

MUTUAL CONFIDENTIALITY AGREEMENT

Agreement dated _____ (the "Effective Date"), between (the "Parties"):

**Watts Regulator Co.
a Massachusetts corporation
815 Chestnut Street
North Andover, MA 01845**

Name: _____

Address: _____

1. **Background.** The Parties intend to engage in discussions and negotiations concerning the possible establishment of a business relationship between them which may include any natural person or legal entity that owns, is owned by, or is under common ownership with, either of the Parties (collectively, "Affiliates"). In the course of such discussions and negotiations and in the course of any such business relationship, it is anticipated that each Party will disclose or deliver to the other Party certain of its or its Affiliates' trade secrets or confidential or proprietary information for the purposes of enabling the other Party or its Affiliates to evaluate the feasibility of such business relationship and to perform any obligations and exercise any rights under any such business relationship that is agreed to between the Parties or any Affiliates thereof (the "Purposes"). The Parties have entered into this Agreement in order to ensure the confidentiality of such trade secrets and confidential or proprietary information in accordance with the terms of this Agreement. As used in this Agreement, the Party disclosing Proprietary Information (as defined below) is referred to as the "Disclosing Party"; the Party receiving such Proprietary Information is referred to as the "Recipient".

2. **Proprietary Information.** As used in this Agreement, the term "Proprietary Information" shall mean all trade secrets or confidential or proprietary information of the Disclosing Party or its Affiliates which is disclosed by the Disclosing Party to the Recipient. For the avoidance of doubt, any information disclosed or received by either Party's Affiliates shall be deemed to be disclosed or received by such Affiliate's affiliated Party for purposes of this Agreement. In addition, the term "Proprietary Information" shall be deemed to include: (a) any notes, analyses, compilations, studies, interpretations, memoranda or other documents prepared by the Recipient or its Affiliates or either of their respective directors, officers, employees, agents or advisors, including, without limitation, attorneys, accountants, consultants, bankers, financial advisors and members of advisory boards (collectively, "Representatives") which contain, reflect or are based upon, in whole or in part, any Proprietary Information furnished to the Recipient or its Affiliates or either of their respective Representatives pursuant hereto; and (b) the existence or status of, and any information concerning, the discussions between the Parties or their Affiliates concerning the possible establishment of a business relationship.

3. **Scope of Agreement.** This Agreement shall apply to all Proprietary Information disclosed between the Parties from the Effective Date long as information continues to be exchanged.

4. **Use and Disclosure of Proprietary Information.** The Recipient shall use the Proprietary Information of the Disclosing Party only for the Purposes and such Proprietary Information shall not be used for any other purpose without the prior written consent of the Disclosing Party. The Recipient shall hold in confidence, and shall not disclose any Proprietary Information disclosed by the Disclosing Party hereunder; provided, however, that (i) the Recipient may make any disclosure of such information to which the Disclosing Party gives its prior written consent; and (ii) any of the Proprietary Information may be disclosed by the Recipient to its Affiliates and the Representatives of the Recipient and its Affiliates who need to know such information in connection with the Purposes and who are informed of the confidential nature of such information and of the terms of this Agreement. In any event, the Recipient shall be responsible for any breach of this Agreement by any of its Affiliates or the Representatives of the Recipient or its Affiliates, and agrees, at its sole expense, to take reasonable measures to restrain any such Affiliates or Representatives from prohibited or unauthorized disclosure or use of the Proprietary Information. Notwithstanding anything contained in this Agreement to the contrary, this Agreement shall not prohibit the Recipient from disclosing Proprietary Information of the Disclosing Party to the extent required in order for the Recipient to comply with applicable laws and regulations, provided that the Recipient provides prior written notice of such required disclosure to the Disclosing Party and takes reasonable and lawful actions to avoid and/or minimize the extent of such disclosure.

5. **Limitation on Obligations.** The obligations of the Recipient specified in Section 3 shall not apply, and the Recipient shall have no further obligations, with respect to any Proprietary Information to the extent that such Proprietary Information:

(a) is generally known to the public at the time of disclosure or becomes generally known without the Recipient violating this Agreement;

(b) is in the possession of the Recipient or its Affiliates at the time of disclosure;

(c) becomes known to the Recipient through disclosure by sources other than the Disclosing Party without such sources violating any confidentiality obligations to the Disclosing Party; or

(d) is independently developed by the Recipient or its Affiliates without reference to or reliance upon Proprietary Information received by the Recipient hereunder.

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6. Ownership of Proprietary Information. The Recipient agrees that it shall not receive any right, title or interest in, or any license or right to use, any Proprietary Information received hereunder, or any patent, copyright, trade secret, trademark or other intellectual property rights therein, by implication or otherwise. Each of the Parties hereto represents, warrants and covenants that the trade secrets which it discloses to the other party pursuant to this Agreement have not been stolen, appropriated, obtained or converted without authorization.

7. Return of Proprietary Information. The Recipient shall, upon the written request of the Disclosing Party, return to the Disclosing Party all Proprietary Information received by the Recipient from the Disclosing Party (and all copies and reproductions thereof). In addition, the Recipient shall destroy: (i) any notes, reports or other documents prepared by the Recipient which contain Proprietary Information received by the Recipient from the Disclosing Party; and (ii) any Proprietary Information received by the Recipient from the Disclosing Party (and all copies and reproductions thereof) which is in electronic form or cannot otherwise be returned to the Disclosing Party. Alternatively, upon written request of the Disclosing Party, the Recipient shall destroy all Proprietary Information received by the Recipient from the Disclosing Party (and all copies and reproduction thereof) and any notes, reports or other documents prepared by the Recipient which contain Proprietary Information received by the Recipient from the Disclosing Party. Notwithstanding the return or destruction of the Proprietary Information, the Recipient will continue to be bound by its obligations of confidentiality and other obligations hereunder.

8. Miscellaneous.

(a) This Agreement supersedes all prior agreements, written or oral, between the Parties relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged, in whole or in part, except by an agreement in writing signed by the Parties.

(b) This Agreement will be binding upon and inure to the benefit of the Parties and their respective heirs, successors and assigns.

(c) This Agreement shall be construed and interpreted in accordance with the internal laws of the Commonwealth of Massachusetts, without giving effect to the principles of conflicts of law thereof.

(d) The provisions of this Agreement are necessary for the protection of the business and goodwill of the Parties and are considered by the Parties to be reasonable for such purpose. The Recipient agrees that any breach of this Agreement will cause the Disclosing Party substantial and irreparable injury and, therefore, in the event of any such breach, in addition to other remedies which may be available, the Disclosing Party shall have the right to specific performance and other injunctive and equitable relief.

(e) The confidentiality obligations imposed by this Agreement shall continue with respect to a particular item of Proprietary Information until the fifth (5th) anniversary of the disclosure of such Proprietary Information to Recipient pursuant to this Agreement, provided that with respect to Proprietary Information that constitutes a trade secret under the laws of any jurisdiction, such rights and obligations will survive such expiration until, if ever, such Proprietary Information loses its trade secret protection other than due to an act or omission of Recipient.

(f) For the convenience of the Parties, this Agreement may be executed by facsimile and in counterparts, each of which shall be deemed to be an original, and both of which taken together, shall constitute one agreement binding on both Parties.

EXECUTED as a sealed instrument as of the day and year first set forth above.

Watts Regulator Co.

Company Name: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____