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As filed with the Securities and Exchange Commission on June 10, 2003.

Registration Statement No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

WATTS INDUSTRIES, INC.

(Exact Name of Registrant as specified in its charter)

Delaware	**04-3164127**
(State of Incorporation)	(I.R.S. Employer Identification No.)

815 Chestnut Street
North Andover, Massachusetts 01845-6098
(978) 688-1811
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Patrick S. O'Keefe
Chief Executive Officer, President and Director
Watts Industries, Inc.
815 Chestnut Street
North Andover, Massachusetts 01845-6098
(978) 688-1811
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:
David F. Dietz, P.C.
Robert P. Whalen, Jr., P.C.
Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109-2881
(617) 570-1000

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

☒

If this form is used to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act Registration Statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the Prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Securities Being Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3)
Class A Common Stock, par value $.10 per share Debt Securities Preferred Stock	$100,000,000	N.A.	$100,000,000	$8,090

(1) Not specified as to each class of securities to be registered pursuant to General Instruction II.D of Form S-3. Securities registered hereunder may be sold separately, together or in units with other securities registered hereby. Subject to Rule 462(b) under the Securities Act of 1933, as amended, in no event will the aggregate initial offering price (exclusive of accrued interest and dividends, if any) of the securities issued under this registration statement exceed $100,000,000, or if any securities are issued in any foreign currencies, composite currencies or currency units, the United States dollar equivalent of $100,000,000. Such amount represents the principal amount of any debt securities (or issue price, in the case of debt securities issued at an original issue discount), the liquidation preference (or, if different, the issue price) of any preferred stock, and the issue price of any Class A Common Stock. This registration statement includes such presently indeterminate number of securities registered hereunder as may be issuable from time to time upon conversion of, or in exchange for, or upon exercise of, convertible or exchangeable securities as may be offered pursuant to the prospectus filed with this registration statement. No separate consideration will be received for any securities registered hereunder that are issued upon conversion of, or in exchange for, or upon exercise of, as the case may be, convertible or exchangeable securities.

(2) The proposed maximum offering price per unit has been omitted pursuant to Securities Act Release No. 6964.

(3) Estimated solely for purposes of computing the registration fee pursuant to Rule 457(o) of the rules and regulations under the Securities Act.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated June 10, 2003

Prospectus

WATTS INDUSTRIES, INC.

$100,000,000

Debt Securities
Preferred Stock
Class A Common Stock

This prospectus provides you with a general description of debt and equity securities that Watts Industries, Inc. may offer and sell from time to time. Each time we sell securities we will provide a prospectus supplement that will contain specific information about the terms of that sale and may add to or update the information in this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest in our securities.

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol "WTS." The mailing address and telephone number of our principal executive office are 815 Chestnut Street, North Andover, Massachusetts 01845-6098 and (978) 688-1811.

Investing in our securities involves various risks. Beginning on page 1, we have discussed several "Risk Factors" that you should consider before investing in our securities.

, 2003

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense

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In this prospectus, we use the terms "us," "we," "our," "Watts" and "Watts Industries" to refer to Watts Industries, Inc., its subsidiaries, and their respective predecessors.

The accompanying prospectus is part of a registration statement we filed with the Securities and Exchange Commission. You should rely only on the information contained in, or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from or in addition to that contained in, or incorporated by reference in, this prospectus. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus and that any information we incorporate by reference is accurate only as of the date of the incorporated document, regardless of when this prospectus is delivered or when any sale of our Securities occurs. Our business, financial condition, results of operations and prospects may have changed since those dates.

RISK FACTORS

An investment in our securities involves a high degree of risk. The risk factors below represent those risks that we consider to be material to an investment in our securities and which, if realized, could have material adverse effects on our business, financial condition or results of operations as specifically discussed below. In such an event, you could lose all or part of your investment. You should carefully consider these risk factors, together with all of the other information included or incorporated by reference in this prospectus, before you decide whether to purchase our securities. The risks and uncertainties described below are not the only ones we face.

Risk Factors Relating to Our Business

We face intense competition and, if we are not able to respond to competition in our markets, our revenues may decrease

Competitive pressures in our markets could adversely affect our competitive position, leading to a possible loss of market share or a decrease in prices, either of which could result in decreased revenues and profits. We encounter intense competition in all areas of our business. Additionally, customers for our products are attempting to reduce the number of vendors from which they purchase in order to reduce the size and diversity of their inventories and their transaction costs. To remain competitive, we will need to invest continuously in manufacturing, marketing, customer service and support and our distribution networks. We may not have sufficient resources to continue to make such investments and we may be unable to maintain our competitive position. In addition, we anticipate that we may have to reduce the prices of some of our products to stay competitive, potentially resulting in a reduction in the profit margin for, and inventory valuation of, these products. Some of our competitors are based in foreign countries and have cost structures and prices in foreign currencies. Accordingly, currency fluctuations could cause our U.S. dollar-priced products to be less competitive than our competitors' products which are priced in other currencies.

Implementation of our acquisition strategy may not be successful, which could affect our ability to increase our revenues or our profitability

One of our strategies is to increase our revenues and profitability and expand our markets through acquisitions that will provide us with complementary water-related products. We cannot be certain that we will be able to identify, acquire or profitably manage additional companies or successfully integrate such additional companies without substantial costs, delays or other problems. Also, companies acquired recently and in the future may not achieve revenues, profitability or cash flows that justify our investment in them. We expect to spend significant time and effort in expanding our existing businesses and identifying, completing and integrating acquisitions. We expect to face competition for acquisition candidates which may limit the number of acquisition opportunities available to us and may result in higher acquisition prices, possibly leading to a decrease in our revenues and profitability. In addition, acquisitions may involve a number of special risks, including, but not limited to:

- adverse short-term effects on our reported operating results;
- diversion of management's attention;
- loss of key personnel at acquired companies; and
- unanticipated management or operational problems or legal liabilities.

Down economic cycles, particularly reduced levels of housing starts and remodeling, have an adverse effect on our revenues and operating results

We have experienced and expect to continue to experience fluctuations in revenues and operating results due to economic and business cycles. The businesses of most of our customers, particularly plumbing and heating wholesalers and home improvement retailers, are cyclical. Therefore, the level of our business activity has been cyclical, fluctuating with economic cycles. We also believe our level of business activity is influenced by housing starts and renovation and remodeling, which are, in turn, heavily influenced by mortgage interest rates, consumer debt levels, changes in disposable income, employment growth and consumer confidence. If these and other factors cause a material reduction in housing and remodeling starts, our revenues and profits would decrease and result in a material adverse effect on our financial condition and results of operations.

Economic, political and other risks associated with international sales and operations could adversely affect our business and future operating results

Since we sell and manufacture our products worldwide, our business is subject to risks associated with doing business internationally. Our business and future operating results could be harmed by a variety of factors, including:

- trade protection measures and import or export licensing requirements, which could increase our costs of doing business internationally;
- potentially negative consequences from changes in tax laws, which could have an adverse impact on our profits;
- hiring and retaining senior management in overseas operations;
- difficulty in staffing and managing widespread operations, which could reduce our productivity;
- costs of compliance with differing labor regulations, especially in connection with restructuring our overseas operations;
- laws of some foreign countries, which may not protect our intellectual property rights to the same extent as the laws of United States;
- unexpected changes in regulatory requirements, which may be costly and require significant time to implement; and
- political risks specific to foreign jurisdictions.

Fluctuations in foreign exchange rates could materially affect our reported results

We are exposed to fluctuations in foreign currencies, as a significant portion of our sales and certain portions of our costs, assets and liabilities are denominated in currencies other than U.S. dollars. Approximately 36.0% of our sales during the first quarter of 2003 were from sales outside of the U.S. compared to 27.7% for the first quarter of 2002. For the three months ended March 31, 2003, the appreciation of the euro against the U.S. dollar had a positive impact on sales of $7,655,000. For the three months ended March 31, 2002, the depreciation of the euro against the U.S. dollar had an adverse impact on sales of $1,020,000. For the twelve months ended December 31, 2002, the appreciation of the euro against the U.S. dollar had a positive impact on sales of $7,949,000. For the twelve months ended December 31, 2001, the depreciation of the euro against the U.S. dollar had an adverse impact on sales of $3,385,000. If our share of revenue in non-dollar denominated currencies continues to increase in future periods, exchange rate fluctuations will likely have a greater impact on our results of operations and financial condition.

There are significant risks in expanding our manufacturing operations in China

As part of our strategy, we are shifting a significant portion of our manufacturing operations to China to reduce our production costs. This will subject a greater portion of our operations to the risks of doing business in China. The Chinese legal system is relatively new and lacks transparency, which gives the Chinese central and local government authorities a higher degree of control over our business in China than is customary in developed economies and makes the process of obtaining necessary regulatory approval in China inherently unpredictable. In addition, the protection accorded our proprietary technology and know-how under the Chinese legal system is not as strong as in the United States and, as a result, we may lose valuable trade secrets and competitive advantage.

Although the Chinese government has been pursuing economic reform and a policy of welcoming foreign investments for the past two decades, there can be no assurance that the Chinese government will not change its current policies in the future, making continued business

operations in China difficult or unprofitable.

Reductions or interruptions in the supply of raw materials and increases in the prices of raw materials could reduce our profit margins and adversely impact our ability to meet our customer delivery commitments

We require substantial amounts of raw materials, including bronze, brass and cast iron and substantially all raw materials we require are purchased from outside sources. The availability and prices of raw materials may be subject to curtailment or change due to, among other things, new laws or regulations, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and worldwide price levels. We are not currently party to any long-term supply agreements. Our inability to obtain adequate supplies of raw materials for our products at favorable prices, or at all, could have a material adverse effect on our business, financial condition or results of operations by decreasing our profit margins and by hindering our ability to deliver products to our customers on a timely basis. For example, in November 1994 one of a limited number of brass rod suppliers went on strike and simultaneously copper-based metals prices increased dramatically. The combination of these events caused an increase in our operating costs and adversely affected our financial results.

To the extent we are not successful in implementing our manufacturing restructuring plan, our results of operations and financial condition could be adversely affected

Our manufacturing restructuring plan, which we began in 2001, expanded in 2002 and continued in 2003, was implemented to reduce our manufacturing cost. If our planned manufacturing plant consolidations in the United States and Europe and our production capability expansion in China are not successful, our results of operations and financial condition could be materially adversely affected.

If we cannot continue operating our manufacturing facilities at current or higher utilization levels, our results of operations could be adversely affected

The equipment and management systems necessary for the operation of our manufacturing facilities may break-down, perform poorly or fail, resulting in fluctuations in our ability to manufacture our products and to achieve manufacturing efficiencies. We operate a number of manufacturing facilities, all of which are subject to this risk, and such fluctuations at any of these facilities could cause an increase in our production costs and a corresponding decrease in our profitability. For example, in 2001 one of our manufacturing facilities was shut down for a period of time as a result of a fire and we were required to source products from external vendors at substantially higher costs. We also have a vertically-integrated manufacturing process. Each segment is dependent upon the prior process and any breakdown in one segment will adversely affect all later components. Fluctuations in our production

process may affect our ability to deliver products to our customers on a timely basis. Our inability to meet our delivery obligations could result in a loss of our customers and negatively impact our business, financial condition and results of operations.

If we experience delays in introducing new products or if our existing or new products do not achieve or maintain market acceptance, our revenues and our profitability may decrease

Failure to develop new and innovative products or to custom design existing products could result in the loss of existing customers to competitors or the inability to attract new business, either of which may adversely affect our revenues. Our industry is characterized by:

- intense competition;
- changes in specifications required by our customers and/or plumbing codes;
- technically complex products; and
- constant improvement to existing products and introductions of new products.

We believe our future success will depend, in part, on our ability to anticipate or adapt to these factors and to offer, on a timely basis, products that meet customer demands. The development of new or enhanced products is a complex and uncertain process requiring the anticipation of technological and market trends. We may experience design, manufacturing, marketing or other difficulties, such as an inability to attract a sufficient number of experienced engineers, that could delay or prevent our development, introduction or marketing of new products or enhancements and result in unexpected expenses. Such difficulties could cause us to lose business from our customers and could adversely affect our competitive position; in addition, added expenses could decrease the profitability associated with those products that do not gain market acceptance.

Environmental compliance costs and liabilities could increase our expenses or reduce our profitability

Our operations and properties are subject to extensive and increasingly stringent laws and regulations relating to environmental protection, including laws and regulations governing air emissions, water discharges, waste management and disposal and workplace safety. Such laws and regulations can impose substantial fines and sanctions for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or decrease the likelihood of accidental hazardous substance releases. We also could be required to halt one or more portions of our operations until a violation is cured. We could also be liable for the costs of property damage or personal injury to others. Although we attempt to operate in compliance with these environmental laws, we may not succeed in this effort at all times. The costs of curing violations or resolving enforcement actions that might be initiated by government authorities could be substantial.

Under certain environmental laws, the current and past owners or operators of real property may be liable for the costs of cleaning up contamination, even if they did not know of or were not responsible for such contamination. These laws also impose liability on any person who arranges for the disposal or treatment of hazardous waste at any site. Therefore, our ownership and operation of real property and our disposal of waste could lead to liabilities under these laws.

We have incurred, and expect to continue to incur, costs relating to these environmental matters. In addition, new laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean up requirements could require us to incur additional costs or become the basis for new or increased liabilities that could be significant. Environmental litigation, enforcement and compliance are inherently uncertain and we may experience significant costs in connection with environmental matters.

Third parties may infringe our intellectual property and we may expend significant resources enforcing our rights or suffer competitive injury

We rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality provisions and licensing arrangements to establish and protect our proprietary rights. We may be required to spend significant resources to monitor and police our intellectual property rights. If we fail to successfully enforce our intellectual property rights, our competitive position could suffer, which could harm our operating results. We have been limited from time-to-time from selling products because of existing patents.

We face risks from product liability and other lawsuits, which may adversely affect our business

We may be subjected to various product liability claims or other lawsuits, including, among others that our products include inadequate or improper instructions for use or installation, or inadequate warnings concerning the effects of the failure of our products. In the event that we do not have adequate insurance or contractual indemnification, damages from these claims would have to be paid from our assets and could have a material adverse effect on our results of operations, liquidity and financial condition. In particular, if we settle or conclude litigation in a quarterly or annual reporting period, there could be a material impact on our operating results for that quarter or year. We, like other manufacturers and distributors of products designed to control and regulate fluids, face an inherent risk of exposure to product liability claims and other lawsuits in the event that the use of our products results in personal injury, property damage or business interruption to our customers. Although we maintain strict quality controls and procedures, including the testing of raw materials and safety testing of selected finished products, we cannot be certain that our products will be completely free from defect. In addition, in certain cases, we rely on third-party manufacturers for our products or components of our products. Although we have product liability and general insurance coverage, we cannot be certain that this insurance coverage will continue to be available to us at a reasonable cost, or, if available, will be adequate to cover any such liabilities.

The requirements of FAS 142 may result in a write-off of all or a portion of our goodwill, which would negatively impact our operating results and financial condition

If we are required to take an impairment charge to our goodwill in connection with the requirements of FAS 142 our operating results may decrease and our financial condition may be harmed. As of March 31, 2003, we had goodwill, net of accumulated amortization, of $164.3 million, or 24.6% of our total assets and 53.8% of our total stockholders' equity. Under FAS 142, goodwill and identifiable intangible assets that have indefinite useful lives are no longer amortized. In lieu of amortization, we were required to perform an initial impairment review of goodwill and are required to perform annual impairment reviews thereafter. We have concluded that no impairment existed at January 1, 2002, the time of adoption of FAS 142 and at October 27, 2002, the time of our annual review. As required by FAS 142, we will perform an annual test for indications of goodwill impairment or sooner if indicators exist.

The loss of a major customer could have an adverse effect on our results of operations

Our largest customer, The Home Depot, Inc., accounted for approximately $63.0 million, or 10.2%, of our total net sales for the twelve months ended December 31, 2002, and $19.5 million, or 11.8% of our total net sales for the first quarter of 2003. Our second largest customer represented approximately 3.5% of our total net sales in 2002 and 3.0% for the first quarter of 2003. Our customers generally are not obligated to purchase any minimum volume of products from us and are able to terminate their relationships with us at any time. A significant reduction in orders or change in terms from The Home Depot, Inc. could have a material adverse effect on our future results of operations.

Risk Factors Associated With Our Class A Common Stock

One of our stockholders can exercise substantial influence over our company

As of May 23, 2003, Timothy P. Horne, a member of our Board of Directors, beneficially owned 29.8% of our outstanding shares of Class A Common Stock and 95.3% of our outstanding shares of Class B Common Stock, which represents 76.9% of the total outstanding voting power. As long as Mr. Horne controls shares representing at least a majority of the total voting power of our outstanding stock, Mr. Horne will be able to unilaterally determine the outcome of all stockholder votes and other stockholders will not be able to affect the outcome of any stockholder vote.

Shares of our Class A Common Stock eligible for public sale could adversely affect the market price of our Class A Common Stock

As of May 23, 2003 there were 19,417,053 shares of our Class A Common Stock and 7,805,224 shares of our Class B Common Stock outstanding. All of the shares of Class A Common Stock are freely transferable without restriction or further registration under the federal securities laws, except for any shares held by our affiliates, sales of which will be limited by Rule 144 under the Securities Act of 1933. In addition, under the terms of a registration rights agreement with respect to outstanding shares of our Class B Common Stock (7,805,224 shares), the holders of our Class B Common Stock have rights with respect to the registration of the underlying Class A Common Shares under the Securities Act of 1933. Under these registration rights, these Class B Common Stock may require on two occasions that we register their shares for public resale. If we are eligible to use Form S-3 or similar short-form registration statement, these holders of Class B Common Stockholders may require that we register their shares for public resale up to two times per year. If we elect to register any of our shares of common stock for any public offering, these Class B Common Stockholders are entitled to include shares of common stock in the registration. However, we may reduce the number of shares proposed to be registered in view of market conditions. We will pay all expenses in connection with any registration, other than underwriting discounts and commissions. Pursuant to the exercise of these registration rights, we have registered the resale of 1,200,000 shares of our Class A Common Stock (underlying Class B Common Stock) on a Form S-3 shelf registration statement. If Mr. Horne were to sell all of the registered shares into the public market, or sell other shares owned by him, the trading price of our Class A Common Stock could decline.

Our Class A Common Stock has insignificant voting power

Our Class B Common Stock entitles its holders to ten votes for each share. Class B Common Stock constitutes 28.7% of our total outstanding common stock and 80.1% of the total outstanding voting power and thus is able to exercise a controlling influence over our business. The Class A Common Stock entitles its holders to one vote per share.

The trading price of our Class A Common Stock may be volatile and fluctuations in the trading price may result in substantial losses for investors. Our Class A Common Stock could decline or fluctuate in response to a variety of factors, including, but not limited to, our failure to meet the performance estimates of securities analysts, changes in financial estimates of our revenues and operating results and/or buy/sell recommendations by securities analysts, the timing of announcements, by us or our competitors concerning significant product line developments, contracts or acquisitions or publicity regarding actual or potential results or performance, fluctuation in or quarterly operating results caused by fluctuations in revenue and expenses, substantial sales of our common stock by our existing shareholders, general stock market conditions and other economic or external factors.

Provisions in our charter documents and Delaware law may prevent or delay an acquisition of us, which could decrease the value of our Class A Common Stock

Our certificate of incorporation and bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our Board of Directors. These provisions include those that:

- authorize the issuance of up to 5,000,000 shares of preferred stock in one or more series without a stockholder vote;
- limit stockholders' ability to call special meetings; and
- establish advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

Delaware law also imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

Certain indebtedness may limit our ability to pay dividends, incur additional debt and make acquisitions and other investments

Our revolving credit facility and other senior indebtedness contain operational and financial covenants that restrict our ability to make distributions to stockholders, incur additional debt and make acquisitions and other investments unless we satisfy certain financial tests and comply with various financial ratios. If we do not maintain compliance with these covenants, our creditors could declare a default under our revolving credit facility and our indebtedness could be declared immediately due and payable. Our ability to comply with the provisions of our indebtedness may be affected by changes in economic or business conditions beyond our control.

FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated by reference in this prospectus, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this prospectus, or in information incorporated by reference in this prospectus, regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "predicts," "potential," "intends," "continue," "may," "plans," "projects," "will," "should," "could," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. We have included important factors in the cautionary statements included in this prospectus, particularly under the heading "Risk Factors," that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments that we may be a party to or make. We do not assume any obligation to update any forward-looking statements.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges has been computed by dividing income before income taxes plus fixed charges (net of capitalized interest) by fixed charges. Fixed charges consist of interest expense before reduction for capitalized interest and one-third of rental expense, which is considered to be representative of an interest factor.

Twelve Months Ended June 30,		Six Months Ended December 31,	Twelve months ended December 31,			Three Months Ended March 31,
1998	1999	1999	2000	2001	2002	2003
6.7x	7.3x	6.3x	5.6x	4.9x	6.3x	7.1x

USE OF PROCEEDS

Unless we otherwise specify in the applicable prospectus supplement, we intend to use the net proceeds from any offering of our securities for working capital, the repayment of indebtedness, to fund certain expenditures in connection with acquisitions and for general corporate purposes. Pending application of the net proceeds, we may invest in government securities or short-term investment grade interest bearing securities.

DIVIDENDS AND DIVIDEND POLICY

We have paid dividends since our initial public offering in 1986. We currently intend to declare and pay dividends on a regular basis. However, the payment and amount of future dividends is at the discretion of our Board of Directors and will depend upon future earnings, capital requirements, our general financial condition, general business conditions and other factors. In addition, the terms of our credit agreement contain certain conditions and provisions that restrict our ability to pay dividends. Under the most restrictive of these provisions, retained earnings of $84.6 million were available for the payment of dividends as of March 31, 2003.

PLAN OF DISTRIBUTION

We may sell our securities, from time to time, by any method permitted by the Securities Act of 1933, including in the following ways:

- through one or more underwriters on a firm commitment or best-efforts basis;
- through broker-dealers, who may act as agents or principals, including a block trade in which a broker or dealer so engaged will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- directly to one or more purchasers;
- through agents;
- in privately negotiated transactions; and
- in any combination of these methods of sale.

The applicable prospectus supplement will set forth the specific terms of the offering of our securities including the name or names of any underwriters, dealers or agents; the purchase price of the securities and the proceeds to us from the sale; any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation; and the initial offering price to the public and any discounts or concessions allowed or reallowed or paid to dealers and any securities exchange on which the securities may be listed. Any public offering price, discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to the prevailing market prices or at negotiated prices.

Any underwriters to whom our securities are sold for public offering and sale may make a market in the securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time and without notice. In connection with any offering, persons participating in the offering, such as any underwriters, may purchase and sell the securities in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. Stabilizing transactions consist of bids or purchases for the purpose of preventing or retarding a decline in the market price of the securities and syndicate short positions involve the sale by underwriters of a greater number of securities than they are required to purchase from us in the offering. Underwriters also may impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers in respect of the securities sold in the offering for their account may be reclaimed by the syndicate if the securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the securities, which may be higher than the price that might prevail in the open market, and these activities, if commenced, may be discontinued at any time.

Offers to purchase our securities may be solicited by agents designated by us from time to time. Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from us. Broker-dealers or agents may also receive compensation from the purchasers of the securities for whom they sell as principals. Each particular broker-dealer will receive compensation in amounts negotiated in connection with the sale, which might be in excess of customary commissions. Broker-dealers or agents and any other participating broker-dealers may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act in connection with sales of our securities. Accordingly, any commission, discount or concession received by them and any profit on the resale of the securities purchased by them may be deemed to be underwriting discounts or commissions under the Securities Act. We have not entered into any agreements, understandings or

arrangements with any underwriters or broker-dealers regarding the sale of their securities. As of the date of this prospectus, there are no special selling arrangements between any broker-dealer or other person and us. No period of time has been fixed within which the securities will be offered or sold.

If required under applicable state securities laws, we will sell the securities only through registered or licensed brokers or dealers. In addition, in some states, we may not sell securities unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and complied with.

If the securities are sold by means of an underwritten offering, we will execute an underwriting agreement with an underwriter or underwriters, and the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transaction, including commissions, discounts and any other compensation of the underwriters and dealers, if any, will be set forth in the applicable prospectus supplement, which will be used by the underwriters to make resales of the securities. If underwriters are utilized in the sale of the securities, the securities may be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices determined by the underwriters at the time of sale.

Our securities may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by the managing underwriters. If any underwriters are utilized in the sale of the securities, unless otherwise stated in the applicable prospectus supplement, the underwriting agreement will provide that the obligations of the underwriters are subject to specified conditions precedent and that the underwriters with respect to a sale of the securities will be obligated to purchase all shares of the securities offered if any are purchased.

We may grant to the underwriters options to purchase additional securities to cover over-allotments, if any, at the public offering price with additional underwriting discounts or commissions, as may be set forth in the applicable prospectus supplement. If we grant any over-allotment option, the terms of the over-allotment option will be set forth in the applicable prospectus supplement.

Under applicable rules and regulations under the Securities Exchange Act of 1934, as amended, any person engaged in the distribution of the securities may not simultaneously engage in market making activities with respect to the securities for a period of two business days prior to the commencement of the distribution.

Underwriters, dealers and agents may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We will bear all costs, expenses and fees in connection with the registration of the securities as well as the expense of all commissions and discounts, if any, attributable to the sales of the securities by us.

DESCRIPTION OF CAPITAL STOCK

Our restated certificate of incorporation provides that we have authority to issue 80,000,000 shares of Class A Common Stock, 25,000,000 shares of Class B Common Stock, and 5,000,000 shares of preferred stock. As of May 23, 2003, we had 19,417,053 shares of Class A Common Stock issued and outstanding, 7,805,224 shares of Class B Common Stock issued and outstanding and no shares of preferred stock issued or outstanding.

Common Stock

The following summary of provisions of our Class A Common Stock and Class B Common Stock is not complete. You should refer to our restated certificate of incorporation, which is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part, and applicable law for more information.

Dividends. The holders of shares of our Class A Common Stock and our Class B Common Stock are entitled to receive dividends, including dividends of our stock, as and when declared by our Board of Directors, subject to any limitations applicable by law and to the rights of the holders, if any, of our preferred stock. Whenever we pay any dividends, other than dividends of our stock, on our Class A Common Stock, each share of Class B Common Stock is entitled to receive a dividend at least equal to the dividend paid per share on our Class A Common Stock and vice versa.

Voting Rights. The holders of Class A Common Stock have one vote per share and the holders of Class B Common Stock have ten votes per share. Except as may be required by law and in connection with some significant actions, such as mergers, consolidations, or amendments to our restated certificate of incorporation that affect the rights of stockholders, holders of our Class A Common Stock and our Class B Common Stock vote together as a single class. Each share of our Class B Common Stock is convertible into one share of our Class A Common Stock at any time at the holder's option.

Other Terms. None of our stockholders have preemptive or other rights to subscribe for, purchase, or receive any additional securities. No class of common stock is subject to redemption.

Transfer Agent. The transfer agent for our Class A Common Stock is EquiServe. The transfer agent for our Class B Common Stock is Flowers and Manning LLP.

Preferred Stock

Pursuant to our restated certificate of incorporation, we are authorized to issue "blank check" preferred stock, which may be issued from time to time in one or more series upon authorization by our Board of Directors. The Board of Directors, without further approval of the stockholders, is authorized to fix the dividend rights and terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences, and any other rights, preferences, privileges and restrictions applicable to each series of the preferred stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes could, among other things, adversely affect the voting power of the holders of our Class A Common Stock and Class B Common Stock and, under certain circumstances, make it more difficult for a third party to gain control of us, discourage bids for our Class A Common Stock and Class B Common Stock at a premium or otherwise adversely affect the market price of the Class A Common Stock and Class B Common Stock.

A prospectus supplement relating to our preferred stock to be issued pursuant to this prospectus will specify the terms of the preferred stock, including, if applicable, the following:

- the title of the series and stated value;
- the number of shares of the series of preferred stock offered, the liquidation preference per share and the offering price;
- the applicable dividend rate(s), period(s) and payment date(s) or method(s) of calculation thereof;
- the date from which dividends on the preferred stock shall accumulate, if applicable;
- any procedures for auction and remarketing;
- any redemption or sinking fund provisions for a sinking fund;

- any securities exchange listing;
- whether interests in the preferred stock will be represented by depositary shares;
- the terms and conditions, if applicable, upon which the preferred stock being offered will be convertible into Class A Common Stock, including the conversion price or rate or manner of calculation thereof;
- the terms and conditions, if applicable, upon which the preferred stock being offered will be exchangeable for debt securities, including the exchange price, and the exchange period;
- a discussion of applicable U.S. federal income tax considerations;
- the relative ranking and preference as to dividend rights and rights upon liquidation, dissolution or the winding up of Watts;
- any limitations on issuance of any series of preferred stock ranking senior to or on a parity with such series of preferred stock as to dividend rights and rights upon the company's liquidation, dissolution or the winding up of the company; and
- any other specific terms, preferences, rights, limitations or restrictions of such series.

The description of preferred stock set forth above and in any description of the terms of a particular series of preferred stock in the related prospectus supplement will not be complete. You should refer to the applicable certificate of designation for such series of preferred stock for complete information with respect to such preferred stock.

Section 203 of Delaware General Corporation Law

We are subject to the "business combination" statute of the Delaware General Corporation Law. In general, the statute prohibits a publicly-held Delaware corporation from engaging in various "business combination" transactions with any "interested stockholder" for a period of three years after the date of the transaction in which the person became an "interested stockholder," unless:

- the transaction is approved by the Board of Directors prior to the date the interested stockholder obtained such status;
- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the "interested stockholder" owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding specified shares; or

- on or subsequent to such date, the "business combination" is approved by the Board of Directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock, which is not owned by the "interested stockholder."

A "business combination" includes mergers, asset sales and other transactions resulting in financial benefit to a stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of a corporation's voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

DESCRIPTION OF DEBT SECURITIES

This prospectus describes the general terms and provisions of the debt securities. We may offer senior debt securities or subordinated debt securities in one or more series. When we offer to sell a particular series of debt securities, we will describe the specific terms of the securities in a supplement to this prospectus, including any additional covenants or changes to existing covenants relating to such series. The prospectus supplement also will indicate whether the general terms and provisions described in this prospectus apply to a particular series of debt securities. You should read the actual indenture if you do not fully understand a term or the way we use it in this prospectus.

The senior debt securities will be issued under one or more senior indentures between Watts, dated as of a date prior to such issuance, and a trustee, as amended or supplemented from time to time. We will refer to any such indenture throughout this prospectus as the "senior indenture." Any subordinated debt securities will be issued under one or more separate indentures, dated as of a date prior to such issuance, between Watts and a trustee, as amended or supplemented from time to time. We will refer to any such indenture throughout this prospectus as the "subordinated indenture" and to a trustee under any senior or subordinated indenture as the "trustee." The senior indenture and the subordinated indenture are sometimes collectively referred to in this prospectus as the "indentures." The indentures will be subject to and governed by the Trust Indenture Act of 1939. We will include copies of the forms of the indentures as exhibits to our registration statement and they will be incorporated into this prospectus by reference. The following summarizes the material provisions of the indentures, but may not contain all of the information that is important to you. You can access complete information by referring to the forms of indentures and the forms of debt securities. Except as otherwise indicated, the terms of the indentures are identical. As used under this caption, the term "debt securities" includes the debt securities being offered by this prospectus and all other debt securities issued by us under the indentures.

General

The indentures will:

- not limit the amount of debt securities that we may issue;
- allow us to issue debt securities in one or more series;
- not require us to issue all of the debt securities of a series at the same time;
- allow us to reopen a series to issue additional debt securities without the consent of the debt securityholders of such series; and
- provide that the debt securities will be unsecured, except as may be set forth in the applicable prospectus supplement.

Unless we give you different information in the applicable prospectus supplement, the senior debt securities will be unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness. Payments on the subordinated debt securities will be subordinated to the prior payment in full of all of our senior indebtedness, as described under "Description of the Debt Securities—Subordination of Subordinated Debt Securities" beginning on page 23 and in the applicable prospectus supplement.

Each indenture will provide that we may, but need not, designate more than one trustee under an indenture. Any trustee under an indenture may resign or be removed and a successor trustee may be appointed to act with respect to the series of debt securities administered by the resigning or removed trustee. If two or more persons are acting as trustee with respect to different series of debt securities, each trustee shall be a trustee of a trust under the applicable indenture separate and apart from the trust administered by any other trustee. Except as otherwise indicated in this prospectus, any action

described in this prospectus to be taken by each trustee may be taken by each trustee with respect to, and only with respect to, the one or more

series of debt securities for which it is trustee under the applicable indenture.

The prospectus supplement for each offering will provide the following terms, where applicable:

- the title of the debt securities and whether they are senior or subordinated;
- the aggregate principal amount of the debt securities being offered, the aggregate principal amount of the debt securities outstanding as of the most recent practicable date and any limit on their aggregate principal amount, including the aggregate principal amount of debt securities authorized;
- the price at which the debt securities will be issued, expressed as a percentage of the principal;
- the portion of the principal payable upon declaration of acceleration of the maturity, if other than the principal amount;
- the date or dates, or the method for determining the date or dates, on which the principal of the debt securities will be payable;
- the fixed or variable interest rate or rates of the debt securities, or the method by which the interest rate or rates is determined;
- the date or dates, or the method for determining the date or dates, from which interest will accrue;
- the dates on which interest will be payable;
- the record dates for interest payment dates, or the method by which we will determine those dates;
- the persons to whom interest will be payable;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- any make-whole amount, which is the amount in addition to principal and interest that is required to be paid to the holder of a debt security as a result of any optional redemption or accelerated payment of such debt security, or the method for determining the make-whole amount;
- the place or places where the principal of, and any premium (or make-whole amount) and interest on, the debt securities will be payable;
- where the debt securities may be surrendered for registration of transfer or exchange;
- where notices or demands to or upon Watts in respect of the debt securities and the applicable indenture may be served;
- the times, prices and other terms and conditions upon which we may redeem the debt securities;
- any obligation we have to redeem, repay or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of holders of the debt securities, and the times and prices at which the company must redeem, repay or purchase the debt securities as a result of such an obligation;
- the currency or currencies in which the debt securities are denominated and payable if other than United States dollars, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies and the terms and conditions relating thereto, and the manner of determining the equivalent of such foreign currency in United States dollars;

- whether the principal of, and any premium (or make-whole amount) or interest on, the debt securities of the series are to be payable, at our election or at the election of a holder, in a currency or currencies other than that in which the debt securities are denominated or stated to be payable, and other related terms and conditions;
- whether the amount of payments of principal of, and any premium (or make-whole amount) or interest on, the debt securities may be determined according to an index, formula or other method and how such amounts will be determined;
- whether the debt securities will be in registered form, bearer form or both and (1) if in registered form, the person to whom any interest shall be payable, if other than the person in whose name the security is registered at the close of business on the regular record date for such interest, or (2) if in bearer form, the manner in which, or the person to whom, any interest on the security shall be payable if otherwise than upon presentation and surrender upon maturity;
- any restrictions applicable to the offer, sale or delivery of securities in bearer form and the terms upon which securities in bearer form of the series may be exchanged for securities in registered form of the series and vice versa if permitted by applicable laws

and regulations;

- whether any debt securities of the series are to be issuable initially in temporary global form and whether any debt securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may or shall be required to exchange their interests for other debt securities of the series, and the manner in which interest shall be paid;
- the identity of the depositary for securities in registered form, if such series are to be issuable as a global security;
- the date as of which any debt securities in bearer form or in temporary global form shall be dated if other than the original issuance date of the first security of the series to be issued;
- the applicability, if any, of the defeasance and covenant defeasance provisions described in this prospectus or in the applicable indenture;
- whether and under what circumstances the company will pay any additional amounts on the debt securities in respect of any tax, assessment or governmental charge and, if so, whether Watts will have the option to redeem the debt securities in lieu of making such a payment;
- whether and under what circumstances the debt securities being offered are convertible into Class A Common Stock or preferred stock, as the case may be, including the conversion price or rate or manner or calculation thereof;
- the circumstances, if any, specified in the applicable prospectus supplement, under which beneficial owners of interests in the global security may obtain definitive debt securities and the manner in which payments on a permanent global debt security will be made if any debt securities are issuable in temporary or permanent global form;
- the depositary in whose custody (or on whose behalf custody shall be held by a custodian) any global debt security will be deposited and in whose name, or name of a nominee, any global debt security in the form of a registered security will be registered;
- any provisions granting special rights to holders of securities upon the occurrence of such events as specified in the applicable prospectus supplement;
- the name of the applicable trustee and the nature of any material relationship with us or any of our affiliates, and the percentage of debt securities of the class necessary to require the trustee to take action;

- any deletions from, modifications of, or additions to our events of default or covenants and any change in the right of any trustee or any of the holders to declare the principal amount of any of such debt securities due and payable; and
- any other terms of such debt securities not inconsistent with the provisions of the applicable indenture.

We may issue debt securities at a discount below their principal amount and provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity of the debt securities. We refer to any such debt securities throughout this prospectus as "original issue discount securities." The applicable prospectus supplement will describe the U.S. federal income tax consequences and other relevant considerations applicable to original issue discount securities.

We also may issue indexed debt securities. Payments of principal of, and premium and interest on, indexed debt securities are determined with reference to the rate of exchange between the currency or currency unit in which the debt security is denominated and any other currency or currency unit specified by us, to the relationship between two or more currencies or currency units or by other similar methods or formulas specified in the prospectus supplement.

Except as described under "Description of the Debt Securities—Merger, Consolidation or Sale of Assets" beginning on page 17 or as may be set forth in any prospectus supplement, the debt securities will not contain any provisions that (1) would limit our ability to incur indebtedness or (2) would afford holders of debt securities protection in the event of (a) a highly leveraged or similar transaction involving Watts or any of our affiliates or (b) a change of control or reorganization, restructuring, merger or similar transaction involving Watts that may adversely affect the holders of the debt securities. In the future, we may enter into transactions, such as the sale of all or substantially all of our assets or a merger or consolidation, that may have an adverse effect on our ability to service our indebtedness, including the debt securities, by, among other things, substantially reducing or eliminating our assets.

We will provide you with more information in the applicable prospectus supplement regarding any deletions, modifications, or additions to the events of default or covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Payment

Unless we give you different information in the applicable prospectus supplement, the principal of, and any premium (or make-whole amount) and interest on, any series of the debt securities will be payable at the corporate trust office of the trustee. We will provide you with the address of the trustee in the applicable prospectus supplement. We also may pay interest by mailing a check to the address of the person entitled to it as it appears in the applicable register for the debt securities or by wire transfer of funds to that person at an account maintained within the United States.

All monies that we pay to a paying agent or a trustee for the payment of the principal of, and any premium (or make-whole amount) or interest on, any debt security will be repaid to us if unclaimed at the end of two years after the obligation underlying payment becomes due and payable. After funds have been returned to us, the holder of the debt security may look only to us for payment, without payment of interest for the period which we hold the funds.

Denomination, Interest, Registration and Transfer

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series will be issuable in denominations of $1,000 and integral multiples of $1,000.

Subject to the limitations imposed upon debt securities that are evidenced by a computerized entry in the records of a depository company rather than by physical delivery of a note, a holder of debt securities of any series may:

- exchange them for any authorized denomination of other debt securities of the same series and of a like aggregate principal amount and kind upon surrender of such debt securities at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose; and
- surrender them for registration of transfer or exchange at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose.

Every debt security surrendered for registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer and the person requesting such action must provide evidence of title and identity satisfactory to the applicable trustee or transfer agent. Payment of a service charge will not be required for any registration of transfer or exchange of any debt securities, but we or the trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. If in addition to the applicable trustee, the applicable prospectus supplement refers to any transfer agent initially designated by us for any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for such series. We may at any time designate additional transfer agents for any series of debt securities.

Neither Watts nor any trustee shall be required to:

- issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before the day that the notice of redemption of any debt securities selected for redemption is mailed and ending at the close of business on the day of such mailing;
- register the transfer of or exchange any debt security, or portion thereof, so selected for redemption, in whole or in part, except the unredeemed portion of any debt security being redeemed in part; and
- issue, register the transfer of or exchange any debt security that has been surrendered for repayment at the option of the holder, except the portion, if any, of such debt security not to be so repaid.

Merger, Consolidation or Sale of Assets

The indentures will provide that Watts may, without the consent of the holders of any outstanding debt securities, (1) consolidate with, (2) sell, lease or convey all or substantially all of its assets to, or (3) merge with or into, any other entity provided that:

- Watts is the continuing entity or the successor entity, if other than Watts, assumes the obligations (A) to pay the principal of, and any premium (or make-whole amount) and interest on, all of the debt securities and (B) to duly perform and observe all of the covenants and conditions contained in each indenture;
- after giving effect to the transaction, there is no event of default under the indentures and no event which, after notice or the

lapse of time, or both, would become such an event of default, occurs and continues; and

- an officers' certificate and legal opinion covering such conditions are delivered to each applicable trustee.

Covenants

Existence. Except as permitted under "Description of the Debt Securities—Merger, Consolidation or Sale of Assets," the indentures will require Watts to do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights. However, the indentures will not require Watts to preserve any right if it determines that any right is no longer desirable in the conduct of its business.

Maintenance of properties. If Watts determines that it is necessary in order to properly and advantageously carry on its business, the indentures will require it to:

- cause all of its material properties used or useful in the conduct of its business or the business of any of its subsidiaries to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment; and
- cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof.

However, the indentures will not prohibit Watts or its respective subsidiaries, from selling or otherwise disposing of its respective properties for value in the ordinary course of business.

Insurance. The indentures will require Watts' insurable properties to be insured against loss or damage in an amount deemed reasonable by the Board of Directors with insurers of recognized responsibility.

Payment of taxes and other claims. The indentures will require Watts to pay, discharge or cause to be paid or discharged, before they become delinquent, all taxes, assessments and governmental charges levied or imposed on it, its affiliates or its affiliates' income, profits or property. However, Watts will not be required to pay, discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Provision of financial information. The indentures will require Watts to (1) within 15 days of each of the respective dates by which it is required to file its annual reports, quarterly reports and other documents with the SEC, file with the trustee copies of the annual report, quarterly report and other documents that it files with the SEC under Section 13 or 15(d) of the Exchange Act, (2) to file with the trustee and the SEC any additional information, documents and reports regarding compliance by the company with the conditions and covenants of the indentures, as required, (3) within 30 days after the filing with the trustee mail, or cause to be mailed, to all holders of debt securities, as their names and addresses appear in the applicable register for such debt securities, without cost to such holders, summaries of any documents and reports required to be filed by Watts pursuant to (1) and (2) above, and (4) to supply, promptly upon written request and payment of the reasonable cost of duplication and delivery, copies of such documents to any prospective holder.

Additional covenants. The applicable prospectus supplement will set forth any additional covenants of Watts relating to any series of debt securities.

Events of Default, Notice and Waiver

Unless the applicable prospectus supplement states otherwise, when we refer to "events of default" as defined in the indentures with respect to any series of debt securities, we mean:

- default for 30 days in the payment of any installment of interest when due and payable;
- default for five business days in the payment of principal of, or any premium (or make-whole amount), when due at its stated maturity;

- default in making any sinking fund payment as required for any debt security of such series;
- default in the performance or breach of any covenant or warranty in the debt securities or in the indenture, continuing for 60 days after written notice as provided in the applicable indenture;

- (1) a default under any bond, debenture or note having an aggregate principal amount of at least $20,000,000; or

  (2) a default under any indenture or instrument under which there may be issued, secured or evidenced any existing or later created indebtedness for money borrowed by Watts or its affiliates in an aggregate principal amount of at least $20,000,000, if the default results in the indebtedness becoming or being declared due and payable prior to the date it otherwise would have, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled, within 10 days after notice to the company specifying such default;

- bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of Watts or any of its affiliates which is considered a significant subsidiary; and

- any other event of default provided with respect to a particular series of debt securities.

When we use the term "significant subsidiary," we refer to the meaning ascribed to such term in Rule 1-02 of Regulation S-X promulgated under the Securities Act.

If an event of default occurs and is continuing with respect to debt securities of any series outstanding, then the applicable trustee or the holders of 25% or more in principal amount of the debt securities of that series will have the right to declare the principal amount of all the debt securities of that series to be due and payable. If the debt securities of that series are original issue discount securities or indexed securities, then the applicable trustee or the holders of 25% or more in principal amount of the debt securities of that series will have the right to declare the portion of the principal amount as may be specified in the terms thereof to be due and payable. However, at any time after such a declaration of acceleration has been made, but before a judgment or decree for payment of the money due has been obtained by the applicable trustee, the holders of at least a majority in principal amount of outstanding debt securities of such series or of all debt securities then outstanding under the applicable indenture may rescind and annul such declaration and its consequences if:

- the company has deposited with the applicable trustee all required payments of the principal and any premium (or make-whole amount) which have become due other than by such declaration or acceleration, interest and, to the extent permitted by law, interest on overdue installment of interest, plus applicable fees, expenses, disbursements and advances of the applicable trustee; and

- all events of default, other than the non-payment of accelerated principal, or a specified portion thereof, and any premium (or make-whole amount), have been cured or waived.

The indentures will also provide that the holders of at least a majority in principal amount of the outstanding debt securities of any series or of all debt securities then outstanding under the applicable indenture may, on behalf of all holders, waive any past default with respect to such series and its consequences, except a default:

- in the payment of the principal, any premium (or make-whole amount) or interest;

- in respect of a covenant or provision contained in the applicable indenture that cannot be modified or amended without the consent of the holders of the outstanding debt security that is affected by the default; or

- in respect of a covenant or provision for the benefit or protection of the trustee, without its express written consent.

The indentures will require each trustee to give notice to the holders of debt securities within 90 days of a default unless such default has been cured or waived. However, the trustee may withhold notice if specified responsible officers of such trustee consider such withholding to be in the interest of the holders of debt securities. The trustee may not withhold notice of a default in the payment of principal, any premium or interest on any debt security of such series or in the payment of any sinking fund installment in respect of any debt security of such series.

The indentures will provide that holders of debt securities of any series may not institute any proceedings, judicial or otherwise, with respect to such indenture or for any remedy under the indenture, unless the trustee fails to act for a period of 60 days after the trustee has received a written request to institute proceedings in respect of an event of default from the holders of 25% or more in principal amount of the outstanding debt securities of such series, as well as an offer of indemnity reasonably satisfactory to the trustee. However, this provision will not prevent any holder of debt securities from instituting suit for the enforcement of payment of the principal of, and any premium (or make-whole amount) and interest on, such debt securities at the respective due dates thereof.

The indentures will provide that, subject to provisions in each indenture relating to its duties in the case of a default, a trustee has no obligation to exercise any of its rights or powers at the request or direction of any holders of any series of debt securities then outstanding under the indenture, unless the holders have offered to the trustee reasonable security or indemnity. The holders of at least a majority in principal

amount of the outstanding debt securities of any series or of all debt securities then outstanding under an indenture shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable trustee, or of exercising any trust or power conferred upon such trustee. However, a trustee may refuse to follow any direction which:

- is in conflict with any law or the applicable indenture;
- may involve the trustee in personal liability; or
- may be unduly prejudicial to the holders of debt securities of the series not joining the proceeding.

Within 120 days after the close of each fiscal year, we will be required to deliver to each trustee a certificate, signed by one of our several specified officers, stating whether or not that officer has knowledge of any default under the applicable indenture. If the officer has knowledge of any default, the notice must specify the nature and status of the default.

Modification of the Indentures

The indentures will provide that modifications and amendments may be made only with the consent of the affected holders of at least a majority in principal amount of all outstanding debt securities issued under that indenture. However, no such modification or amendment may, without the consent of the holders of the debt securities affected by the modification or amendment:

- change the stated maturity of the principal of, or any premium (or make-whole amount) on, or any installment of principal of or interest on, any such debt security;
- reduce the principal amount of, the rate or amount of interest on or any premium (or make-whole amount) payable on redemption of any such debt security;
- reduce the amount of principal of an original issue discount security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of any such debt security;
- change the place of payment or the coin or currency for payment of principal of, or any premium (or make-whole amount) or interest on, any such debt security;

- impair the right to institute suit for the enforcement of any payment on or with respect to any such debt security;
- reduce the percentage in principal amount of any outstanding debt securities necessary to modify or amend the applicable indenture with respect to such debt securities, to waive compliance with particular provisions thereof or defaults and consequences thereunder or to reduce the quorum or voting requirements set forth in the applicable indenture; and
- modify any of the foregoing provisions or any of the provisions relating to the waiver of particular past defaults or covenants, except to increase the required percentage to effect such action or to provide that some of the other provisions may not be modified or waived without the consent of the holder of such debt security.

The holders of a majority in aggregate principal amount of the outstanding debt securities of each series may, on behalf of all holders of debt securities of that series, waive, insofar as that series is concerned, our compliance with material restrictive covenants of the applicable indenture.

Watts and its respective trustee may make modifications and amendments of an indenture without the consent of any holder of debt securities for any of the following purposes:

- to evidence the succession of another person to the company as obligor under such indenture;
- to add to our covenants for the benefit of the holders of all or any series of debt securities or to surrender any right or power conferred upon us in such indenture;
- to add events of default for the benefit of the holders of all or any series of debt securities;
- to add or change any provisions of an indenture (1) to facilitate the issuance of, or to change or eliminate restrictions on the payment of principal of, or premium (or make-whole amount) or interest on, debt securities in bearer form, or (2) to permit or facilitate the issuance of debt securities in uncertificated form, provided that such action shall not adversely affect the interests of the holders of the debt securities of any series in any material respect;

- to change or eliminate any provisions of an indenture, provided that any such change or elimination shall become effective only when there are no debt securities outstanding of any series created prior thereto which are entitled to the benefit of such provision;
- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under an indenture by more than one trustee;
- to cure any ambiguity, defect or inconsistency in an indenture, provided that such action shall not adversely affect the interests of holders of debt securities of any series issued under such indenture; and
- to supplement any of the provisions of an indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such debt securities, provided that such action shall not adversely affect the interests of the holders of the outstanding debt securities of any series.

Voting

The indentures will provide that in determining whether the holders of the requisite principal amount of outstanding debt securities of a series have given any request, demand, authorization,

direction, notice, consent or waiver under the indentures or whether a quorum is present at a meeting of holders of debt securities:

- the principal amount of an original issue discount security that shall be deemed to be outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity thereof;
- the principal amount of any debt security denominated in a foreign currency that shall be deemed outstanding shall be the United States dollar equivalent, determined on the issue date for such debt security, of the principal amount or, in the case of an original issue discount security, the United States dollar equivalent on the issue date of such debt security of the amount determined as provided in the preceding bullet point;
- the principal amount of an indexed security that shall be deemed outstanding shall be the principal face amount of such indexed security at original issuance, unless otherwise provided for such indexed security under such indenture; and
- debt securities owned by us or any other obligor upon the debt securities or by any affiliate of ours or of such other obligor shall be disregarded.

The indentures will contain provisions for convening meetings of the holders of debt securities of a series. A meeting will be permitted to be called at any time by the applicable trustee, and also, upon request, by us or the holders of at least 25% in principal amount of the outstanding debt securities of such series, in any such case upon notice given as provided in such indenture. Except for any consent that must be given by the holder of each debt security affected by the modifications and amendments of an indenture described above, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the holders of a majority of the aggregate principal amount of the outstanding debt securities of that series represented at such meeting.

Notwithstanding the preceding paragraph, except as referred to above, any resolution relating to a request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, of the aggregate principal amount of the outstanding debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of such specified percentage.

Any resolution passed or decision taken at any properly held meeting of holders of debt securities of any series will be binding on all holders of such series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the outstanding debt securities of a series. However, if any action is to be taken relating to a consent or waiver which may be given by the holders of at least a specified percentage in principal amount of the outstanding debt securities of a series, the persons holding such percentage will constitute a quorum.

Notwithstanding the foregoing provisions, the indentures will provide that if any action is to be taken at a meeting with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that such indenture expressly provides may be made, given or

taken by the holders of a specified percentage in principal amount of all outstanding debt securities affected by such action, or of the holders of such series and one or more additional series:

- there shall be no minimum quorum requirement for such meeting; and
- the principal amount of the outstanding debt securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken

into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under such indenture.

Subordination of Subordinated Debt Securities

Holders of subordinated debt securities should recognize that contractual provisions in the subordinated debt indenture may prohibit us from making payments on these securities. Subordinated debt securities are subordinate and junior in right of payment, to the extent and in the manner stated in the subordinated debt indenture, to all of our senior indebtedness.

Unless otherwise provided in the applicable prospectus supplement, the subordination provisions of the subordinated debt indenture will apply to subordinated debt securities. The subordinated debt indenture will provide that, unless all principal of and any premium or interest on the senior indebtedness has been paid in full, or provision has been made to make these payments in full, no payment of principal of, or any premium or interest on, any subordinated debt securities may be made, and no redemption, purchase or other acquisition of the subordinated debt securities may be made, in the event:

- of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings involving the company or its assets;
- of any liquidation, dissolution or other winding up of the company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy;
- of any assignment for the benefit of creditors;
- that a default has occurred in the payment of principal, any premium, interest or other monetary amounts due and payable on any senior indebtedness or there has occurred any other event of default concerning senior indebtedness that permits the holder or holders of the senior indebtedness or a trustee with respect to senior indebtedness to accelerate the maturity of the senior indebtedness with notice or passage of time, or both, and that event of default has continued beyond the applicable grace period, if any, and that default or event of default has not been cured or waived or has not ceased to exist and any related acceleration has been rescinded; or
- that the principal of and accrued interest on any subordinated debt securities have been declared due and payable upon an event of default as defined under the subordinated debt indenture and that declaration has not been rescinded and annulled as provided under the subordinated debt indenture.

If the trustee under the subordinated debt indenture or any direct holders of the subordinated debt securities receive any payment or distribution that is prohibited under the subordination provisions, then the trustee or the direct holders will have to repay that money to the direct holders of the senior indebtedness. Even if the subordination provisions prevent the company from making any payment when due on the subordinated debt securities of any series, the company will be in default on its obligations under that series if the company does not make the payment when due. This means that the trustee under the subordinated debt indenture and the direct holders of that series can take action against the company, but they will not receive any money until the claims of the direct holders of senior indebtedness have been fully satisfied. The subordinated indenture will not restrict the amount of senior debt or other indebtedness of Watts and its respective subsidiaries. As a result of these subordination provisions, in the event of a distribution of assets upon insolvency, holders of subordinated securities may recover less, ratably, than our general creditors.

The prospectus supplement may include a description of additional terms implementing the subordination feature.

Discharge, Defeasance and Covenant Defeasance

Unless otherwise indicated in the applicable prospectus supplement, the indentures will allow Watts to discharge its obligations to holders of any series of debt securities issued under any indenture when:

- either (1) all securities of such series have already been delivered to the applicable trustee for cancellation; or (2) all securities of such series have not already been delivered to the applicable trustee for cancellation but (A) have become due and payable, (B) will become due and payable within one year, or (C) if redeemable at the company's option, are to be redeemed within one year, and the company, has irrevocably deposited with the applicable trustee, in trust, funds in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable, an amount sufficient to pay the entire indebtedness on such debt securities in respect of principal and any premium (or make-whole amount) and interest to the date of such deposit if such debt securities have become due and payable or, if they have not, to the stated maturity or redemption date;

- Watts has paid or caused to be paid all other sums payable; and

- an officers' certificate and an opinion of counsel stating the conditions to discharging the debt securities have been satisfied has been delivered to the trustee.

Unless otherwise indicated in the applicable prospectus supplement, the indentures will provide that, upon the company's irrevocable deposit with the applicable trustee, in trust, of an amount, in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable at stated maturity, or government obligations, or both, applicable to such debt securities, which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal of, and any premium (or make-whole amount) and interest on, such debt securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor, the company may elect either:

- to defease and be discharged from any and all obligations with respect to such debt securities; or

- to be released from its obligations with respect to such debt securities under the applicable indenture or, if provided in the applicable prospectus supplement, its obligations with respect to any other covenant, and any omission to comply with such obligations shall not constitute an event of default with respect to such debt securities.

Notwithstanding the above, Watts may not elect to defease and be discharged from the obligation to pay any additional amounts upon the occurrence of particular events of tax, assessment or governmental charge with respect to payments on such debt securities and the obligations to register the transfer or exchange of such debt securities, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of such debt securities, or to hold monies for payment in trust.

The indentures will only permit Watts to establish the trust described in the paragraph above if, among other things, it has delivered to the applicable trustee an opinion of counsel to the effect that the holders of such debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred. Such opinion of counsel, in the case of defeasance, will be required to refer to and be based upon a ruling received from or published by the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the indenture. In the event of such defeasance, the holders of such debt securities would be

able to look only to such trust fund for payment of principal, any premium (or make-whole amount) and interest.

Unless otherwise provided in the applicable prospectus supplement, all payments of principal of, and any premium (or make-whole amount) and interest on, any debt security that is payable in a foreign currency that ceases to be used by its government of issuance shall be made in United States dollars.

In the event that (a) Watts effects covenant defeasance with respect to any debt securities and (b) those debt securities are declared due and payable because of the occurrence of any event of default, the amount in the currency, currency unit or composite currency in which such debt securities are payable, and government obligations on deposit with the applicable trustee, will be sufficient to pay amounts due on such debt securities at the time of their stated maturity but may not be sufficient to pay amounts due on such debt securities at the time of the acceleration resulting from such event of default. However, Watts would remain liable to make payments of any amounts due at the time of acceleration. Notwithstanding the first sentence of this paragraph, the events of default in (b) above shall not include the event of default described in (1) the fourth bullet point under "Description of Debt Securities—Event of Default, Notice and Waiver" with respect to specified sections of an indenture or (2) the seventh bullet point under "Description of Debt Securities—Events of Default, Notice and Waiver" with respect to any other covenant as to which there has been covenant defeasance.

The applicable prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series.

Conversion Rights

The terms and conditions, if any, upon which the debt securities are convertible into Class A Common Stock or preferred stock will be set forth in the applicable prospectus supplement. The terms will include whether the debt securities are convertible into shares of Class A Common Stock or preferred stock, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the company's option or the option of the holders, the events requiring an adjustment of the conversion price and provisions affecting conversion in the event of the redemption of the debt securities and any restrictions on conversion.

Global Securities

The debt securities of a series may be issued in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement relating to such series. Global securities, if any, issued in the United States are expected to be deposited with The Depository Trust Company, or DTC, as depository. Watts may issue global securities in either registered or bearer form and in either temporary or permanent form. Watts will describe the specific terms of the depository arrangement with respect to a series of debt securities in the applicable prospectus supplement relating to such series. We expect that unless the applicable prospectus supplement provides otherwise, the following provisions will apply to depository arrangements.

Once a global security is issued, the depository for such global security or its nominee will credit on its book-entry registration and transfer system the respective principal amounts of the individual debt securities represented by such global security to the accounts of participants that have accounts with such depository. Such accounts shall be designated by the underwriters, dealers or agents with respect to such debt securities or by Watts if it offers such debt securities directly. Ownership of

beneficial interests in such global security will be limited to participants with the depository or persons that may hold interests through those participants.

We expect that, under procedures established by DTC, ownership of beneficial interests in any global security for which DTC is the depository will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to beneficial interests of participants with the depository) and records of participants (with respect to beneficial interests of persons who hold through participants with the depository). Neither Watts nor the trustee will have any responsibility or liability for any aspect of the records of DTC or for maintaining, supervising or reviewing any records of DTC or any of its participants relating to beneficial ownership interests in the debt securities. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to own, pledge or transfer beneficial interest in a global security.

So long as the depository for a global security or its nominee is the registered owner of such global security, such depository or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the applicable indenture. Except as described below or in the applicable prospectus supplement, owners of beneficial interest in a global security will not be entitled to have any of the individual debt securities represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of any such debt securities in definitive form and will not be considered the owners or holders thereof under the applicable indenture. Beneficial owners of debt securities evidenced by a global security will not be considered the owners or holders thereof under the applicable indenture for any purpose, including with respect to the giving of any direction, instructions or approvals to the trustee under the indenture. Accordingly, each person owning a beneficial interest in a global security with respect to which DTC is the depository must rely on the procedures of DTC and, if such person is not a participant with the depository, on the procedures of the participant through which such person owns its interests, to exercise any rights of a holder under the applicable indenture. We understand that, under existing industry practice, if DTC requests any action of holders or if an owner of a beneficial interest in a global security desires to give or take any action which a holder is entitled to give or take under the applicable indenture, DTC would authorize the participants holding the relevant beneficial interest to give or take such action, and such participants would authorize beneficial owners through such participants to give or take such actions or would otherwise act upon the instructions of beneficial owners holding through them.

Payments of principal of, and any premium (or make-whole amount) and interest on, individual debt securities represented by a global security registered in the name of a depository or its nominee will be made to or at the direction of the depository or its nominee, as the case may be, as the registered owner of the global security under the applicable indenture. Under the terms of the applicable indenture, Watts and the trustee may treat the persons in whose name debt securities, including a global security, are registered as the owners thereof for the purpose of receiving such payments. Consequently, neither we nor the trustee have or will have any responsibility or liability for the payment of such amounts to beneficial owners of debt securities including principal, any premium (or make-whole amount) or interest. We believe, however, that it is currently the policy of DTC to immediately credit the accounts of relevant participants with such payments, in amounts proportionate to their respective holdings of beneficial interests in the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in such global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in street name, and will be the responsibility of such participants. Redemption notices with respect to any debt securities represented by a global security will be sent to the depository or its nominee. If less than all of the debt securities of any series are to be redeemed, we expect the

depository to determine the amount of the interest of each participant in such debt securities to be redeemed to be determined by lot. Neither Watts, the trustee, any paying agent nor the security registrar for such debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global security for such debt securities or for maintaining any records with respect thereto.

Neither we nor the trustee will be liable for any delay by the holders of a global security or the depository in identifying the beneficial owners of debt securities, and we and the trustee may conclusively rely on, and will be protected in relying on, instructions from the holder of a global security or the depository for all purposes. The rules applicable to DTC and its participants are on file with the SEC.

If a depository for any debt securities is at any time unwilling, unable or ineligible to continue as depository and we do not appoint a successor depository within 90 days, we will issue individual debt securities in exchange for the global security representing such debt securities. In addition, Watts may at any time and in their sole discretion, subject to any limitations described in the applicable prospectus supplement relating to such debt securities, determine not to have any of such debt securities represented by one or more global securities and in such event will issue individual debt securities in exchange for the global security or securities representing such debt securities. Individual debt securities so issued will be issued in denominations of $1,000 and integral multiples of $1,000.

The debt securities of a series may also be issued in whole or in part in the form of one or more bearer global securities that will be deposited with a depository, or with a nominee for such depository, identified in the applicable prospectus supplement. Any such bearer global securities may be issued in temporary or permanent form. The specific terms and procedures, including the specific terms of the depository arrangement, with respect to any portion of a series of debt securities to be represented by one or more bearer global securities will be described in the applicable prospectus supplement.

No Recourse

There is no recourse under any obligation, covenant or agreement in the applicable indenture or with respect to any security against any of our or our successor's past, present or future stockholders, employees, officers or directors.

SHARES ELIGIBLE FOR FUTURE SALE

All of our shares of Class A Common Stock are freely transferable without restriction or further registration under the federal securities laws, except for any shares held by our "affiliates" (as defined in Rule 144 under the Securities Act of 1933), sales of which will be limited by Rule 144 under the Securities Act of 1933.

Shares that are owned by our affiliates may be sold in the public market subject to the restrictions of Rule 144. As of May 23, 2003, approximately 1,199,541 shares of our Class A Common Stock (including options to purchase 545,509 shares of Class A Common Stock issuable upon the exercise of stock options or upon the conversion of restricted stock units that are exercisable within sixty days of May 23, 2003) and substantially all of our outstanding Class B Common Stock were beneficially owned by our directors, executive officers and other affiliates. Generally, Rule 144 provides that an affiliate who has beneficially owned shares for at least one year may sell on the open market in brokers' transactions within any three month period a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of Class A Common Stock; and
- the average weekly trading volume in the Class A Common Stock on the open market during the four calendar weeks preceding the sale.

Sales under Rule 144 will also be subject to post-sale notice requirements and the availability of current public information about our company. Shares properly sold in reliance upon Rule 144 to persons who are not affiliates are freely tradable without restriction after the sale. Sales of substantial amounts of our Class A Common Stock in the open market, or the availability of shares for sale, could adversely affect the price of our shares of Class A Common Stock.

In the future, up to an aggregate of 2,392,418 shares of Class A Common Stock will be available for issuance under our stock option plans and our management stock purchase plan. These shares have been or will be registered under the Securities Act of 1933 and, therefore, will be freely transferable when issued, except that any shares to be sold by our "affiliates" may be sold only in compliance with the provisions of Rule 144.

Under the terms of a registration rights agreement, the holders of our Class B Common Stock have rights with respect to the registration of the shares under the Securities Act of 1933. Under these registration rights, these Class B Common Stockholders may require on two occasions that we register their shares for public resale. If we are eligible to use Form S-3 or similar short-form registration statement, these Class B Common Stockholders may require that we register their shares for public resale up to two times per year. If we elect to register any of our shares of common stock for any public offering, these Class B Common Stockholders are entitled to include shares of common stock in the registration. However, we may reduce the number of shares proposed to be registered in view of market conditions. We will pay all expenses in connection with any registration, other than underwriting discounts and commissions. Pursuant to the exercise of these registration rights, we registered the resale of 1,200,000 shares of our Class A Common Stock on a Form S-3 shelf registration statement which became effective on May 29, 2002.

LEGAL MATTERS

The validity of the securities we are offering will be passed upon for us by Goodwin Procter LLP , Boston, Massachusetts.

EXPERTS

The consolidated financial statements of Watts Industries, Inc. as of December 31, 2002 and 2001 and for each of the years in the three-year period ended December 31, 2002 appearing in Watts

Industries, Inc.'s Form 10-K for the year ended December 31, 2002, have been incorporate by reference herein in reliance upon the reports of KPMG LLP, independent accountants, incorporated herein by reference and upon the authority of said firm as experts in accounting and auditing. KPMG's report dated February 12, 2003 except as to note 19 which is as of March 25, 2003, refers to a change in accounting for goodwill and other intangible assets based on the adoption of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets."

ABOUT THIS PROSPECTUS AND WHERE YOU MAY FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-3 under the Securities Act of 1933, as amended, with respect to the shares offered under this prospectus. This prospectus is part of the registration statement. This prospectus does not contain all of the information contained in the registration statement because we have omitted parts of the registration statement in accordance with the rules and regulations of the Securities and Exchange Commission. For further information, we refer you to the registration statement, which you may read and copy at the public reference facilities maintained by the Securities and Exchange Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. You may also obtain copies at the prescribed rates from the Public Reference Section of the Securities and Exchange Commission at its principal office in Washington, D.C. You may call the Securities and Exchange Commission at 1-800-SEC-0330 for further information about its public reference room. The Securities and Exchange Commission maintains a web site that contains reports, proxy and information statements and other information regarding registrants, including Watts Industries, that file electronically with the Securities and Exchange Commission. You may access the Securities and Exchange Commission's web site at http://www.sec.gov.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and we are required to file reports, proxy statements and other information with the Securities and Exchange Commission. Such reports, proxy statements and other information can be inspected and copied at the locations described above. Our Securities and Exchange Commission file number is 1-11499. Copies of these materials can be obtained by mail from the Public Reference Section of the Securities and Exchange Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. Our Class A Common Stock is listed on the New York Stock Exchange under the symbol "WTS".

The Securities and Exchange Commission allows us to incorporate by reference the information that we file with them. Incorporation by reference means that we can disclose important information to you by referring you to other documents that are legally considered to be part of this prospectus and later information that we file with the Securities and Exchange Commission will automatically update and supersede the information in this prospectus and the documents listed below. We incorporate by reference the specific documents listed below and any future filings we make with the Securities and Exchange Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all of the shares of Class A Common Stock offered under this prospectus are sold:

- our Current Report on Form 8-K, filed on May 19, 2003;
- our Current Report on Form 8-K, filed on May 15, 2003;
- our Current Report on Form 8-K, filed on May 6, 2003;

- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003;
- our Current Report on Form 8-K, filed on March 26, 2003;
- our Annual Report on Form 10-K for the year ended December 31, 2002; and

- the description of our Class A Common Stock contained in our registration statement on Form 8-A filed with the Securities and Exchange Commission on June 22, 1995 pursuant to the Securities Exchange Act of 1934 and all amendments and reports updating the description.

You may request a copy of these filings and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus, at no cost, by writing or telephoning us at the following address: Watts Industries, Inc., 815 Chestnut Street, North Andover, MA 01845, Attention: Corporate Secretary. Telephone requests may be directed to the Corporate Secretary at (978) 688-1811. Our internet site address is www.wattsind.com. The information on our website does not constitute a part of this prospectus.

You should only rely on the information contained in this prospectus, any prospectus supplement or any document incorporated by reference. We have not authorized anyone else to provide you with different or additional information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

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$100,000,000

A LEADER IN VALVE TECHNOLOGY
WATTS®
INDUSTRIES, INC.
SINCE 1874

Watts Industries, Inc.

Debt Securities

Preferred Stock
Class A Common Stock

PROSPECTUS

, 2003

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. Other Expenses of Issuance and Distribution.

The following table sets forth an estimate of the expenses, other than underwriting discounts and commissions, payable in connection with the sale and distribution of the securities being registered.

Item	Amounts to be Paid
SEC Registration Fee	$ 8,090.00
Accountants Fees and Expenses	8,000.00
Legal Fees and Expenses	20,000.00
Printing and engraving Expenses	2,500.00
Miscellaneous	5,000.00
Total	$ 43,590.00

ITEM 15. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that the person is or was a director, officer, employee or agent of the corporation or is or was serving at the corporation's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the corporation as well, but only to the extent of expenses, including attorneys' fees but excluding judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with the defense or settlement of the action or suit. And with the further limitation that in these actions, no indemnification shall be made in the event of any adjudication of negligence or misconduct in the performance of the person's duties to the corporation, unless a court believes that in light of all the circumstances indemnification should apply.

In accordance with Section 145 of the Delaware General Corporation Law, Article X of the Restated Certificate of Incorporation, as amended, of Watts Industries, Inc. provides that no director of Watts shall be personally liable to Watts or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to Watts or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

Article V of the Amended and Restated By-laws of Watts provides for indemnification by Watts of its directors, officers and certain non-officer employees under certain circumstances against expenses (including attorneys fees) judgments, fines and amounts paid in settlement reasonably incurred in connection with the defense or settlement of any threatened, pending or completed legal proceeding in which any such person is involved by reason of the fact that such person is or was a director, an officer or an employee of Watts, or is acting in any capacity with other entities at the request of Watts, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to,

the best interests of Watts, and with respect to criminal actions or proceedings, that such person had no reasonable cause to believe his or her conduct was unlawful.

Section 145(g) of the Delaware General Corporation Law and Article V of the Amended and Restated By-laws of Watts provide that Watts shall have the power to purchase and maintain insurance on behalf of its officers, directors, employees and agents, against any liability asserted against and incurred by such persons in any such capacity. Watts has obtained insurance covering its directors and officers against losses and insuring Watts against certain of its obligations to indemnify its directors and officers.

ITEM 16. Exhibits.

Exhibit No.		Description
4.1	—	Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended June 30, 1995, File No. 001-14787) *
4.2	—	Amended and Restated By-laws, as amended May 11, 1999 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, File No. 001-14787)*
4.3	—	Form of Indenture for Senior Debt Securities of Watts Industries, Inc.**
4.4	—	Form of Senior Debt Security of Watts Industries, Inc.**
4.5	—	Form of Indenture for Subordinated Debt Securities of Watts Industries, Inc.**
4.6	—	Form of Subordinated Debt Security of Watts Industries, Inc.**
4.7	—	Form of Certificate of Powers, Designations, Preferences and Rights of Preferred Stock.**
5.1	—	Opinion of Goodwin Procter LLP*
12.1	—	Calculation of Ratio of Earnings to Fixed Charges*
23.1	—	Consent of KPMG LLP*
23.2	—	Consent of Goodwin Procter LLP (included in Exhibit 5.1)*
24.1	—	Power of Attorney (contained in signature page)

* Filed herewith.

** To be filed by amendment to this registration statement.

ITEM 17. Undertakings.

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefor, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer, or controlling person of ours in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel

the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For the purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of

prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by us pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of the registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of North Andover, The Commonwealth of Massachusetts, on June 10, 2003.

WATTS INDUSTRIES, INC.

By: /s/ PATRICK S. O'KEEFE

Patrick S. O'Keefe
Chief Executive Officer, President and Director

KNOW ALL BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints each of Patrick S. O'Keefe and William C. McCartney as such person's true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such person in such person's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that any said attorney-in-fact and agent, or any substitute or substitutes of any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ PATRICK S. O'KEEFE Patrick S. O'Keefe	Chief Executive Officer, President and Director (Principal Executive Officer)	June 10, 2003
/s/ WILLIAM C. MCCARTNEY William C. McCartney	Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	June 10, 2003
/s/ TIMOTHY P. HORNE Timothy P. Horne	Director	June 10, 2003
/s/ KENNETH J. MCAVOY Kenneth J. McAvoy	Director	June 10, 2003
/s/ GORDON W. MORAN Gordon W. Moran	Director	June 10, 2003
/s/ DANIEL J. MURPHY	Director	June 10, 2003

Daniel J. Murphy

/s/ ROGER A. YOUNG Roger A. Young	Director	June 10, 2003
/s/ JOHN K. MCGILLICUDDY John K. McGillicuddy	Director	June 10, 2003

EXHIBIT INDEX

Exhibit No.		Description
4.1	—	Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended June 30, 1995, File No. 001-14787) *
4.2	—	Amended and Restated By-laws, as amended May 11, 1999 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, File No. 001-14787)*
4.3	—	Form of Indenture for Senior Debt Securities of Watts Industries, Inc.**
4.4	—	Form of Senior Debt Security of Watts Industries, Inc.**
4.5	—	Form of Indenture for Subordinated Debt Securities of Watts Industries, Inc.**
4.6	—	Form of Subordinated Debt Security of Watts Industries, Inc.**
4.7	—	Form of Certificate of Powers, Designations, Preferences and Rights of Preferred Stock.**
5.1	—	Opinion of Goodwin Procter LLP*
12.1	—	Calculation of Ratio of Earnings to Fixed Charges*
23.1	—	Consent of KPMG LLP*
23.2	—	Consent of Goodwin Procter LLP (included in Exhibit 5.1)*
24.1	—	Power of Attorney (contained in signature page)

* Filed herewith.

** To be filed by amendment or as an exhibit to a document to be incorporated or deemed to be incorporated by reference to this registration statement.

Exhibit 4.1

CERTIFICATE OF INCORPORATION

OF

WATTS INDUSTRIES, INC.

FIRST. The name of the corporation is Watts Industries, Inc.

SECOND. The address of the corporation's registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name and address of the corporation's registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

THIRD. The nature of the business or purposes proposed to be transacted or promoted is as follows:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH. The total number of shares of capital stock of all classes which the corporation shall have authority to issue shall be 120,300 shares, to wit: (1) 88,000 shares of Common Stock, $1.00 par value per share ("Common Stock"), (2) 11,000 shares of Class B Common Stock, $1.00 par value per share ("Class B Common Stock"), and (3) 21,300 shares of 10% Preferred Stock, $100.00 par value per share ("10% Preferred Stock"). Each class of capital stock shall have the following preferences, voting powers, qualifications and special or relative rights or privileges.

Section 1. Common Stock and Class B Common Stock. Except as otherwise expressly provided below in this Section 1, the preferences, voting powers, qualifications and special or relative rights or privileges of the Common Stock and the Class B Common Stock shall be identical.

Section 1.1 Dividends. Dividends may be declared by the Board of Directors upon and paid to the holders of the Common Stock and Class B Common Stock out of funds legally available therefor; provided, however, that such dividends, when, as and if declared and paid, shall be so declared and paid to such holders pro rata according to the number of shares of Common Stock and Class B Common Stock held by each such holder (with the number of shares of outstanding Common Stock and Class B Common Stock being aggregated and considered a single class for this purpose); and provided further, however, that should any dividend or other distribution be declared upon Common Stock whether payable in cash or in shares of Common Stock or otherwise, a comparable dividend shall be declared upon Class B Common Stock and *vice versa* . If the dividend declared upon Common Stock is payable in shares of Common Stock, the comparable dividend declared upon Class B Common Stock shall be payable in shares of Class B Common Stock, and *vice versa* . No amendment shall be made to the Certificate of Incorporation of the corporation, or other corporate action taken, which shall split, split-up, subdivide, consolidate or combine (or have the effect thereof) shares of Common Stock without a comparable amendment being made or comparable action being taken with respect to the Class B Common Stock, and *vice versa* .

Section 1.2 Rights Upon Liquidation and Dissolution. Upon any liquidation, dissolution, winding up or distribution of the assets and surplus funds of the corporation, whether voluntary or involuntary, after full payment or provision for the payment of creditors and the rights of holders of securities having preference to the Common Stock and the Class B Common Stock (including the 10% Preferred Stock), the holders of Class B Common Stock shall be entitled to receive in preference to the holders of the Common Stock of the corporation, or to the holders of any other stock, other than the 10% Preferred Stock, of the corporation which is not expressly ranked superior or prior to the Class B Common Stock with respect to liquidation and dissolution (with the consent of the holders of the Class B Common Stock given in accordance with Section 1.5

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hereof to the extent applicable) an amount equal to $1,122,365 per share (the "Initial Class B Common Distribution") before any payment or distribution of the assets and surplus funds of the corporation shall be made to or set apart for the holders of any Common Stock or of any of such other stock. After the payment of such amount, the holders of the Common Stock of the corporation shall then be entitled to an amount equal to $1,122.365 per share (the "Initial Common Distribution"). Thereafter, the holders of Common Stock and Class B Common Stock shall participate in any payment or distribution pro rata according to the number of shares of Common Stock and Class B Common Stock held by each such holder (with the number of shares of outstanding Common Stock and Class B Common Stock being aggregated and considered a single class for this purpose).

Notwithstanding the preceding paragraph of this Section 1.2, (i) if the assets and surplus funds of the corporation available for the Initial Class B Common Distribution to the holders of its Class B Common Stock shall be insufficient to permit payment in full of said amount, the said assets and surplus funds shall be paid or distributed ratably among the holders of the Class B Common Stock in proportion to the amounts they would have been entitled to receive had such assets and surplus funds been sufficient to permit payment in full of said amounts and (ii) if the assets and surplus funds of the corporation available for the Initial Common Distribution to the holders of its Common Stock shall be insufficient to permit payment in full of such amount, the said assets and surplus funds shall be paid or distributed ratably among the holders of the Common Stock in proportion to the amounts they would have been entitled to receive had such assets and surplus funds been sufficient to permit payment in full of said amounts. For purposes of this Section 1.2, the consolidation of the corporation with, or merger of the corporation into, another corporation, the merger of any other corporation into it, or the sale or conveyance to another corporation of the properties of the corporation as an entirety or substantially as an entirety (for cash, shares of stock, other securities, or other consideration), shall not be deemed to be a liquidation, dissolution, winding up, or distribution of the assets of the corporation; provided however, that thirty (30) days' notice and opportunity to convert to shares of Common Stock have been given to the holders of the Class B Common Stock.

Section 1.3 Voting Rights. For each share of Common Stock standing in his name on the books of the corporation, the holder thereof shall have one vote. For each share of Class B Common Stock standing in his name on the books of the corporation, the holder thereof shall have one vote. Except as otherwise provided herein, the holders of Common Stock and Class B Common Stock shall have identical voting rights and shall vote as a single class on all matters to come before the shareholders of the corporation, but shall vote as a separate class from the holders of shares of 10% Preferred Stock.

1.3.1 *Election of Directors.* So long as Bessemer Securities Corporation (hereinafter called "Bessemer" within the meaning ascribed thereto in Section l.3.0) shall be the holder of (i) at least one (1) share of Class B Common Stock and (ii) at least twenty percent (20%) of the aggregate number of outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the corporation's Board of Directors shall be comprised of nine (9) members (this number shall drop to seven (7) when Bessemer's percentage as aforesaid shall drop below twenty percent (20%)) and the holders of Class B Common Stock shall be entitled, voting as a separate class, to elect four (4) (this number shall drop to two (2) when Bessemer's percentage as aforesaid drops below twenty percent (20%)) of the members of the Board of Directors, and the holders of Common Stock shall be entitled, voting as a separate class, to elect the remaining five (5) members of the Board of Directors (the holders of Common Stock being entitled to elect all of the members of the Board of Directors if at any time Bessemer's percentage as aforesaid drops below eight percent (8%) or it does not own at least one (1) share of Class B Common Stock); provided, however, that if at any time while

Bessemer still holds (i) at least one (1) share of Class B Common Stock and (ii) at least twenty percent (20%) of the aggregate number of outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the corporation's earnings (after taxes but before extraordinary items net of tax effect) ("Adjusted After-Tax Earnings") for the highest three (3) full fiscal quarters during any period of four (4) consecutive full fiscal quarters shall be less than $500,000 per quarter (the "Trigger Level") after (a) Adjusted After-Tax Earnings for each of the four (4) consecutive quarters shall have been increased by the amounts of any losses or reductions in earnings to the extent, and only to the extent, that such losses or reductions in earnings were due to Acts of God or force majeure (including, without limitation, strikes or other labor disturbances) or the continuing effects of such Acts of God or force majeure and have not already been allowed for in such earnings as "extraordinary items," and then (b) Adjusted After-Tax Earnings for each of such three (3) highest quarters shall have been decreased by one-third of any loss after taxes but before extraordinary items net of tax effect in the remaining quarter of such period of four (4) consecutive full fiscal quarters (as adjusted in (a)), the Secretary of the corporation shall give written notice thereof to each holder of Class B Common Stock and, whether or not such notice is given, provided that Bessemer still holds (i) at least one (1) share of Class B Common Stock and (ii) at least twenty percent (20%) of the aggregate number of outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the corporation's Board of Directors will thereupon be increased automatically in size to ten (10) members and the holders of Class B Common Stock shall thereafter be entitled, voting as a separate class, to elect five (5) of the then (10) members of the Board of Directors and the holders of the Common Stock shall be entitled, voting as a separate class, to elect the remaining five (5) members of the Board of Directors. The holders of a majority of the outstanding shares of Class B Common Stock shall designate in a writing delivered to the Secretary of the corporation their selection of the additional director elected by them pursuant to the preceding sentence, and such person shall take office as such director immediately upon such designation in writing. Such director shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, when he may be replaced or reelected by vote of the holders of Class B Common Stock, or until the size of the Board of Directors is decreased in accordance with this Section 1.3.1, whichever is sooner. At such time as the corporation's Adjusted After-Tax Earnings for the highest three (3) full fiscal quarters during any period of four (4) consecutive full fiscal quarters shall be more than the Trigger Level after (a) Adjusted After-Tax Earnings for each of such four (4) consecutive quarters shall have been increased by the amount of any losses or reductions in earnings to the extent, and only to the extent, that such losses or reduction in earnings were due to Acts of God or force majeure (including, without limitation, strikes of other labor disturbances) or the continuing effects of such Acts of God or force majeure and have not already been allowed for in such earnings as "extraordinary items" and then (b) Adjusted After-Tax Earnings for the three (3) highest such quarters shall have been decreased by one-third of any loss after taxes but before extraordinary items net of tax effect in the remaining quarter of such period of four (4) consecutive full fiscal quarters (as adjusted in (a)), or at such time as

Bessemer no longer owns (i) at least one (1) share of Class B Common Stock or (ii) twenty percent (20%) of the corporation's outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the voting rights referred to in the proviso clause of the preceding sentence shall be automatically terminated (subject to becoming effective again should the conditions set forth in this Section 1.3.1 reoccur), one of the members of the Board of Directors who has been elected by the holders of the Class B Common Stock shall immediately resign and upon such resignation the Board of Directors will be decreased automatically in size to nine (9) members and the holders of Class B Common Stock shall thereafter have the right, voting as a separate class, to elect four (4) of the nine (9) members of the Board of Directors and the holders of Common Stock shall have the right,

voting as a separate class, to elect the remaining five (5) members of the Board of Directors (subject to the provisions of the first sentence of this Section 1.3.1); provided however, that if such a Director fails to resign immediately, the Secretary of the corporation shall promptly call a special meeting of stockholders at which only nine (9) Directors of the corporation (of which five (5) shall be elected by the holders of Common Stock and four (4) shall be elected by the holders of Common Stock voting as separate classes), will be elected and the terms of office of all persons who are then directors of the corporation shall terminate immediately upon such election. For purposes of determining Adjusted After-Tax Earnings under this Section 1.3.1, the corporation shall make all quarterly computations of Adjusted After-Tax Earnings on a basis consistent with prior such determinations by the corporation or its predecessor (except for such changes in accounting principles and practices as may have been required from time to time by the corporation's independent public accountants) and with a view toward avoiding material distortions of net income from period to period. These computations shall be required to be made only when requested by Bessemer.

1.3.2 *Election of Director by Subsequent Holders.* Should Bessemer no longer have the right to elect any director of the corporation pursuant to Section 1.3.1, then so long as any person or persons who shall have acquired Class B Common Stock from Bessemer shall be the holder in the aggregate of (i) at least one thousand (l,000) shares of Class B Common Stock and (ii) at least eight percent (8%) of the aggregate number of outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the holders of Class B Common Stock shall be entitled, voting as a separate class, to elect one of the members of the Board of Directors of the corporation, and the holders of Common Stock shall be entitled, voting as a separate class, to elect all the remaining members of the Board of Directors (the holders of Common Stock being entitled to elect all the members of the Board of Directors if at any time such assignee or assignees no longer hold (i) at least one thousand (1,000) shares of Class B Common Stock or (ii) at least eight percent (8%) of the outstanding shares of Common Stock and Class B Common Stock, taken as a whole).

1.3.3 *Definition of "Bessemer".* For purposes of this Section 1.3, the term "Bessemer" shall (1) include an entity more than fifty percent (50%) of the aggregate beneficial voting interest of which is owned directly or indirectly by or for the benefit of heirs of the late Henry Phipps and which entity succeeds to all or substantially all of the assets of Bessemer Securities Corporation, but shall (2) specifically exclude any and all other successors or assignees of said Bessemer Securities Corporation.

1.3.4 *Percentages.* Whenever in this Article Fourth certain rights inure to the benefit of Bessemer or certain events occur based upon Bessemer's holdings of a certain specified percentage of all of the outstanding Class B Common Stock and Common Stock, taken as a whole, the amount of such outstanding stock shall be determined exclusive of any shares of Common Stock which shall have been issued and sold for cash by the corporation after May 28, 1981 pursuant to a registered public offering under the Securities Act of 1933, as amended.

Section 1.4 Conversion. The holders of the Class B Common Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) *Right to Convert.* Each share of Class B Common Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the corporation or any transfer agent for the Class B Common Stock, into an equal number of fully paid and nonassessable shares of Common Stock, as constituted at the time of conversion.

(b) *Mechanics of Conversion.* Before any holder of Class B Common Stock shall be entitled to convert the same into full shares of Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the corporation or of any transfer agent for the Class B Common Stock, and shall give written notice to the corporation at such office that he elects to convert the same and shall state therein his name or the name or names of his nominees in which he wishes the certificate or certificates for shares of Common Stock to be issued. The corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Class B Common Stock, or to his nominee or nominees, a certificate

or certificates for the number of shares of Common Stock to which he shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Class B Common Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date.

(c) *Common Reserved.* The corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect conversion of the Class B Common Stock.

Section 1.5 Covenants. So long as not less than 1,000 shares of the Class B Common Stock shall be outstanding (as adjusted for stock splits, split-ups, sub-divisions, consolidations and combinations of such stock), the corporation shall not, without first obtaining the affirmative vote or written consent of more than fifty percent (50%) of the outstanding shares of Class B Common Stock:

(a) amend or repeal any provision of, or add any provision to, the corporation's Certificate of Incorporation or By-Laws if such action would alter or change the preferences, rights, privileges or powers of, or the restrictions provided for the benefit of, any shares of Class B Common Stock or if such action would change the number of directors of the corporation (except as otherwise contemplated herein);

(b) create or reclassify any class of stock of the corporation other than the 10% Preferred Stock as shares having any preference or priority as to dividends or assets superior to or on a parity with any such preference or priority of the Class B Common Stock; or

(c) pay or declare any dividend on any shares of any class of stock of the corporation, other than as permitted hereby with respect to the Common Stock, the Class B Common Stock and the 10% Preferred Stock, or apply any of its assets to the redemption, retirement, purchase or other acquisition (otherwise than upon the death or a person having a family relationship to either George B. Horne or Timothy P. Horne or upon the arising of a requirement or an option to redeem or repurchase shares pursuant to stock restriction agreements with employees of the corporation existing on May 15, 1981, or agreements with substantially similar provisions subsequently entered into with employees of the corporation) directly or indirectly, through subsidiaries or otherwise, of any shares of any class of stock of the corporation, except as permitted hereby with respect to the 10% Preferred Stock. For purposes of the preceding sentence, the term "family relationship" shall mean any relationship by blood, marriage or adoption.

Section 2. 10% Preferred Stock.

Section 2.1 Dividends. The holders of 10% Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, cumulative cash dividends ("Cumulative Dividends") at the rate of $8.00 per share per annum and non-cumulative cash dividends ("Non-Cumulative Dividends") at the rate of $2.00 per share per annum and no more. Dividends

shall be payable quarterly on the first day of January, April, July and October of each year (the "Dividend Payment Date(s)") out of the funds of this corporation legally available therefor. Cumulative Dividends shall have been paid or declared and set apart for payment before any cash dividends, payment or distribution (other than a dividend or distribution upon Common Stock payable in shares of Common Stock or a dividend or distribution upon Class B Common Stock payable in shares of Class B Common Stock) shall be made with respect to any of the Common Stock or Class B Common Stock of the corporation as may from time to time be issued and outstanding. Cumulative Dividends shall accrue from the Dividend Payment Date immediately preceding the date of issue, or from the date of issue if it is a Dividend Payment Date, and shall be cumulative so that if Cumulative Dividends in respect of any dividend period shall not have been paid upon or declared and set apart for the 10% Preferred Stock, the deficiency shall be fully paid or declared and set apart before any dividend (other than a dividend or distribution upon Common Stock payable in shares of Common Stock or a dividend or distribution upon Class B Common Stock payable in shares of Class B Common Stock) shall be paid upon or declared or set apart for the Common Stock or the Class B Common Stock and before any Non-Cumulative Dividend shall be paid upon or declared or set apart for the 10% Preferred Stock. Non-Cumulative Dividends upon the 10% Preferred Stock shall be non-cumulative, whether or not in any fiscal year there shall be net income or surplus available for the payment of dividends in such fiscal year, so that if in any fiscal year or years, Non-Cumulative Dividends in whole or in part are not paid on the 10% Preferred Stock, unpaid Non-Cumulative Dividends shall not accumulate as against the holders of the Common Stock or the Class B Common Stock of the corporation, so that no sums for Non-Cumulative Dividends in any later years shall be paid to the holders of the 10% Preferred Stock with respect to any prior year or years when Non-Cumulative Dividends were not paid. In no event shall the holders of the 10% Preferred Stock receive aggregate dividends of more than $10.00 per share with respect to any fiscal year.

Section 2.2 Redemption of 10% Preferred Stock. In accordance with the vote of the Board of Directors, all or any part of the 10% Preferred Stock then outstanding may be called for redemption at any time after its date of issuance at $100 per share plus all accrued and unpaid Cumulative Dividends. Notice of the election of the corporation to redeem the 10% Preferred Stock shall be mailed not less than thirty (30) days before the designated redemption date to the holders of the 10% Preferred Stock so called for redemption

at their addresses as last recorded on the books of the corporation. In case less than all of the 10% Preferred Stock at the time outstanding is to be called for redemption, the Board of Directors may order that the stock to be called be selected by lot or pro rata or in any other manner it deems appropriate (whether or not such procedure is by lot or on a pro rata basis). The decision of the Board of Directors as to the time and method of redemption and the method of determining the particular shares of 10% Preferred Stock to be redeemed shall be conclusive. After the designated redemption date, the holders of the 10% Preferred Stock so called for redemption shall have none of the rights of stockholders with respect to the shares so called except to receive the redemption value thereof upon surrender, endorsed in blank, of the certificate(s) representing the shares of 10% Preferred Stock so called. Nothing herein contained shall be deemed to limit the right of the corporation to purchase or otherwise acquire at any time any shares of its capital stock of any class.

Section 2.3 Rights Upon Liquidation and Dissolution. Upon any liquidation, dissolution, winding up, or distribution of the assets and surplus funds of the corporation, whether voluntary or involuntary, after full provision for creditors, the holders of 10% Preferred Stock shall be entitled to receive in preference to the holders of any other class of stock of the corporation an amount equal to $100 per share plus accrued and unpaid Cumulative Dividends before any payment or distribution of the assets and surplus funds of the corporation shall be made to or set apart for the holders of any Common Stock or Class B Common Stock and shall not thereafter participate in any of the assets and surplus funds of the corporation or in any proceeds thereof; provided,

however , that if the assets and surplus funds of the corporation available for distribution to the holders of its 10% Preferred Stock shall be insufficient to permit payment in full of said amount, the said assets and surplus funds shall be distributed ratably among the holders of the 10% Preferred Stock in proportion to the amounts they would have been entitled to receive had such assets and surplus funds been sufficient to permit payment in full of said amounts. For the purposes of this Section 2.3, the consolidation of the corporation with, or merger of the corporation into, another corporation, the merger of any other corporation into it, or the sale or conveyance to another corporation of the properties of the corporation as an entirety or substantially as an entirety (for cash, shares of stock, other securities, or other consideration), shall not be deemed to be a liquidation, dissolution, winding up, or distribution of the assets of the corporation.

Section 2.4 Voting Rights. Except as provided below or as otherwise provided by law or from time to time by the provisions of the Certificate of Incorporation of the corporation, the holders of 10% Preferred Stock shall have no right to vote on any matters presented to the corporation's shareholders for action and shall not be entitled to notice of any stockholders' meeting; provided, however, that when such holders shall be so entitled to vote, they shall vote as a separate class and each holder of 10% Preferred Stock shall be entitled to one-tenth of one ($^{1}/_{10}$ of 1) vote for each share of 10% Preferred Stock standing in his name on the books of the corporation.

So long as any shares of 10% Preferred Stock are outstanding, the corporation shall not create or authorize any other class of stock (except common Stock and Class B Common Stock) ranking superior or prior to the 10% Preferred Stock without the consent (given by a vote at a meeting called for the purpose) of the holders of at least two-thirds of the total number of shares of the 10% Preferred Stock then outstanding, voting as a separate class.

In case at any time an aggregate of twelve (12) quarterly payments of Cumulative Dividends on the shares of 10% Preferred Stock shall be unpaid, the holders of the shares of 10% Preferred Stock shall be entitled to notice of all stockholders' meetings and shall have the same voting rights as the holders of the Common Stock, voting as a single class with the holders of the Common Stock; provided, however, that the holders of the 10% Preferred Stock shall have one-tenth of one ($^{1}/_{10}$ of 1) vote for each share held. Such rights shall terminate when all accumulated unpaid Cumulative Dividends to and including the last preceding Dividend Date shall have been declared and paid in full, but such rights shall be reinstated as aforesaid when and if twelve (12) quarterly payments of Cumulative Dividends shall again be unpaid.

Section 2.5 Residual Rights. All preferences, voting powers, qualifications, special or relative rights or privileges accruing to the outstanding shares of the corporation's capital stock not expressly provided for to the contrary in this Section 2 shall be vested on a share-for-share basis in the Common Stock and Class B Common Stock.

FIFTH. The name and mailing address of the sole incorporator is as follows:

Name	**Address**
Paul R. Rugo	Goodwin, Procter & Hoar Exchange Place Boston, Massachusetts 02109

SIXTH. The names and mailing addresses of the persons who are to serve as directors until the first annual meeting of the stockholders or until the successor are elected and qualified are as follows:

Timothy P. Horne	94 Porter Road Andover, MA 01810
Frederic B. Horne	940 Great Pond Road North Andover, MA 01845
Robert T. McLaurin	Pleasant Street Loudon, NH 03301
Charles W. Grigg	56 Damien Road Wellesley Hills, MA 02181
Noah T. Herndon	60 Fernwood Road Chestnut Hill, MA 02167
Alastair B. Martin	"The Belfry" — Holly Branch Road New York, NY
Paul Bancroft, III	249 E. 45th St., Apt. 20A New York, NY 10017
John I. Wechsler	1641 3rd Avenue, Suite 28D New York, NY 10028
Thomas N. Begel	Hunts Horse Farm Province Line Road Hopewell, NJ 08525

SEVENTH. Elections of directors need not be by written ballot unless the By-Laws of the corporation so provide.

EIGHTH. The Board of Directors, as well as the stockholders, may adopt, amend or repeal the By-Laws of the corporation, to the extent permitted by such By-Laws.

NINTH. The corporation is to have perpetual existence.

TENTH. Meetings of stockholders may be held within or without the State of Delaware as the By-Laws may provide. The books of the corporation may be kept outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the corporation.

ELEVENTH. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed herein or by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

I, the undersigned, being the sole incorporator, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 24th day of December, 1985.

/s/ PAUL R. RUGO

Paul R. Rugo

CERTIFICATE OF AMENDMENT

TO

CERTIFICATE OF INCORPORATION

Watts Industries, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of Watts Industries, Inc., at a meeting duly held, duly adopted resolutions setting forth a proposed amendment to the Certificate of Incorporation of said Corporation, declaring said amendment to be advisable and submitting said amendment to the stockholders of the Corporation for their consideration. The proposed amendment is set forth in Exhibit A attached hereto.

SECOND: That the holders of a majority of each class of the issued and outstanding capital stock of the Corporation entitled to vote thereon have given written consent to said amendment and written notice of said written consent and amendment has been given to those stockholders who have not consented in writing, in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware. With the exception of the provisions amended hereby, all provisions of the Certificate of Incorporation of the Corporation shall remain in full force and effect as previously adopted.

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be hereto affixed and this Certificate of Amendment to the Certificate of Incorporation to be signed by its Executive Vice President and attested by its Secretary this 13th day of June, 1986.

WATTS INDUSTRIES, INC.

By: /s/ CHARLES W. GRIGG

Charles W. Grigg,
Executive Vice President

ATTEST:

/s/ KENNETH J. MCAVOY

Kenneth J. McAvoy, *Secretary*

EXHIBIT A

FOURTH:

1.3.1 *Election of Directors.* So long as Bessemer Securities Corporation (hereinafter called "Bessemer" within the meaning ascribed thereto in Section 1.3.3) shall be the holder of (i) at least one (1) share of Class B Common Stock and (ii) at least twenty percent (20%) of the aggregate number of outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the corporation's Board of Directors shall be comprised of seven (7) members (this number shall drop to five (5) when Bessemer's percentage as aforesaid shall drop below twenty percent (20%)) and the holders of Class B Common Stock shall be entitled, voting as a separate class, to elect three (3) (this number shall drop to one (1) when Bessemer's percentage as aforesaid drops below twenty percent (20%)) of the members of the Board of Directors, and the holders of Common Stock shall be entitled, voting as a separate class, to elect the remaining four (4) members of the Board of Directors (the holders of Common Stock being entitled to elect all of the members of the Board of Directors if at any time Bessemer's percentage as aforesaid drops below eight percent (8%) or it does not own at least one (1) share of Class B Common Stock); *provided* , *however* , that if at any time while Bessemer still holds (i) at least one (1) share of Class B Common Stock and (ii) at least twenty percent (20%) of the aggregate number of outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the corporation's earnings (after taxes but before extraordinary items net of tax effect) ("Adjusted After-Tax Earnings") for the highest three (3) full fiscal quarters during any period of four (4) consecutive full fiscal quarters shall be less than $500,000 per quarter (the "Trigger Level") after (a) Adjusted After-Tax Earnings for each of the four (4) consecutive quarters shall have been increased by the amounts of any losses or reductions in earnings to the extent, and only to the extent, that such losses or reductions in earnings were due to Acts of God or force majeure (including, without limitation, strikes or other labor disturbances) or the continuing effects of such Acts of God or force majeure and have not already been allowed for in such earnings as "extraordinary items," and then (b) Adjusted After-Tax Earnings for each of such three (3) highest quarters shall have been decreased by one-third of any loss after taxes but before extraordinary items net of tax effect in the remaining quarter of such period of four (4) consecutive full

fiscal quarters (as adjusted in (a)), the Secretary of the corporation shall give written notice thereof to each holder of Class B Common Stock and, whether or not such notice is given, provided that Bessemer still holds (i) at least one (1) share of Class B Common Stock and (ii) at least twenty percent (20%) of the aggregate number of outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the corporation's Board of Directors will thereupon be increased automatically in size to eight (8) members and the holders of Class B Common Stock shall thereafter be entitled, voting as a separate class, to elect four (4) of the then eight (8) members of the Board of Directors and the holders of the Common Stock shall be entitled, voting as a separate class, to elect the remaining four (4) members of the Board of Directors. The holders of a majority of the outstanding shares of Class B Common Stock shall designate in a writing delivered to the Secretary of the corporation their selection of the additional director elected by them pursuant to the preceding sentence, and such person shall take office as such director immediately upon such designation in writing. Such director shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified, when he may be replaced or reelected by vote of the holders of Class B Common Stock, or until the size of the Board of Directors is decreased in accordance with this Section 1.3.1, whichever is sooner. At such time as the corporation's Adjusted After-Tax Earnings for the highest three (3) full fiscal quarters during any period of four (4) consecutive full fiscal quarters shall be more than the Trigger Level after (a) Adjusted After-Tax Earnings for each of such four (4) consecutive quarters shall have been increased by the amount of any losses or reductions in earnings to the extent, and only to the extent, that such losses or reduction in earnings were due to Acts of God or force majeure (including, without limitation, strikes or other labor disturbances) or the continuing effects of such Acts of God or force majeure and have not already been allowed for in such earnings as "extraordinary items" and then (b) Adjusted After-Tax Earnings for the three (3) highest

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such quarters shall have been decreased by one-third of any loss after taxes but before extraordinary items net of tax effect in the remaining quarter of such period of four (4) consecutive full fiscal quarters (as adjusted in (a)), or at such time as Bessemer no longer owns (i) at least one (l) share of Class B Common Stock or (ii) twenty percent (20%) of the corporation's outstanding shares of Common Stock and Class B Common Stock, taken as a whole, the voting rights referred to in the proviso clause of the proceeding sentence shall be automatically terminated (subject to becoming effective again should the conditions set forth in this Section 1.3.1 reoccur), one of the members of the Board of Directors who has been elected by the holders of the Class B Common Stock shall immediately resign and upon such resignation the Board of Directors will be decreased automatically in size to seven (7) members and the holders of Class B Common Stock shall thereafter have the right, voting as a separate class, to elect three (3) of the seven (7) members of the Board of Directors and the holders of Common Stock shall have the right, voting as a separate class, to elect the remaining four (4) members of the Board of Directors (subject to the provisions of the first sentence of this Section 1.3.1); *provided , however* , that if such a Director fails to resign immediately, the Secretary of the corporation shall promptly call a special meeting of stockholders at which only seven (7) Directors of the corporation (of which four (4) shall be elected by the holders of Common Stock and three (3) shall be elected by the holders of Class B Common Stock voting as separate classes), will be elected and the terms of office of all persons who are then directors of the corporation shall terminate immediately upon such election. For purposes of determining Adjusted After-Tax Earnings under this Section 1.3.1, the corporation shall make all quarterly computations of Adjusted After-Tax Earnings on a basis consistent with prior such determinations by the corporation or its predecessor (except for such changes in accounting principles and practices as may have been required from time to time by the corporation's independent public accountants) and with a view toward avoiding material distortions of net income from period to period. These computations shall be required to be made only when requested by Bessemer.

RESTATED CERTIFICATE OF INCORPORATION

OF

WATTS INDUSTRIES, INC.

Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware

Watts Industries, Inc. (hereinafter called the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, the Certificate of Incorporation of which was filed in the Office of the Secretary of State of Delaware on December 27, 1985 and recorded in the office of the Recorder of Deeds of New Castle County, State of Delaware, on December 27, 1985, which Certificate of Incorporation was amended pursuant to a Certificate of Amendment filed in the Office of the Secretary of State of Delaware on June 13, 1986 and recorded in the Office of the Recorder of Deeds of New Castle County, State of Delaware, on June 18, 1986, does hereby certify that this Restated Certificate of Incorporation has been duly adopted pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware.

FIRST: The name of the Corporation is Watts Industries, Inc.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

THIRD: The nature of the business or purpose to be conducted or promoted is as follows:

To conduct or engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue shall be thirty-eight million (38,000,000) shares, of which twenty million (20,000,000) shall be Class A Common Stock, par value $.10 per share ("Class A Common Stock"), thirteen million (13,000,000) shall be Class B Common Stock, par value $.10 per share ("Class B Common Stock"), and five million (5,000,000) shall be Preferred Stock, par value $.10 per share, issuable in series ("Preferred Stock").

As of the date and time this Restated Certificate of Incorporation shall become effective under the laws of the State of Delaware (the "Effective Time"), each share of Common Stock, par value $1.00 per share ("Old Common Stock"), issued and outstanding immediately prior to the Effective Time shall be automatically converted (without any further act) into 330 fully paid and non-assessable shares of Class B Common Stock, each share of Class B Common Stock, par value $1.00 per share ("Old Class B Stock"), issued and outstanding immediately prior to the Effective Time shall be automatically converted (without any further act) into 330 fully paid and non-assessable shares of Class A Common Stock, and each share of 10% Preferred Stock, par value $100.00 per share ("Old Preferred Stock"), issued and outstanding immediately prior to the Effective Time shall be automatically converted (without any further act) into such number of fully paid and non-assessable shares of Class B Common Stock as is equal to a fraction, the numerator of which shall equal 100 plus the number which is equal to the dollar value of all accrued and unpaid dividends, if any, on such share and the denominator of which shall be 16.5; *provided , however ,* that no fractional shares shall be issued on account of such conversion of Old Preferred Stock and that cash shall be paid in lieu thereof. Until presented and surrendered for cancellation, each certificate for shares of the Old Common Stock, Old Class B Stock and Old Preferred Stock, respectively, outstanding as of the Effective Time shall be deemed to represent the number of shares of Class A Common Stock of Class B Common Stock determined in accordance with this paragraph, and upon such presentation and surrender each holder of a certificate or certificates for such Old Common Stock, Old Class B Stock or Old Preferred Stock, as applicable, shall be entitled to receive a certificate for such number of shares of Class A Common Stock or Class B Common Stock.

Except as otherwise specifically stated in this Article Fourth, shares of Class A Common Stock and shares of Preferred Stock may be issued by the Corporation from time to time as approved by its Board of Directors without the approval of the stockholders. Subsequent to the Effective Time, no shares of Class B Common Stock may be issued by the Board of Directors without the prior approval of a majority in interest of the holders of Class B Common Stock and the Class A Common Stock, voting as separate classes, except as provided in Sections A.3 and A.4 of this Article Fourth. The consideration for the issuance of shares shall be paid in full before their issuance and shall not be less than the par value per share. The consideration for the shares shall be such consideration as is lawful under the General Corporation Law of the State of Delaware at the time of issue, and the value of such property, labor or services, as determined by the Board of Directors of the Corporation, shall be conclusive. Upon payment of such consideration, such shares shall be deemed to be fully paid and non-assessable. In the case of a stock dividend, that part of the surplus or retained earnings of the Corporation which is transferred to stated capital upon the issuance of shares as a share dividend shall be deemed to be the consideration for such issuance.

A description of the different classes of the Corporation's capital stock and a statement of the powers, designations, preferences and relative, participating, optional or other specified rights of each class of capital stock or series thereof and the qualifications, limitations or restrictions appertaining thereto are as follows:

A. *Class A Common Stock and Class B Common Stock.*

1. *Voting.*

(a) At every meeting of the stockholders of the Corporation (or with respect to any action by written consent in lieu of a meeting of stockholders), each share of Class A Common Stock shall be entitled to one (1) vote (whether voted in person by the holder thereof or by proxy or pursuant to a stockholders' consent) and each share of Class B Common Stock shall be entitled to ten (10) votes (whether voted in person by the holder thereof or by proxy or pursuant to a stockholders' consent), voting together as one class on all matters which may lawfully be submitted to a vote of stockholders, except to the extent otherwise required by law and except as otherwise provided in this Restated Certificate of Incorporation or any amendment hereof.

(b) In determining whether any resolution has been adopted by the vote of a specified percentage of the holders of shares of the Corporation pursuant to the Corporation's By-laws or otherwise, such percentage shall be calculated as a percentage of the total number of votes entitled to be cast by the holders of the Class A Common Stock and the Class B Common Stock (and any other shares entitled to vote thereon) except to the extent such holders vote as separate classes as required by law or as otherwise provided in this Restated Certificate of Incorporation.

2. *Conversion.*

(a) Each share of Class B Common Stock may at any time be converted into one (1) fully paid and non-assessable share of Class A Common Stock. Such conversion right shall be exercised by the surrender of the certificate representing such share of Class B Common Stock to be converted by the record holder thereof at any time during normal business hours at the principal executive offices of the Corporation or, if an agent for the registration of the transfer of shares of Class A Common Stock is then duly appointed and acting (the "Transfer Agent"), then at the office of the Transfer Agent, accompanied by a written notice of the election by the record holder thereof to convert, and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form satisfactory to the Corporation or the Transfer Agent. A conversion shall be deemed to have occurred at the close of business on

the date when the Corporation or the Transfer Agent has received the prescribed written notice, the required certificate or certificates and any such instruments of transfer; *provided*, *however* , that any such conversions within five (5) business days after the Effective Time shall be deemed to have occurred at the time the Corporation or Transfer Agent, as applicable, receives all such documentation in proper form. The Corporation or the Transfer Agent shall deliver a certificate or certificates representing the shares of Class A Common Stock issuable upon such conversion to the record holder requesting such conversion as soon as practicable thereafter. Any such conversion shall be made without charge for any stamp or similar tax in respect of the issuance of the certificate or certificates for the shares of Class A Common Stock issued in connection with such conversion, unless such certificate or certificates are to be issued in a name other than that of the record holder of the share or shares of Class B Common Stock converted, in which case such record holder shall pay to the Corporation or the Transfer Agent the amount of any stamp or similar tax which may be payable in respect of any transfer involved in such conversion.

(b) The Corporation shall not be required to convert Class B Common Stock and no surrender of Class B Common Stock shall be effective for that purpose while the stock transfer books of the Corporation are closed for any purpose; but the valid presentation of Class B Common Stock for conversion during any period such books are so closed shall become effective for conversion immediately upon the re-opening of such books, as if the conversion had been made on the data such Class B Common Stock was surrendered.

(c) The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Class A Common Stock as shall be issuable upon the conversion of all such outstanding shares, provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Common Stock by delivery of shares of Class A Common Stock which are held in the treasury of the Corporation. The Corporation covenants that if any shares of Class A Common Stock required to be reserved for purposes of conversion hereunder require registration with or approval of any governmental authority under any federal or state law before such shares of Class A Common Stock may be issued upon conversion, the Corporation will use its best efforts to cause such shares to be duly registered or approved, as the case may be. The Corporation will endeavor to list the shares of Class A Common Stock required to be delivered upon conversion prior to such delivery upon each national securities exchange or listing service, if any, upon which the outstanding Class A Common Stock is listed at the time of such delivery. The Corporation covenants that all shares of Class A Common Stock which shall be issued upon conversion of the shares of Class B Common Stock, will, upon issuance, be fully paid and non-assessable and not entitled to any preemptive rights.

(d) At such time as the total number of shares of Class B Common Stock issued and outstanding shall constitute less than five percent (5%) of the aggregate number of shares of Class A Common Stock and Class B Common Stock issued and outstanding, all of the outstanding shares of Class B Common Stock shall be automatically converted (without any further act) into an equal number of shares of Class A Common Stock pursuant to the terms of this Section A.2. Such conversion shall be deemed to be effective at such time, regardless of whether the certificate or certificates for such outstanding shares of Class B Common Stock shall have been duly surrendered for conversion.

(e) All shares of Class B Common Stock converted pursuant to this Section A.2 shall thereupon be retired and revert to the status of authorized and unissued shares, and may not be reissued except as provided in Section A.3 or A.4 of this Article Fourth.

3. *Further Issuance and Authorization of Class B Common Stock.*

Following the Effective Time, no additional shares of Class B Common Stock shall be issued or authorized without the affirmative vote of a majority of all votes entitled to be cast by the holders of the Class A Common Stock and Class B Common Stock, voting as separate classes, except as provided in Section A.4 of this Article Fourth.

4. *Dividends.*

Dividends may be declared by the Board of Directors upon and paid to the holders of the Class A Common Stock and Class B Common Stock out of funds legally available therefor; *provided* , *however* , that such dividends, when, as and if declared and paid, shall be so declared and paid to such holders pro rata according to the number of shares of Class A Common Stock and Class B Common Stock held by each such holder (with the number of shares of outstanding Class A Common Stock and Class B Common Stock being aggregated and considered a single class for this purpose); and *provided further , however* , that no dividend or other distribution may be declared upon the Class A Common Stock, whether payable in cash or in shares of Class A Common Stock or otherwise, unless a comparable dividend shall be declared upon the Class B Common Stock and *vice versa* . If the dividend declared upon the Class A Common Stock is payable in shares of Class A Common Stock, the comparable dividend declared upon the Class B Common Stock shall be payable in shares of Class B Common Stock, and *vice versa* . No dividend declared on shares of Class A Common Stock shall be payable in shares of Class B Common Stock, and *vice versa* .

5. *Stock Splits and Other Transactions.*

Shares of Class A Common Stock or Class B Common Stock may not be split up, subdivided, combined or reclassified, unless at the same time the shares of such other class are proportionately so split up, subdivided, combined or reclassified in a manner which maintains the same proportionate equity ownership (i.e., the same proportion of shares of Class A Common Stock and Class B Common Stock held by each class) between the holders of Class A Common Stock and Class B Common Stock as comprised on the record date for any such transaction.

6. *Liquidation Rights.*

In the event of a liquidation or dissolution of the Corporation, or a winding up of its affairs, whether voluntary or involuntary, or a merger or consolidation of the Corporation, after payment or provision for payment of the debts or liabilities of the Corporation and the amounts to which holders of Preferred Stock, if any, may be entitled, holders of Class A Common Stock and Class B Common Stock shall be entitled to share ratably as one class for this purpose (i.e., an equal amount of assets for each share of either Class A Common Stock or Class B Common Stock) in the remaining assets of the Corporation.

7. *Restriction on Transfer of Class B Common Stock.*

(a) No person holding shares of Class B Common Stock of record (hereinafter called a "Class B Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class B Common Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a Permitted Transferee (as hereinafter defined). A Permitted Transferee

shall mean, with respect to each person from time to time shown as the record holder of shares of Class B Common Stock, as follows:

(i) In the case of a Class B Holder who is a natural person, a Permitted Transferee shall mean:

(A) The spouse of such Class B Holder, any lineal descendant of a grandparent of such Class B Holder, and any spouse of such lineal descendant (which lineal descendants, their spouses, the Class B Holder, and his or her spouse are herein collectively referred to as the "Class B Holder's Family Members");

(B) The trustee of a trust for the benefit of such Class B Holder and/or one or more of his or her Permitted Transferees described in each subclause of this clause (i) other than this subclause (B), provided that such trust may also grant a general or special power of appointment to one or more of such Class B Holder's Family Members and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or of the estates of one or more of such Class B Holder's Family Members payable by reason of the death of any of such Family Members;

(C) A corporation of which all of the beneficial ownership of outstanding capital stock entitled to vote for the election of directors is owned by, or a partnership of which all of the beneficial ownership of the partnership interests entitled to participate in the management of the partnership are held by, the Class B Holder or his or her Permitted Transferees determined under this clause (i), provided that if by reason of any change in the ownership

of such stock or partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee, all shares of Class B Common Stock then held by such corporation or partnership shall, upon the election of the Corporation given by written notice to such corporation or partnership, without further act on anyone's part, be converted into shares of Class A Common Stock effective upon the date of the giving of such notice, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent the like number of shares of Class A Common Stock;

(D) The estate of such Class B Holder; and

(E) The trustee or trustees of a voting trust established by one or more Class B Holders and/or one or more of his or her Permitted Transferees described in each subclause of this clause (i) other than this subclause (E).

(ii) In the case of a Class B Holder holding the shares of Class B Common Stock in question as trustee pursuant to a trust (including a voting trust) other than an irrevocable trust as provided in subsection (iii) below, "Permitted Transferee" means (A) any person who originally transferred such Class B Common Stock to such trust and (B) any Permitted Transferee of any such transferor determined pursuant to clause (i) above.

(iii) In the case of a Class B Holder holding the shares of Class B Common Stock in question as trustee pursuant to a trust which is irrevocable, "Permitted Transferee" means (A) any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise and (B) any Permitted Transferee of any such person determined pursuant to clause (i) above.

(iv) In the case of a Class B Holder which is a corporation or partnership holding record and beneficial ownership of the shares of Class B Common Stock in question, "Permitted Transferee" means (a) any person transferring such shares of Class B Common Stock to such corporation or partnership and (b) any Permitted Transferee of any such transferor determined pursuant to clause (i) above.

(v) In the case of a Class B Holder which is the estate of a deceased Class B Holder, or which is the estate of a bankrupt or insolvent Class B Holder, which holds record and beneficial ownership of the shares of Class B Common Stock in question, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent Class B Holder as determined pursuant to clause (i), (ii), (iii) or (iv) above, as the case may be.

(b) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Holder's shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to, or registered in, the name of the pledgee and shall remain subject to the provisions of this Section A.7. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Class A Common Stock, as the pledgee may elect.

(c) For purposes of this Section A.7:

(i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(ii) Each joint owner of shares of Class B Common Stock shall be considered a "Class B Holder" of such shares.

(iii) A minor for whom shares of Class B Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(iv) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(v) Without derogating from the election conferred upon the Corporation pursuant to subclause (C) of clause (i) above, each reference to a corporation shall include any successor corporation resulting from merger or consolidation; and each reference to a partnership shall include any successor partnership resulting from the death, admission or withdrawal of a partner.

(d) Any transfer of shares of Class B Common Stock not permitted hereunder shall result in the automatic conversion of those shares of Class B Common Stock into an equal number of shares of Class A Common Stock without any further act, effective as of the date on which certificates representing such shares are presented for transfer on the books of the Corporation.

The Corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of shares of Class B Common Stock on the Corporation's books, require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the beneficial owner of shares of Class B Common Stock or is a Permitted Transferee.

(e) Shares of Class B Common Stock shall be registered in the names of the beneficial owners thereof and not in "street" or "nominee" name. For this purpose, a "beneficial owner" of any shares of Class B Common Stock shall mean a person who, or an entity which,

possesses the power, either singly or jointly, to direct the voting or disposition of such shares (including any voting trustee under a voting trust). The Corporation shall note on the certificates for shares of Class B Common Stock the restrictions on transfer and registration of transfer imposed by this Section A.7 or otherwise.

B. *Preferred Stock.*

The Board of Directors is hereby authorized from time to time to provide by resolution for the issuance of shares of Preferred Stock in one or more series not exceeding the aggregate number of shares of Preferred Stock authorized by this Restated Certificate of Incorporation, as amended from time to time; and to determine with respect to each such series the designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions appertaining thereto, including without limiting the generality of the foregoing, the voting rights appertaining to shares of Preferred Stock of any series (which may be applicable generally or only upon the happening and continuance of stated events or conditions), the rate of dividend to which holders of Preferred Stock of any series may be entitled (which may be cumulative or non-cumulative), the rights of holders of Preferred Stock of any series in the event of liquidation, dissolution or winding up of the affairs of the Corporation, and the rights (if any) of holders of Preferred Stock of any series to convert or exchange such shares of Preferred Stock of such series for shares of any other class of capital stock (including the determination of the price or prices or the rate or rates applicable to such rights to convert or exchange and the adjustment thereof, the time or times during which the right to convert or exchange shall be applicable and the time or times during which a particular price or rate shall be applicable); *provided , however* , that the Corporation shall not issue any shares of Preferred Stock carrying in excess of one vote per share or Preferred Stock convertible into Class B Common Stock without the prior approval of a majority in interest of the holders of the Class B Common Stock and the Class A Common Stock, voting as separate classes.

Before the Corporation shall issue any shares of Preferred Stock of any series, a certificate setting forth a copy of the resolution or resolutions of the Board of Directors, fixing the powers, designations, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations and restrictions, if any, appertaining to the shares of Preferred Stock of such series, and the number of shares of Preferred Stock of such series authorized by the Board of Directors to be issued, shall be made under seal of the Corporation and signed by Chairman of the Board or the President or a Vice President and attested to by the Secretary or an Assistant Secretary and acknowledged by such Chairman of the Board or President or Vice President as provided by the laws of the State of Delaware and shall be filed and a copy thereof recorded in the manner prescribed by the laws of the State of Delaware.

FIFTH: In furtherance of and not in limitation of powers conferred by statute, it is further provided:

1. The number of Directors shall be fixed in the manner provided in the By-laws of the Corporation.

2. Election of Directors need not be by written ballot.

3. The Board of Directors is expressly authorized to adopt, amend or repeal the By-laws of the Corporation to the extent specified therein.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers

appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, and other provisions authorized by the laws of the State of Delaware at the time in effect may be added or inserted, in the manner now or hereafter prescribed by statute, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders herein are granted subject to this reservation; *provided* , *however* , that the provisions of Articles Fourth and Ninth of this Restated Certificate of Incorporation shall not be modified, revised, altered, amended, repealed or rescinded, in whole or in part, except by the affirmative vote of the holders of a majority in interest of each class of the Corporation's outstanding capital stock entitled to vote generally in the election of the Directors, voting as separate classes.

TENTH: No Director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director; provided, however, that the foregoing clause shall not apply to any liability of a Director (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the Director derived an improper personal benefit. This Article shall not eliminate or limit the liability of a Director for any act or omission occurring prior to the effective date of this Restated Certificate of Incorporation under the laws of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused its corporate seal to be hereto affixed and this Restated Certificate of Incorporation to be signed by its Chairman of the Board and attested by its Secretary this 28th day of August, 1986.

WATTS INDUSTRIES, INC.

By: /s/ TIMOTHY P. HORNE

Timothy P. Horne, *Chairman of the Board*

ATTEST:

/s/ KENNETH J. MCAVOY

Kenneth J. McAvoy, *Secretary*

CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

OF

WATTS INDUSTRIES, INC.

Watts Industries, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is Watts Industries, Inc.

2. The first paragraph of Article FOURTH of the Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

> *FOURTH:* The total number of shares of capital stock which the Corporation shall have authority to issue shall be fifty-eight million (58,000,000) shares, of which forty million (40,000,000) shall be Class A Common Stock, par value $.10 per share ("Class A Common Stock"), thirteen million (13,000,000) shall be Class B Common Stock, par value $.10 per share ("Class B Common Stock"), and five million (5,000,000) shall be Preferred Stock, par value $.10 per share, issuable in series ("Preferred Stock").

3. At a meeting duly held on August 17, 1990 after notice duly given, the Board of Directors of the Corporation adopted resolutions declaring the advisability of the foregoing amendment and directing the officers of the Corporation to submit the amendment to the stockholders of the Corporation for their approval at its 1990 Annual Meeting of the stockholders or by written consent of the stockholders.

4. The stockholders of the Corporation approved the foregoing amendment by the favorable votes of (i) the holders of a majority of the issued and outstanding shares of the Class A Common Stock of the Corporation and (ii) the holders of a majority of the issued and outstanding shares of the Class B Common Stock of the Corporation as required by Article 4 Section A.3 of the Company's Restated Certificate of Incorporation. No other class of securities of the Corporation is entitled to vote on the foregoing amendment.

5. The amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

6. The capital of the Corporation will not be reduced under or by reason of the amendment.

IN WITNESS WHEREOF, Watts Industries, Inc. has caused its corporate seal to be affixed and this Certificate to be signed on its behalf by Timothy P. Horne, Chairman of the Board and attested by Kenneth J. McAvoy, Secretary, and does hereby affirm that the facts stated therein are true, this 18th day of October, 1990.

ATTEST:
[Corporate Seal].

WATTS INDUSTRIES INC.

By: /s/ TIMOTHY P. HORNE

Timothy P. Horne
Chairman of the Board

/s/ KENNETH J. MCAVOY

Kenneth J. McAvoy
Secretary

CERTIFICATE OF AMENDMENT

TO THE

RESTATED CERTIFICATE OF INCORPORATION

OF

WATTS INDUSTRIES, INC.

Watts Industries, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Watts Industries, Inc., resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of said corporation, declaring said amendment to be advisable and placing said amendment on the agenda of the next annual meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by changing Section A.7 of the Article thereof numbered "FOURTH" so that, as amended, said Section A.7 shall be and read as follows:

7. *Restriction on Transfer of Class B Common Stock.*

(a) No person holding shares of Class B Common Stock of record (hereinafter called a "Class B Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class B Common Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a Permitted Transferee (as hereinafter defined). A Permitted Transferee shall mean, with respect to each person from time to time shown as the record holder of shares of Class B Common Stock, as follows:

(i) In the case of a Class B Holder who is a natural person, a Permitted Transferee shall mean:

(A) The spouse of such Class B Holder, any lineal descendant of a grandparent of such Class B Holder, and any spouse of such lineal descendant (which lineal descendants, their spouses, the Class B Holder, and his or her spouse are herein collectively referred to as the "Class B Holder's Family Members");

(B) The trustee or trustees of a trust for the benefit of such Class B Holder and/or one or more of his or her Permitted Transferees described in any subclause of this clause (i) other than this subclause (B), provided that such trust may also grant a general or special power of appointment to one or more of such Class B Holder's Family Members and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or of the estates of one or more of such Class B Holder's Family Members payable by reason of the death of any of such Family Members;

(C) A corporation of which all of the beneficial ownership of outstanding capital stock entitled to vote for the election of directors is owned by, or a partnership of which all of the beneficial ownership of the partnership interests entitled to participate in the management of the partnership are held by, the Class B Holder or his or her Permitted Transferees determined under this clause (i), provided that if by reason of any change in the ownership of such stock or partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee, all shares of Class B Common Stock then held by such corporation or partnership shall, upon the election of the Corporation given by written notice to such corporation or partnership, without further act on anyone's part, be converted into shares of Class A

Common Stock effective upon the date of the giving of such notice, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent the like number of shares of Class A Common Stock;

(D) Any private charitable foundation, the trustee or trustees of any private charitable foundation (in the event such foundation is organized as a trust) or the trustee or trustees of any charitable remainder trust, which foundation or trust was established by one or more Class B Holders and/or one or more of his or her Permitted Transferees described in any subclause of this clause (i) other than this subclause (D);

(E) The estate of such Class B Holder; and

(F) The trustee or trustees of a voting trust established by one or more Class B Holders and/or one or more of his or her Permitted Transferees described in any subclause of this clause (i) other than this subclause (F).

(ii) In the case of a Class B Holder holding the shares of Class B Common Stock in question as trustee or trustees pursuant to a revocable trust (for this purpose, any voting trust and any trust that is revocable with the consent of the trustee shall be deemed to constitute a revocable trust), other than any charitable remainder trust, "Permitted Transferee" means (A) any person who originally transferred such shares of Class B Common Stock to such trust (or, in the event such transferor is a trust which has been revoked or dissolved, such transferor shall be deemed to be any original settlor or settlors of such trust) and (B) any Permitted Transferee of any such transferor determined pursuant to this Section A.7 (a).

(iii) In the case of a Class B Holder holding the shares of Class B Common Stock in question as trustee or trustees pursuant to a trust which is irrevocable, other than any charitable remainder trust, "Permitted Transferee" means (A) any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise and (B) any Permitted Transferee of any such person determined pursuant to this Section A.7(a).

(iv) In the case of a Class B Holder holding the shares of Class B Common Sock in question as trustee or trustees pursuant to a charitable remainder trust, "Permitted Transferee" means (A) any person who originally transferred such shares of Class B Common Stock to such trust and (B) any Permitted Transferee of any such transferor determined pursuant to this Section A.7(a).

(v) In the case of a Class B Holder which is a private charitable foundation, corporation or partnership holding record and beneficial ownership of the shares of Class B Common Stock in question, "Permitted Transferee" means (A) any person transferring such shares of Class B Common Stock to such private charitable foundation, corporation or partnership and (B) any Permitted Transferee of any such transferor determined pursuant to this Section A.7(a).

(vi) In the case of a Class B Holder which is the estate of a deceased Class B Holder, or which is the estate of a bankrupt or insolvent Class B Holder, which holds record and beneficial ownership of the shares of Class B Common Stock in question, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent Class B Holder as determined pursuant to this Section A.7(a).

For purposes of applying the provisions of this Section A.7(a) in connection with any transfer of shares of Class B Common Stock, (i) any Permitted Transferee of a person who is deceased or otherwise no longer in existence shall be determined as if such person were then living or otherwise in existence (except as contemplated in clause (ii)(A) of this Section A.7(a)) and (ii) determination of the Permitted Transferees of any person may be made by successive applications of any of the provisions of this Section A.7(a) as provided herein (as in the case, for example, of a determination of the Permitted Transferees of a trust involving analysis of the original transferor to such trust and the Permitted Transferees of such transferor).

(b) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Holder's shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to, or registered in, the name of the pledgee and shall remain subject to the provisions of this Section A.7. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Class A Common Stock, as the pledgee may elect.

(c) For purposes of this Section A.7:

(i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(ii) Each joint owner of shares of Class B Common Stock shall be considered a "Class B Holder" of such shares.

(iii) A minor for whom shares of Class B Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(iv) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(v) The term "Class B Common Stock" shall be deemed to include any securities of the Corporation or its predecessors in respect of which Class B Common Stock was issued.

(iv) Without derogating from the election conferred upon the Corporation pursuant to subclause (C) of clause (i) above, each reference to a corporation shall include any successor corporation resulting from merger or consolidation; and each reference to a partnership shall include any successor partnership resulting from the death, admission or withdrawal of a partner.

(d) Any transfer of shares of Class B Common Stock not permitted hereunder shall result in the automatic conversion of those shares of Class B Common Stock into an equal number of shares of Class A Common Stock without any further act, effective as of the date on which certificates representing such shares are presented for transfer on the books of the Corporation. The Corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of shares of Class B Common Stock on the Corporation's books, require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the beneficial owner of shares of Class B Common Stock or is a Permitted Transferee.

(e) Shares of Class B Common Stock shall be registered in the names of the beneficial owners thereof and not in "street" or "nominee" name. For this purpose, a "beneficial owner"

of any shares of Class B Common Stock shall mean a person who, or an entity which, possesses the power, either singly or jointly, to direct the voting or disposition of such shares (including any voting trustee or trustees under a voting trust). The Corporation shall note on the Certificates for shares of Class B Common Stock the restrictions on transfer and registration of transfer imposed by this Section A.7 or otherwise.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, the annual meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Watts Industries, Inc. has caused this certificate to be signed by Charles W. Grigg, its President, and Kenneth J. McAvoy, its Secretary, this 15th day of October, 1991.

By /s/ CHARLES W. GRIGG

Charles W. Grigg, *President*

ATTEST:

By /s/ KENNETH J. MCAVOY

Kenneth J. McAvoy, *Secretary*

CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

OF

WATTS INDUSTRIES, INC.

Watts Industries, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is Watts Industries, Inc.

2. The first paragraph of Article FOURTH of the Restated Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue shall be one hundred ten million (110,000,000) shares, of which eighty million (80,000,000) shall be Class A Common Stock, par value $.10 per share ("Class A Common Stock"), twenty-five million (25,000,000) shall be Class B Common Stock, par value $.10 per share ("Class B Common Stock"), and five million (5,000,000) shall be Preferred Stock, par value $.10 per share, issuable in series ("Preferred Stock").

3. At a meeting duly held on August 9, 1994 after notice duly given, the Board of Directors of the Corporation adopted resolutions declaring the advisability of the foregoing amendment and directed the officers of the Corporation to submit the amendment to the stockholders of the Corporation for their approval at its 1994 Annual Meeting of the stockholders. The Annual Meeting was called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware.

4. The stockholders of the Corporation approved the foregoing amendment by the favorable votes of (i) the holders of a majority

of the issued and outstanding shares of the Class A Common Stock of the Corporation and (ii) the holders of a majority of the issued and outstanding shares of the Class B Common Stock of the Corporation as required by Article FOURTH Section A.3 and Article NINTH of the Corporation's Restated Certificate of Incorporation. No other class of securities of the Corporation is entitled to vote on the foregoing amendment.

5. The amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

6. The capital of the Corporation will not be reduced under or by reason of the amendment.

IN WITNESS WHEREOF, Watts Industries, Inc. has caused its corporate seal to be affixed and this Certificate to be signed on its behalf by Timothy P. Horne, Chairman of the Board and attested by Kenneth J. McAvoy, Secretary, and does hereby affirm that the facts stated therein are true, this 18th day of October, 1994.

ATTEST:

[Corporate Seal]

WATTS INDUSTRIES, INC.

/s/ KENNETH J. MCAVOY

By: /s/ TIMOTHY P. HORNE

Kenneth J. McAvoy
Secretary

Timothy P. Horne
Chairman of the Board

CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

**WATTS INVESTMENT COMPANY,
A DELAWARE CORPORATION**

WITH AND INTO

**WATTS INDUSTRIES, INC.,
A DELAWARE CORPORATION**

Watts Industries, Inc. ("Watts Industries"), a corporation organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That Watts Industries was incorporated on December 27, 1985, pursuant to the laws of the State of Delaware;

SECOND: That Watts Industries owns one hundred percent (100%) of the issued and outstanding shares of the common stock of Watts Investment Company ("Watts Investment"), a Delaware corporation, which was incorporated on July 22, 1991, pursuant to the Delaware General Corporation Law (the "DGCL");

THIRD: That Watts Industries by the following resolutions of its Board of Directors, duly adopted by consent of the Board of Directors as of December 20, 2002, did determine to merge Watts Investment with and into itself, which resolutions are as follows:

RESOLVED : That, effective upon the filing of an appropriate Certificate of Ownership and Merger (the "Certificate of Ownership and Merger") embodying these resolutions with the Secretary of State of Delaware, Watts Investment Company, a Delaware corporation and wholly owned subsidiary of the Company (the "Subsidiary"), shall be merged (the "Merger") with and into the Company, and the Company shall be the surviving corporation possessed of all the estate, property, rights, privileges and franchises of the Subsidiary, and the Corporation shall assume all of the liabilities and obligations of the Subsidiary pursuant to and in the manner prescribed by Section 253 of the DGCL.

RESOLVED : That the President and Chief Financial Officer, Treasurer and Secretary or other proper officer of the Company (the "Authorized Officers") be, and each of them acting singly hereby is, authorized, empowered and directed in the name and on behalf of the Company, to execute and file or cause to be filed with the Secretary of State of Delaware, the Certificate of Ownership and Merger as required by Section 253 of the DGCL, and any and all additional documents and information required to be filed therewith.

RESOLVED : That the Merger shall be effective upon the filing of the Certificate of Ownership and Merger, or at such later date provided therein, with the Secretary of State of Delaware.

RESOLVED : That upon the proposed Merger becoming effective, each outstanding share of capital stock of Subsidiary owned of record by the Company shall cease to be outstanding, without any payment being made in respect thereof.

RESOLVED : That any and all actions heretofore taken by any officer or director of the Company contemplated by or in connection with the Merger be, and each of them hereby is, ratified, confirmed and approved in all respects.

RESOLVED : That, anything in these resolutions or elsewhere to the contrary notwithstanding, the Merger may be amended or terminated and abandoned by the Board of Directors of the Company at any time prior to the date of filing the Certificate of Ownership and Merger with the Secretary of State of Delaware.

FOURTH: That the Certificate of Incorporation of Watts Industries, which is the surviving corporation, shall continue in full force and effect as the Certificate of Incorporation of the surviving corporation; and

FIFTH: That this Certificate of Merger shall be effective as of 5:00 p.m., Eastern time, on December 20, 2002.

IN WITNESS WHEREOF, said Watts Industries has caused this Certificate to be signed by its duly elected, qualified and acting Chief Financial Officer, this 20th day of December, 2002.

WATTS INDUSTRIES, INC.

By: /s/ WILLIAM C. MCCARTNEY

Name: William C. McCartney
Title: Chief Financial Officer

QuickLinks

Exhibit 4.2

EXHIBIT A

Amendment
Of July 24, 2002
The By-Laws of Watts Industries, Inc.
As Amended and Restated on April 21, 1992,
And Amended May 11, 1999

The By-Laws of Watts Industries, Inc. are hereby amended as follows:

1. Article III. Article III of the By-Laws is hereby amended by:

   (a) Striking "a Chairman of the Board of Directors" from Section 1; and

   (b) Striking Section 7 in its entirety.

2. Article II. Article II of the By-Laws is hereby amended by:

   (a) adding the following section in its entirety:

   "Section 15. Chairman of the Board. The Chairman of the Board shall, subject to the direction of the Board of Directors, have general supervision and control of its business. The Chairman of the Board shall preside, when present, at all meetings of the Board of Directors, unless the Board of Directors shall otherwise provide, and at meetings of the stockholders as provided in Section 11 of Article I hereof. The Chairman is not an officer of the Corporation."

BY-LAWS

of

WATTS INDUSTRIES, INC.

Amended and Restated as of April 21, 1992, amended as of May 11, 1999 and August 7, 2002

ARTICLE I

Stockholders

Section 1. *Annual Meeting.* The annual meeting of stockholders shall be held at the hour, date and place within or without the United States which is fixed by the Board of Directors or the Chairman of the Board, which hour, date and place may subsequently be changed at any time by vote of the Board of Directors. If no annual meeting has been held for a period of thirteen months after the Corporation's last annual meeting of stockholders, a special meeting in lieu thereof may be held, and such special meeting shall have, for the purposes of these By-laws or otherwise, all the force and effect of an annual meeting. Any and all references hereafter in these By-laws to an annual meeting or annual meetings also shall be deemed to refer to any special meeting(s) in lieu thereof.

Section 2. *Matters to be Considered at Annual Meeting.* At an annual meeting of stockholders, only such business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before the annual meeting (a) by, or at the direction of, the Board of Directors or a designated committee thereof or (b) by any holder of record (both as of the time notice of such proposal is given by the stockholder as set forth below and as of the record date for the annual meeting in question) of any shares of capital stock of the Corporation entitled to vote at such annual meeting who complies with the procedures set forth in this Section 2 (or, with respect to nominations of candidates for election as Directors, as set forth in Section 3 of Article II hereof). In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a holder of record of any shares of capital stock entitled to vote at such annual meeting, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation as set forth in this Section 2 and such stockholder or his representative must be present at the annual meeting. To be timely, a stockholder's notice must be delivered to, or mailed to

and received at, the principal executive offices of the Corporation (a) not less than 75 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders (the "Anniversary Date") or (b) in the event that the annual meeting of stockholders is called for a date more than 10 days prior to the Anniversary Date, not later than the close of business on (i) the 20th day (or if that day is not a business day of the Corporation, on the next succeeding business day) following the first date on which the date of such meeting was publicly disclosed or (ii) if such date of public disclosure occurs more than 75 days prior to such scheduled date of such meeting, then the later of (1) the 20th day (or if that day is not a business day for the Corporation, on the next succeeding business day) following the first date of public disclosure or (2) the 75th day prior to such scheduled date of such meeting (or if that day is not a business day for the Corporation, on the next succeeding business day). Any public disclosure of the scheduled date of the meeting made by the Corporation by means of a press release, a report or other document filed with the Securities and Exchange Commission, or a letter or report sent to stockholders of record of the Corporation, shall be deemed to be sufficient public disclosure of the date of such meeting for purposes of these By-laws.

A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's stock transfer books, of the stockholder proposing such business and of the beneficial owners (if any) of the stock registered in such stockholder's name and the name and address of other stockholders known by such stockholder to be supporting such proposal on the date of such stockholder's notice, (c) the class and number of shares of the Corporation's capital stock which are held of record, beneficially owned or represented by proxy by the stockholder and by any other stockholders known by such stockholder to be supporting such proposal on the record date for the annual meeting in question (if such date shall then have been made publicly available) and on the date of such stockholder's notice, and (d) any material interest of the stockholder in such proposal.

If the Board of Directors, or a designated committee thereof, determines that any stockholder proposal was not timely made in accordance with the provisions of this Section 2, or that the

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information provided in a stockholder's notice does not satisfy the informational requirements of this Section 2 in any material respect, then such proposal shall not be presented for action at the annual meeting in question. If neither the Board of Directors nor such committee makes a determination as to the validity of any stockholder proposal, the presiding officer of the annual meeting shall determine and declare at the annual meeting whether the stockholder proposal was made in accordance with the terms of this Section 2. If the presiding officer determines that a stockholder proposal was made in accordance with the terms of this Section 2, he shall so declare at the annual meeting and ballots shall be provided for use at the meeting with respect to any such proposal. If the presiding officer determines that a stockholder proposal was not made in accordance with the terms of this Section 2, he shall so declare at the annual meeting and any such proposal shall not be acted upon at the annual meeting.

The provisions of this By-law shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, Directors and committees of the Board of Directors, but in connection with such reports, no new business shall be acted upon at such annual meeting unless stated, filed and received as herein provided.

Notwithstanding the foregoing provisions of this By-law, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 3. *Special Meetings.* Except as otherwise required by law, special meetings of the stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the Directors then in office or the Chairman of the Board.

Section 4. *Matters to be Considered at Special Meetings.* Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation, unless otherwise provided by law.

Section 5. *Notice of Meetings; Adjournments.* A written notice of each annual meeting of stockholders stating the place, date and hour of such annual meeting shall be given by the Secretary (or other person authorized by these By-laws or by law) not less than 10 days nor more than 60 days before the meeting, to each stockholder entitled to vote thereat and to each stockholder who, by law or under the Restated Certificate of Incorporation or under these By-laws, is entitled to such notice, by delivering such notice to him or by mailing it, postage prepaid, and addressed to such stockholder at the address of such stockholder as it appears in the records of the Corporation. Such notice shall be deemed to be delivered when hand delivered to such address or deposited in the mail so addressed, with postage prepaid.

Notice of all special meetings of stockholders shall be given in the same manner as provided for annual meetings of the stockholders, except that the written notice of all special meetings shall state the purpose or purposes for which the meeting has been called.

Notice of an annual or special meeting of stockholders need not be given to a stockholder if a written waiver of notice is executed before or after such meeting by such stockholder or such stockholder's authorized attorney, if communication with such stockholder is unlawful, or if such stockholder attends such meeting, unless such attendance was for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose

of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

The Board of Directors may postpone and reschedule any previously scheduled annual or special meeting of stockholders and any record date with respect thereto, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 2 of this Article I or Section 3 of Article II hereof or otherwise. When any meeting is convened, the presiding officer may adjourn the meeting if (a) no quorum is present for the transaction of business, (b) the Board of Directors determines that adjournment is necessary or appropriate to enable the stockholders to consider fully information which the Board of Directors determines has not been made sufficiently or timely available to stockholders, or (c) the Board of Directors determines that adjournment is otherwise in the best interests of the Corporation. When any annual or special meeting of stockholders is adjourned to another hour, date or place, notice need not be given of the adjourned meeting other than an announcement at the meeting at which the adjournment is taken of the hour, date and place to which the meeting is adjourned; *provided , however* , that if the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat and each stockholder who, by law or under the Restated Certificate of Incorporation or these By-laws, is entitled to such notice.

Section 6. *Quorum.* At any annual or special meeting of stockholders, the holders of a majority of the voting power of all classes of stock issued, outstanding and entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum at such meeting; but if less than a quorum is present at such meeting, the holders of a majority of the voting power of all classes of stock issued, outstanding and entitled to vote at such meeting that are present in person or by proxy at such meeting or the presiding officer may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 5 of this Article I. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 7. *Voting and Proxies.* The voting power of each share of capital stock of the Corporation shall be as set forth in the Restated Certificate of Incorporation, with a proportionate vote for each fraction of any share. Stockholders may vote either in person or by written proxy, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Proxies shall be filed with the Secretary of the meeting before being voted. Except as otherwise limited therein or as otherwise provided by law, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting, but they shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by or on behalf of any one of them unless at or prior to the exercise of such proxy the Corporation receives a specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed valid, and the burden of proving invalidity shall rest on the challenger.

Section 8. *Action at Meeting.* When a quorum is present, any matter before any annual or special meeting of stockholders shall be decided by vote of the holders of all classes of stock present in person or by proxy representing a majority of the votes of all classes of stock entitled to be cast at the meeting, except where a larger vote is required by law, by the Restated Certificate of Incorporation or by these By-laws. Any election by stockholders shall be determined by a plurality of the votes of all classes of stock cast, except where a larger vote is expressly required by law, by the Restated Certificate of Incorporation or by these By-laws. The Corporation shall not directly or indirectly vote any shares of its own stock; *provided , however* , that the Corporation may vote shares which it holds in a fiduciary capacity to the extent permitted by law.

Section 9. *Action by Consent.* Any action required or permitted by law to be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a

vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 10. *Stockholder Lists.* The Secretary (or the Corporation's transfer agent or other person authorized by these By-laws or by law) shall prepare and make, at least 10 days before every annual or special meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares of each class of stock registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the hour, date and place of the meeting during the whole time thereof, and may be inspected by any

stockholder who is present.

Section 11. *Presiding Officer.* The Chairman of the Board, or in his absence, the President, shall preside at all annual or special meetings of stockholders and shall have the power, among other things, to adjourn such meeting at any time and from time to time, subject to Sections 5 and 6 of this Article I. The order of business and all other matters of procedure at any meeting of the stockholders shall be determined by the presiding officer.

Section 12. *Voting Procedures and Inspectors of Elections.* The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer shall appoint one or more inspectors to act at the meeting. Any inspector may, but need not, be an officer, employee or agent of the Corporation. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. The inspectors shall perform such duties as are required by the Delaware General Corporation Law, as amended from time to time, including the counting of all votes and ballots. The inspectors may, with the approval of the presiding officer, appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The presiding officer may review all determinations made by the inspector(s), and in so doing the presiding officer shall be entitled to exercise his sole judgment and discretion and he shall not be bound by any determinations made by the inspector(s). All determinations by the inspector(s) and, if applicable, the presiding officer shall be subject to further review by any court of competent jurisdiction.

ARTICLE II

Directors

Section 1. *Powers.* All the power of the Corporation shall be exercised by or under the direction of the Board of Directors except as otherwise provided by the Restated Certificate of Incorporation or as required by law. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

Section 2. *Number; Election; Qualification.* The Board of Directors shall consist of not more than fifteen (15) nor less than three (3) members. The exact number of Directors within the maximum and minimum limitations specified herein may be fixed from time to time by resolution of a majority of the Board of Directors then in office or by the stockholders at the annual meeting of stockholders. The

Directors shall be elected by the stockholders at each annual meeting, except as provided in Section 5 of this Article II. No Director need be a stockholder.

Section 3. *Director Nominations.* Nominations of candidates for election as Directors of the Corporation at any annual meeting of stockholders may be made (a) by, or at the direction of, a majority of the Board of Directors or a designated committee thereof, or (b) by any holder of record (both as of the time notice of such nomination is given by the stockholder as set forth below and as of the record date for the annual meeting in question) of any shares of the capital stock of the Corporation entitled to vote at such annual meeting who complies with the procedures set forth in this Section 3. Any stockholder who seeks to make such a nomination, or his representative, must be present in person at the annual meeting. Only persons nominated in accordance with the procedures set forth in this Section 3 shall be eligible for election as Directors at an annual meeting of stockholders.

Nominations, other than those made by, or at the direction of, the Board of Directors or a designated committee thereof, shall be made pursuant to timely notice in writing to the Secretary of the Corporation as set forth in this Section 3. To be timely, a stockholder's notice shall be delivered to, or mailed and received, at the principal executive offices of the Corporation (a) not less than 75 days nor more than 120 days prior to the Anniversary Date or (b) in the event that the annual meeting of stockholders is called for a date more than seven days prior to the Anniversary Date, not later than the close of business on (i) the 20th day (or if that day is not a business day for the Corporation, on the next succeeding business day) following the first date on which the date of such meeting was publicly disclosed or (ii) if such date of public disclosure occurs more than 75 days prior to such scheduled date of such meeting, then the later of (1) the 20th day (or if that day is not a business day for the Corporation, on the next succeeding business day) following the first date of public disclosure of the date of such meeting or (2) the 75th day prior to such scheduled date of such meeting (or if that day is not a business day for the Corporation, on the next succeeding business day). Any public disclosure of the scheduled date of the meeting made by the Corporation by means of a press release, a report or other document filed with the Securities and Exchange Commission, or a letter or report sent to stockholders of record of the Corporation, shall be deemed to be sufficient public disclosure of the date of such meeting for purposes of these By-laws.

Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director (i) the name, age, business address and residential address of such person, (ii) the principal occupation or employment of such person during the past five years, (iii) the class and number of shares of the Corporation's capital stock which are beneficially owned by such person on the date of such stockholder notice, (iv) a description of any of the following events that has occurred within the last five years and that is material to the evaluation of the ability or integrity of such proposed nominee: (1) a petition under federal bankruptcy laws or any state

insolvency laws was filed by or against such person, (2) a conviction of such person in a criminal proceeding or the naming of such person as a subject of a criminal proceeding (excluding traffic violations and other minor offenses), (3) a finding by any court of competent jurisdiction that such person has violated any federal or state securities law or federal commodities law, which judgment or finding has not been subsequently reversed, suspended or vacated, or (4) the entry of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or of any federal or state governmental or quasi-governmental agency, authority or commission enjoining such person or otherwise limiting him from engaging in any type of business practice or in any activity in connection with the purchase or sale of any security or commodity, and (v) the consent of each nominee to serve as a Director if so elected and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's stock transfer books, of such stockholder and of the beneficial owners (if any) of the stock registered in such stockholder's name and the name and address of other stockholders known by such stockholder to be supporting

such nominee or nominees, (ii) the class and number of shares of the Corporation's capital stock which are beneficially owned by such stockholder and such beneficial owners (if any) on the date of such stockholder's notice and by any other stockholders known by such stockholder to be supporting such nominee or nominees on the date of such stockholder's notice, (iii) a representation that the stockholder or his representative intends to appear in person at the meeting to nominate the person or persons specified in the notice, (iv) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholders; *provided* , that nothing in this Section 3 shall require the stockholder giving such notice to provide to the Corporation copies of such stockholder's preliminary or definitive proxy, proxy statement, or other soliciting material filed with the Securities and Exchange Commission. At the request of the Board of Directors, any person nominated by, or at the direction of, the Board of Directors for election as a Director at an annual meeting shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to such nominee.

No person shall be elected by the stockholders as a Director of the Corporation unless nominated in accordance with the procedures set forth in this Section 3. Election of Directors at the annual meeting need not be by written ballot, unless otherwise provided by the Board of Directors or presiding officer at such annual meeting. If written ballots are to be used, ballots bearing the names of all the persons who have been nominated for election as Directors at the annual meeting in accordance with the procedures set forth in this Section 3 shall be provided for use at the annual meeting.

If the Board of Directors, or a designated committee thereof, determines that any stockholder nomination was not timely made in accordance with the terms of this Section 3 or that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 3 in any material respect, then such nomination shall not be considered at the annual meeting in question. If neither the Board of Directors nor such committee makes a determination as to the validity of any nominations by a stockholder as set forth above, the presiding officer of the annual meeting shall determine and declare at the annual meeting whether a nomination was made in accordance with the terms of this Section 3. If the presiding officer determines that a nomination was made in accordance with the terms of this Section 3, he shall so declare at the annual meeting and ballots shall be provided for use at the meeting with respect to such nomination. If the presiding officer determines that a nomination was not made in accordance with the terms of this Section 3, he shall so declare at the annual meeting and such nomination shall be disregarded.

Section 4. *Tenure.* Except as otherwise provided by law, by the Restated Certificate of Incorporation or by these By-laws, Directors shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal.

Section 5. *Vacancies.* Any vacancy occurring on the Board of Directors, including any vacancy resulting from death, resignation, retirement, disqualification, removal or other cause or created by reason of an increase in the authorized number of Directors shall be filled by the affirmative vote of a majority of the remaining Directors then in office, even if such majority is less than a quorum of the Board of Directors. Any Director appointed in accordance with the preceding sentence shall hold office subject to the provisions of these By-laws until the next annual meeting of stockholders and until such Director's successor is elected and qualified or until such Director resigns or is removed. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, may exercise the powers of the full Board of Directors until the vacancy is filled.

Section 6. *Removal.* Any Director (including persons elected by Directors to fill vacancies in the Board of Directors) or the entire Board of Directors may be removed with or without cause by the affirmative vote of the holders of at least a majority of the voting power of the shares of the

Corporation then entitled to vote at an election of Directors, voting together as a single class. Any Director may be removed for cause by vote of a majority of the Directors then in office. A Director may be removed for cause only after reasonable notice and opportunity to be heard

before the body proposing to remove him.

Section 7. *Resignation.* A Director may resign at any time by giving written notice to the Chairman of the Board, the President or the Secretary. A resignation shall be effective upon receipt, unless the resignation otherwise provides.

Section 8. *Regular Meetings.* The regular annual meeting of the Board of Directors shall be held, without other notice than this By-law, on the same date and at the same place as the annual meeting of stockholders following the close of such meeting of stockholders. Other regular meetings of the Board of Directors may be held without call or notice at such hour, date and place as the Board of Directors may from time to time determine.

Section 9. *Special Meetings.* Special meetings of the Board of Directors may be called, orally or in writing, by or at the request of the Chairman of the Board, the Treasurer, or two or more Directors designating the hour, date and place thereof.

Section 10. *Notice of Special Meetings.* Notice of the hour, date and place of all special meetings of the Board of Directors shall be given to each Director by the Secretary or an Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the President. Notice of any special meeting of the Board of Directors shall be given to each Director in person or by telephone, telex, telecopy or other written form of electronic communication, or by telegram sent to his business or home address at least 24 hours in advance of the meeting, or by written notice mailed to his business or home address at least 48 hours in advance of the meeting. Such notice shall be deemed to be delivered when hand delivered to such address, read to such Director by telephone, deposited in the mail so addressed, with postage thereon prepaid if mailed, dispatched or transmitted if telexed or telecopied, or when delivered to the telegraph company if sent by telegram.

When any Board of Directors meeting, either regular or special, is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. It shall not be necessary to give any notice of the hour, date or place of any meeting adjourned for less than 30 days or of the business to be transacted thereat, other than an announcement at the meeting at which such adjournment is taken of the hour, date and place to which the meeting is adjourned.

A written waiver of notice executed before or after a meeting by a Director and filed with the records of the meeting shall be deemed to be equivalent to notice of the meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because such meeting is not lawfully called or convened. Except as otherwise required by law, by the Restated Certificate of Incorporation or by these By-laws, neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 11. *Quorum.* At any meeting of the Board of Directors, a majority of the Directors then in office shall constitute a quorum for the transaction of business, but if less than a quorum is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 10 of this Article II. Any business which might have been transacted at the meeting as originally noticed may be transacted at such adjourned meeting at which a quorum is present.

Section 12. *Action at Meeting.* At any meeting of the Board of Directors at which a quorum is present, a majority of the Directors present may take any action on behalf of the Board of Directors, unless a larger number is required by law, by the Restated Certificate of Incorporation or by these By-laws.

Section 13. *Action by Consent.* Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing. Such written consent shall be filed with the records of the meetings of the Board of Directors and shall be treated for all purposes as a vote at a meeting of the Board of Directors.

Section 14. *Manner of Participation.* Directors may participate in meetings of the Board of Directors by means of conference telephone or similar communications equipment by means of which all Directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these By-laws.

Section 15. *Chairman of the Board.* The Chairman of the Board shall, subject to the direction of the Board of Directors, have general supervision and control of its business. The Chairman of the Board shall preside, when present, at all meetings of the Board of Directors, unless the Board of Directors shall otherwise provide, and at meetings of the stockholders as provided in Section 11 of Article I hereof. The Chairman is not an officer of the Corporation.

Section 16. *Committees.* The Board of Directors, by vote of a majority of the Directors then in office, may elect from its number one or more committees, including an Executive Committee and an Audit Committee, and may delegate thereto some or all of its powers except those which by law, by the Restated Certificate of Incorporation, or by these By-laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these By-laws for the Board

of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall report its action to the Board of Directors. The Board of Directors shall have power to rescind any action of any committee, but no such rescission shall have retroactive effect.

ARTICLE III

Officers

Section 1. *Enumeration.* The officers of the Corporation shall consist of a President, a Secretary, a Treasurer, and such other officers, including without limitation one or more Executive Vice Presidents, Vice Presidents, Assistant Secretaries and Assistant Treasurers, as the Board of Directors may determine.

Section 2. *Election.* At the regular annual meeting of the Board of Directors following the annual meeting of stockholders, the Board of Directors shall elect the President, the Secretary, and the Treasurer. Other officers may be elected by the Board of Directors at such regular annual meeting or at any other regular or special meeting.

Section 3. *Qualification.* No officer need be a stockholder or a Director. Any person may occupy more than one office of the Corporation at any time. Any officer may be required by the Board of Directors to give bond for the faithful performance of his duties in such amount and with such sureties as the Board of Directors may determine.

Section 4. *Tenure.* Except as otherwise provided by the Restated Certificate of Incorporation or by these By-laws, each officer of the Corporation shall hold office until the regular annual meeting of the Board of Directors following the next annual meeting of stockholders and until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign by delivering a written resignation to the Board of Directors, and such resignation shall be

effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 5. *Removal.* Except as otherwise provided by law, the Board of Directors may remove any officer with or without cause by the affirmative vote of a majority of the Directors then in office.

Section 6. *Vacancies.* Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

Section 7. *President.* The President shall be the chief operating officer of the Corporation and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time determine. In the absence of the Chairman of the Board, the President shall preside, when present, at meetings of the Board of Directors, unless the Board of Directors shall otherwise provide, and at meetings of the stockholders as provided in Section 11 of Article I hereof.

Section 8. *Executive Vice Presidents; Vice Presidents.* Any Executive Vice President or Vice President shall have such powers and shall perform such duties as the Board of Directors, the Chairman of the Board or the President may from time to time designate.

Section 9. *Treasurer and Assistant Treasurers.* The Treasurer shall, subject to the direction of the Board of Directors, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. He shall have custody of all funds, securities, and valuable documents of the Corporation, except as the Board of Directors may otherwise provide.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors may from time to time designate.

Section 10. *Secretary and Assistant Secretaries.* The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board) in books kept for that purpose. In his absence from any such meeting, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation). He shall have custody of the seal of the Corporation, and he, or an Assistant Secretary, shall have authority to affix it to any instrument requiring it, and, when so affixed, the seal may be attested by his signature or that of an Assistant Secretary. He shall have such other duties and powers as may be designated from time to time by the Board of Directors, the Chairman of the Board or the President.

Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors may from time to time designate.

Section 11. *Other Powers and Duties.* Subject to these By-laws and to such limitations as the Board of Directors may from time to

time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors.

Section 12. *Compensation.* The compensation of the officers of the Corporation shall be fixed from time to time by the Board of Directors; *provided , however ,* that the Board of Directors may authorize any officer or committee to fix the compensation of officers and employees. No officer shall be prevented from receiving compensation by reason of the fact that such officer is also a Director of the Corporation.

ARTICLE IV

Capital Stock

Section 1. *Certificates of Stock.* Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of

Directors. Such certificate shall bear the Corporation seal and shall be signed by the Chairman of the Board or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. The Corporation seal and the signatures by Corporation officers may be facsimiles if the certificate is manually countersigned by an authorized person on behalf of a transfer agent or registrar other than the Corporation or its employee. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law. The Corporation shall be permitted to issue fractional shares.

Section 2. *Transfers.* Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock may be transferred only on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require.

Section 3. *Record Holders.* Except as may otherwise be required by law, by the Restated Certificate of Incorporation or by these By-laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-laws.

It shall be the duty of each stockholder to notify the Corporation of his, her or its post office address and any changes thereto.

Section 4. *Record Date.* In order that the Corporation may determine the stockholders entitled to receive notice of or to vote at any meeting of stockholders or any adjournments thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which, (i) with respect to any meeting of stockholders, shall be not more than 60 nor less than 10 days (except as otherwise required by law) before the date of such meeting, (ii) with respect to corporate action without a meeting, shall be not more than 10 days after the date on which the resolution fixing the record date is adopted by the Board of Directors and (iii) with respect to any other lawful action, shall be not more than 60 days prior to such action. In such case, only stockholders of record on such record date shall be so entitled, notwithstanding any transfer of stock on the books of the Corporation after the record date.

If no record date is fixed: (i) the record date for determining stockholders entitled to receive notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (ii) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and (iii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5. *Replacement of Certificates.* In case of the alleged loss, destruction or mutilation of a certificate of stock, a duplicate

certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

ARTICLE V

Indemnification of Directors, Officers and Others

Section 1. *Indemnifiable Events; Extent of Indemnification.*

(a) The Corporation shall indemnify, to the fullest extent permitted by the General Corporation Law of the State of Delaware (as presently in effect or as hereafter amended):

(i) Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action or suit by or in the right of the Corporation) by reason of the fact that he is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

(ii) Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless, and only to the extent that, the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(iii) To the extent that a Director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (i) and (ii), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(b) The Board of Directors, in its discretion, may authorize the Corporation to indemnify:

(i) Any person who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director or as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

(ii) Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred

by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless, and only to the extent that, the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the Court of Chancery or such other court shall deem proper.

Section 2. *Determination of Entitlement.* Any indemnification hereunder (unless required by law or ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 of this Article V. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (c) by the stockholders of the Corporation.

Section 3. *Advance Payments.* Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, only as authorized by the Board of Directors in the specific case (including by one or more Directors who may be parties to such action, suit or proceeding), upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article V.

Section 4. *Non-Exclusive Nature of Indemnification.* The indemnification provided herein shall not be deemed exclusive of any other rights to which any person, whether or not entitled to be

indemnified hereunder, may be entitled under any statute, by-law, agreement, vote of stockholders or Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. Each person who is or becomes a Director or officer as aforesaid shall be deemed to have served or to have continued to serve in such capacity in reliance upon the indemnity provided for in this Article V.

Section 5. *Insurance.* To the extent obtainable, the Corporation may purchase and maintain insurance with reasonable limits on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of the General Corporation Law of the State of Delaware (as presently in effect or hereafter amended), the Restated Certificate of Incorporation of the Corporation or these By-laws.

Section 6. *No Duplicate Payments.* The Corporation's indemnification under Section 1 of this Article V of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person receives as indemnification (i) under any policy of insurance purchased and maintained on such person's behalf by the Corporation, (ii) from such other Corporation, partnership, joint venture, trust or other enterprise, or (iii) under any other applicable indemnification provision.

Section 7. *Amendment.* This Article V may be amended only so as to have a prospective effect. Any amendment to this Article V which would result in any person having a more limited entitlement to indemnification may be approved only by the stockholders.

ARTICLE VI

Transactions with Related Parties

Section 1. *Transactions Not Void.* No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its Directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof, which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors, or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the

affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders.

Section 2. *Quorum.* Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 3. *Limitation.* Nothing herein contained shall protect or purport to protect any Director or officer of the Corporation against any liability to the Corporation or its security holders to which he would otherwise be subject by reason of his willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

ARTICLE VII

Miscellaneous Provisions

Section 1. *Fiscal Year.* Except as otherwise determined by the Board of Directors, the fiscal year of the Corporation shall end on December 31 of each year.

Section 2. *Seal.* The Board of Directors shall have power to adopt and alter the seal of the Corporation.

Section 3. *Execution of Instruments.* All deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without Director action may be executed on behalf of the Corporation by the Chairman of the Board, the President, the Treasurer or any Vice President.

Section 4. *Voting of Securities.* Unless the Board of Directors otherwise provides, the Chairman of the Board, the President or the Treasurer may waive notice of and act on behalf of this Corporation, or appoint another person or persons to act as proxy or attorney in fact for this Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or stockholders of any other corporation or organization, any of whose securities are held by this Corporation.

Section 5. *Resident Agent.* The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

Section 6. *Corporate Records.* The original or attested copies of the Restated Certificate of Incorporation, By-laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock and transfer records, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, shall be kept at the principal office of the Corporation, at the office of its counsel, or at an office of its transfer agent.

Section 7. *Restated Certificate of Incorporation.* All references in these By-laws to the Restated Certificate of Incorporation shall be deemed to refer to the Restated Certificate of Incorporation of the Corporation, as amended and in effect from time to time.

Section 8. *Amendments.* These By-laws may be altered, amended or repealed, to the extent permitted by applicable law, the Restated Certificate of Incorporation and agreements to which the Corporation may from time to time be a party, by the affirmative vote of the holders of a majority of the voting power of all classes of the stock of the Corporation then entitled to vote, voting together as a single class, at any regular or special meeting of the stockholders of the Corporation, or by the vote of a majority of the Board of Directors at any regular or special meeting thereof, without any action on the part of the stockholders, unless otherwise provided herein; *provided* , *however* , that (i) the Board of Directors may not amend or repeal this Section 8 nor may it amend or repeal any other provision of these By-laws to the extent such amendment or repeal requires action by the stockholders, and (ii) any amendment or repeal of these By-laws by the Board of Directors and any provision to these By-laws adopted by the Board of Directors may be amended or repealed by the stockholders.

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EXHIBIT 5.1

GOODWIN PROCTER LLP
COUNSELLORS AT LAW
EXCHANGE PLACE
BOSTON, MASSACHUSETTS 02109

June 10, 2003

Watts Industries, Inc.
815 Chestnut Street
North Andover, Massachusetts 01845

Re: Legality of Securities to be Registered Under Registration Statement on Form S-3

Ladies and Gentlemen:

This opinion is furnished in our capacity as counsel to Watts Industries, Inc., a Delaware corporation (the "Company") in connection with the Company's registration statement on Form S-3 (the "Registration Statement") pursuant to the Securities Act of 1933, as amended (the "Securities Act"), which relates to the sale from time to time of an indeterminate amount of debt securities (the "Debt Securities"), shares of preferred stock, par value $.10 per share (the "Preferred Stock"), and shares of class A common stock, par value $.10 per share, (the "Common Stock"), or any combination of Debt Securities, Preferred Stock and Common Stock (collectively, the "Securities"), having a maximum aggregate public offering price of $100,000,000. The Registration Statement provides that the Securities may be offered separately or together, in separate series, in amounts, at prices and on terms to be set forth in one or more prospectus supplements (each a "Prospectus Supplement") to the prospectus contained in the Registration Statement.

In connection with rendering this opinion, we have examined (i) the Restated Certificate of Incorporation of the Company, as amended, as on file with the Secretary of State of the State of Delaware, (ii) the Amended and Restated By-laws of the Company, as amended, (iii) such records of the corporate proceedings of the Company as we deemed material, (iv) the Registration Statement and the exhibits thereto, and (v) such other certificates, receipts, records and documents as we considered necessary for the purposes of this opinion. In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as certified, photostatic or facsimile copies, the authenticity of the originals of such copies and the authenticity of telephonic confirmations of public officials and others. As to facts material to our opinion, we have relied upon certificates or telephonic confirmations of public officials and certificates, documents, statements and other information of the Company or representatives or officers thereof.

We are attorneys admitted to practice in The Commonwealth of Massachusetts. We express no opinion concerning the laws of any jurisdictions other than the laws of the United States of America and The Commonwealth of Massachusetts and the Delaware General Corporation Law (which includes applicable provisions of the Delaware General Corporation Law and reported judicial decisions interpreting the Delaware General Corporation Law and applicable provisions of the Delaware Constitution), and also express no opinion with respect to the blue sky or securities laws of any state, including Massachusetts and Delaware.

Based upon the foregoing, we are of the opinion that (i) when the Securities are specifically authorized for issuance by the Company's Board of Directors or an authorized committee thereof (the "Authorizing Resolution"), (ii) upon receipt by the Company of the full consideration therefor as provided in the Authorizing Resolution and (iii) upon the issuance of the Securities as described in the Registration Statement and a Prospectus Supplement that is consistent with the Authorizing Resolution, the Securities will be legally issued, fully paid and nonassessable, under the Delaware General Corporation Law.

The foregoing assumes that all requisite steps will be taken to comply with the requirements of the Securities Act and applicable requirements of state laws regulating the offer and sale of securities.

We hereby consent to being named as counsel to the Company in the Registration Statement, to the reference therein to our firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Sincerely,

/s/ GOODWIN PROCTER LLP

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Exhibit 12.1

Ratio of Earnings to Fixed Charges
(In thousands, except ratios)

	Twelve Months Ended		Six Months Ended	Twelve Months Ended			Three Months Ended
	June 1998	June 1999	December 1999	December 2000	December 2001	December 2002	March 2003
Earnings:							
Income from continuing operations before income taxes per consolidated statement of operations	$ 41,353	$ 44,923	$ 25,411	$ 49,212	$ 40,168	$ 50,218	$ 14,024
Less:							
Minority interest	353	995	144	105	198	(117)	(21)
Add:							
Interest expense	6,514	6,150	4,456	9,897	9,422	8,692	2,084
Portion of rent representative of an interest factor	729	791	349	665	706	820	205
Adjusted income before income taxes	$ 48,243	$ 50,869	$ 30,072	$ 59,669	$ 50,098	$ 59,847	$ 16,334
Fixed Charges:							
Interest expense	$ 6,514	$ 6,150	$ 4,456	$ 9,897	$ 9,422	$ 8,692	$ 2,084
Portion of rent representative of an interest factor	729	791	349	665	706	820	205
	$ 7,243	$ 6,941	$ 4,805	$ 10,562	$ 10,128	$ 9,512	$ 2,289
Ratio of earnings to fixed charges	6.7	7.3	6.3	5.6	4.9	6.3	7.1

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Ratio of Earnings to Fixed Charges

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Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Watts Industries, Inc.:

We consent to the use of our report dated February 12, 2003, except as to Note 19, which is as of March 25, 2003, with respect to the consolidated balance sheets of Watts Industries, Inc. as of December 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2002, incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

Our report refers to a change in accounting for goodwill and other intangible assets based on the adoption of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets."

/s/ KPMG LLP

Boston, Massachusetts
June 9, 2003

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INDEPENDENT AUDITORS' CONSENT