for the sale of products or the provision of services (i) pursuant to which any Company or any Subsidiary has agreed to indemnify or hold harmless the other party thereto for any actions of a Person other than a Company or a Subsidiary or any employee thereof, other than any such Contract or purchase order where a Company or Subsidiary has agreed to such indemnification solely pursuant to a Contractor Indemnity, or (ii) pursuant to which the other party thereto has the right to set off amounts owed by

any Company or Subsidiary against amounts owed by or claims against a Person other than a Company or Subsidiary thereof;

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

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

Each Material Contract is in full force and effect and is valid and enforceable by the Companies or the Subsidiaries in accordance with its terms. The Companies and the Subsidiaries are in compliance with all material terms and requirements of each Material Contract, and none of the Companies, the Subsidiaries or, to the knowledge of Parent, any other party thereto is in default or breach in any material respect under the terms of any such Material Contract, and, to the knowledge of Parent, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute any event of default thereunder. True and complete copies of all Material Contracts have been made available to Buyer.

3.19 Employee Benefit Plans.

(a) Section 3.19(a)(i) of the Disclosure Schedule lists each Company Benefit Plan, except that, with respect to employment agreements, only those agreements specified in Section 3.18(c) and those in effect with the direct reports of any such individual described in Section 3.18(c) are listed. "Company Benefit Plan" means each (i) "employee benefit plan" (within the meaning of ERISA, whether or not subject to ERISA), (ii) stock option, stock appreciation right, phantom stock, restricted stock, consulting, severance, termination protection, change in control, transaction bonus, retention, or other compensation or benefits plan, program, arrangement, agreement or understanding or (iii) other plan, program, arrangement, agreement or understanding providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation or expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers' compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits) that, in each case, is maintained or contributed to by the Companies or the Subsidiaries, or by Parent or any of its Affiliates for the benefit of current or former Service Providers, or for which the Business or any of the Companies or the Subsidiaries have any direct or indirect liability, other than in each case plans, programs, arrangements, housing funds, agreements or other understandings (collectively, "Government Plans") that are mandated by applicable Law and that are maintained either solely by a Government Entity or on behalf of a Government Entity by a third-party entity other than Parent or one of its Affiliates (including the

Company or any Subsidiary) (such as Social Security contributions or the foreign equivalent thereof). Section 3.19(a)(i) of the Disclosure Schedule identifies which Company Benefit Plans are sponsored or maintained by the Companies or the Subsidiaries ("Purchased Entity Plans"), which Company Benefit Plans are sponsored or maintained by Parent or one of its Affiliates (other than the Companies or the Subsidiaries) and which Company Benefit Plans are defined benefit pension plans. Except for those non-material, non-U.S., welfare-related plans and non-material bonus and commission plans set forth on Section 3.19(a)(ii) of the Disclosure Schedule, with respect to each of the Company Benefit Plans listed in Section 3.19(a)(i) of the Disclosure Schedule, if applicable, Parent has made available to Buyer a true and complete copy of (A) each Company Benefit Plan (or a description, if such Company Benefit Plan is not written), (B) the summary plan description for each such Company Benefit Plan, (C) the most recent actuarial or financial valuation reports, (D) the trust (and any amending trust documentation) or other funding agreement and (E) the most recently issued favorable determination letter from the IRS or by the equivalent Government Entity in relation to the Foreign Plans, as may be applicable. With respect to those documents listed in Section 3.19(a)(ii) of the Disclosure Schedule, Parent shall make such documents available to Buyer not later than 30 days after the date hereof. Without limiting clause (C) of the immediately preceding sentence, Parent has used reasonable best efforts to make available to Buyer prior to the date hereof, with respect to each Company Benefit Plan that is a defined benefit plan, a true and complete copy of the most recent actuarial reports (if such reports exist) signed by an independent local actuary that meet the reporting requirements of local actuarial standards of practice and, to the extent that Parent has not made such reports available to Buyer prior to the date hereof, Parent shall make such reports (if such reports exist) available to Buyer not later than 30 days after the date hereof.

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

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

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

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

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

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

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

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

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

(k) Parent has provided to Buyer a true and complete list, as of a date that is within 15 days prior to the date of execution of this Agreement, of all Active Employees in all executive, technical, sales, administrative and marketing positions, which indicates for each such employee his or her position, base compensation, bonus opportunity, date of hire, employment status

and for U.S. employees, job classification (exempt or non-exempt); provided that no later than the Closing Date, Parent will provide Buyer with a revised version of such list, updated as of the most recent practicable date (and in no event as of earlier than 15 days prior to the Closing Date); provided, further, that such information shall be provided for Active Employees in Germany and The Netherlands on an (i) anonymized basis to the extent required by applicable Law and (ii) individualized basis no later than the Closing Date (and in no event as of earlier than 15 days prior to the Closing Date).

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

3.20 Labor.

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

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

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

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

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

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

3.21 Intellectual Property Rights.

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

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

(c) None of the Business, the Companies or the Subsidiaries have infringed, misappropriated or otherwise violated any Intellectual Property Right of any other Person. There is no claim, action, suit, investigation or proceeding pending against, or, to the knowledge of Parent, threatened against or affecting, any of the Business, the Companies or any of the Subsidiaries, or any present or former officer, director or employee of any of the Companies or any of the Subsidiaries, (i) based upon, or challenging or seeking to deny or restrict, the rights of any of the Companies or any of the Subsidiaries in any of the Owned Intellectual Property Rights, (ii) alleging that the use of the Owned Intellectual Property Rights or the Licensed Intellectual Property Rights or any services provided, processes used or products manufactured, used, imported, offered for sale or sold by any of the Companies or any of the Subsidiaries do or may conflict with, misappropriate, infringe or otherwise violate any Intellectual Property Right of any third party or (iii) alleging that any of the Business, the Companies or any of the Subsidiaries have infringed, misappropriated or otherwise violated any Intellectual Property Right of any third party, or (iv) offering an "invitation to license" as a means to avoid infringement or potential infringement of any Intellectual Property Rights of any third party.

(d) The Companies and the Subsidiaries are the sole owners of all Owned Intellectual Property Rights and hold all right, title and interest in and to all Owned Intellectual Property Rights and licensed right in and to the Licensed Intellectual Property Rights, free and clear of any Lien (other than any Permitted Lien). The Companies and the Subsidiaries have taken all commercially reasonable actions necessary to maintain and protect the Owned Intellectual Property

Rights, including payment of applicable maintenance fees and filing of applicable statements of use. The Companies and the Subsidiaries have taken all commercially reasonable actions necessary to maintain their rights in Licensed Patent Rights, and are in good standing under all agreements with third parties regarding such Licensed Patent Rights. None of the Owned Intellectual Property Rights has been adjudged invalid or unenforceable in whole or part, and, to the knowledge of Parent, all such Owned Intellectual Property Rights are valid and enforceable.

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

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

3.22 Intercompany Accounts. Section 3.22 of the Disclosure Schedule contains a true and complete list of all intercompany balances as of the date of the Recent Balance Sheet between Parent and its Affiliates (other than any Company or any Subsidiary), on the one hand, and each of the Companies and the Subsidiaries, on the other hand. Since the date of the Recent Balance Sheet, there has not been any accrual of liability by any Company or any Subsidiary to Parent or any of its Affiliates (other than any Company or any Subsidiary) or any other transaction between any Company or any Subsidiary, on the one hand, and Parent or any of its Affiliates (other than any Company or any Subsidiary), on the other hand, except in the ordinary course of business consistent with past practice and except for actions taken to implement or give effect to the Step Plan in compliance with the terms and conditions of this Agreement.

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

each product liability and product recall claim of the Business, the Companies and the Subsidiaries, in each of clauses (a) and (b) outstanding or experienced since January 1, 2013.

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

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

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

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

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

3.29 Step Plan. Parent has made available to Buyer a true and complete copy of the Step Plan and has or will make available prior to the Closing true and complete copies of the implementing documents in respect thereof (the "Carve-Out Documents"). Each of the Carve-Out Documents (a) is or when executed will be a valid and binding agreement of the parties thereto,

enforceable in accordance with its terms, except as such may be limited by bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights and remedies generally, and by general equitable principles, (b) does not (or, when executed and consummated, will not) violate any applicable Law and (c) will not result in any liability or cost to any Company or any Subsidiary, except as specifically provided in such Carve-Out Document (including the assumption of any liability or cost specifically provided in such Carve-Out Document) and consented to by Buyer in accordance with Section 5.15.

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

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

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

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

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

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

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

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

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

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

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

4.8 No Other Representations or Warranties; Projections.

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

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

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

ARTICLE V

COVENANTS

5.1 Access to Information Concerning Properties and Records; Confidentiality.

(a) Except for information that (i) Parent reasonably believes is competitively sensitive, relating to the trade secrets of the Companies or the Subsidiaries, (ii) if provided, would adversely affect the ability of Parent, the Companies or the Subsidiaries to assert attorney-client or attorney work product privilege or other similar privilege and (iii) in the reasonable opinion of Parent's legal counsel, may result in a violation of any Law or Contract applicable to Parent, the Companies or the Subsidiaries, Parent agrees to cause the Companies and the Subsidiaries, during the period commencing on the date hereof and ending on the Closing Date, to furnish or cause to be furnished to Buyer and its representatives, at reasonable times and upon reasonable notice, (A) such

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

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

(c) Prior to the Closing, with respect to the matter described in Item 9 of Section 3.12(a) of the Disclosure Schedule, (i) Parent shall promptly inform Buyer of any material communication received from, or given to, any Government Entity regarding such matter, (ii) Buyer shall have the right to review in advance, and to the extent practicable Parent shall consult with Buyer on and consider in good faith the views of Buyer in connection with, any material filing made with, or material written materials to be submitted to any Government Entity in connection with such matter, (iii) Parent shall make available to Buyer copies of all material filings, notices and other written communications submitted or made by Parent or its Affiliates to any Government Entity or received from any Government Entity in connection with such matter and (iv) Parent shall consult with Buyer in advance of any material meeting, discussion, telephone call or conference with any

Government Entity, and to the extent not expressly prohibited by the Government Entity or Person, give Buyer the opportunity to attend and participate in such meetings and conferences, in each case, regarding such matter, and (v) Parent shall consult with Buyer with respect to such matter and shall, upon Buyer's reasonable request and in any event no less often than biweekly, provide Buyer with reasonably detailed oral reports on the progress and status of such matter (including an opportunity to discuss such matter with the counsel for such matter and review any documents discovered or produced in connection with such matter).

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

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

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

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

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

(e) The Companies and the Subsidiaries shall not grant any increase in the compensation, benefits, salaries or wages payable to Service Providers, except (i) for reasonable increases of salaries or wages for Service Providers who are not Key Employees in the ordinary

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

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

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

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

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

(j) None of the Companies or the Subsidiaries shall sell, lease, sublease or otherwise transfer or dispose of, or create or incur any Lien on, or mortgage or pledge, any

properties, assets, securities, interests or businesses of the Companies or the Subsidiaries, except for sales of inventory or obsolete equipment in the ordinary course of business consistent with past practice;

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

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

(m) None of the Companies or the Subsidiaries shall (i) enter into any agreement or arrangement that limits or otherwise restricts in any material respect any Company, any Subsidiary or any of their respective Affiliates or any successor thereto or that would, after the Closing Date, limit or restrict in any material respect any Company, any Subsidiary, Buyer or any of their respective Affiliates, from engaging or competing in any line of business, in any location or with any Person, (ii) enter into, amend or modify in any material respect or terminate any Contract required to be disclosed by Section 3.18 (or that would have been required to be disclosed if entered into prior to the date hereof) other than to enter into or renew, in the ordinary course of business, any Contract required to be disclosed by Sections 3.18(b), 3.18(i)(i), 3.18(j), 3.18(k) or 3.18(n) (or that would have been required to be disclosed if entered into prior to the date hereof) that is not also required to be disclosed by any other subsection of Section 3.18 (or that would have been required to be disclosed if entered into prior to the date hereof), or (iii) except as permitted by Section 5.2(p), otherwise waive, release or assign any material rights, claims or benefits of any Company or any Subsidiary;

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

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

period ending after the Closing Date (other than an increase attributable to a reduction in the amount of any Tax asset that would otherwise exist as of the Closing Date);

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

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

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

5.3 Reasonable Best Efforts.

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

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

(c) Notwithstanding the foregoing, each party further agrees that (i) neither Buyer nor any of its Affiliates will be required pursuant to this Agreement to take (and without Buyer's prior written consent, Parent, the Companies and the Subsidiaries shall be prohibited from taking) any remedial actions, including any Burdensome Condition, or (ii) none of Buyer, Parent or any of their respective Affiliates will be required pursuant to this Agreement to commence or undertake any litigation in order to avoid, vacate, modify or suspend any injunction or other Order in connection with the transactions contemplated by this Agreement. Subject to the preceding sentence, any proposing, negotiating, committing to and effecting any divestiture, sale, disposition, hold separate or limitation on freedom of action with regard to any aspect of the Companies or the Subsidiaries that is part of the proposed acquisition by Buyer under this Agreement shall, at the sole discretion of Parent, be subject to the consummation of the transactions contemplated hereby, and in any event nothing in this Agreement imposes any obligation on Parent or its Affiliates as to any other interests or holdings of Parent or its Affiliates either prior to or after the Closing.

(d) In connection with this Section 5.3, Buyer and Parent shall, and shall cause their respective Affiliates to: (i) cooperate in all respects with each other in connection with any filing, submission, investigation, action or inquiry, (ii) promptly inform the other party of any communication received from, or given to any Government Entity and of any material communication received or given in connection with any proceeding by a private party, in each case, regarding any of the transactions contemplated hereby, (iii) have the right to review in advance, and to the extent practicable each shall consult the other on and consider in good faith the views of the other party in connection with, any filing made with, or written materials to be submitted to any Government Entity or, in connection with any proceeding by a private party, any other Person, in connection with any of the transactions contemplated hereby, (iv) make available to the other party copies of all filings, notices and other written communications submitted or made by any party or its Affiliates to any Government Entity or received from any Government Entity in connection with any of the transactions contemplated hereby and (v) consult with each other in advance of any meeting, discussion, telephone call or conference with any Government Entity or, in connection with any proceeding by a private party, with any other Person, and to the extent not expressly prohibited by the Government Entity or Person, give the other party the opportunity to attend and participate in

such meetings and conferences, in each case, regarding any of the transactions contemplated hereby. With regard to any sharing of information contemplated under this Section 5.3, (A) any disclosure of information shall be done in a manner consistent with applicable Law and subject to the confidentiality provisions of this Agreement, (B) information may be withheld as necessary to address reasonable attorney-client privilege concerns or as necessary to comply with restrictions set forth in any Contract, (C) any party may, as it deems advisable or necessary, reasonably designate any confidential or competitively sensitive information as for "outside counsel only" and (D) materials provided to the other party or its counsel may be redacted to remove proprietary information relating to transaction assessment and analysis. Buyer shall, subject to and without limiting Buyer's obligations under Section 5.3, control the antitrust strategy and defense in all respects; provided that Buyer shall (x) regularly and timely consult with Parent and keep Parent informed regarding the antitrust strategy and defense, and (y) consider in good faith the views of Parent with regard to the antitrust strategy and defense.

5.4 Notification.

(a) Prior to the Closing, Parent shall promptly notify Buyer (after Parent has notice thereof) and Buyer shall promptly notify Parent (after Buyer has notice thereof) and keep such other party advised as to (i) any litigation or administrative proceeding pending and known to such party or, to its knowledge, threatened against such party that challenges the transactions contemplated hereby, (ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement or (iii) any event, condition or circumstance that would reasonably be expected to cause any condition set forth in Article VI or Article VII not to be satisfied; and

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

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

5.5 Contract Matters.

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

(b) Parent Guarantees. Prior to the Closing, Buyer shall use its reasonable best efforts to cause itself or one or more of its Affiliates to be substituted in all respects for any of Parent and its Affiliates and their respective successors and assigns (but excluding the Companies and the Subsidiaries) (collectively, the "Parent Guarantors") effective as of the Closing, and for each Parent

Guarantor to be fully and irrevocably released and discharged effective as of the Closing, in respect of all obligations of each Parent Guarantor under any guarantee, indemnity, surety bond, letter of credit, bank guarantee, keepwell agreement, indemnification agreement, financing arrangement or other similar commitment, understanding, agreement or obligation relating to any of the Companies, the Subsidiaries, any Indebtedness or the Business (i) set forth in Section 5.5(b) of the Disclosure Schedule (each such instrument, a "Parent Existing Guarantee") or (ii) entered into after the date hereof and prior to Closing that (A) is entered into in the ordinary course of business consistent with past practice, (B) to the extent related to a bank guarantee, such bank guarantee is issued by a bank listed in Section 5.5(b) of the Disclosure Schedule and (C) does not exceed \$10,000,000 (the instruments in clauses (i) and (ii) collectively, the "Parent Guarantees"). Notwithstanding the preceding sentence, Buyer may, at its sole discretion, seek to implement any other arrangement (the "UK Pension Alternative Mechanism") which shall, effective as of the Closing, fully and irrevocably release and discharge each Parent Guarantor in respect of all obligations of each Parent Guarantor under the guarantees in respect of the UK Defined Benefits Pension Scheme (the "UK Pension Plan Guarantees"). For any Parent Guarantees for which Buyer or its Affiliate is not substituted in all respects for the applicable Parent Guarantor and for which the applicable Parent Guarantor is not released effective as of the Closing or for which a UK Pension Alternative Mechanism is not adopted, Buyer shall continue using its reasonable best efforts to effect such substitution and release or UK Pension Alternative Mechanism as promptly as practicable after the Closing Date, except that, if four months after the Closing Date, a UK Pension Alternative Mechanism has not been put in place, then Parent may at its sole discretion direct Buyer to use its reasonable best efforts to cause itself or one or more of its Affiliates to be substituted in all respects for any of Parent and its Affiliates and their respective successors and assigns in respect of the UK Pension Plan Guarantees. Notwithstanding anything to the contrary herein, Buyer shall not be required to expend any money or offer or grant any accommodation (financial or otherwise) to any other Person in order to cause the substitutions described in the foregoing part of this Section 5.5(b). Buyer further agrees that, to the extent the beneficiary or counterparty under any Parent Guarantee does not accept any such substitute arrangement proffered by Buyer or its Affiliate or to the extent each Parent Guarantor is not fully and irrevocably released and discharged, Buyer shall reimburse each Parent Guarantor for reasonable out-of-pocket costs or expenses paid in connection with maintaining such Parent Guarantee, whether or not any such Parent Guarantee is drawn upon or required to be performed. From and after the Closing, other than with respect to the UK Pension Plan Guarantees, Buyer shall indemnify and hold harmless the Parent Guarantors against any Losses that any Parent Guarantor suffers, incurs or is liable for by reason of or arising out of or in consequence of: (i) any Parent Guarantor issuing, making payment under, or being a party to, any Parent Guarantees; (ii) any claim or demand for payment made on any Parent Guarantor with respect to any of the Parent Guarantees; or (iii) any action, claim or proceeding by any Person who is or claims to be entitled to the benefit of or claims to be entitled to payment, reimbursement or indemnity with respect to any Parent Guarantee. From and after the Closing, with respect to the UK Pension Plan Guarantees, Buyer shall indemnify and hold harmless the Parent Guarantors against any amounts paid under the UK Pension Plan Guarantees set forth in Section 5.7(a)(iii) of the Disclosure Schedule.

(c) Shared Contracts. Parent shall use reasonable best efforts to cause the Contracts set forth on Section 5.5(c) of the Disclosure Schedule (each, a "Shared Contract") to be assigned, transferred or conveyed only with respect to (and preserving the meaning of) those parts

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

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

(e) Prior to the Closing, Parent shall use its reasonable best efforts to cause itself or one or more of its Affiliates (excluding the Companies or the Subsidiaries) to be substituted in all respects for any of the Companies or the Subsidiaries and their respective successors and assigns (collectively, the "Company Guarantors") effective as of the Closing, and for each Company Guarantor to be fully and irrevocably released and discharged effective as of the Closing, in respect of all obligations of each Company Guarantor under any guarantee, indemnity, surety bond, letter of credit, bank guarantee, keepwell agreement, indemnification agreement, financing arrangement or other similar commitment, understanding, agreement or obligation relating to any of Parent or its Affiliates (but excluding the Companies and the Subsidiaries) set forth in Section 5.5(e) of the Disclosure Schedule (collectively, the "Company Guarantees"). For any Company Guarantees for which Parent or its Affiliates (excluding the Companies and the Subsidiaries) is not substituted in all respects for the applicable Company Guarantor and for which the applicable Company Guarantor is not released effective as of the Closing, Parent shall continue using its reasonable best efforts to effect such substitution and release as promptly as practicable after the Closing Date. Notwithstanding anything to the contrary herein, Parent shall not be required to expend any money or offer or grant any accommodation (financial or otherwise) to any other Person in order to cause the

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

5.6 Tax Matters.

(a) Parent Pre-Closing Returns. Parent, at its sole cost and expense, shall (i) prepare or cause to be prepared (A) all Tax returns (whether original Tax returns or amended Tax returns) of any Company or Subsidiary that relate to taxable periods ending on or prior to the Closing Date and that are due on or prior to the Closing Date and (B) all income or franchise Tax returns (whether original Tax returns or amended Tax returns) listed on Schedule 5.6(a) of any Company or Subsidiary that relate to taxable periods ending on or prior to the Closing Date and that are due after the Closing Date (collectively, the "Parent Pre-Closing Returns") and (ii) (A) with respect to any Parent Pre-Closing Return due on or prior to the Closing Date, cause the Companies or the Subsidiaries to pay as they fall due all Taxes that are actually payable in respect of the Parent Pre-Closing Return and (B) with respect to each Parent Pre-Closing Return due after the Closing Date, no later than three days before the date on which payment is due in respect of such Taxes, pay to Buyer all Taxes that are actually payable in respect of the Parent Pre-Closing Return, in each case to the extent that such Taxes are not reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement). To the extent the amount of Taxes actually payable in respect of a Parent Pre-Closing Return due after the Closing Date is less than the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes, then Buyer shall make a payment to Parent equal to the difference between the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes and the amount of Taxes actually payable in respect of such Parent Pre-Closing Return no later than three days before the date on which payment is due in respect of such Taxes. Any payment made pursuant to the obligations in the immediately preceding two sentences shall be adjusted as necessary if the Final Accrued Tax Liabilities are different from the Estimated Accrued Tax Liabilities. Parent shall deliver unsigned drafts of any Parent Pre-Closing Returns that are due after the Closing Date to Buyer at least 30 days prior to the due date for the respective Parent Pre-Closing

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

(b) Buyer Pre-Closing Returns and Straddle Returns. Buyer, at its sole cost and expense, shall prepare or cause to be prepared (i) all Tax returns (whether original Tax returns or amended Tax returns) that are not listed on Schedule 5.6(a) of any Company or Subsidiary that relate to taxable periods ending on or prior to the Closing Date and that are due after the Closing Date (collectively, the "Buyer Pre-Closing Returns") and (ii) all Tax returns (whether original Tax returns or amended Tax returns) of any Company or Subsidiary that relate to taxable periods beginning on or before the Closing Date and ending after the Closing Date (collectively, the "Straddle Returns"). Buyer shall deliver unsigned drafts of any Buyer Pre-Closing Returns and Straddle Returns to Parent at least 30 days prior to the due date for the respective Buyer Pre-Closing Return or Straddle Return for Parent's review and comment. With respect to any Buyer Pre-Closing Return or Straddle Return (i) that is an income Tax return, Buyer shall, to the extent such Tax return could result in a Tax liability for which Parent would be responsible under this Agreement, reflect Parent's reasonable

comments with respect to such Tax return, except to the extent that Buyer reasonably believes that the inclusion of such comments could result in the assertion of penalties, unless Parent obtains a written opinion reasonably acceptable to Buyer, delivered for the benefit of the relevant Company or Subsidiary by an accounting or law firm nationally recognized as an expert in the relevant Tax matter, to the effect that the position taken by such comments is supported by substantial authority (or, if applicable, a standard under non-U.S. law that would avoid the imposition of penalties), provided that Buyer shall be responsible for up to the first \$50,000 of the costs of each such opinion for each position and Parent shall be responsible for any costs of such opinion in excess of \$50,000, and (ii) that is not an income Tax return, Buyer shall consider Parent's reasonable comments with respect to such Tax return, as requested by Parent within 15 days after a draft of the Buyer Pre-Closing Return or Straddle Return has been furnished to Parent. The final version of each Buyer Pre-Closing Return or Straddle Return shall be delivered by Buyer to Parent no less than five days prior to the due date for the filing of such Buyer Pre-Closing Return or Straddle Return. Parent shall pay to Buyer, no later than three days before the date on which payment is due in respect of such Taxes, (A) in the case of a Buyer Pre-Closing Return, an amount equal to the Taxes actually payable in respect of such Buyer Pre-Closing Return to the extent that such Taxes are not reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) or (B) in the case of a Straddle Return, an amount equal to the portion of the Taxes actually payable in respect of the Straddle Return that are allocable (under Section 5.6(c)) to the portion of the Straddle Period that ends on the Closing Date to the extent that such portion of such Taxes is not reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement). To the extent the amount of Taxes actually payable in respect of a Buyer Pre-Closing Return is less than the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes, then Buyer shall make a payment to Parent equal to the difference between the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes and the amount of Taxes actually payable in respect of such Buyer Pre-Closing Return no later than three days before the date on which payment is due in respect of such Taxes. To the extent the amount of the portion of the Taxes actually payable in respect of the Straddle Return that are allocable (under Section 5.6(c)) to the portion of the Straddle Period that ends on the Closing Date is less than the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes, then Buyer shall make a payment to Parent equal to the difference between the amount reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, to the extent not reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement) for such Taxes and the amount of the portion of the Taxes actually payable in respect of the Straddle Return that are allocable (under Section 5.6(c)) to the portion of the Straddle Period that ends on the Closing Date no later than three days before the date on which payment is due in respect of such Taxes. Any payment made pursuant to the obligations in the immediately preceding three sentences shall be adjusted as

necessary if the Final Accrued Tax Liabilities are different from the Estimated Accrued Tax Liabilities. Buyer shall arrange for the signing and timely filing of such Buyer Pre-Closing Returns and Straddle Returns and cause the Companies and the Subsidiaries to timely pay any Taxes that are actually payable in respect of such Buyer Pre-Closing Returns and Straddle Returns. Any original Buyer Pre-Closing Return or Straddle Return shall not be amended without the prior written consent of Parent (which shall not be unreasonably withheld, conditioned, or delayed). Unless otherwise required by applicable Laws, (i) all Buyer Pre-Closing Returns and Straddle Returns that are described in Section 5.6(l) of the Disclosure Schedule shall be prepared, and where applicable, payments in respect of such returns shall be made (but, for the avoidance of doubt, without limiting any obligation of any party under Section 5.6(h) or Section 5.6(i)), in accordance with the procedures set forth therein; and (ii) all Buyer Pre-Closing Returns and Straddle Returns shall be prepared in accordance with existing practices and accounting methods of the Companies and the Subsidiaries, provided that Buyer may prepare in any manner permitted by Law any Buyer Pre-Closing Return or Straddle Return, so long as any inconsistency with existing practices and accounting methods does not increase the indemnification obligation of Parent pursuant to Section 5.6(h) and so long as any applicable procedures set forth in Section 5.6(l) of the Disclosure Schedule are followed.

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

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

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

(iii) In the case of any Tax based upon or related to income, receipts, wages, capital expenditures or expenses, the amount of Tax that is allocable to the portion of the Straddle Period that ends on the Closing Date shall be deemed to equal the amount which would be payable if the relevant taxable period (of the Company or a Subsidiary, as the case may be, and of any partnership or other "flowthrough" entity

in which the Company or a Subsidiary holds, directly or indirectly, an interest) had ended on the Closing Date, using the "closing of the books" method of accounting; provided, however, that all exemptions, allowances, or deductions for the entire Straddle Period which are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the two short periods in proportion to the number of days in each period. Any credits relating to a Straddle Period shall be taken into account as though the relevant taxable period ended on the Closing Date.

(d) Tax Contests.

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

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

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

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

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

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

determining the overall foreign losses and separate limitation losses associated with the Companies and the Subsidiaries.

(f) Actions by Buyer. Neither Buyer nor any Affiliate of Buyer will make (i) any election under Code Section 338 with respect to the acquisition of the Shares of a U.S. Group Entity pursuant to this Agreement, or (ii) except as expressly permitted by Section 5.6(l) of the Disclosure Schedule, any election (including any election under Treasury Regulation Section 301.7701-3) that would have effect on or prior to the Closing Date or create Tax liability with respect to any taxable period ending on or prior to the Closing Date or that is allocable (under Section 5.6(c)) to the portion of a Straddle Period that ends on the Closing Date. Buyer shall cause each Company and each Subsidiary to refrain from making any sale (or other disposition) of assets outside the ordinary course of business on the Closing Date after the Closing.

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

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

Closing Statement (or, if the Final Closing Statement has not yet been finalized at the time that a claim is made under this clause (v), are reflected in Estimated Accrued Tax Liabilities on the Estimated Closing Statement) that is not received (either in cash or through the allowance of a credit that is available (whether or not actually availed of) to reduce Taxes otherwise payable) by Buyer or any of its Affiliates within the one-year period following the Closing Date; (vi) notwithstanding anything to the contrary in Section 5.6(l) or Section 5.6(l) of the Disclosure Schedule, any Taxes of the Companies or the Subsidiaries attributable to the inclusion of any item of income or gain in, or the exclusion of any item of deduction from, taxable income for any taxable period beginning after the Closing Date or that are allocable (under Section 5.6(c)) to the portion of a Straddle Period that begins on the day after the Closing Date, in each case as a result of any transaction, procedure, agreement or other action undertaken pursuant to Section 5.6(l) of the Disclosure Schedule, if, in the absence of such transaction, procedure, agreement or other action, such item of income or gain would otherwise have been included in, or such item of deduction would otherwise have been excluded from, any taxable period ending on or prior to the Closing Date or allocable (under Section 5.6(c)) to the portion of a Straddle Period that ends on the Closing Date; and (vii) any Taxes of the Companies or the Subsidiaries attributable to any prepaid amounts received on or prior to the Closing Date to the extent such amounts (x) have not been included in taxable income on or prior to the Closing Date and (y) are not reflected as a liability in Final Net Working Capital on the Final Closing Statement; provided, however, that any such obligation to indemnify, defend and hold harmless shall not apply with respect to any Taxes that (A) except as provided under clause (v) above, are reflected in Final Accrued Tax Liabilities on the Final Closing Statement (or, if the Final Closing Statement has not yet been finalized, are reflected in Estimated Accrued Tax Liabilities on the estimated Closing Statement), or (B) are Taxes for which Buyer has an obligation to indemnify pursuant to Section 5.6(i). Any payment made pursuant to this Section 5.6(h) shall be adjusted as necessary if the Final Accrued Tax Liabilities are different from the Estimated Accrued Tax Liabilities.

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

(j) Calculation of Losses. The amount of any Loss for which Parent or Buyer shall have an indemnification obligation under Section 5.6(h) or Section 5.6(i), respectively, shall be reduced to take into account any net Tax benefits actually realized as a result of such Loss in or prior to the taxable year such Loss is incurred by the indemnified party or the five taxable years immediately following such year. For this purpose, the indemnified party shall be deemed to realize

a Tax benefit with respect to a taxable year as a result of such Loss if, and to the extent that, the indemnified party's cumulative liability for Taxes through the end of such taxable year, calculated by excluding any Tax items attributable to the Loss from all taxable years, exceeds the indemnified party's actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items relating to such Loss for all taxable years (to the extent permitted by relevant Tax law and treating such Tax items as the last items claimed for any taxable year). The amounts of Tax benefits realized or to be realized shall be determined in good faith by the indemnified party, and information regarding this determination shall be promptly furnished by the indemnified party to the indemnifying party in as much detail as reasonably requested by the indemnifying party.

(k) Sale of Tracer. Buyer shall cause Flow Control US Holding Corp., a Delaware corporation ("U.S. Holdco"), to join with Panthro Acquisition Co., a Delaware corporation ("Panthro"), in making an election under Code Section 338(h)(10) (and any corresponding elections under U.S. state Tax law or U.S. local Tax Law) with respect to the shares of Tracer Industries, Inc., a Delaware corporation ("Tracer"), that are sold by U.S. Holdco to Panthro as set forth in the Step Plan, and with respect to the shares of Alliance Integrated Systems, Inc., a Delaware corporation, that are owned by Tracer at the time of such sale.

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

(m) Purchase Price Allocation. During the 60 day period following the date of this Agreement, Buyer and Parent shall negotiate in good faith with a view to reaching agreement on a preliminary allocation of the Base Purchase Price among the Shares of the various Companies (the "Preliminary Allocation"). Parent shall furnish Buyer with all information Buyer reasonably requests in connection with the negotiation and drafting of the Preliminary Allocation. If Buyer and Parent are unable to reach an agreement on the Preliminary Allocation by the end of such period, Parent and Buyer shall follow reconciliation procedures similar to those described in Section 2.3(c) and, if necessary, shall submit the dispute to the Accounting Firm for resolution not later than 30 days prior to the Closing Date. Not later than 30 days after the Closing Date, Parent shall prepare and deliver to Buyer for its review a schedule that allocates, in a manner consistent with and based upon the Preliminary Allocation, the Estimated Purchase Price among the Shares of the various Companies for all purposes (including Tax and financial accounting purposes) (the "Final Allocation"). The parties

agree that any adjustment to the Purchase Price pursuant to Section 2.3 shall be reflected through the allocation amount assigned to the Shares of one or more Companies designated in the Preliminary Allocation and need not be allocated among the Shares of all of the Companies, unless otherwise required by applicable Law. If, within 30 days after Parent delivers the Final Allocation to Buyer, Buyer does not provide a written objection to the Final Allocation, the Final Allocation shall be considered to have been approved by Buyer. If, within 30 days after Parent delivers the Final Allocation to Buyer, Buyer provides a written objection to the Final Allocation, Parent and Buyer shall follow reconciliation procedures similar to those described in Section 2.3(c) and, if necessary, shall submit the dispute to the Accounting Firm. Unless required by applicable Law, and notwithstanding any provisions to the contrary herein, the parties agree that any adjustment payment made by either party pursuant to Section 2.3 shall be made between Parent and Buyer.

(n) No Intermediary Transaction Tax Shelter. After the Closing, Buyer shall not take any action (and shall cause its Affiliates not to take any action) with respect to the Companies or Subsidiaries that would cause the transactions contemplated by this Agreement to constitute part of a transaction that is the same as, or substantially similar to, the "Intermediary Transaction Tax Shelter" described in IRS Notices 2001-16 and 2008-111.

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

5.6(p) had such reduction in income Tax liability been determined taking into account such final determination.

(p) Specified Carryforwards. If Buyer or any of its Affiliates actually realizes a reduction in income Tax liability in a taxable period beginning after the Closing Date or in the portion of a Straddle Period beginning on the day after the Closing Date as a result of the use of any Specified Carryforwards, Buyer shall deliver to Parent, within 30 days after the date on which such reduction in income Tax liability is actually realized, an amount equal to such reduction; provided that Buyer's obligation to pay amounts to Parent pursuant to this Section 5.6(p) shall not apply to any reduction in income Tax liability recognized by Buyer or its Affiliates in a taxable period beginning more than seven years after the Closing Date. For this purpose, Buyer or the applicable Affiliate shall be deemed to realize a reduction in Tax liability with respect to a taxable year as a result of the use of a Specified Carryforward if, and to the extent that, the cumulative liability for Taxes of Buyer or its applicable Affiliate through the end of such taxable year, calculated by excluding the Specified Carryforward, exceeds the actual cumulative liability for Taxes of Buyer or its applicable Affiliate through the end of such taxable year, calculated by taking into account the Specified Carryforward (to the extent permitted by relevant Tax law and treating such carryforward as the last item claimed for the applicable taxable year). All determinations regarding the amount of income Tax liability, and the amount of any reductions in income Tax liability, for purposes of this Section 5.6(p) shall be made by Buyer in its reasonable discretion exercised in good faith. If, after the payment by Buyer to Parent of any amount under this Section 5.6(p), there shall be a final determination which reduces the amount of the reduction in any income Tax liability which gave rise to such payment, as determined pursuant to this Section 5.6(p) taking into account such final determination, Parent shall repay to Buyer, within 90 days of such final determination, any amount which would not have been payable to Parent pursuant to this Section 5.6(p) had such reduction in income Tax liability been determined taking into account such final determination.

5.7 Employee Matters.

(a) General.

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

the form of Parent shares, rights to such shares, or payments or other benefits directly derived from or directly based upon the value of such shares.

(ii) Mixed Foreign Retirement Plans.

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

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

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

(D) Where Buyer or its Affiliates does not have a suitable existing pension plan for the purpose of this Section 5.7(a)(ii) ("Existing Buyer Foreign Retirement Plan"), Buyer or its Affiliates shall use commercially reasonable efforts to establish or maintain as soon as practicable following the Closing Date one or more retirement plans (each, a "New Buyer Foreign Retirement Plan") in each country in which there is a Parent Sponsored

Mixed Foreign Retirement Plan immediately prior to the Closing Date. The Existing Buyer Foreign Retirement Plans and the New Buyer Foreign Retirement Plans shall be collectively known as the "Buyer Foreign Retirement Plans". Except as otherwise agreed by Parent and Buyer, Parent or its Affiliates shall use commercially reasonable efforts to cause each Active Employee to cease to be an active member of each Parent Sponsored Mixed Foreign Retirement Plan on and from the Closing Date and Buyer or its Affiliates shall use reasonable best efforts to cause each Active Employee to become an active member of the applicable Buyer Foreign Retirement Plan on and from the Closing Date and shall provide benefits in accordance with Section 5.7(a)(i).

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

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

reasonable efforts to cause the New Seller Foreign Retirement Plans to accept a transfer of: (i) the Mixed Foreign Retirement Plan DB Liabilities relating to the Parent Active Employees in respect of the period up to the Closing Date; and (ii) assets equal in value to such Mixed Foreign Retirement Plan DB Liabilities calculated in accordance with the rules of the Parent Sponsored Mixed Foreign Retirement Plan concerned and applicable Law.

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

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

Employees under such Company Sponsored Mixed Foreign Retirement Plan as of immediately prior to the Closing Date.

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

(iv) Agreements and Bonuses. From and after the Closing, and subject to Section 5.7(g), Buyer shall or shall cause the Companies and the Subsidiaries to (A) honor in accordance with their terms all existing contractual obligations under Company Benefit Plans that are employment, severance, retention, bonus (not including change of control or transaction bonuses or payments or payments with respect to cash performance unit awards, which are governed by the provisions of clause (B) hereof), consulting or other compensation agreements, plans or contracts (other than any such agreements, plans or contracts relating to equity-based awards or other Parent long-term incentive cash awards) between any Company or any Subsidiary and any current or former officer, director or employee of any Company or any Subsidiary, (B) pay any change of control bonuses due under any agreement listed in Section 5.7(a)(iv) of the Disclosure Schedule; provided that Buyer's obligation under this clause (B) shall apply only to the extent that such amounts are reflected in the Final Net Working Capital, (C) pay any cash payments due under a

Parent long-term incentive cash award in effect with any current or former officer or employee of any Company or any Subsidiary and (D) pay any bonus payments that are (or will be) due with respect to calendar year 2016 to any current or former officer or employee of the Companies or any Subsidiary under any cash incentive plan of Parent applicable to such officer or employee and disclosed in Section 3.19(a)(i) of the Disclosure Schedule; provided that Buyer's obligation under this clause (D) shall apply only to the extent that (x) such officers and employees are employed through the applicable regular payment date of such bonuses (other than any such officer or employee whose employment was earlier terminated by Buyer without cause) unless otherwise provided by the terms of the plan or agreement governing such bonuses as in effect as of the date hereof and disclosed to Buyer and (y) such amounts are reflected in the Final Net Working Capital. Except as provided in this paragraph, Parent shall retain all liability (and Buyer and its Affiliates shall have no liability) for any amounts payable under any employment, severance, retention, change of control, transaction bonus or similar agreement entered into between Parent or any of its Affiliates (other than any Company or Subsidiary) and any Active Employee or Former Employee, and Parent shall not (and shall cause its Affiliates not to) assign or transfer any such agreement to any Company or Subsidiary. With respect to any employee of Parent or its Affiliates (other than any Company or Subsidiary) whose employment is transferred to any Company or Subsidiary pursuant to the Step Plan, if under applicable Law, any agreement between such employee and Parent or its Affiliates (other than any Company or Subsidiary) is transferred to or assumed by any Company or Subsidiary, or any Company or Subsidiary otherwise becomes responsible for any amounts payable under such agreement, Parent shall retain all liability (and Buyer and its Affiliates shall have no liability) for such amounts to the extent such amounts are not reflected in Final Net Working Capital.

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

(b) 401(k) and ESOP.

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

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

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

(d) Health and Welfare Benefit Plans.

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

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

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

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

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

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

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

(e) Information and Consultation.

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

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

(ii) Notwithstanding any other provision of this Agreement, this Agreement shall not constitute a binding agreement to sell or purchase the Shares of entities organized in France or The Netherlands. At any time after the date on which the required information and consultation process(es) with each union, works council or other employee representative group with respect to each of entities organized in France or The Netherlands, as applicable, are complete under applicable Law, but prior to the Closing, Parent may, at its sole option (for each such entity, a "Put Option") determine to sell and transfer (and shall cause the relevant Seller to sell and transfer) to Buyer or the relevant Designated Purchaser all of the Shares of each such entity, if any, and, in such event, shall encourage all employees of each such entity to continue employment with such entity as part of the sale of such Shares; provided that (A) nothing herein shall be interpreted as requiring Parent or any of its Affiliates to provide any employees of the Companies or the Subsidiaries with any additional compensation or benefits to incentivize such Person to continue employment with such entity as part of the sale of such Shares, (B) if Parent does not exercise the Put Option for the entities organized in France prior to the Closing, the Base Purchase Price shall be reduced by the amount set forth in Section 5.7(e)(ii) of the Disclosure Schedule and (C) if Parent does not exercise the Put Option for the entities organized in The Netherlands prior to the Closing, the Base Purchase Price shall be reduced by the amount set forth in Section 5.7(e)(ii) of the Disclosure Schedule. Upon Parent's exercise of a Put Option, the purchase and sale of such Shares shall be deemed a part of, and undertaken on the same terms and conditions as, the purchase and sale of the Purchased Shares and Specified Individual Shares under Article I of this Agreement (and without the payment of any additional consideration), subject in all respects to the terms and conditions of this Agreement, including this Section 5.7 with respect to the employees of the Companies or the Subsidiaries, and the consummation of the Put Option shall occur simultaneously with, and as part of, the Closing. In case of concerns raised by a union, works council or other employee representative group with respect to any of entities organized in France or The Netherlands in connection with the purchase

and sale of such Shares in accordance with this Section 5.7(e)(ii), which would reasonably be addressed by updates, modifications or amendments to this Agreement or any section of the Disclosure Schedule to the extent related to such Shares, Parent and Buyer shall negotiate in good faith with respect to any such updates, modifications or amendments designed to carry out, so far as possible while addressing such concerns, the intent and purpose of this Agreement and the purchase and sale of such Shares; provided that none of Parent, any Company or any Subsidiary shall agree to any such updates, modifications or amendments or any matters which could impact the transactions contemplated by, or the terms of, this Agreement without Buyer's express written consent and Buyer may in its sole discretion reject Parent's exercise of a Put Option if such consent has not been provided.

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

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

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

(i) Certain Employees. With respect to employees of the Business who, as of the date hereof, are employed by Parent or its Affiliates (other than any Company or Subsidiary),

including such employees located in Turkey, Kazakhstan and Russia, prior to the Closing Date, Parent and Buyer shall cooperate in good faith to determine the manner in which, and the date on which, such employees will become employees of Buyer or its Affiliates, and whether such employees will provide services to Buyer or its Affiliates after the Closing Date pursuant to the Transition Services Agreement.

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

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

5.8 Property Transfer Statute Compliance.

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

(b) From the date hereof until the Closing, Parent shall, and shall cause the New Jersey Entities to, give Buyer and its representatives reasonable opportunity to review all drafts of all filings under ISRA, shall incorporate any reasonable comments from Buyer, and shall provide Buyer a copy of the final ISRA filing or document following submission to the NJDEP. From the date hereof until the Closing, Parent shall, and shall cause the New Jersey Entities to use reasonable best

efforts to design and implement any investigation or remediation activities conducted or proposed by or on behalf of such Company or Subsidiary in a manner so as not to unreasonably adversely affect the ongoing operations at the relevant site.

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

5.9 Asbestos Matters and Other Litigation Matters.

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

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

(c) As of the Closing, Parent and each Seller, as applicable, shall, without the necessity of further documentation of transfer, be deemed to have irrevocably assigned and transferred to the applicable Companies and Subsidiaries all of their right to, title to and interest in all communications with, and work product of, Morgan Lewis and Bockius LLP, Forman Watkins & Krutz LLP, Nelson Mullins Riley & Scarborough LLP, Gardner Trabolsi & Associates, PLLC, Segal McCambridge Singer & Mahoney, Ltd., Shook, Hardy & Bacon LLP, McMillan LLP, Pepper Hamilton LLP and any other law firms involved in Company Asbestos Actions and other lawsuits against any Company or Subsidiary (collectively, the "Defense Firms"), together with all written or other materials consisting of, containing, summarizing or embodying such communications and work product (collectively, the "Privilege Items"); provided that, for the sake of clarity, Privilege Items does not include engagement letters between a Defense Firm and Parent or any Seller. Parent agrees the intent and effect of this provision is to grant the applicable Companies and Subsidiaries control

over the exercise of the attorney-client privilege, if any, held by Parent or any Seller, in respect of communications with the Defense Firms regarding the Company Asbestos Actions and other lawsuits against any Company or Subsidiary and the Privilege Items. Parent agrees, and shall cause each Seller to agree, after the Closing to refrain from and cause each Seller to (i) refrain from, knowingly waiving the attorney-client privilege belonging to the Companies or the Subsidiaries, relating to any current or future Company Asbestos Action or other lawsuit or the Privilege Items and (ii) allow the Defense Firms to represent Buyer and/or its Affiliates (including the Companies and the Subsidiaries) in connection with any Company Asbestos Actions or asbestos insurance recovery matters. Parent shall take the actions set forth in Section 5.9(c) of the Disclosure Schedule and shall permit Buyer and its Affiliates (including the Companies and Subsidiaries) to take the actions set forth in Section 5.9(c) of the Disclosure Schedule.

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

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

5.12 Intellectual Property.

(a) License. Effective as of the Closing:

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

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

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

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

(b) Buyer acknowledges that Parent and its Affiliates have the absolute and exclusive proprietary right to all names, trade names, trademarks, service names and service marks and domain names incorporating "Pentair" and Parent's corporate logo or any derivation thereof and any corporate symbols or logos related thereto or incorporating "Pentair" (collectively, the "Parent Names"). Buyer agrees that it will not, and will cause the Companies and the Subsidiaries not to, use any Parent Name or any confusingly similar trademark, symbol or logo in connection with the sale of any products or services or otherwise in the conduct and operation of their businesses except as set forth in this Section 5.12(b). As soon as reasonably practicable following the Closing and in any event no more than 180 days following the Closing, Buyer shall cause each Company or Subsidiary with a name including the word "Pentair" to file with an appropriate Government Entity an amendment to such Company or Subsidiary's charter or other organizational documents or take such other steps as are required by applicable Law to eliminate the word "Pentair" and any other Parent

Name from such Company or Subsidiary's name. Effective from and after the Closing, except as otherwise provided in this Section 5.12(b), until a date that is 18 months from the Closing Date, Parent hereby grants the Companies and the Subsidiaries the nonexclusive, royalty-free right to use (without right of sublicense, other than to its and their distributors, representatives, resellers, contractors, service providers, contract manufacturers, customers and end-users, in connection with the Business) the Parent Names, but only in connection with the conduct and operation of the Business in a manner consistent with their use as of the Closing Date. Notwithstanding the foregoing, (i) as to any item of tooling in existence on the Closing Date that bears any such Parent Names, the Companies and Subsidiaries may continue to use such tooling until it becomes necessary for the Companies and the Subsidiaries to replace such tooling in the ordinary course of business consistent with past practice, at which time the Companies and the Subsidiaries shall replace such tooling with tooling that does not bear such Parent Names, and to sell inventory produced after the Closing Date using such tooling, only until such inventory is exhausted and (ii) to the extent any such Parent Names appear on stationary, packaging, materials, supplies or inventory, the Companies and the Subsidiaries shall use commercially reasonable efforts to remove or strike over such Parent Names as soon as reasonably practicable after the Closing Date. Notwithstanding the foregoing, (A) Buyer shall not permit the Companies and the Subsidiaries to represent or hold themselves out as representing Parent or its Affiliates, (B) Parent shall have the right to require the Companies and the Subsidiaries to take such reasonable action as Parent deems necessary to maintain appropriate quality control of the products and services of the Companies and the Subsidiaries that use any Parent Names and (C) Buyer shall indemnify and hold harmless Parent and its Affiliates from any Losses incurred by Parent or its Affiliates as a result of any breaches of subclauses (A) or (B) of this Section 5.12(b). Notwithstanding anything in this Agreement to the contrary, and for the avoidance of doubt, nothing in this Agreement shall be construed as restricting or limiting Buyer or any of its Affiliates (including, after the Closing, the Companies and the Subsidiaries) from using or referencing the Parent Names (x) in any materials or documents to indicate Parent's and its Affiliates' historical or factual relationship to the Companies and the Subsidiaries or (y) in a manner that would constitute "fair use" under applicable Law if such use were made by any other Persons.

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

5.13 No Competition; No Solicitation.

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

(b) During the period commencing on the Closing Date and ending on the date that is two years after the Closing Date, Parent will not, and will cause its Affiliates not to, take any action to solicit or induce for employment any employee of the Companies or the Subsidiaries. Notwithstanding the foregoing, nothing in this Section 5.13(b) shall prohibit Parent or its Affiliates from soliciting or inducing any employee of the Companies or the Subsidiaries (i) who responds to a public advertisement of general solicitation that is not targeted at such employees or (ii) whose employment with the applicable Company or Subsidiary (A) has ceased at least six months prior to such solicitation or inducement or (B) was terminated by the Companies or the Subsidiaries without cause.

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

(d) If any provision contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section, but this Section shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable Law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those

contained herein) as shall be valid and enforceable under such applicable Law. Parent acknowledges that Buyer would be irreparably harmed by any breach of this Section and that there would be no adequate remedy at law or in damages to compensate Buyer for any such breach. Parent agrees that Buyer shall be entitled to injunctive relief requiring specific performance by Parent of this Section, and Parent consents to the entry thereof.

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

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

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

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

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

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

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

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

5.15 Step Plan: Certain Restrictions on Intercompany Loan Receivables. Each Carve-Out Document shall be in form and substance reasonably acceptable to Buyer (with Buyer's consent not to be unreasonably withheld, conditioned or delayed), and prior to executing (or permitting any Affiliate to execute) any Carve-Out Document, Parent shall provide Buyer with a reasonable opportunity to review and comment thereon, and Buyer shall conduct its review and provide any comments thereon reasonably promptly (and in no event later than five Business Days) after receipt of such Carve-Out Document (the "Carve-Out Document Approval"). Parent shall provide copies to Buyer of each executed final Carve-Out Document prior to the Closing. Parent shall use its reasonable best efforts to complete the transactions contemplated in the Step Plan as soon as reasonably practicable after the date hereof and, in any event, shall, and shall cause its Affiliates to, complete the transactions contemplated in the Step Plan, including obtaining all regulatory approvals and making all regulatory filings set forth in the Step Plan and obtaining all regulatory approvals and making all regulatory filings required in connection with any repatriation, withdrawals, distributions or contributions of cash or capital or repayment of intercompany accounts or loans between any Company or Subsidiary, on the one hand, and Parent or any of its Affiliates (including the Companies and the Subsidiaries), on the other hand, that will occur after the date hereof and prior to the Closing (such actions collectively, the "Repatriation Plan"), in each case prior to the Closing. Parent shall not make any modifications to the Step Plan or its implementation without the prior written consent of Buyer (which shall not be unreasonably withheld, conditioned or delayed) (the "Step Plan Modifications"). Buyer will use its reasonable best efforts to cooperate with Parent to complete the Step Plan, the Carve-Out Document Approvals and any Step Plan Modifications, and the individual listed in Section 5.15(b) of the Disclosure Schedule will act as the primary contact person in the event of any dispute relating to the Step Plan, its implementation, the Carve-Out Document Approval, the Step Plan Modifications or any allegation Buyer is being insufficiently responsive to such matters. Prior to the Closing, Parent shall not cause or permit (i) any of the Companies or the Subsidiaries to create any new Intercompany Loan Receivables between any Companies or Subsidiaries that are not organized in the same jurisdiction, (ii) any of the Companies or Subsidiaries organized in Italy to create any new Intercompany Loan Receivables, or increase the balance of any existing Intercompany Loan Receivables, between any such Companies or Subsidiaries organized in the same jurisdiction, (iii) the Companies or Subsidiaries organized in a jurisdiction other than Italy to create any new Intercompany Loan Receivables in the aggregate in excess of \$75,000,000 with the balance of each such Intercompany Loan Receivable measured in the applicable Foreign Currency and converted into United States Dollars using the Exchange Rate on June 30, 2016, and (iv) the balance at the Effective Time of each Intercompany Loan Receivable in existence on the date hereof to exceed the balance of such Intercompany Loan Receivable set forth

on Section 3.7(w) of the Disclosure Schedule by more than 5%. Parent will use its reasonable best efforts to cooperate with Buyer to minimize the amount of Cash held by the Companies and the Subsidiaries organized in (i) the United States and (ii) the Other Countries, in each case as of the Closing consistent with the Repatriation Plan.

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

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

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

5.19 Required Financial Statements.

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

on Section 5.19(a) of the Disclosure Schedule, prepared in accordance with GAAP and Rule 3-05 (the financial statements in clauses (i) and (ii) collectively, the "Carve-Out Financial Statements").

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

(c) Unless Buyer has made a 2015 Audit Determination, within five Business Days after receipt of the Carve-Out Financial Statements as of and for the fiscal year ended December 31, 2016, Buyer shall make a determination whether the 2016 Required Financial Statements are required under Rule 3-05 with respect to its acquisition of the Business and provide Parent with written notice of such determination. If the Closing has not occurred on or prior to December 31, 2016 and (x) Buyer makes a determination that the 2016 Required Financial Statements are required under Rule 3-05 with respect to its acquisition of the Business or (y) Buyer made a 2015 Audit Determination, then in the case of each of clauses (x) and (y) Parent shall also deliver to Buyer (i) on or prior to the earlier of (A) the date on which Parent files its Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (the "2016 10-K") with the SEC and (B) the latest date on which Parent is required to file the 2016 10-K with the SEC, audited combined financial statements of the Business as of and for the fiscal year ended December 31, 2016, (ii) on or prior to the earlier of (A) the date on which Parent files each Quarterly Report on Form 10-Q for each quarter of Parent's fiscal year ended December 31, 2017 that is completed prior to the Closing (each such report, a "10-Q") with the SEC and (B) the latest date on which Parent is required to file each such 10-Q with the SEC, unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of the end of and for the quarter for which such 10-Q was filed or required to be filed, (iii) on or prior to February 7, 2017, unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of the end of and for the quarter ended December 31, 2016, and (iv) as soon as reasonably practicable after the Closing Date, but in any event no later than 40 days after the Closing Date, unaudited condensed combined financial statements (reviewed by Parent's independent accountants) of the Business as of the end of and for the period starting from the day after the last quarter for which Parent is required

to deliver to Buyer unaudited condensed combined financial statements in accordance with the preceding clause (ii) and ending on the Closing Date, in each of clauses (i), (ii), (iii) and (iv) prepared in accordance with GAAP and as required by Rule 3-05 and in comparative form to the extent required (the financial statements in clauses (i), (ii), (iii) and (iv) collectively, the "2016 Required Financial Statements" and, together with the 2015 Required Financial Statements, the "Required Financial Statements").

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

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

ARTICLE VI

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

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

6.1 Accuracy of Representations and Warranties; Performance of Obligations. The Fundamental Representations (excluding, for this purpose, the representations set forth in (x) Section 3.3(a)(ii), Section 3.3(b)(i) and Section 3.4 (in each case, solely with respect to the representations and warranties made thereunder related to the Individual Shares and the Individual Owners), (y) Section 3.3(c) and (z) Section 3.17(a)) of Parent set forth in Article III shall be true and correct, except for de minimis inaccuracies, as of the date hereof and as of the Closing Date, as though made on and as of the Closing Date, except for such representations made as of an earlier date or time, which need be true and correct only as of such earlier date or time. The representations and warranties of Parent (other than the Fundamental Representations (excluding, for this purpose, the representations set forth in (x) Section 3.3(a)(ii), Section 3.3(b)(i) and Section 3.4 (in each case, solely with respect to the representations and warranties made thereunder related to the Individual Shares and the Individual Owners), (y) Section 3.3(c) and (z) Section 3.17(a))) set forth in Article III shall be true and correct in all respects (without giving effect to any limitation indicated by the words "Material Adverse Effect," "in all material respects," "material," or "materiality") as of the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date, and Parent shall have performed or complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Parent by the Effective Time, except (a) for representations and warranties that speak as of a specific date or time (which need only be true and correct as of such date or time) and (b) for breaches of such representations and warranties that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Parent shall

have delivered to Buyer a certificate dated the Closing Date and signed by an officer of Parent in the officer's capacity as such confirming the foregoing in this Section 6.1.

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

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

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

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

ARTICLE VII

CONDITIONS PRECEDENT TO PARENT'S OBLIGATIONS

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

7.1 Accuracy of Representations and Warranties; Performance of Obligations. The Fundamental Representations of Buyer set forth in Article IV shall be true and correct, except for de minimis inaccuracies, as of the date hereof and as of the Closing Date, as though made on and as of the Closing Date, except for such representations made as of an earlier date or time, which need be true and correct only as of such earlier date or time. The representations and warranties of Buyer (other than the Fundamental Representations) set forth in Article IV shall be true and correct in all respects (without giving effect to any limitation indicated by the words "material adverse effect," "in all material respects," "material," or "materiality") as of the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date, and Buyer shall have performed or complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Buyer by the Effective Time, except (a) for representations and warranties that speak as of a specific date or time (which need only be true and correct as of such date or time) and (b) for breaches of such representations and warranties that, in the aggregate, would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby.

Buyer shall have delivered to Parent a certificate dated the Closing Date and signed by an officer of Buyer in the officer's capacity as such confirming the foregoing in this Section 7.1.

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

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

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

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

ARTICLE VIII

CLOSING

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

SURVIVAL; INDEMNIFICATION

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

9.2 Indemnification.

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

indemnification under Section 8.2 of the Separation Agreement; (iv) the failure of Parent to deliver, or cause to be delivered, to Buyer or a Designated Purchaser any Specified Individual Share at the Closing; provided that Parent's maximum liability pursuant to this Section 9.2(a)(iv) shall not exceed \$500,000 and that Parent shall have no liability pursuant to this Section 9.2(a)(iv) after the second anniversary of the Closing Date (except for any indemnification claim made pursuant to this Section 9.2(a)(iv) prior to the second anniversary of the Closing Date); (v) any sale or disposition of any business (whether by merger, sale of stock, sale of assets or otherwise) of the Companies, the Subsidiaries or the Business to a third party, that was entered into or consummated after the date of the Recent Balance Sheet and prior to the Closing, including any payment obligations to any third party, restructuring costs, payments which are required to be made to any Active Employee or Former Employee, inventory write-offs, in each case solely to the extent that such Losses have not been taken into account, on a dollar for dollar basis, in the determination of any adjustment pursuant to Section 2.3; (vi) any non-compliance with, or breach or violation of, or any alleged non-compliance with, or alleged breach or alleged violation of, any Anti-Corruption Law by any Company or Subsidiary or any person acting on behalf of the Business, the Companies or the Subsidiaries, including any joint venture in which the Companies or the Subsidiaries have participated and joint venture partners acting on behalf of such joint venture or the Business, the Companies or the Subsidiaries, in each case that occurred prior to the Closing (including, for the avoidance of doubt, any such non-compliance, breach or violation that is disclosed in the Disclosure Schedule); provided that Parent shall have no liability pursuant to this Section 9.2(a)(vi) after the fourth anniversary of the Closing Date (except for any indemnification claim made pursuant to this Section 9.2(a)(vi) prior to the fourth anniversary of the Closing Date); and (vii) the Liens described in Items 2 through 9 of Section 3.17(a) of the Disclosure Schedule after the Closing, including any actions taken to cause the removal, discharge and release in full of such Liens. Notwithstanding the foregoing, in no event shall Parent's aggregate indemnification obligations under Section 9.2(a)(i), with respect to Warranty Breaches of Fundamental Representations exceed the Base Purchase Price.

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

(c) The amount of any Losses for which indemnification is provided under this Article IX shall be net of any (i) amounts actually recovered by the indemnified party pursuant to any indemnification by or indemnification or other agreement with any third party or (ii) insurance proceeds or other cash receipts or sources of reimbursement actually received by the indemnified party as an offset against such Loss, in each of clauses (i) and (ii) net of any Tax or costs incurred to

recover such amounts; provided that if the indemnified party is Buyer, the amount of any such Losses shall be net of any such amounts, insurance proceeds, cash receipts or sources of reimbursement only to the extent that such amounts, insurance proceeds, cash receipts or sources of reimbursement are recovered or received pursuant to Contracts or insurance policies entered into prior to the Closing by or on behalf of or for the benefit of the Business, a Company or a Subsidiary.

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

9.3 Third Party Claim Procedures.

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

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

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

material written materials to be submitted to any Government Entity in connection with any such Third Party Claim, (D) the Indemnified Party shall make available to the Indemnifying Party copies of all material filings, notices and other written communications submitted or made by the Indemnified Party or its Affiliates to any Government Entity or received from any Government Entity in connection with any such Third Party Claim and (E) the Indemnified Party shall consult with the Indemnifying Party in advance of any material meeting, discussion, telephone call or conference with any Government Entity, and to the extent not expressly prohibited by the Government Entity or Person, give the Indemnifying Party the opportunity to attend and participate in such meetings and conferences, in each case, regarding any such Third Party Claim, (F) the Indemnified Party shall consult with the Indemnifying Party with respect to such Third Party claim and shall, upon the Indemnifying Party's reasonable request and in any event no less often than biweekly, provide the Indemnifying Party with reasonably detailed oral reports on the progress and status of such Third Party Claim (including an opportunity to discuss the Third Party Claim with the counsel defending against the Third Party Claim on behalf of the Indemnified Party and review any documents discovered or produced in connection with the Third Party Claim) and (G) the Indemnified Party shall obtain the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld or delayed) before entering into any settlement of such Third Party Claim, if the settlement does not expressly unconditionally release the Indemnifying Party and its Affiliates from all liabilities and obligations with respect to such Third Party Claim or the settlement imposes injunctive or other equitable relief against the Indemnifying Party or any of its Affiliates.

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

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

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

9.4 Direct Claim Procedures. In the event an Indemnified Party has a claim for indemnity under Section 9.2(a) or Section 9.2(b) against an Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party agrees to give prompt notice in writing of such claim to the Indemnifying Party. Such notice shall set forth in reasonable detail such claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have materially and adversely prejudiced the Indemnifying Party. If the Indemnifying Party does not notify the Indemnified Party within 30 days following the receipt of a notice with respect to any such claim that the Indemnifying Party disputes its indemnity obligation to the Indemnified Party for any Losses with respect to such claim, such Losses shall be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall promptly pay to the Indemnified Party any and all Losses arising out of such claim. If the Indemnifying Party has timely disputed its indemnity obligation for any Losses with respect to such claim, the parties shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, such dispute shall be resolved by litigation in an appropriate court of jurisdiction determined pursuant to Section 11.2.

ARTICLE X

TERMINATION

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

- (a) By mutual written agreement of Buyer and Parent;
- (b) By Parent or Buyer, if:

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

result of Parent's inability to complete the transactions contemplated in the Step Plan because all approvals by, and filings with, Government Entities set forth in the Step Plan or required by the Repatriation Plan have not been obtained or made, then either Parent or Buyer may, by written notice to the other party, further extend the Outside Date to August 18, 2017; provided, further, that if a party seeking termination pursuant to Section 10.1(b)(i) is in breach in any material respect of any of its covenants and agreements under this Agreement, then that party may not terminate this Agreement pursuant to Section 10.1(b)(i);

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

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

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

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

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

10.3 Effect of Termination. In the event of the termination of this Agreement by either or both of Parent or Buyer pursuant to Section 10.1, this Agreement shall terminate and become void

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

10.4 Termination Fee.

(a) Each of Buyer and Parent agrees that if Buyer or Parent terminates this Agreement pursuant to (i) Section 10.1(b)(i) and at the time of such termination (A) the conditions set forth in Section 6.2, Section 6.3, Section 7.2 or Section 7.3 shall not have been satisfied (in the case of Section 6.2 and Section 7.2 solely to the extent related in whole or in part to or arising under Competition Laws), (B) the failure described in clause (A) shall not have been caused by, or the result of, Parent's breach of this Agreement or failure to perform its obligations under this Agreement and (C) all other conditions set forth in Article VI and Article VII have been satisfied (other than those, that by their terms, are capable of being satisfied only at the Closing; provided that such conditions (except for the conditions set forth in Section 7.4) would be satisfied if the Closing Date were the date of such termination), including the conditions set forth in Section 6.2 and Section 7.2 to the extent not related to or arising under Competition Laws, shall have been satisfied or (ii) Section 10.1(b)(iii), then Buyer shall, within two Business Days after this Agreement is so terminated, pay to an account designated by Parent by wire transfer of immediately available funds in the amount set forth on Section 10.4(a) of the Disclosure Schedule (the "Termination Fee"), which obligation will survive the termination of this Agreement.

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

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

relating to or arising out of this Agreement or the Ancillary Agreements or any of the transactions contemplated hereby or thereby.

ARTICLE XI

MISCELLANEOUS

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

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

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

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

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

11.3 Entire Agreement; Amendments and Waivers.

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

(b) This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought. Either party to this Agreement may, only by an instrument in writing, waive compliance by the other party to this Agreement with any term or provision of this Agreement on the

part of such other party to this Agreement to be performed or complied with. The waiver by any party to this Agreement of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

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

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

11.5 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand (with written confirmation of receipt), (b) when sent by facsimile (with written confirmation of transmission), or (c) one Business Day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers set forth below (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision). If the addressee fails or refuses to accept delivery, such notice or other communication under this Agreement shall be deemed given as of the date of such failure or refusal.

(a) If to Buyer, to:

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

(314) 553-1232

(with a copy to)

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

(b) If to Parent, to:

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

(with a copy to)

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

11.6 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

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

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

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

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

11.11 Schedules. The disclosures set forth in the Disclosure Schedule are not intended to constitute, and shall not be construed as constituting, any representation or warranty or covenant of Parent, the Companies or the Subsidiaries except as and to the extent expressly provided in this Agreement. The disclosures set forth in the Disclosure Schedule are not intended to constitute, and shall not be construed as constituting, an admission or indication that any such matters are required to be disclosed, nor shall such disclosure be construed as an admission or indication that such information would be material or would have a Material Adverse Effect or that such items did not arise in the ordinary course of business or be deemed to establish a standard of materiality. Such additional matters are set forth for informational purposes only. No disclosure in the Disclosure Schedule relating to any possible breach or violation of any Contract, Law or Order shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. References to any Contract, Company Benefit Plan, Order, action, suit, arbitration proceeding or investigation are qualified in their entirety by reference to more detailed information in documents attached to the Disclosure Schedule. The parties hereto agree that any reference in a particular section of the Disclosure Schedule shall only be deemed to be an exception to (or, as applicable, a disclosure for purposes of) the representations and warranties (or covenants, as applicable) of the relevant party that are contained in the corresponding Section of this Agreement, except that any fact or item disclosed in any Section of the Disclosure Schedule shall be deemed disclosed in any other Section of the Disclosure Schedule as to which it is readily apparent that such

fact or item would apply so long as such disclosure is in sufficient detail to enable a party hereto to identify the facts or items to which it applies.

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

11.13 Interpretation.

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

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

11.14 No Strict Construction. Notwithstanding the fact that this Agreement and the Ancillary Agreements have been drafted or prepared by one of the parties, each of the parties confirms that both it and its counsel have reviewed, negotiated and adopted this Agreement and the Ancillary Agreements as the joint agreement and understanding of the parties, and the language used in this Agreement and the Ancillary Agreements shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Closing” shall have the meaning set forth in Section 8.1.

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

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

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

“Collar Ceiling” shall mean an amount equal to \$660,000,000.

“Collar Floor” shall mean an amount equal to \$640,000,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Environmental Laws” shall mean all Laws relating to the environment, natural resources, health and safety and to pollutants, contaminants, waste or chemicals or any toxic,

radioactive, ignitable, corrosive, reactive or otherwise hazardous waste or material, including those Laws protecting the quality of the ambient air, soil, surface water or groundwater.

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

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

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

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

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

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

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

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

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

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

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

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

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

“Excluded Matter” shall mean any one or more of the following: (i) the effect of any change in interest rates, the United States or foreign economies or securities or financial markets in general; (ii) the effect of any change that generally affects any industry in which the Companies or the Subsidiaries operates; (iii) the effect of any change arising in connection with natural disasters or calamities, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or

material worsening of any such hostilities, acts of war, sabotage or terrorism, military actions existing or underway as of the date hereof or change in geopolitical condition; (iv) the effect of any action taken by Buyer or its Affiliates prior to the Closing Date with respect to the transactions contemplated hereby; (v) the effect of any changes in applicable Laws or accounting rules; (vi) any effect resulting from the public announcement of this Agreement, compliance with terms of this Agreement, the consummation of the transactions contemplated by this Agreement or expenses incurred in connection therewith; or (vii) any actions taken at the written request of Buyer; provided, however, that any effect, event, change, occurrence or circumstance arising out of or resulting from any of the matters set forth in the foregoing clauses (x) (i), (ii), (iii) and (v) shall not be an Excluded Matter to the extent such effect, event, change, occurrence or circumstance has a disproportionate effect on the Companies and the Subsidiaries, taken as a whole, relative to other participants in the industry in which the Companies and the Subsidiaries operate and (y) (iv), (vi) and (vii) shall not be an Excluded Matter with respect to any representation and warranty that is intended to address the consequences of the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

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

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

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

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

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

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

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

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

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

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

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

"Former Employee" is an individual, other than (i) an Active Employee and (ii) an individual who would be an Active Employee if Parent and its Affiliates (other than the Companies and the Subsidiaries) were substituted for the Companies and the Subsidiaries in applying the definitions relevant to such term, who was an employee of the Companies or the Subsidiaries or their

respective predecessors immediately before he or she last terminated employment with Parent or any of its Affiliates.

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

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

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

“Government Official” means any officer or employee of any government or any department, agency or instrumentality thereof, or of any government-owned or government-controlled entity or any public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or official of that party, or candidate for political office.

“Government Plans” shall have the meaning set forth in Section 3.19(a).

“Hazardous Substance” shall mean all pollutants, contaminants, chemicals, compounds or industrial, toxic, hazardous or petroleum or petroleum-based substances or wastes, waste waters or byproducts, including polychlorinated biphenyls or urea formaldehyde, and any other substances subject to regulation under any Environmental Law.

“Health and Welfare Benefit Plan” shall have the meaning set forth in Section 5.7(d)(i).

“HSR Act” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“Indebtedness” means, without duplication, all obligations (including in respect of the principal of, accrued and unpaid interest in respect of, and all prepayment penalties, breakage fees and exit fees incurred in connection with the repayment thereof) of any Company or any Subsidiary in respect of (i) indebtedness for money borrowed, (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments, (iii) the deferred purchase price of businesses, property, securities, goods or services (including any “earn-outs”), (iv) letters of credit, bankers’ acceptances and similar facilities issued for the account of any Company or any Subsidiary (but solely to the extent drawn and not paid), (v) leases that are capitalized in accordance with GAAP, (vi) Contracts relating to interest rate protection, swap, collar, hedging and other similar agreements and (vii) all obligations of the type described in any of clauses (i) through (vii) above of other Persons to the extent any Company or any Subsidiary is responsible or liable, as obligor, guarantor, surety or

otherwise, including any guarantee of such obligations, in each of clauses (i) through (vi) as determined in accordance with GAAP, applying GAAP in the same manner used to prepare the Recent Balance Sheet; provided that Indebtedness shall not include any indebtedness owed by any Company or any Subsidiary solely to another of the Companies or the Subsidiaries.

"Indemnified Party" shall have the meaning set forth in Section 9.3(a).

"Indemnifying Party" shall have the meaning set forth in Section 9.3(a).

"Individual Owners" shall mean the individuals listed in Section 3.3 of the Disclosure Schedule as Individual Owners.

"Individual Shares" shall mean (i) the Shares set forth on Section 3.3 of the Disclosure Schedule as owned by Individual Owners and/or (ii) the stock, shares, quotas, investment capital, membership units and interests, capital, limited liability or partnership interests or other equity ownership interests in the Subsidiaries set forth on Section 3.3 of the Disclosure Schedule as owned by Individual Owners.

"Intercompany Loan Receivable" means an intercompany receivable of a Company or a Subsidiary, on the one hand, that is payable by a Company or a Subsidiary, on the other hand, but does not include cash pooling, intercompany miscellaneous and intercompany trade receivables arising in the ordinary course of business consistent with past practice.

"International Funding Institution" shall mean any multilateral development bank (such as the World Bank, Asian Development Bank, and European Bank for Reconstruction and Development), any multilateral financial institution (such as the European Commission), any sub-regional bank (such as the Central American Bank for Economic Integration and the West African Development Bank), or any international aid coordination group (such as the U.S. Agency for International Development).

"IRS" shall mean the U.S. Internal Revenue Service.

"Insured Subsidiaries" shall have the meaning set forth in Section 5.14.

"Intellectual Property Rights" shall mean any and all intellectual property and industrial property rights throughout the world, including (i) trademarks and service marks whether registered or unregistered, brand names, certification marks, collective marks, Internet domain name registrations, logos, slogans, symbols, trade dress and design rights, all registrations, renewals and applications for registration of the foregoing, and all goodwill associated therewith; (ii) patents, patent applications, statutory invention registrations, invention disclosures, and all reissuances, continuations, continuations in part, divisionals, extensions, re-examinations, renewals, and related applications; (iii) trade secrets, know-how and other confidential or proprietary information, including ideas, inventions, designs, drawings, specifications, product configurations, prototypes, models, improvements, technical data and other data, databases, formulae, laboratory notebooks, pricing and cost information, plans, proposals, processes, procedures, schematics, manufacturing techniques, business methods, customer lists and supplier lists; (iv) rights of publicity and privacy,

rights to personal information and moral rights, (v) shop rights, (vi) copyrights and rights in copyrightable subject matter in published and unpublished works of authorship (including product literature, advertising and marketing materials and website content), including all registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (vii) rights in all computer software programs, including, source code, object code, development tools, library functions, compilers, all versions, updates, corrections, enhancements, replacements, and modifications thereof, and all documentation related thereto (collectively, "Software"); (viii) the right and power to assert, defend and recover title to any of the foregoing; and (ix) all rights to assert, defend and recover for any past, present and future infringement, misuse, misappropriation, impairment, unauthorized use or other violation of any of the foregoing; (x) all administrative rights arising from the foregoing, including the right to prosecute applications and oppose, interfere with or challenge the applications of others, the rights to obtain renewals, continuations, divisions and extensions of legal protection pertaining to any of the foregoing; and (xi) all tangible embodiments of the foregoing (in any form or medium).

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

"IT Assets" shall mean any and all computers, Software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines, and all other information technology assets, including all associated documentation related to any of the foregoing, (i) owned by any of the Companies or Subsidiaries or (ii) licensed or leased to or otherwise used by any of the Companies or Subsidiaries.

"Key Employee" means an employee of any Company or any Subsidiary at the level of "Salary Grade Level 42" or above.

"Laws" shall mean any transnational, domestic or foreign federal, state, territorial, local or municipal law, common law, statute, judgment, decree, ordinance, Permit, rule, regulation, order, treaty, constitution, administrative interpretation, code or requirement of any Government Entity.

"Leased Real Property" shall have the meaning set forth in Section 3.17(c).

"Licensed Intellectual Property Rights" shall mean all Intellectual Property Rights owned by a third party and licensed or sublicensed to any of the Companies or any of the Subsidiaries or for which any of the Companies or any of the Subsidiaries has obtained a covenant not to be sued.

"Lien" shall mean any mortgage, deed of trust, lien, pledge, charge, option, right of first refusal, easement, servitude, lease, sublease, license, security interest or encumbrance or adverse claim of any kind.

"Losses" shall include, except as provided in Section 11.16(iii) of the Disclosure Schedule, (i) all debts, liabilities, obligations and payments owed to or at the behest of any other party; (ii) all losses, damages, judgments, awards, penalties and settlements; (iii) all demands, claims, suits, actions, causes of action, proceedings and assessments, whether or not ultimately determined to

be valid; and (iv) all costs and expenses (including interest (excluding prejudgment interest in any litigated or arbitrated matter other than that payable to a third party), court costs and reasonable fees and expenses of attorneys and expert witnesses) of investigating, defending or asserting any of the foregoing.

“Material Adverse Effect” shall mean an event, occurrence or change that has had or would reasonably be expected to have a material adverse effect on (i) the business, assets, properties, results of operations or condition (financial or otherwise) of the Business, the Companies and the Subsidiaries taken as a whole, other than in each case an effect to the extent resulting from an Excluded Matter or (ii) the ability of Parent to consummate the transactions contemplated by this Agreement.

“Material Contract” shall have the meaning set forth in Section 3.18.

“Material Customer” shall have the meaning set forth in Section 3.24.

“Material Supplier” shall have the meaning set forth in Section 3.25.

“Mixed Foreign Retirement Plans” shall have the meaning set forth in Section 5.7(a)(ii).

“Mixed Foreign Retirement Plan DB Liabilities” shall have the meaning set forth in Section 5.7(a)(ii)(F).

“Mixed DC Plan Liabilities” shall have the meaning set forth in Section 5.7(a)(ii)(A).

“Net Working Capital” means the Current Assets less the Current Liabilities, excluding all Tax assets and liabilities (including any provision for deferred Tax assets or liabilities). Exhibit A sets forth, for illustrative purposes, a calculation of the Net Working Capital as if the Closing had occurred on June 30, 2016.

“New Buyer Foreign Retirement Plan” shall have the meaning set forth in Section 5.7(a)(ii)(D).

“New Seller Foreign Retirement Plan” shall have the meaning set forth in Section 5.7(a)(ii)(C).

“New Jersey Entities” shall have the meaning set forth in Section 5.8(a).

“NJDEP” shall have the meaning set forth in Section 5.8(a).

“Objection Notice” shall have the meaning set forth in Section 2.3(c)(ii).

“Orders” shall mean any order, writ, injunction, judgment, plan or decree.

“Outside Date” shall have the meaning set forth in Section 10.1(b)(i).

"Owned Intellectual Property Rights" shall mean all Intellectual Property Rights owned (or purported to be owned), in whole or in part, by any of the Companies or any of the Subsidiaries.

"Owned Real Property" shall have the meaning set forth in Section 3.17(b).

"Panthro" shall have the meaning set forth in Section 5.6(k).

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

"Parent Guarantees" shall have the meaning set forth in Section 5.5(b).

"Parent Guarantors" shall have the meaning set forth in Section 5.5(b).

"Parent Names" shall have the meaning set forth in Section 5.12.

"Parent NQ 401(k) Plans" shall mean, collectively, the Pentair, Inc. Non-Qualified Deferred Compensation Plan, the Flow Control Supplemental Savings and Retirement Plan and any predecessor plans thereto.

"Parent Policies" shall have the meaning set forth in Section 5.14.

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

"Parent Sponsored Benefit Plans" shall mean those Company Benefit Plans which (i) cover or benefit current or former employees, or persons deriving benefits through such employees, of Parent or its Affiliates and are sponsored or maintained by Parent or its Affiliates (other than the Companies or the Subsidiaries) or (ii) are provided or administered pursuant to insurance or similar contractual arrangements between a third party and Parent.

"Payoff Letters" shall mean payoff letters, in form and substance reasonably satisfactory to Buyer, setting forth the respective amounts, if any, to be paid in connection with the Closing so that the Debt Payoff Amount shall be paid as provided in Section 2.2.

"Pentair-Tyco TSA" means the Tax Sharing Agreement by and among Tyco International Ltd., Tyco International Finance S.A., Pentair Ltd. and The ADT Corporation, dated September 28, 2012.

"Permit" shall have the meaning set forth in Section 3.13.

"Permitted Lien" means (i) Liens for Taxes and assessments not yet due and payable or which are being contested in good faith by appropriate proceedings (and for which adequate reserves have been established on the Recent Balance Sheet in accordance with GAAP), (ii) Liens reflected in title records relating to real property owned by the Companies or the Subsidiaries, (iii) mechanics', workmen's, repairmen's, warehousemen's, carriers' or other similar Liens arising in the ordinary course of business for amounts that are not yet delinquent or are being contested in good

faith by appropriate proceedings (and for which adequate reserves have been established on the Recent Balance Sheet in accordance with GAAP), (iv) statutory Liens of lessors under real property leases and Liens arising under original purchase price conditional sales Contracts and equipment leases with third parties, (v) statutory Liens and other rights of landlords, (vi) easements, covenants, conditions and restrictions of record to the extent affecting real property that, individually or in the aggregate, do not materially detract from the value, or impair in any material manner the use, of the property or assets subject thereto, (vii) easements, covenants, conditions and restrictions not of record that do not, individually or in the aggregate, materially detract from the value or impair in any material manner the use of the property or assets subject thereto, (viii) other Liens arising in the ordinary course of business that, individually or in the aggregate, do not materially detract from the value, or impair in any material manner the use, of the property or assets subject thereto, (ix) any zoning or other governmentally established restrictions or encumbrances, and (x) Liens affecting lessor's or owner's interest in any Leased Real Property.

"Person" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, labor union, works council, a division or operating group of any of the foregoing and any Government Entity or other entity or organization.

"Parent Active Employees" shall have the meaning set forth in Section 5.7(a)(ii)(C).

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

"Position Statements" shall have the meaning set forth in Section 2.3(c)(iii).

"Pre-Closing Occurrences" shall have the meaning set forth in Section 5.14.

"Preliminary Closing Statement" has the meaning set forth in Section 2.3(c)(i).

"Privilege Items" shall have the meaning set forth in Section 5.9(c).

"Purchased Shares" means all of the issued and outstanding Shares of all of the Companies, except for the Specified Individual Shares and the Shares set forth in Section 3.3 of the Disclosure Schedule as owned by a Company or a Subsidiary.

"Purchased Entity Plans" shall have the meaning set forth in Section 3.19(a).

"Purchase Price" shall have the meaning set forth in Section 2.1.

"Put Option" shall have the meaning set forth in Section 5.7(e)(ii).

"Recent Balance Sheet" shall have the meaning set forth in Section 3.6(a).

"Repatriation Plan" shall have the meaning set forth in Section 5.15.

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

"Response Period" shall have the meaning set forth in Section 2.3(c)(ii).

"RSIP" shall have the meaning set forth in Section 5.7(b)(i).

"Rule 3-05" shall have the meaning set forth in Section 3.6(b).

"R&W Insurance" shall mean the policy issued pursuant to that certain Buyer-Side Representations and Warranties Insurance Binder dated as of the date hereof between Buyer and AIG Specialty Insurance Company.

"SEC" shall have the meaning set forth in Section 3.6(b).

"SDN List" shall have the meaning set forth in Section 3.12(d).

"Seller" or "Sellers" shall have the meaning set forth in the recitals to this Agreement.

"Separation Agreement" means the Amended and Restated Separation and Distribution Agreement by and among Tyco International Ltd., Pentair Ltd. and the ADT Corporation dated as of September 27, 2012.

"Service Provider" means any director, officer, employee or individual independent contractor of any Company or any Subsidiary.

"Shared Contract" shall have the meaning set forth in Section 5.5(c).

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

"Specified Carryforward" shall mean, with respect to a Company or Subsidiary identified in Section 5.6(p) of the Disclosure Schedule, any loss carryover or credit carryover that is described in Section 5.6(p) of the Disclosure Schedule and that is available to be carried forward into the first taxable period that begins on the day immediately following the Closing Date or, in the case of a Company or Subsidiary that has a Straddle Period, that would be available to be carried forward into the first taxable period that begins on the day immediately following the Closing Date if the portion of the Straddle Period that ends on the Closing Date were treated as a separate taxable period.

"Specified Country" shall mean any jurisdiction that is a Capped Country and Australia, Chile, Hong Kong, Indonesia, Taiwan and Venezuela.

"Specified Individual Shares" shall mean the Shares and the stock, shares, quotas, investment capital, membership units and interests, capital, limited liability or partnership interests or other equity ownership interests in the Subsidiaries set forth on Section 11.16(ii) of the Disclosure Schedule to the extent such Shares or equity ownership interests in the Subsidiaries are not eliminated prior to the Closing in accordance with the terms of this Agreement.

"Step Plan" shall mean the Step Plan, dated as of August 18, 2016, attached as Exhibit B hereto, as amended or supplemented from time to time in accordance with Section 5.15.

"Step Plan Modifications" shall have the meaning set forth in Section 5.15.

"Straddle Period" shall mean a taxable period that begins on or before the Closing Date and ends after the Closing Date.

"Straddle Returns" shall have the meaning set forth in Section 5.6(b).

"Subsidiary" shall mean any Person engaged in the Business and of which the share capital, voting securities or other equity ownership interests representing the majority of voting control or the ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned by any of the Companies.

"Subsidiary Securities" shall have the meaning set forth in Section 3.3(b).

"Tax Claim" shall have the meaning set forth in Section 5.6(d)(i).

"Tax Contest" shall have the meaning set forth in Section 5.6(d)(i).

"Taxes" shall mean any and all federal, state, local, foreign or other taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any taxing authority, including taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth, and taxes or other charges in the nature of excise, withholding, ad valorem or value added.

"Termination Fee" shall have the meaning set forth in Section 10.4(a).

"Third Party Claim" shall have the meaning set forth in Section 9.3(a).

"Tracer" shall have the meaning set forth in Section 5.6(k).

"Transferred Contract" shall have the meaning set forth in Section 5.5(d).

"Transition Services Agreement" shall mean the Transition Services Agreement substantially in the form attached as Exhibit C hereto and the schedules thereof described in Section 5.18.

"UK Pension Alternative Mechanism" shall have the meaning set forth in Section 5.5(b).

"UK Pension Plan" shall have the meaning set forth in Section 5.7(a)(iii).

"UK Pension Plan Guarantees" shall have the meaning set forth in Section 5.5(b).

"U.S. Group Entity," shall mean U.S. Holdco or any of its Subsidiaries that is organized under the laws of the United States or a political subdivision thereof.

"U.S. Holdco" shall have the meaning set forth in Section 5.6(k).

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act, as amended.

"Warranty Breach" shall have the meaning set forth in Section 9.2(a).

"Working Capital Target" shall mean an amount equal to \$650,000,000.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

EMERSON ELECTRIC CO.

By: /s/ Robert M. Levy

Name: Robert M. Levy

Title: Vice President, Development

PENTAIR PLC

By: /s/ Randall J. Hogan

Name: Randall J. Hogan

Title: Chairman and Chief Executive Officer

[Signature Page to Share Purchase Agreement]

EMERSON ELECTRIC CO. AND SUBSIDIARIES
COMPUTATION OF THE RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in Millions)

	Year Ended September 30,				
	2012	2013	2014	2015	2016
Earnings:					
Earnings from continuing operations before income taxes	\$ 2,377	2,491	3,191	3,807	2,316
Fixed charges	373	373	355	331	337
Earnings, as defined	<u>\$ 2,750</u>	<u>2,864</u>	<u>3,546</u>	<u>4,138</u>	<u>2,653</u>
Fixed Charges:					
Interest expense	\$ 241	234	218	200	215
One-third of all rents	132	139	137	131	122
Total fixed charges	<u>\$ 373</u>	<u>373</u>	<u>355</u>	<u>331</u>	<u>337</u>
Ratio of Earnings to Fixed Charges	<u>7.4X</u>	<u>7.7X</u>	<u>10.0X</u>	<u>12.5X</u>	<u>7.9X</u>

**Subsidiaries and Affiliates of Emerson Electric Co.
September 30, 2016**

<u>LEGAL NAME</u>	<u>JURISDICTION OF INCORPORATION</u>
Branson Ultrasonic S.A.	Switzerland
Bristol, Inc.	Delaware
California Emerson LLC	Delaware
ClosetMaid Corporation	Florida
Clairson, Inc.	Delaware
Computational Systems, Incorporated	Tennessee
Control Products, Inc.	Minnesota
Control Techniques Iberia S.A.	Spain
Daniel Industries, Inc.	Delaware
Emerson Process Management Valve Automation, Inc.	Delaware
Bettis Canada Ltd.	Canada
Bettis Holdings Limited	United Kingdom
Bettis UK Limited	United Kingdom
Hytork Controls, Inc.	Delaware
RPP, LLC	Massachusetts
Daniel Automation Company	Delaware
Daniel Industrial, Inc.	Delaware
Daniel International Limited	United Kingdom
Daniel Europe Limited	United Kingdom
Daniel Industries Limited	United Kingdom
Spectra-Tek Holdings Limited	United Kingdom
Spectra-Tek UK Limited	United Kingdom
Daniel Measurement Solutions Private Limited	India
Spectra-Tek International Limited	United Kingdom
Greenfield (UK) Limited	United Kingdom
Daniel Measurement and Control, Inc.	Delaware
Daniel Industries Canada Inc.	Canada
Metco Services Venezuela, C.A.	Venezuela
Danmasa S.A. de C.V.	Mexico
Hytork International Ltd.	United Kingdom
Hytork LLC	Delaware
Hytork Services Limited	United Kingdom
Hytork Controls Limited	United Kingdom
EECO, Inc.	Delaware
Apple JV Holding Corp.	Delaware
Appleton Grp LLC	Delaware
Appleton Electric LLC	Delaware
Appleton Electric, S.A. de C.V.	Mexico
Appleton Holding Corp.	Delaware
EGS Electrical Group Canada Ltd.	Ontario
Easy Heat Ltd.	Ontario

EGS Comercializadora Mexico, S. de R.L. de C.V.	Mexico
Nutsteel DHC B.V.	Netherlands
Nutsteel Indústria Metalúrgica Ltda	Brazil
Appleton Holding Sarl	France
ATX S.A.	France
Easy Heat Europe SAS	France
Easy Heat, Inc.	Delaware
EGS Electrical Group Romania Srl	Romania
EGS Mexico S. de R.L. de C.V.	Mexico
EGS Private Ltd.	Singapore
Emerson Hazardous Electrical Equipment (Shanghai) Co., Ltd.	China
Emersub CV, Inc.	Delaware
GSEG LLC	Delaware
Electrical Reliability Services, Inc.	California
Emerson Climate Technologies, Inc.	Delaware
Emerson Climate Technologies Retail Solutions, Inc.	Delaware
Emerson Climate Services, LLC	Delaware
Copeland Access +, Inc.	Delaware
Copeland Corporation LLC	Delaware
Copeland de Mexico, S.A. de C.V.	Mexico
Emerson Climate Technologies (India) Private Limited	India
Copeland Redevelopment Corporation	Missouri
CR Compressors LLC	Delaware
Scroll Compressors LLC	Delaware
Scroll Mexico LLC	Delaware
Emerson Electric do Brasil Ltda	Brazil
System Plast Ltda	Brazil
Emerson Electric (U.S.) Holding Corporation	Delaware
Automatic Switch Company	Delaware
ASC Investments, Inc.	Delaware
Asco AB	Sweden
Asco Controls AG	Switzerland
Asco Controls B.V.	Netherlands
Asco Magnesszelep Kft.	Hungary
ASCO/JOUCOMATIC s.r.o.	Czech Republic
Asco Joucomatic ZA B.V.	Netherlands
Asco Numatics Sp. z o.o.	Poland
ASCO Controls, L.P.	Delaware
ASCO Japan Co., Ltd.	Japan
Ascomatica S.A. de C.V.	Mexico
Ascomation Pty. Ltd.	Australia
Ascomation (NZ) Ltd.	New Zealand
ASCO Numatics (India) Private Limited	India
ASCO Power Technologies, L.P.	Delaware
Avtron LoadBank Worldwide Co., Ltd.	United Kingdom
N.J. Froment & Co. Limited	United Kingdom
Emersub 17 LLC	Delaware
Asco Services, Inc.	New Jersey
ASCO Switch Enterprises LLC	Delaware
Ascotech, S.A. de C.V.	Mexico
Ascoval Industria e Comercio Ltda	Brazil
ASCO Valve Enterprises LLC	Delaware
ASCO Valve, Inc.	Delaware

ASCO Valve Manufacturing, LLC	Delaware
Branson Ultrasonics Corporation	Delaware
Branson Korea Co., Ltd.	Korea
Branson Ultrasonidos S.A.E.	Spain
Branson Ultrasons SAS	France
EI-O-Matic GmbH	Germany
Emerson Climate Technologies GmbH	Germany
Emerson Climate Technologies Limited	United Kingdom
Emerson Climate Technologies Refrigeration S.A.	Belgium
Emerson Climate Technologies S.A.	Spain
Emerson Climate Technologies Sarl	France
Emerson Climate Technologies Srl	Italy
Emerson Dietzenbach GmbH	Germany
Emerson Electric Overseas Finance Corp.	Delaware
Emerson Process Management GmbH	Germany
Emerson Process Management GmbH & Co. OHG	Germany
epro GmbH	Germany
RPP Europe GmbH	Germany
Emerson Process Management Ltda	Brazil
Emerson Retail Services Europe GmbH	Germany
Emerson Technologies Verwaltungs GmbH	Germany
Emerson Technologies GmbH & Co. OHG	Germany
Emersub LXXXIV, Inc.	Delaware
Emersub LXXXVI, Inc.	Delaware
EMR Holdings (France) SAS	France
ASCO SAS	France
Asco Numatics GmbH	Germany
Asco Numatics, S.A.	Spain
Joucomatic S.A.	Belgium
Avocent France SAS	France
Company Financiere de Chausey, S.A.	France
Emerson Network Power Energy Systems, SA	France
Francel SAS	France
Leroy-Somer Holding	France
Bertrand Polico SAS	France
Constructions Electriques de Beaucourt SAS	France
Emerson Industrial Automation Australia Pty Ltd	Australia
Emerson Industrial Automation Belgium NV	Belgium
Emerson Industrial Automation Denmark A/S	Denmark
Emerson Industrial Automation Iberia S.A.	Spain
Emerson Industrial Automation Italy SpA	Italy
Emerson Industrial Automation Sweden AB	Sweden
ESO SAS	France
ESO CENTRE EST Sarl	France
ESO Ile de France Sarl	France
ESO NORD EST Sarl	France
ESO NORMANDIE Sarl	France
ESO OUEST Sarl	France
ESO SUD EST Sarl	France
ESO SUD OUEST Sarl	France
Girard Transmissions SAS	France
IMI Elektromos Gepekert Gyarto Kft	Hungary
Leroy Somer Elektomekanik Sistemler Ticaret Ltd. STI	Turkey
Leroy Somer Limited	United Kingdom

Leroy Somer Marbaise GmbH	Germany
Leroy-Somer B.V.	Netherlands
Leroy-Somer Reynosa Maquinaria y Herramienta, S. de R.L. de C.V.	Mexico
Leroy-Somer (South East Asia) Pte Ltd	Singapore
Leroy-Somer SA	Switzerland
Leroy-Somer Single Member Ltd.	Greece
M.L.S. Holice, spol. s r.o.	Czech Republic
MLS Industries Inc.	Delaware
Yorba Linda International, Inc.	Delaware
Moteurs Leroy-Somer	France
Leroy Somer do Brasil Industria E Comercio Ltda	Brazil
Societe Anonyme de Mecanique et D'outillage du Vivarais SA	France
Ridgid France SAS	France
Marbaise Hanlo LS GmbH	Germany
Ridge Tool GmbH	Germany
Ridge Tool GmbH & Co. OHG	Germany
Rosemount Inc.	Minnesota
Dieterich Standard, Inc.	Delaware
Emerson Industrial Automation USA Inc.	Delaware
Emerson Industrial Automation USA LLC	Delaware
Fincor Holding, LLC	Delaware
Emerson Process Management AB	Sweden
Emerson Process Management A/S (Denmark)	Denmark
Emerson Process Management AS	Norway
Emerson Process Management Holding AG	Switzerland
Emerson Process Management AG	Switzerland
Emerson LLC	Azerbaijan
Emerson LLP	Kazakhstan
Emerson Process Management del Peru, S.A.C.	Peru
Emerson Process Management Kft.	Hungary
Emerson Process Management Romania Srl	Romania
Emerson Process Management Sp. z o.o.	Poland
Emerson Process Management UAB	Lithuania
Emerson Process Management Ticaret Limited Sirketi	Turkey
Emerson Process Management, s.r.o.	Czech Republic
Emerson Process Management, s.r.o.	Slovakia
Emerson TOV	Ukraine
Emerson Process Management Asia Pacific Pte. Ltd.	Singapore
Emerson Process Management Chennai Private Limited	India
Emerson Process Management Manufacturing (M) Sdn Bhd	Malaysia
Emerson Process Management Valve Automation (M) Sdn Bhd	Malaysia
Spectronix Ltd.	Israel
E. Business Development, E.B.D.Com Ltd.	Israel
Eurotronics Sistemas de Seguridad S.A.	Spain
Fire & Safety Group.Com Ltd.	Israel
Novel Environmental Technologies Ltd.	Israel
Novel Extinguishing Agent Technology Ltd.	Israel
Greenex Ltd.	Israel
S.F.T. Group Ltd.	Israel
Spectrex, Inc.	Connecticut
Fire & Safety Group.Com, Inc.	New Jersey
Emerson Process Management Korea Ltd.	Korea
Emerson Process Management Oy	Finland

Emerson Process Management, S.A. de C.V.	Mexico
Emerson Process Management, S.L.	Spain
Micro Motion, Inc.	Colorado
P I Components Corp.	Texas
Rosemount Analytical Inc.	Delaware
Rosemount China Inc.	Minnesota
Rosemount Nuclear Instruments, Inc.	Delaware
Rosemount Specialty Products LLC	Delaware
Xomox Uruguay S.A. en Liquidacion	Uruguay
Emerson Network Power Solutions, Inc.	Delaware
Emersub 15 LLC	Delaware
Liebert Corporation	Ohio
Alber Corp.	Florida
Atlas Asia Limited	Hong Kong
Emerson Network Power Software (Shenzhen) Co., Ltd.	China
Avocent Corporation	Delaware
Avocent Huntsville, LLC	Alabama
Avocent do Brasil Informatica Ltda	Brazil
Avocent Fremont, LLC	California
Avocent China Technology Limited	China
Avocent International Holdings Limited	Ireland
Avocent Belgium Limited BVBA/SPRL	Belgium
Avocent Asia Pacific Pte. Ltd.	Singapore
Avocent Australia Pty. Ltd.	Australia
Avocent (China) Limited	Hong Kong
Avocent Taiwan Co., Ltd.	Taiwan
Avocent International Limited	Ireland
Avocent Deutschland GmbH	Germany
Avocent Italia Srl	Italy
Avocent Japan KK	Japan
Avocent Netherlands B.V.	Netherlands
Avocent Spain S.L.	Spain
Avocent Sweden AB	Sweden
Avocent Redmond Corp.	Washington
Avocent Texas Corp.	Texas
Emerson Network Power Australia Pty. Ltd.	Australia
Atlas Air Australia Pty. Ltd.	Australia
Chloride Power Protection Pty. Ltd.	Australia
Emerson Network Power (Hong Kong) Limited	Hong Kong
Emerson Network Power (India) Private Limited	India
Emerson Network Power, Liebert Services, Inc.	Delaware
Emerson Network Power (Singapore) Pte. Ltd.	Singapore
Emerson Network Power (Malaysia) Sdn Bhd	Malaysia
Emerson Network Power (Taiwan) Co., Ltd.	Taiwan
Emerson Network Power (Thailand) Co. Ltd.	Thailand
Liebert Field Services, Inc.	Delaware
Liebert North America, Inc.	Delaware
Liebert Property Holdings, L.L.C.	Delaware
Ridge Tool Company	Ohio
Ridge Tool (Australia) Pty. Ltd.	Australia
Ridge Tool Manufacturing Company	Delaware
Ridge Tool Pattern Company	Delaware
RIDGID, Inc.	Delaware
Ridgid Italia Srl	Italy

Ridgid Online, Inc.	Ohio
Ridgid Werkzeuge AG	Switzerland
Therm-O-Disc, Incorporated	Ohio
Componentes Avanzados de Mexico S.A. de C.V.	Mexico
Controles de Temperatura S.A. de C.V.	Mexico
E.G.P. Corporation	Delaware
Emerson Arabia, Inc.	Delaware
Emerson Climate Technologies Arabia Limited Co.	Saudi Arabia
Emerson Process Management Arabia LLC	Saudi Arabia
Emersub 4 LLC	Delaware
Emerson Climate Technologies Mexico, S.A. de C.V.	Mexico
Emerson Electric (Asia) Limited	Hong Kong
Branson Ultrasonics (Asia Pacific) Co. Ltd.	Hong Kong
Emerson Electric (South Asia) Pte. Ltd.	Singapore
Emerson (Philippines) Corporation	Philippines
Emerson Electric II, C.A.	Venezuela
Soluciones 0925, C.A.	Venezuela
Emerson Electric International, Inc.	Delaware
Emerson Electric Ireland Limited	Bermuda
Emersub Treasury Ireland	Ireland
Emerson Electric (Mauritius) Ltd.	Mauritius
Emerson Electric Company (India) Private Limited	India
Westinghouse Electric Pvt. Limited	Mauritius
Emerson Process Management Power & Water Solutions India Private Limited	India
Emerson Electric Nederland B.V.	Netherlands
Aegir Norge Holding AS	Norway
Roxar AS	Norway
Emerson Process Management Nigeria Limited	Nigeria
IRAP Technologies Sdn Bhd	Malaysia
Roxar Sdn Bhd	Malaysia
PolyOil Limited	United Kingdom
Roxar do Brasil Ltda	Brazil
Roxar Flow Measurement AS	Norway
Roxar Maximum Reservoir Performance WLL	Bahrain
Roxar de Venezuela C.A.	Venezuela
Roxar Saudi Co.	Saudi Arabia
Roxar Services AS	Norway
Roxar Services OOO	Russia
Roxar Technologies AS	Norway
Roxar Software Solutions AS	Norway
Roxar Vietnam Company Ltd.	Vietnam
A.P.M. Automation Solutions Ltd.	Israel
Branson Ultrasonics B.V.	Netherlands
Beckman Industrial B.V.	Netherlands
Damcos Holding A/S	Denmark
Damcos A/S	Denmark
Emerson Process Management Marine Solutions Korea Co., Ltd.	Korea
Emerson Process Management Marine Systems (Shanghai) Co., Ltd.	China
El-O-Matic B.V.	Netherlands
El-O-Matic Valve Actuators (F.E.) Pte. Ltd.	Singapore
Emerson Process Management (South Africa) (Proprietary) Ltd.	South Africa
Electrische Apparatenfabriek Capax B.V.	Netherlands
Emerson Electric Company Lanka (Private) Limited	Sri Lanka
Emerson LLC	Russia

Emerson Network Power DHC B.V.	Netherlands
Emerson Oradea S.R.L.	Romania
Emerson S.R.L.	Romania
EMERSON CLIMATE TECHNOLOGIES, s.r.o.	Czech Republic
Emerson Process Management B.V.	Netherlands
Emerson Process Management (Vietnam) Co., Ltd.	Vietnam
EMRSN HLDG B.V.	Netherlands
Emerson Process Management Flow B.V.	Netherlands
Fusite B.V.	Netherlands
System Plast International B.V.	Netherlands
Therm-O-Disc Europe B.V.	Netherlands
Emerson Electric (Taiwan) Company Limited	Taiwan
Emerson Finance LLC	Delaware
Emerson Middle East, Inc.	Delaware
Emerson Network Power, Energy Systems, North America, Inc.	Delaware
Emerson Sice Srl	Italy
Asco Numatics Sirai Srl	Italy
Branson Ultrasuoni Srl	Italy
Dixell Srl	Italy
Emerson Climate Technologies Retail Solutions Europe S.R.L.	Italy
Emerson Process Management Srl	Italy
Emerson Process Management Virgo Valves Srl	Italy
Emerson Telecommunication Products, LLC	Delaware
JTP Industries, Inc.	Delaware
Northern Technologies, Inc.	Idaho
Emerson Ventures Inc.	Delaware
ecoVent Corp.	Delaware
Emersub 3 LLC	Delaware
Emersub 14 LLC	Delaware
Vilter Manufacturing LLC	Wisconsin
Emersub 16 LLC	Delaware
Emersub CII, Inc.	Delaware
Emersub CIV, Inc.	Delaware
Emersub XLVI, Inc.	Nevada
Copesub, Inc.	Delaware
Alliance Compressors LLC	Delaware
Emersub Italia Srl	Italy
International Gas Distribution SA	Luxembourg
O.M.T. OFFICINA MECCANICA TARTARINI Srl	Italy
EMR Foundation, Inc.	Missouri
EMR Holdings, Inc.	Delaware
Branson de Mexico, S.A. de C.V.	Mexico
Chloride Koexa S.A.	Argentina
Comercializadora ClosetMaid, S. de R.L. de C.V.	Mexico
Copeland Compresores Hermeticos, S.A. de C.V.	Mexico
Dar Ibtikar Al Iraq for General Services and General Trade LLC	Iraq
Emerson Argentina S.A.	Argentina
Emerson Climate Technologies Australia Pty. Ltd.	Australia
Emerson Dominicana, Srl	Dominican Republic
Emerson Electric (U.S.) Holding Corporation (Chile) Limitada	Chile
Emerson Electric C.R. Srl	Costa Rica
Emerson Electric de Mexico S.A. de C.V.	Mexico
Emerson Electric Holdings (Switzerland) GmbH	Switzerland

ALCO CONTROLS, spol. s.r.o.	Czech Republic
Emerson Process Management Co., Ltd.	China
EMR Emerson Holdings (Switzerland) GmbH	Switzerland
EMR (Asia) Limited	Hong Kong
Emerson Electric (China) Holdings Co., Ltd.	China
ASCO Valve (Shanghai) Co., Ltd.	China
Beijing Rosemount Far East Instrument Co., Ltd.	China
Branson Ultrasonics (Shanghai) Co., Ltd.	China
ClosetMaid (Jiangmen) Storage Limited	China
Emerson Beijing Instrument Co. Ltd.	China
Emerson Climate Technologies (Shanghai) Co., Ltd.	China
Emerson Climate Technologies (Shenyang) Refrigeration Co., Ltd.	China
Emerson Climate Technologies - Solutions (Suzhou) Co., Ltd.	China
Emerson Climate Technologies (Suzhou) Co., Ltd.	China
Emerson Climate Technologies (Suzhou) Trading Co., Ltd.	China
Emerson Electric (Shenzhen) Co. Ltd.	China
Emerson Electric (Tongling) Co., Ltd.	China
Emerson Electric (Zhuhai) Co., Ltd.	China
Emerson Fusite Electric (Shenzhen) Co. Ltd.	China
Emerson InSinkErator Appliance (Nanjing) Co., Ltd.	China
Emerson Junkang Enterprise (Shanghai) Co., Ltd.	China
Emerson Machinery Equipment (Shenzhen) Co., Ltd.	China
Emerson Process Management Flow Technologies Co., Ltd.	China
Emerson Process Management Power & Water Solutions (Shanghai) Co., Ltd.	China
Emerson Process Management (Tianjin) Valves Co., Ltd.	China
Emerson Process Management Valve Automation (Tianjin) Co., Ltd.	China
Emerson Professional Tools (Shanghai) Co., Ltd.	China
Emerson Trading (Shanghai) Co., Ltd.	China
Emerson Xi'an Engineering Center	China
Fisher Jeon Gas Equipment (Chengdu) Co., Ltd.	China
Fisher Regulators (Shanghai) Co., Ltd.	China
Leroy Somer Electro-Technique (Fuzhou) Co., Ltd.	China
Parex Industries Limited	New Zealand
Hytork Controls, Inc.	Florida
Virgo Valves & Controls (ME) FZE	UAE
Virgo Valves and Controls Sdn Bhd	Malaysia
Emerson Electric Korea Ltd.	Korea
Emerson Electric (M) Sdn Bhd	Malaysia
Astec Advanced Power Sytems (Malaysia) Sdn Bhd	Malaysia
Astec Advanced Power Systems (Penang) Sdn Bhd	Malaysia
Astec Electronics (Malaysia) Sdn Bhd	Malaysia
Emerson Electric Poland Sp. z o.o.	Poland
Emerson Industrial Automation Poland Sp. z o.o.	Poland
Emerson Network Power Limited	Nigeria
Emerson Network Power (Philippines), Inc.	Philippines
Emerson Network Power, S.A.	Spain
Emerson Process Management Europe GmbH	Switzerland
Emerson Process Management Magyarorszag Kft.	Hungary
Emerson Process Management NV	Belgium
Emerson Process Management Virgo Valves, Inc.	Delaware
Emerson Puerto Rico, Inc.	Puerto Rico

Emerson (Thailand) Limited	Thailand
Emersub 5 LLC	Delaware
Emersub Mexico, Inc.	Nevada
ClosetMaid Reynosa S. de R.L. de C.V.	Mexico
Copeland Scroll Compresores de Mexico S.A. de C.V.	Mexico
Daniel Measurement and Control, S. de R.L. de C.V.	Mexico
Emerson Mexico Corporate Services S de R.L. de C.V.	Mexico
Emerson Tool and Appliance Company, S. de R.L. de C.V.	Mexico
Emerson Tool Company de Mexico, S. de R.L. de C.V.	Mexico
Emersub 1 LLC	Delaware
Emersub XXXVI, Inc.	Delaware
Digital Appliance Controls (UK) Limited	United Kingdom
Control Techniques Limited	United Kingdom
Control Techniques Asia-Pacific Pte. Ltd.	Singapore
Control Techniques Drives (Malaysia) Sdn Bhd	Malaysia
Control Techniques Singapore Pte Limited	Singapore
Control Techniques Dynamics Limited	United Kingdom
Evershed Powerotor Limited	United Kingdom
Moore Reed & Company Limited	United Kingdom
Control Techniques GmbH	Germany
SSB Group GmbH	Germany
SSB Management GmbH	Germany
SSB Wind Systems GmbH & Co. KG	Germany
SSB Wind Energy Technology (Qingdao) Co., Ltd.	China
SSB-Antriebstechnik-Verwaltungs-und Beteiligungsgesellschaft mbH	Germany
Control Techniques Worldwide BV	Netherlands
Control Techniques AG	Switzerland
Control Techniques BV	Netherlands
Control Techniques Brno s.r.o.	Czech Republic
Control Techniques Endustriyel Kontrol Sistemerli Sanayi ve Ticaret AS	Turkey
Control Techniques India Private Limited	India
Control Techniques Elpro Automation Limited	India
DrivesShop Limited	United Kingdom
Emerson Industrial Automation Southern Africa (Pty) Ltd	South Africa
Emerson Industrial Automation UK Limited	United Kingdom
Foray 600 Limited	United Kingdom
Foray 606 Limited	United Kingdom
Emerson Holding Company Limited	United Kingdom
Asco Joucomatic Ltd.	United Kingdom
Asco Power Technologies Limited	United Kingdom
Bristol Babcock Limited	United Kingdom
Copeland Limited	United Kingdom
CSA Consulting Engineers Ltd.	United Kingdom
EI-O-Matic Limited	United Kingdom
Emerson Climate Technologies Retail Solutions UK Limited	United Kingdom
Emerson Electric U.K. Limited	United Kingdom
Artesyn Hungary Elektronikai Kft.	Hungary
Bray Lectroheat Limited	United Kingdom
Buehler Europe Limited	United Kingdom
Bannerscientific Limited	United Kingdom
Buehler UK Limited	United Kingdom
Metaserv Limited	United Kingdom

Metallurgical Services Laboratories Limited	United Kingdom
Emerson Egypt LLC	Egypt
Emerson FZE	UAE
Emerson Climate Technologies FZE	UAE
Emerson Gabon SARL	Gabon
Emerson Process Management Angola Lda	Angola
EMRSN Process Management Morocco Sarl	Morocco
ENPDOR2012A Limited	United Kingdom
Liebert Swindon Limited	United Kingdom
Emerson Energy Systems (UK) Limited	United Kingdom
Emerson Process Management Limited	United Kingdom
Emerson Process Management Distribution Limited	United Kingdom
Emerson Process Management Shared Services Limited	United Kingdom
EMR Barnstaple Limited	United Kingdom
Fisher-Rosemount Properties Limited	United Kingdom
Groveley Detection Limited	United Kingdom
K Controls Limited	United Kingdom
METCO Services Limited	United Kingdom
Permasense Limited	United Kingdom
Permasense Americas, Inc.	United Kingdom
Permasense Asia Pacific Sdn Bhd	Malaysia
Roxar Limited	United Kingdom
Energy Scitech Ltd.	United Kingdom
Roxar Flow Measurement Limited	United Kingdom
TopWorx UK Limited	United Kingdom
Emerson UK Trustees Limited	United Kingdom
Fisher Controls Limited	United Kingdom
Farris Engineering Limited	United Kingdom
Fisher Governor Company Limited	United Kingdom
MDC Technology Limited	United Kingdom
MDC Technology Trustees Limited	United Kingdom
Mobrey Group Limited	United Kingdom
Rosemount Measurement Limited	United Kingdom
Cascade Technologies Holdings Limited	Scotland
Cascade Technologies Limited	Scotland
Pactrol Controls Limited	United Kingdom
EMR Worldwide B.V.	Netherlands
Canada Great River LLC	Delaware
Great River Distribution LLC	British Columbia
Emerson Climate Technologies - Transportation Solutions ApS	Denmark
Emerson DHC B.V.	Netherlands
Emerson Electric (Thailand) Limited	Thailand
Emerson Process Management Qatar S.S.C.	Qatar
Emersub 7 LLC	Delaware
Emersub 8 LLC	Delaware
Emersub 9 LLC	Delaware
Emersub 10 LLC	Delaware
Emersub 11 LLC	Delaware
Emersub 12 LLC	Delaware
EMR (Mauritius) Ltd.	Mauritius
Emerson Industrial Automation Electric Power Generation Private Limited	India
Emerson Electric Canada Limited	Canada
Emerson Holding Sweden AB	Sweden

Emerson Sweden AB	Sweden
Rosemount Tank Radar AB	Sweden
Emerson Process Management Marine Solutions Singapore Pte. Ltd.	Singapore
Rosemount Tank Gauging India Pvt. Ltd.	India
Rosemount Tank Gauging Middle East SPC	Bahrain
Rosemount Tank Radar Properties AB	Sweden
Emerson USD Finance Company Limited	United Kingdom
Net Safety Monitoring Inc.	Canada
Rutherford Acquisitions Limited	United Kingdom
Branson Ultrasonics a.s.	Slovakia
Emerson Climate Technologies (South Africa) (Pty) Ltd	South Africa
Emerson Process Management de Colombia SAS	Colombia
Emerson Process Management d.o.o.	Croatia
Emerson Process Management (India) Pvt. Ltd.	India
Virgo Valves & Controls Private Limited	India
Shanghai Virgo Valves Technology Consulting Co., Ltd.	China
Virgo Valves & Controls Korea Ltd.	Korea
Emerson Process Management S.A.	Greece
Fisher-Rosemount Peru S.A.C.	Peru
F-R Tecnologias de Flujo, S.A. de C.V.	Mexico
NetworkPower Ecuador S.A.	Ecuador
PT. Emerson Indonesia	Indonesia
RAC Technologies (Israel) Ltd.	Israel
Rey-Lam, S. de R.L. de C.V.	Mexico
Termotec de Chihuahua, S.A. de C.V.	Mexico
Tranmet Holdings Limited	United Kingdom
Tranmet Holdings B.V.	Netherlands
Industrial Group Metran JSC	Russia
Metran-Export CJSC	Russia
Vintrol, Inc.	Delaware
Energy Solutions International Holdings, Inc.	Delaware
Energy Solutions International Sub, Inc.	Delaware
Energy Solutions International GP, LLC	Pennsylvania
Energy Solutions International, Inc.	Texas
Energy Solutions International SAS	Colombia
Energy Solutions International Ltd.	New Brunswick
Energy Solutions International Ltd.	United Kingdom
Energy Solutions International (India) Private Limited	India
EPMCO Holdings, Inc.	Delaware
Emerson Process Management Regulator Technologies, Inc.	Delaware
Fromex, S.A. de C.V.	Mexico
Fisher Controls International LLC	Delaware
Emerson Process Management Australia Pty Limited	Australia
Emerson Electric Australia Co. Pty. Ltd.	Australia
Emerson Process Management New Zealand Limited	New Zealand
Fisher Controles de Mexico, S.A. de C.V.	Mexico
Instrument & Valve Services Company	Delaware
Nippon Fisher Co., Ltd.	Japan
Fisher-Rosemount Systems, Inc.	Delaware
Emerson Process Management Holding LLC	Delaware
Emerson Process Management LLLP	Delaware
Emerson Process Management Power & Water Solutions, Inc.	Delaware
Emerson Process Management SAS	France

Emerson Process Management, Lda	Portugal
ENPESNA, Inc.	Delaware
EPM Tulsa Holdings Corp.	Delaware
Emerson Process Management Regulator Technologies Tulsa, LLC	Oklahoma
Fiberconn Assemblies Morocco Sarl	Morocco
Fusite Corporation	Ohio
Emerson Japan Ltd.	Japan
Fusite Land Company	Delaware
Fusite LLC	Delaware
General Equipment and Manufacturing Company, Inc.	Kentucky
TopWorx RSA (Pty) Ltd	South Africa
Great River Holding Limited	United Kingdom
Comercializadora Emerson Network Power Chile Limitada	Chile
Emermex S.A. de C.V.	Mexico
Emerpowsys, S. de R.L. de C.V.	Mexico
Emerson del Peru S.A.C.	Peru
Emerson d.o.o.	Croatia
Emerson Electric de Colombia S.A.S.	Colombia
Emerson Electronic Connector and Components, S.A. de C.V.	Mexico
Emerson Myanmar Limited	Myanmar
Emerson Network Power Pakistan (Private) Limited	Pakistan
Emerson Network Power (South Africa) (Pty) Ltd	South Africa
Emerson Network Power (Ghana) Limited	Ghana
Emerson Network Power (Vietnam) Co., Ltd.	Vietnam
Emerson Panama S. de R.L.	Panama
Emerson Technology Service (Shenzhen) Co., Ltd.	China
Great River Holding II Limited	England and Wales
Chloride Group Limited	United Kingdom
Advanced Design Electronics Limited	United Kingdom
Chloride Batteries Limited	United Kingdom
Chloride Nominees Limited	United Kingdom
Chloride Pension Trust Limited	United Kingdom
Chloride Power Protection Limited	Thailand
Chloride Quest Trustees Limited	United Kingdom
Chloride Supplies Limited	United Kingdom
CHLD Singapore Pte. Ltd.	Singapore
Chloride do Brasil Limitada	Brazil
Chloride Holdings Limited	United Kingdom
Chloride Power Protection China Ltd.	China
Chloride Secure Power Philippines Inc.	Philippines
CPE Chloride Power Electronics S.A.	Spain
Emerson Network Power, Limitada	Portugal
Emerson Network Power Guc Sistemleri Limited Sirketi	Turkey
Emerson Network Power Limited	Ireland
Masterguard do Brasil Limitada	Brazil
Chloride U.K. Limited	United Kingdom
Continuous Power International Limited	United Kingdom
Continuous Power Limited	United Kingdom
Emerson Network Power AB	Sweden
Emerson a.s.	Slovakia
Emerson Network Power (Bangladesh) Private Limited	Bangladesh
Emerson Network Power do Brasil Ltda	Brazil
Emerson Network Power Industrial Systems SAS	France

AST Electronique Services SAS	France
Emerson Network Power SAS	France
France Onduleurs Ondyne Sarl	France
Emerson Network Power (Jiangmen) Co., Ltd.	China
Emerson Network Power Limited	United Kingdom
Emergency Power Systems Limited	United Kingdom
Oneac Limited	United Kingdom
Exide Limited	United Kingdom
Fleetness 173 Limited	United Kingdom
Grand River S.R.L.	Romania
Great River Costa Rica, S.R.L.	Costa Rica
Great River DMCC	United Arab Emirates
Great River Holding S.R.L.	Italy
Emerson Network Power Holding Srl	Italy
Emerson Network Power Srl	Italy
Emerson Network Power Sp. z o.o.	Poland
Liebert Hiross Holding GmbH	Germany
Emerson Network Power GmbH	Germany
Emerson Network Power Kft	Hungary
Great River (Hong Kong) Holding Limited	Hong Kong
Liebert (Shanghai) Holding Co., Ltd.	China
Emerson Network Power Co., Ltd.	China
Emerson Network Power (Mianyang) Co., Ltd.	China
Emerson Network Power (Xi'an) Co., Ltd.	China
Great River Korea Limited	Korea
Masterpower Electronics Limited	Scotland
Ondyne (UK) Limited	United Kingdom
Stocksave Limited	United Kingdom
Vertu Security Limited	United Kingdom
Great River Finance Designated Activity Company	Ireland
ORTRUD Verwaltungsgesellschaft mbH	Germany
Knürr-Holding GmbH	Germany
Knürr GmbH	Germany
Knürr AG	Switzerland
Knürr Electronics GmbH	Germany
Knürr Electronics GmbH & Co. Grundbesitz OHG	Germany
Knürr-Ercotec GmbH & Grundstücksverwaltung KG	Germany
Knürr GmbH & Co. Grundbesitz OHG	Germany
Knürr Innovation GmbH	Germany
Knürr Ltd.	United Kingdom
Knürr Lommatec Mechanik für die Elektronik Beteiligungs und Verwaltungs GmbH	Germany
Knürr s.r.o.	Czech Republic
Knürr Technical Furniture GmbH	Germany
Knürr-Ercotec GmbH	Germany
Knürr International GmbH	Germany
Great River Holding LLC	Delaware
Great River Canada Holding Limited	England and Wales
High Voltage Maintenance Corporation	Ohio
Hiross India Private Limited	India
Humboldt Hermetic Motor Corp.	Delaware
Woodstock Land Company LLC	Missouri
Intrinsic Safety Equipment of Texas, Inc.	Texas

Kato Engineering Inc.	Delaware
Locus Solutions, LLC	Wisconsin
Locus Traxx Worldwide Europe BVBA	Belgium
Management Resources Group, Inc.	Connecticut
MRG Solutions Canada Inc.	British Columbia
Motores Hermeticos del Sur, S.A. de C.V.	Mexico
Numatics, Incorporated	Michigan
Asco Numatics (Taiwan) Co., Ltd.	Taiwan
PakSense, Inc.	Delaware
PakSense South America SpA	Chile
ProTeam, Inc.	Idaho
ProTeam (China) Limited	Hong Kong
Ridge Tool Europe NV	Belgium
Ridgid Scandinavia A/S	Denmark
Von Arx AG	Switzerland
Von Arx GmbH	Germany
Rosemount Tank Gauging North America Inc.	Texas
System Plast USA de Mexico, S. de R.L. de C.V.	Mexico
Termocontroles de Juarez, S.A. de C.V.	Mexico
Tescom Corporation	Minnesota
Tescom Europe Management GmbH	Germany
Tescom Europe GmbH & Co. KG	Germany
Thunderline Z, Inc.	Delaware
U P Systems, Incorporated	Delaware
Vertiv Co.	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Emerson Electric Co.:

We consent to the incorporation by reference in Registration Statement Nos. 333-206096, 333-173933, 333-154362, 333-154361, 333-152917, 333-152916, 333-90240 and 333-46919 on Form S-8 and Registration Statement Nos. 333-200373, 333-110546, 333-52658, 333-84673 and 333-66865 on Form S-3 of Emerson Electric Co. of our report dated November 16, 2016, with respect to the consolidated balance sheets of Emerson Electric Co. as of September 30, 2016 and 2015, and the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the years in the three-year period ended September 30, 2016, and the effectiveness of internal control over financial reporting as of September 30, 2016, which report is incorporated by reference in the September 30, 2016 annual report on Form 10-K of Emerson Electric Co.

/s/ KPMG LLP

St. Louis, Missouri
November 16, 2016

POWER OF ATTORNEY

The undersigned members of the Board of Directors and Executive Officers of Emerson Electric Co., a Missouri corporation with principal offices at 8000 West Florissant Avenue, St. Louis, Missouri 63136, hereby appoint F. J. Dellaquila, S. Y. Bosco, R. J. Schlueter and J. G. Shively as their Attorneys-in-Fact for the purpose of signing Emerson Electric Co.'s Securities and Exchange Commission Form 10-K (and any and all Amendments thereto) for the fiscal year ended September 30, 2016.

Dated: October 4, 2016

<u>Signature</u>	<u>Title</u>
<u>/s/ D. N. Farr</u> D. N. Farr	Chairman of the Board and Chief Executive Officer
<u>/s/ R. J. Schlueter</u> R. J. Schlueter	Vice President, Controller and Chief Accounting Officer
<u>/s/ C. A. H. Boersig</u> C. A. H. Boersig	Director
<u>/s/ J. B. Bolten</u> J. B. Bolten	Director
<u>/s/ A. F. Golden</u> A. F. Golden	Director
<u>/s/ W. R. Johnson</u> W. R. Johnson	Director
<u>/s/ C. Kendle</u> C. Kendle	Director
<u>/s/ M. S. Levatich</u> M. S. Levatich	Director
<u>/s/ J. W. Prueher</u> J. W. Prueher	Director
<u>/s/ R. L. Stephenson</u> R. L. Stephenson	Director
<u>/s/ J. S. Turley</u> J. S. Turley	Director

Certification

I, D. N. Farr, certify that:

1. I have reviewed this annual report on Form 10-K of Emerson Electric Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2016

/s/ D. N. Farr

D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.

Certification

I, F. J. Dellaquila, certify that:

1. I have reviewed this annual report on Form 10-K of Emerson Electric Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2016

/s/ F. J. Dellaquila

F. J. Dellaquila
Senior Executive Vice President and
Chief Financial Officer
Emerson Electric Co.

**CERTIFICATION PURSUANT TO
EXCHANGE ACT RULE 13a-14(b) AND
18 U.S.C. SECTION 1350**

In connection with the Annual Report of Emerson Electric Co. (the "Company") on Form 10-K for the period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. N. Farr, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. N. Farr

D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.
November 16, 2016

**CERTIFICATION PURSUANT TO
EXCHANGE ACT RULE 13a-14(b) AND
18 U.S.C. SECTION 1350**

In connection with the Annual Report of Emerson Electric Co. (the "Company") on Form 10-K for the period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, F. J. Dellaquila, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ F. J. Dellaquila

F. J. Dellaquila
Senior Executive Vice President and
Chief Financial Officer
Emerson Electric Co.
November 16, 2016