

Rexnord Corp  
Form 424B5  
November 30, 2016  
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**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-193610**

**The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion**

**Preliminary Prospectus Supplement dated November 30, 2016**

**PROSPECTUS SUPPLEMENT**

**(To prospectus dated November 30, 2016)**

**7,000,000 Depositary Shares**

**Rexnord Corporation**

**Each Representing a 1/20th Interest in a Share of**

**% Series A Mandatory Convertible Preferred Stock**

We are offering 7,000,000 depositary shares, each of which represents a 1/20th interest in a share of our % Series A Mandatory Convertible Preferred Stock, \$0.01 par value per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock. The shares of mandatory convertible preferred stock will be deposited with American Stock Transfer & Trust Company, LLC as bank depositary, pursuant to a deposit agreement. Holders of the depositary shares will be entitled to a proportional fractional interest in the rights and preferences of the mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the provisions of such deposit agreement.

Dividends on our mandatory convertible preferred stock will be payable on a cumulative basis when, as and if declared by our board of directors, or an authorized committee of our board of directors, at an annual rate of % on the liquidation preference of \$1,000 per share. We may pay declared dividends in cash or, subject to certain limitations, in shares of our common stock, par value \$0.01 per share, or in any combination of cash and common stock on February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2017 and ending on, and including, November 15, 2019.

Each share of our mandatory convertible preferred stock has a liquidation preference of \$1,000 (and, correspondingly, each depositary share has a liquidation preference of \$50). Unless earlier converted, each share of our mandatory convertible preferred stock will automatically convert on the third business day immediately following the last trading day of the final averaging period into between and shares of our common stock, subject to anti-dilution adjustments. The number of shares of our common stock issuable on conversion will be determined based on the average VWAP (as defined herein) of our common stock over the 20 trading day period beginning on, and including, the 22nd scheduled trading day prior to November 15, 2019, which we refer to herein as the final averaging period. At any time prior to November 15, 2019, a holder of 20 depositary shares may cause the bank depositary to convert one share of our mandatory convertible preferred stock, on such holder's behalf, into a number of shares of our common stock equal to the minimum conversion rate of , subject to anti-dilution adjustments. If a holder of 20 depositary shares causes the bank depositary to convert one share of our mandatory convertible preferred stock, on such holder's behalf, during a specified period beginning on the effective date of a fundamental change (as described herein), the conversion rate will be adjusted under certain circumstances, and such holder will also be entitled to a make-whole dividend amount (as described herein).

Prior to this offering, there has been no public market for the depositary shares.

We do not intend to apply to list the depositary shares on the New York Stock Exchange (the NYSE ) unless we are advised by the underwriters prior to issuance of the depositary shares that the minimum distribution requirement established by the NYSE for listing the depositary shares has been satisfied and the underwriters request that we apply for listing of the depositary shares on the NYSE. Our common stock is listed on the NYSE under the symbol RXN.

**Investing in the depositary shares involves risks. See Risk Factors beginning on page S-15 of this prospectus supplement and on page 2 of the accompanying prospectus.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$ 50	\$ 350,000,000
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to Rexnord Corporation	\$	\$

We have granted the underwriters an option to purchase, exercisable within 30 days from the date of this prospectus supplement, up to an additional 1,050,000 depositary shares to cover over-allotments, if any, at the public offering price, less the underwriting discount.

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

The underwriters expect to deliver the depositary shares to investors on or about \_\_\_\_\_, 2016.

*Joint Book-Running Managers*

**Credit Suisse  
Barclays**

**Deutsche Bank Securities  
Citigroup**

**The date of this prospectus supplement is November 30, 2016.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

We have not authorized any other person to provide any information other than that contained or incorporated by reference into this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement or the accompanying prospectus, or that information contained in any document incorporated or deemed to be incorporated by reference is accurate as of any date other than the date of that document. Our business, financial condition, results of operations and prospects may have changed since that date.

The distribution of this prospectus supplement and the accompanying prospectus in some jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

We are not making an offer of these securities in any jurisdiction where the offer or sale is not permitted.

In this prospectus supplement, Rexnord, we, us, our and the Company means Rexnord Corporation and its consolidated subsidiaries.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We are required to file annual, quarterly and current reports and other information with the Securities and Exchange Commission (the SEC) (File No. 1-35475). The address of our principal executive office is 247 Freshwater Way, Milwaukee, Wisconsin 53204. Our phone number is (414) 643-3000. Our internet website address is [www.rexnord.com](http://www.rexnord.com). We make available free of charge, on or through our internet website, as soon as reasonably practicable after they are electronically filed or furnished to the SEC, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements on Schedule 14A, as well as amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Copies of any materials that we file with the SEC can also be obtained free of charge through the SEC's website at [www.sec.gov](http://www.sec.gov). The SEC's Public Reference Room can be contacted at 100 F Street, N.E., Washington, D.C. 20549, or by calling 1-800-732-0330. Information contained on our website or any other website is not incorporated by reference into, and does not constitute part of, this prospectus supplement or the accompanying prospectus.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933, as amended, with respect to this offering. This prospectus supplement and the accompanying prospectus do not contain all of the

information set forth in the registration statement or the exhibits and schedules thereto as

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permitted by the rules and regulations of the SEC. For further information about us, you should refer to the registration statement. This prospectus supplement and the accompanying prospectus summarize provisions that we consider material of certain documents to which we refer you. Because the summaries may not contain all of the information that you may find important, you should review the full text of those documents.

**CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated herein or therein by reference contain forward-looking statements within the meaning of the federal securities laws, which involve risks and uncertainties. When used in this prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference, the words estimates, expects, anticipates, projects, forecasts, plans, believes, foresees, seeks, likely, may, might, will, should, goal, target or intends and variations of these words and expressions (or the negative versions of any such words) are intended to identify forward-looking statements. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including the risk factors and cautionary statements included in the accompanying prospectus and elsewhere in this prospectus supplement, or otherwise previously disclosed in the documents incorporated herein by reference, that may change at any time, and, therefore, our actual results may differ materially from those that we expected.

All forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference attributable to us apply only as of the date of such documents and are expressly qualified in their entirety by the cautionary statements included in such documents. We undertake no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events, except as required by law.

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**SUMMARY**

*This summary does not contain all the information that you should consider before investing in our mandatory convertible preferred stock. You should read this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, before making an investment decision. Our fiscal year is the year ending March 31 of the corresponding calendar year. For example, our fiscal year 2016, or fiscal 2016, means the period from April 1, 2015 to March 31, 2016.*

**Our Company**

Rexnord is a growth-oriented, multi-platform industrial company with what we believe are leading market shares and highly-trusted brands that serve a diverse array of global end markets. Our heritage of innovation and specification have allowed us to provide highly-engineered, mission-critical solutions to customers for decades and affords us the privilege of having long-term, valued relationships with market leaders. We operate our Company in a disciplined way and the Rexnord Business System ( RBS ) is our operating philosophy. Grounded in the spirit of continuous improvement, RBS creates a scalable, process-based framework that focuses on driving superior customer satisfaction and financial results by targeting world-class operating performance throughout all aspects of our business.

Our strategy is to build the Company around multiple, global strategic platforms that participate in end markets with sustainable growth characteristics where we are, or have the opportunity to become, the industry leader. We have a track record of acquiring and integrating companies and expect to continue to pursue strategic acquisitions within our existing platforms that will expand our geographic presence, broaden our product lines, and allow us to move into adjacent markets. Over time, we may add strategic platforms to our Company. Currently, our business is comprised of two platforms, Process & Motion Control and Water Management.

We believe that we have one of the broadest portfolios of highly engineered, mission- and project-critical Process & Motion Control products for industrial and aerospace applications worldwide. Our Process & Motion Control portfolio includes products and services used to safely, reliably and efficiently solve a wide range of demanding process and discrete automation and motion control applications. Our Water Management platform is a leader in the multi-billion dollar, specification-driven, commercial and institutional construction market for water management products as well as municipal water and wastewater treatment markets. Our Water Management product portfolio includes building and site water management solutions used primarily in nonresidential construction and retrofit end markets and engineered flow control products for the municipal water and wastewater treatment market worldwide.

Our products are generally specified or requested by end users across both of our strategic platforms as a result of our products' reliable performance in demanding environments, our custom application engineering capabilities, and our ability to provide global customer support. Typically, our Process & Motion Control products are initially incorporated into products sold by original equipment manufacturers ( OEMs ) or sold to end users as critical components in large, complex systems where the cost of failure or downtime is high, and thereafter replaced through industrial distributors as they are consumed or require replacement.

The demand for our Water Management products is primarily driven by new infrastructure, the retrofit of existing structures to make them more energy and water efficient, commercial and institutional construction, and, to a lesser extent, residential construction. We believe we have become a market leader in the industry by developing innovative products that meet the stringent third-party regulatory, building, and plumbing code requirements and by subsequently achieving specification of our products into projects and applications.

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We are led by an experienced, high-caliber management team that employs RBS as a proven operating philosophy to drive excellence and world-class performance in all aspects of our business by focusing on the Voice of the Customer process and ensuring superior customer satisfaction. Our footprint encompasses 45 principal Process & Motion Control manufacturing, warehouse, and repair facilities and 26 principal Water Management manufacturing and warehouse facilities located around the world which allow us to meet the needs of our increasingly global customer base as well as our distribution channel partners.

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**Table of Contents****The Offering**

The summary below describes the principal terms of the depositary shares and our mandatory convertible preferred stock. Certain of the terms and conditions described below are subject to important limitations and exceptions. Refer to the section of the accompanying prospectus entitled "Description of Capital Stock" as supplemented by the "Description of Mandatory Convertible Preferred Stock" section of this prospectus supplement, for a more detailed description of the terms of the mandatory convertible preferred stock. As used in this section, the terms "Rexnord," "us," "we," or "our" refer to Rexnord Corporation and not any of its subsidiaries.

<b>Securities we are offering</b>	7,000,000 depositary shares, each of which represents a 1/20th interest in a share of our 10% Series A Mandatory Convertible Preferred Stock, \$0.01 par value per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock. Each depositary share entitles the holder of such depositary share, through the bank depositary, to a proportional fractional interest in the rights and preferences of such share of mandatory convertible preferred stock, including conversion, dividend, liquidation and voting rights, subject to the terms of the deposit agreement.
<b>Underwriters' option</b>	We have granted the underwriters a 30-day option to purchase up to 1,050,000 additional depositary shares to cover over-allotments, if any, at the public offering price, less the underwriting discount.
<b>Public offering price</b>	\$50 per depositary share.
<b>Liquidation preference</b>	\$1,000 per share of our mandatory convertible preferred stock (equivalent to \$50 per depositary share).
<b>Dividends</b>	10% of the liquidation preference of \$1,000 per share of our mandatory convertible preferred stock per year. Dividends will accumulate from the initial issue date (as defined below) and, to the extent that we are legally permitted to pay dividends and our board of directors, or an authorized committee thereof, declares a dividend payable with respect to our mandatory convertible preferred stock, we will pay such dividends in cash or, subject to certain limitations, by delivery of shares of our common stock or through any combination of cash and shares of our common stock, as determined by us in our sole discretion; <i>provided</i> that any unpaid dividends will continue to accumulate. Dividends that are declared will be payable on the dividend payment dates (as described below) to holders of record on the February 1, May 1, August 1 or November 1, as the case may be, immediately preceding the relevant dividend payment date (each, a "record date"), whether or not such holders

convert their depositary shares, or such depositary shares are automatically converted, after a record date and on or prior to the immediately succeeding dividend payment date. The expected dividend payable on the first dividend payment date is approximately \$ per share of our mandatory convertible preferred stock (equivalent to \$ per depositary share). Each subsequent dividend is expected to be approximately

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\$ \_\_\_\_\_ per share of our mandatory convertible preferred stock (equivalent to \$ \_\_\_\_\_ per depositary share). See Description of Mandatory Convertible Preferred Stock Dividends.

If we elect to make any payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at the average VWAP per share (as defined under Description of Mandatory Convertible Preferred Stock Definitions \_\_\_\_\_), of our common stock over the five consecutive trading day period ending on the second trading day immediately preceding the applicable dividend payment date (the five-day average price \_\_\_\_\_), multiplied by 97%. Notwithstanding the foregoing, in no event will the number of shares of our common stock delivered in connection with any declared dividend exceed a number equal to the total dividend payment divided by \$ \_\_\_\_\_, which amount represents approximately 35% of the initial price (as defined below), subject to adjustment in a manner inversely proportional to any adjustment to each fixed conversion rate (such dollar amount, as adjusted, the floor price \_\_\_\_\_). To the extent that the amount of the declared dividend as to which we have elected to deliver shares of our common stock in lieu of paying cash exceeds the product of the number of shares of common stock delivered in connection with such declared dividend and 97% of the five-day average price, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash. For the avoidance of doubt, if we are unable to pay such excess amount in cash, such excess amount shall constitute accumulated and unpaid dividends on the mandatory convertible preferred stock that have not been paid.

The initial price equals \$1,000, divided by the maximum conversion rate (as defined below), rounded to the nearest \$0.0001, and is approximately equal to the per share closing price of our common stock on \_\_\_\_\_, 2016.

**Dividend payment dates**

February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2017 and ending on, and including, November 15, 2019.

**Redemption**

Neither the depositary shares nor our mandatory convertible preferred stock is redeemable.

**Mandatory conversion date**

The third business day immediately following the last trading day of the final averaging period (as defined below). The mandatory conversion date is expected to be November 15, 2019.

**Mandatory conversion**

On the mandatory conversion date, each outstanding share of our mandatory convertible preferred stock, unless previously converted, will automatically convert into a number of shares of our common stock equal to the conversion rate as described below, and each depositary share will automatically convert into a number of shares of

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common stock equal to a proportionate fractional interest in such shares of common stock.

If we declare a dividend for the dividend period ending on November 15, 2019, we will pay such dividend to the holders of record on the applicable record date, as described above. If, on or prior to November 1, 2019, we have not declared and paid all or any portion of all accumulated and unpaid dividends on the mandatory convertible preferred stock, the conversion rate will be adjusted so that holders receive an additional number of shares of common stock equal to the amount of accumulated and unpaid dividends that have not been declared and paid (the additional conversion amount), *divided by* the greater of (i) the floor price and (ii) 97% of the five-day average price. To the extent that the additional conversion amount exceeds the product of such number of additional shares and 97% of the five-day average price, we will, if we are legally able to do so, pay such excess amount in cash.

**Conversion rate**

Upon conversion on the mandatory conversion date, the conversion rate for each share of our mandatory convertible preferred stock will be not more than \_\_\_\_\_ shares of common stock and not less than \_\_\_\_\_ shares of common stock (respectively, the maximum conversion rate and the minimum conversion rate), depending on the applicable market value of our common stock, as described below and subject to certain anti-dilution adjustments. Correspondingly, the conversion rate per depositary share will be not more than \_\_\_\_\_ shares of common stock and not less than \_\_\_\_\_ shares of common stock.

The applicable market value of our common stock is the average VWAP per share of our common stock over the final averaging period. The final averaging period is the 20 consecutive trading day period beginning on, and including, the 22nd scheduled trading day immediately preceding November 15, 2019. The conversion rate will be calculated as described under Description of Mandatory Convertible Preferred Stock Mandatory Conversion. The following table illustrates the conversion rate per share of our mandatory convertible preferred stock, subject to certain anti-dilution adjustments.

<b>Applicable market value of our common stock</b>	<b>Conversion rate per share of mandatory convertible preferred stock</b>
Greater than the threshold appreciation price	shares of common stock



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Equal to or less than the threshold appreciation price but greater than or equal to the initial price

Between and shares of common stock, determined by dividing \$1,000 by the applicable market value

Less than the initial price

shares of common stock

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The following table illustrates the conversion rate per depositary share, subject to certain anti-dilution adjustments:

<b>Applicable market value of our common stock</b>	<b>Conversion rate per depositary share</b>
Greater than the threshold appreciation price	shares of common stock
Equal to or less than the threshold appreciation price but greater than or equal to the initial price	Between                      and shares of common stock, determined by dividing \$50 by the applicable market value
Less than the initial price	shares of common stock

The threshold appreciation price equals \$1,000, *divided by* the minimum conversion rate, rounded to the nearest \$0.0001, and represents an approximately % appreciation over the initial price.

**Conversion at the option of the holder**

Other than during a fundamental change conversion period (as defined below), at any time prior to November 15, 2019, a holder of mandatory convertible preferred stock may elect to convert such holder's shares of our mandatory convertible preferred stock, in whole or in part, at the minimum conversion rate of                      shares of common stock per share of mandatory convertible preferred stock (equivalent to                      shares of common stock per depositary share) as described under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder. This minimum conversion rate is subject to certain anti-dilution and other adjustments. Because each depositary share represents a 1/20th fractional interest in a share of our mandatory convertible preferred stock, a holder of depositary shares may convert its depositary shares only in lots of 20 depositary shares.

If, as of the effective date of any early conversion (the early conversion date), we have not declared and paid all or any portion of the accumulated and unpaid dividends for all full dividend periods ending on the dividend payment date prior to such early conversion date, the conversion rate will be adjusted so that converting holders receive an additional number of shares of common stock equal to such amount of accumulated and unpaid dividends that have not been declared and paid for such full dividend periods (the early conversion additional conversion amount), *divided by* the greater of (i) the floor price and (ii) the average VWAP per share of our common stock over the 20 consecutive trading

day period ending on, and including, the third trading day immediately preceding the early conversion date (the early conversion average price ). To the extent that the early conversion additional conversion amount exceeds the product of such number of additional shares and the early conversion average price, we will not have any obligation to pay the shortfall in cash.

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**Table of Contents****Conversion at the option of the holder upon a fundamental change; Fundamental change dividend make-whole amount**

If a fundamental change (as defined under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder Upon Fundamental Change; Fundamental Change Dividend Make-whole Amount ) occurs on or prior to November 15, 2019, holders of the mandatory convertible preferred stock will have the right to convert their shares of mandatory convertible preferred stock, in whole or in part, into shares of common stock at the fundamental change conversion rate during the period beginning on, and including, the effective date of such fundamental change and ending on, and including, the date that is 20 calendar days after such effective date (or, if later, the date that is 20 calendar days after holders receive notice of such fundamental change, but in no event later than November 15, 2019). The fundamental change conversion rate will be determined based on the effective date of the fundamental change and the price paid (or deemed paid) per share of our common stock in such fundamental change. Holders who convert shares of our mandatory convertible preferred stock during that period will also receive (1) a fundamental change dividend make-whole amount equal to the present value (calculated using a discount rate of % per annum) of all dividend payments on such shares (excluding any accumulated and unpaid dividends for any dividend period prior to the effective date of the fundamental change, including for the partial dividend period, if any, from, and including, the dividend payment date immediately preceding the effective date to, but excluding, the effective date (collectively, the accumulated dividend amount )) for all the remaining full dividend periods and for the partial dividend period from, and including, the effective date to, but excluding, the next dividend payment date, and (2) to the extent that there is any accumulated dividend amount, the accumulated dividend amount (clauses (1) and (2), together, the make-whole dividend amount ), in the case of clauses (1) and (2), subject to our right to deliver shares of our common stock in lieu of all or part of such make-whole dividend amount; *provided* that if the effective date or the conversion date falls after the record date for a declared dividend and prior to the next dividend payment date, such dividend will be paid on such dividend payment date to the holders as of such record date, such dividend will not be included in the accumulated dividend amount, and the fundamental change dividend make-whole amount will not include the present value of the payment of such dividend. Because each depositary share represents a 1/20th fractional interest in a share of our mandatory convertible preferred stock, a holder of depositary shares may convert its depositary shares upon a fundamental change only in lots of 20 depositary shares.

If we elect to make any payment of the make-whole dividend amount, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at 97% of the price paid (or deemed

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paid) per share of our common stock in the fundamental change. Notwithstanding the foregoing, in no event will the number of shares of our common stock that we deliver in lieu of paying all or a portion of the make-whole dividend amount in cash exceed a number equal to the portion of the make-whole dividend amount to be paid by the delivery of common stock *divided by* the greater of (i) the floor price and (ii) 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change. To the extent that the portion of the make-whole dividend amount as to which we have elected to deliver shares of common stock in lieu of paying cash exceeds the product of the number of shares of common stock delivered in respect of such portion of the make-whole dividend amount and 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash.

In addition, if we are prohibited from paying or delivering, as the case may be, the make-whole dividend amount (whether in cash or in shares of our common stock), in whole or in part, due to limitations of applicable Delaware law, the conversion rate will instead be increased by a number of shares of common stock equal to the cash amount of the aggregate unpaid and undelivered make-whole dividend amount, *divided by* the greater of (i) the floor price and (ii) 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change. To the extent that the cash amount of the aggregate unpaid and undelivered make-whole dividend amount exceeds the product of such number of additional shares and 97% of the price paid (or deemed paid) per share of our common stock in the fundamental change, we will not have any obligation to pay the shortfall in cash.

See Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder Upon Fundamental Change; Fundamental Change Dividend Make-whole Amount.

**Anti-dilution adjustments**

The conversion rate may be adjusted in the event of, among other things: (1) stock dividends or distributions; (2) certain distributions to holders of our common stock of rights, options or warrants to purchase our common stock; (3) subdivisions or combinations of our common stock; (4) certain distributions to holders of our common stock of evidences of our indebtedness, shares of capital stock, securities, rights to acquire our capital stock, cash or other assets; (5) dividends or distributions to holders of our common stock of cash; and (6) certain tender or exchange offers by us or one of our subsidiaries for our common stock, in each case subject to certain exceptions. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments.

**Voting rights**

Except as specifically required by Delaware law or our Amended and Restated Certificate of Incorporation, which will include the

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certificate of designations for the mandatory convertible preferred stock, the holders of mandatory convertible preferred stock will have no voting rights.

Whenever dividends on shares of mandatory convertible preferred stock have not been declared and paid for six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the initial issue date and ending on, but excluding, February 15, 2017), whether or not consecutive, the holders of mandatory convertible preferred stock, voting together as a single class with holders of all other preferred stock of equal rank having similar voting rights, will be entitled at our next special or annual meeting of stockholders to vote for the election of a total of two additional members of our board of directors, subject to certain limitations.

We will not, without the affirmative vote or consent of holders of at least two-thirds of the outstanding shares of mandatory convertible preferred stock and all other preferred stock of equal rank having similar voting rights, voting together as a single class (1) authorize or create, or increase the authorized amount of, any specific class or series of stock ranking senior to the mandatory convertible preferred stock; (2) amend, alter or repeal the provisions of our Amended and Restated Certificate of Incorporation so as to adversely affect the special rights, preferences, privileges or voting powers of the mandatory convertible preferred stock; or (3) consummate a binding share exchange or reclassification involving shares of mandatory convertible preferred stock or a merger or consolidation of us with another entity unless the mandatory convertible preferred stock remains outstanding or is replaced by preference securities with terms no less favorable to holders, in each case, subject to certain exceptions.

See Description of Mandatory Convertible Preferred Stock Voting Rights and Description of Depositary Shares Voting the Mandatory Convertible Preferred Stock.

**Ranking**

The mandatory convertible preferred stock will rank with respect to dividend rights and rights upon our liquidation, winding-up or dissolution:

senior to (i) our common stock and (ii) each other class of capital stock established after the first date of original issue of the mandatory convertible preferred stock (which we refer to as the initial issue date ) the terms of which do not expressly provide that



such class ranks either (x) senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution or (y) on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as "junior stock");

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on a parity with any class of capital stock established after the initial issue date the terms of which expressly provide that such class will rank on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as parity stock );

junior to each class of capital stock established after the initial issue date the terms of which expressly provide that such class will rank senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution (which we refer to collectively as senior stock ); and

junior to all of our existing and future indebtedness.

In addition, the mandatory convertible preferred stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our subsidiaries as well as the capital stock of our subsidiaries held by third parties.

As of September 30, 2016, we had total outstanding consolidated debt of approximately \$1,822.7 million and no outstanding shares of preferred stock. See Description of Certain Indebtedness.

**Related party purchases**

Certain of our directors have indicated an interest in purchasing in the aggregate of our depositary shares for an aggregate purchase price of \$ million in this offering at the public offering price.

**Use of proceeds**

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us for this offering, will be approximately \$339.1 million (or approximately \$390.0 million if the underwriters exercise their over-allotment option in full). We intend to use the net proceeds from this offering to repay approximately \$169.6 million (or \$195.0 million if the underwriters exercise their option to purchase additional depositary shares in full) of our outstanding term loan indebtedness under our credit agreement, with the remainder for general corporate purposes. See Use of Proceeds.

**Material United States federal income tax considerations** The material United States federal income tax considerations of purchasing, owning and disposing of the depositary shares and any

common stock received upon their conversion are described under  
Material United States Federal Income Tax Considerations.

**Listing**

We do not intend to apply to list the depositary shares on the New York  
Stock Exchange (the NYSE ) unless we are advised by the underwriters  
prior to issuance of the depositary shares that the

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minimum distribution requirement established by the NYSE for listing the depositary shares has been satisfied and the underwriters request that we apply for listing of the depositary shares on the NYSE. Our common stock is listed on the NYSE under the symbol RXN.

**Transfer agent and registrar**

American Stock Transfer & Trust Company, LLC is the transfer agent and registrar for the mandatory convertible preferred stock and our common stock.

**Risk factors**

See **Risk Factors** beginning on page 16 of this prospectus supplement for a discussion of risks you should carefully consider before deciding to invest in the depositary shares.

As of October 31, 2016, 102,761,239 shares of common stock were outstanding. This does not include:

9,398,832 shares reserved for issuance upon exercise of outstanding options or vesting of outstanding restricted stock units or performance stock units;

4,966,824 shares reserved for future issuance under our incentive compensation plans; and

shares issuable upon conversion of the mandatory convertible preferred stock.

**Table of Contents****Summary Financial Data**

The following table sets forth our summary historical financial information. The historical statements of operations data for the fiscal years ended March 31, 2016, 2015 and 2014 and the historical balance sheet data as of March 31, 2016 and 2015 are derived from, and should be read in conjunction with, our audited consolidated financial statements and related notes incorporated by reference herein. The historical statements of operations data for the six months ended September 30, 2016 and September 30, 2015 and the historical balance sheet data as of September 30, 2016 are derived from, and should be read in conjunction with, our unaudited condensed consolidated financial statements and related notes incorporated by reference herein.

Results for the six months ended September 30, 2016 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any future period.

The information contained in this table should also be read in conjunction with Risk Factors and our financial statements and the related notes incorporated by reference herein.

(in millions, except share and per share amounts)	Six Months Ended September 30, 2016 (3)	Six Months Ended September 30, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015 (1)	Year Ended March 31, 2014 (2)
<b>Statements of Operations:</b>					
Net sales	\$ 962.8	\$ 971.0	\$ 1,923.8	\$ 2,050.2	\$ 2,034.3
Cost of sales	623.4	631.9	1,258.6	1,304.0	1,280.9
Gross profit	339.4	339.1	665.2	746.2	753.4
Selling, general and administrative expenses	213.2	197.3	385.7	415.1	419.1
Restructuring and other similar costs	10.0	4.6	34.9	12.9	8.4
Actuarial loss on pension and postretirement benefit obligations			12.9	59.4	2.7
Amortization of intangible assets	25.1	28.5	57.4	55.1	50.8
Income from operations	91.1	108.7	174.3	203.7	272.4
Non-operating (expense) income:					
Interest expense, net	(46.5)	(43.5)	(91.4)	(87.9)	(109.1)
Loss on the extinguishment of debt (4)					(133.2)
Other income (expense), net (5)	(2.6)	(1.4)	3.1	(7.2)	(15.1)
Income from continuing operations before income taxes	42.0	63.8	86.0	108.6	15.0
Provision (benefit) for income taxes	(1.5)	20.0	17.1	16.8	(10.0)
Net income from continuing operations	43.5	43.8	68.9	91.8	25.0
(Loss) income from discontinued operations, net of tax (6)			(1.4)	(8.0)	4.6
Net income	43.5	43.8	67.5	83.8	29.6

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Non-controlling interest loss (7)			(0.1)		(0.4)			(0.6)		
Net income attributable to Rexnord	\$	43.5	\$	43.9	\$	67.9	\$	83.8	\$	30.2

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(in millions, except share and per share amounts)	Six Months Ended September 30, 2016 (3)	Six Months Ended September 30, 2015	Year Ended March 31, 2016	Year Ended March 31, 2015 (1)	Year Ended March 31, 2014 (2)
Net income per share from continuing operations:					
Basic	\$ 0.43	\$ 0.43	\$ 0.68	\$ 0.90	\$ 0.25
Diluted	\$ 0.42	\$ 0.42	\$ 0.67	\$ 0.88	\$ 0.25
Net (loss) income per share from discontinued operations:					
Basic			\$ (0.01)	\$ (0.08)	0.05
Diluted			\$ (0.01)	\$ (0.08)	0.05
Net income per share attributable to Rexnord:					
Basic	\$ 0.43	\$ 0.44	\$ 0.67	\$ 0.82	\$ 0.31
Diluted	\$ 0.42	\$ 0.42	\$ 0.66	\$ 0.80	\$ 0.30
Weighted-average number of shares outstanding:					
Basic	102,207	100,878	100,841	101,530	98,105
Effect of dilutive stock options	2,222	2,807	2,469	3,197	3,213
Diluted	104,429	103,685	103,310	104,727	101,318

**Other Data:**

Net cash provided by (used for):					
Operating activities	\$ 59.0	\$ 67.0	\$ 219.0	\$ 245.9	\$ 19.8
Investing activities	(240.7)	(11.6)	(45.2)	(177.3)	(163.8)
Financing activities	(93.8)	(48.6)	(56.3)	(17.4)	(210.3)
Depreciation and amortization of intangible assets					
	53.3	56.6	115.4	112.2	106.9
Capital expenditures	28.9	16.7	52.1	48.8	52.2

(in millions)	March 31, 2016	March 31, 2015	September 30 2016
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 484.6	\$ 370.3	\$ 208.5
Working capital (8)	771.7	694.6	561.9
Total assets	3,354.8	3,409.3	3,318.0
Total debt (9)	1,920.1	1,940.0	1,822.7
Stockholders equity	588.0	552.7	645.4

- (1) Consolidated financial data as of and for the fiscal year ended March 31, 2015 reflects the acquisition of Green Turtle Technologies Ltd. subsequent to April 15, 2014, Tollok S.p.A. subsequent to October 30, 2014 and Euroflex Transmissions (India) Private Limited subsequent to January 12, 2015. As a result, the comparability of the operating results for the period presented is affected by the revaluation of the assets acquired and the liabilities assumed on the respective dates of the acquisitions.

- (2) Consolidated financial data as of and for the fiscal year ended March 31, 2014 reflects the acquisition of Klamflex Pipe Couplings Ltd. subsequent to April 26, 2013, Micro Precision Gear Technology Limited subsequent to August 21, 2013, L.W. Gemmell subsequent to August 30, 2013, and Precision Gear Holdings, LLC subsequent to December 16, 2013. As a result, the comparability of the operating results for the period presented is affected by the revaluation of the assets acquired and the liabilities assumed on the respective dates of the acquisitions.

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- (3) Consolidated financial data as of and for the six months ended September 30, 2016 reflects the results of operations of Cambridge International Holdings Corp. subsequent to June 1, 2016. As a result, the comparability of the operating results for the period presented is affected by the revaluation of the assets acquired and the liabilities assumed on the date of acquisition.
- (4) In the fiscal year ended March 31, 2014, we recognized a \$133.2 million loss on the extinguishment of debt, which consisted of a \$109.9 million bond tender premium paid to holders of our former 8.50% senior notes due 2018 as a result of a tender offer and redemption, third party transaction costs of \$5.3 million and a \$14.0 million non-cash write-off of deferred financing fees and net original issue discount associated with the extinguished, then-existing term loan debt. In addition, we recognized a \$4.0 million loss associated with the \$150.0 million prepayment under the former credit agreement.
- (5) Other income (expense), net includes the impact of foreign currency transactions, sale of property, plant and equipment, and other miscellaneous expenses and income.
- (6) In the fiscal year ended March 31, 2015, we discontinued the operations and exited our non-core business that manufactured ring gears and pinions ( Mill Products ) utilized for crushing machinery applications in the mining sector. In the fiscal year ended March 31, 2013, we completed the sale of a non-core engineered chain business located in Shanghai, China. Accordingly, the results of operations for both have been reported as discontinued operations in the consolidated statements of operations for all periods presented.
- (7) During the first quarter of the fiscal year ending March 31, 2017, we acquired the remaining non-controlling interest in a water management joint venture for a cash purchase price of approximately \$0.3 million, net of cash acquired and excluding transaction costs.
- (8) Working capital represents total current assets less total current liabilities.
- (9) Total debt represents long-term debt, net of an unamortized original issue discount and deferred financing costs, plus the current portion of long-term debt. See Description of Certain Indebtedness.

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**RISK FACTORS**

*Any investment in our mandatory convertible preferred stock involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to purchase our mandatory convertible preferred stock. In addition, you should carefully consider, among other things, the matters discussed under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016 and in other documents that we subsequently file with the SEC, all of which are incorporated by reference into this prospectus supplement. The risks and uncertainties described below and in such incorporated documents are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition and results of operations would suffer. In that event, the trading price of our common stock and mandatory convertible preferred stock could decline and you may lose all or part of your investment. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward-Looking Statements.*

**Strategic Risks**

Strategic risk relates to the Company's business plans and strategies, including the risks associated with: competitive threats; the global macro-environment in which we operate; international uncertainties; restructuring initiatives; mergers and acquisitions; protection of intellectual property; and other risks, including customer concentration, reliance on independent distributors and retention of key personnel.

***The markets in which we sell our products are highly competitive.***

We operate in highly competitive markets in both of our platforms. Some of our competitors have achieved substantially more market penetration in certain of the markets in which we operate. Some of our competitors are larger and may have greater financial and other resources than we do, and our competitors may adopt more aggressive sales policies and devote greater resources to the development, promotion and sale of their products than we do, all of which could result in a loss of customers and in turn adversely affect our results of operations.

We operate in highly fragmented markets within the Process & Motion Control platform. As a result, we compete against numerous companies. Competition in our business lines is based on a number of considerations, including product performance, cost of transportation in the distribution of products, brand reputation, quality of client service and support, product availability and price. Additionally, some of our larger customers are attempting to reduce the number of vendors from which they purchase in order to increase their efficiency. If we are not selected to become one of these preferred providers, we may lose access to certain sections of the markets in which we compete. Our customers increasingly demand a competitively priced broad product range and we must continue to develop our expertise in order to manufacture and market these products successfully. To remain competitive, we will need to invest continuously in manufacturing, customer service and support, marketing and our distribution networks. We cannot assure that we will have sufficient resources to continue to make these investments or that we will maintain our competitive position within each of the markets we serve.

Within the Water Management platform, we compete against both large international and national rivals, as well as many regional competitors. Significant competition in any of the markets in which the Water Management platform operates could result in substantial downward pressure on product pricing and our profit margins, thereby adversely affecting the Water Management financial results. Furthermore, we cannot provide assurance that we will be able to maintain or increase the current market share of our products successfully in the future.



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***General economic financial market weakness, as well as overall challenging market cycles, may adversely affect our financial condition or results of operations.***

Our business operations have been adversely affected in recent years by volatility and weaknesses in the global economy and financial markets. A weakening of current conditions or a future downturn may adversely affect our future results of operations and financial condition. Weak, challenging or volatile economic conditions in the end-markets, businesses or geographic areas in which we sell our products could reduce demand for products and result in a decrease in sales volume for a prolonged period of time, which would have a negative impact on our future results of operations.

Our financial performance depends, in large part, on conditions in the markets that we serve in the U.S. and the global economy generally. Some of the industries we serve are highly cyclical, such as the aerospace, energy and industrial equipment industries. We have undertaken cost reduction programs as well as diversified our markets to mitigate the effects of economic downturns; however, such programs may be unsuccessful. Any sustained weakness in demand or downturn or uncertainty in the economy generally would materially reduce our net sales and profitability.

For example, sales to the construction industry are driven by trends in commercial and residential construction, housing starts and trends in residential repair and remodeling. Consumer confidence, weather conditions, mortgage rates, credit standards and availability of consumer credit and income levels play a significant role in driving demand in commercial and residential construction, repair and remodeling sector. A drop or weakness in consumer confidence, prolonged adverse weather conditions, lack of availability or increased cost of credit, credit standards or unemployment could delay a recovery of commercial and residential construction levels and have a material adverse effect on our business, financial condition, results of operations or cash flows. This may express itself in substantial downward pressure on product pricing and our profit margins, thereby adversely affecting our financial results.

Additionally, many of our products are used in the energy, mining and cement and aggregates markets. Recent reductions and volatility in the prices of petroleum-related products and certain other mined raw materials costs have adversely affected the energy and mining industries, reducing their capital investments and the demand for certain of the Company's products. Some customers may defer or cancel anticipated expenditures, projects or expansions until such time as these projects will be profitable based on the underlying cost of commodities compared to the cost of the project. Weakness in those markets may also affect pricing of our products that are sold for use in those markets.

Volatility and disruption of financial markets, as in recent years, could limit the ability of our customers to obtain adequate financing to maintain operations and may cause them to terminate existing purchase orders, reduce the volume of products they purchase from us in the future or impact their ability to pay their receivables. Adverse economic and financial market conditions may also cause our suppliers to be unable to meet their commitments to us or may cause suppliers to make changes in the credit terms they extend to us, such as shortening the required payment period for outstanding accounts receivable or reducing or eliminating the amount of trade credit available to us.

***The loss or financial instability of any significant customer or customers accounting for our backlog could adversely affect our business, financial condition, results of operations or cash flows.***

A substantial part of our business is concentrated with a few customers, and we have certain customers that are significant to our business. During fiscal 2016, our top 20 customers accounted for approximately 37.6% of our consolidated net sales, and our largest customer accounted for 8.4% of our consolidated net sales. The loss of one or more of these customers, or deterioration in our relationship with any of them could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our contracted backlog is comprised of future orders for our products from a broad number of customers. Defaults by any of the customers that have placed significant orders with us could have a significant adverse

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effect on our net sales, profitability and cash flow. Our customers may in the future default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons deriving from the general economic environment or circumstances affecting those customers in particular. If a customer defaults on its obligations to us, it could have a material adverse effect on our backlog, business, financial condition, results of operations or cash flows. As of September 30, 2016, approximately 27% of our backlog was scheduled to ship beyond fiscal 2017.

***We rely on independent distributors. Termination of one or more of our relationships with any of those independent distributors or an increase in the distributors sales of our competitors products could have a material adverse effect on our business, financial condition, results of operations or cash flows.***

In addition to our own direct sales force, we depend on the services of independent distributors to sell our Process & Motion Control products and provide service and aftermarket support to our OEMs and end users. We rely on an extensive distribution network, with nearly 2,300 distributor locations nationwide; however, for fiscal 2016 and the first six months of fiscal 2017, approximately 25% and 23%, respectively, of our Process & Motion Control net sales were generated through sales to three of our key independent distributors, the largest of which accounted for 15% of Process & Motion Control net sales. Water Management, we depend on a network of several hundred independent sales representatives and approximately 60 third-party warehouses to distribute our products; however, for fiscal 2016 and the first six months of fiscal 2017, our three key independent distributors generated approximately 28% and 29%, respectively, of our Water Management net sales with the largest accounting for 16% and 18%, respectively, of Water Management net sales.

The loss of one of our key distributors or of a substantial number of our other distributors or an increase in the distributors sales of our competitors products to our customers could have a material adverse effect on our business, financial condition, results of operations or cash flows.

***Our international operations are subject to uncertainties, which could adversely affect our business, financial condition, results of operations or cash flows.***

Our business is subject to certain risks associated with doing business internationally. A significant portion of our sales are international; approximately 32% of our total net sales in fiscal 2016 originated outside of the U.S. Additionally, we have significant manufacturing operations outside of the U.S. Accordingly, our future results could be harmed by a variety of factors relating to global operations, including:

fluctuations in currency exchange rates, particularly fluctuations in the Euro against the U.S. dollar;

foreign exchange controls;

compliance with export controls and trade compliance regulations;

tariffs or other trade protection measures and import or export licensing requirements;

changes in tax laws;

interest rates;

differences in business practices in various countries;

changes and differences in regulatory requirements in countries in which we operate or make sales;

differing labor regulations, practices and standards;

requirements relating to withholding taxes on remittances and other payments by subsidiaries;

restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions;

restrictions under U.S. tax laws and other laws on our ability to repatriate dividends from our foreign subsidiaries; and

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exposure to liabilities under anti-corruption laws in various countries, including the U.S. Foreign Corrupt Practices Act of 1977.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could have a material adverse effect on our international operations and, consequently, our business, financial condition, results of operations or cash flows.

***We may be unable to realize intended benefits from our cost reduction, restructuring and divestiture efforts, and as a result our profitability may be hurt or our business otherwise might be adversely affected.***

In order to operate more efficiently and control costs, we undertake from time to time restructuring plans, which include global facility consolidations, product rationalizations, workforce reductions and other cost reduction initiatives. We also choose to divest operations which we no longer believe are additive or complementary to our platforms or strategic direction. These plans are intended to reduce operating costs, to modify our footprint to reflect changes in the markets we serve, to reflect changes in business focus and/or to address overall manufacturing overcapacity, including as a result of acquisitions. We may undertake further restructuring actions, workforce reductions or divestitures in the future. These types of activities are complex. If we do not successfully manage our current restructuring activities, or any other restructuring activities or divestitures that we may undertake in the future, expected efficiencies, benefits and cost savings might be delayed or not realized, and our operations and business could be disrupted.

In addition, as a result of such actions, we expect to incur restructuring expenses and other charges, which may be material, and may exceed our estimates. Several factors could cause restructuring or divestiture activities to adversely affect our business, financial condition and results of operations. These include potential disruption of our operations and other aspects of our business. Employee morale and productivity could also suffer or result in unintended employee attrition. These activities require substantial management time and attention and may divert management from other important work or result in a failure to meet operational targets. Divestitures may also give rise to obligations to buyers or other parties that could have a financial effect after the transaction is completed. Moreover, we could encounter changes to, or delays in executing, any restructuring or divestiture plans, any of which could cause further disruption and additional unanticipated expense.

***Inability to identify, or effectively integrate, acquisitions could adversely affect our business, financial condition, results of operations or cash flows.***

We cannot ensure that suitable acquisition candidates will be identified and acquired in the future, that the financing of any such acquisition will be available on satisfactory terms, that we will be able to complete any such acquisition, that we will be able to successfully integrate any acquired business or operations, or that we will be able to accomplish our strategic objectives as a result of any such acquisition. Nor can we ensure that our acquisition strategies will be successfully received by customers or achieve their intended benefits.

Acquisitions are often undertaken to improve the operating results of either or both of the acquirer and the acquired company and we cannot ensure that we will be successful in this regard. We cannot provide any assurance that we will be able to fully realize the intended benefits from our acquisitions. We have encountered, and may encounter, various risks in acquiring other companies including the possible inability to integrate an acquired business into our operations, potential failure to realize anticipated benefits, diversion of management's attention, issues in customer transitions, potential inadequacies of indemnities and other contractual remedies and unanticipated problems, risks or liabilities, including environmental, some or all of which could have a material adverse effect on our business, financial condition, results of operations or cash flows.





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***The inability to adequately protect intellectual property, or defend against infringement claims brought against us, could adversely affect our business.***

We attempt to protect our intellectual property through a combination of patent, trademark, copyright and trade secret protection, as well as third-party nondisclosure and assignment agreements. We cannot assure that any of our applications for protection of our intellectual property rights will be approved and maintained or that our competitors will not infringe or successfully challenge our intellectual property rights. We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, we require employees, consultants and advisors to enter into confidentiality agreements. We cannot assure that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure. If we are unable to maintain the proprietary nature of our technologies, our ability to sustain margins on some or all of our products may be affected, which could have a material adverse effect on our business, financial condition, results of operations or cash flows. In addition, in the ordinary course of our operations, from time to time we pursue and are pursued in potential litigation relating to the protection of certain intellectual property rights, including some of our more profitable products. An adverse ruling in any such litigation could have a material adverse effect on our business, financial condition, results of operations or cash flows.

***Our inability to attract and retain key personnel may adversely affect our business.***

Our success depends on our ability to recruit, retain and develop highly-skilled management and key personnel. Competition for these persons in our industry is intense and we may not be able to successfully recruit, train or retain qualified personnel, or to effectively implement successions to existing personnel. If we fail to retain and recruit the necessary personnel or arrange for successors to key personnel, our business could materially suffer.

***Terrorism, conflicts and wars may materially adversely affect our business, financial condition and results of operations.***

As a global company with a large international footprint, we are subject to increased risk of damage or disruption to us, our employees, facilities, partners, suppliers, distributors, resellers or customers due to acts of terrorism, political conflicts and wars, in multiple locations around the world. The potential for future attacks, the national and international responses to attacks or perceived threats to national security, and other actual or potential actions, conflicts or wars have created, and will continue to create, economic and political uncertainties. In addition, as a global company with headquarters and significant operations located in the U.S., actions against or by the U.S. may particularly impact our business or employees. Although it is impossible to predict the occurrences or consequences of any such events, they could result in disruptions to our operations, decreases in demand for our products, difficulty or impossibility in delivering products to our customers or receiving components from our suppliers, delays and inefficiencies in our supply chain and risks to our employees, resulting in, among other things, temporarily closed facilities, travel restrictions or longer-term disruptions, any of which could adversely affect our business, financial condition, results of operations and cash flows.

## **Operational Risks**

Operational risk relates to risks arising from innovation, systems, processes, and external or internal events that affect the operation of our businesses. It includes product life cycle and execution; information management and data protection and security, including cyber security; supply chain and business disruption; and other risks, including human resources and employee relations.



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***We are subject to risks associated with changing technology, manufacturing techniques, distribution channels and business continuity, which could place us at a competitive disadvantage.***

The successful implementation of our business strategy requires us to continuously evolve our existing products and introduce new products to meet customers' needs in the industries we serve. Our products are characterized by stringent performance and specification requirements that mandate a high degree of manufacturing and engineering expertise. If we fail to meet these requirements, our business could be at risk. We believe that our customers rigorously evaluate their suppliers on the basis of a number of factors, including product quality, price competitiveness, technical and manufacturing expertise, development and product design capability, new product innovation, reliability and timeliness of delivery, operational flexibility, customer service and overall management. Our success will depend on our ability to continue to meet our customers' changing specifications with respect to these criteria. We cannot ensure that we will be able to address technological advances or introduce new products that may be necessary to remain competitive within our businesses. We cannot ensure that we can adequately protect any of our own technological developments to produce a sustainable competitive advantage. Furthermore, we may be subject to business continuity risk in the event of an unexpected loss of a material facility or operation. We cannot ensure that we can adequately protect against such a loss.

***Increases in the cost or availability of raw materials could adversely affect our business, financial condition, results of operations or cash flows.***

Our manufacturing processes depend on third parties for raw materials, in particular bar steel, brass, castings, copper, forgings, high-performance engineered plastic, plate steel, resin, sheet steel and zinc, as well as petroleum and other carbon-based fuel products. We generally purchase our raw materials on the open market on a purchase order basis. These contracts generally have had one to five year terms and have contained competitive and benchmarking clauses intended to ensure competitive pricing. While we currently maintain alternative sources for most raw materials, our business is subject to the risk of price fluctuations, inefficiencies in the event of a need to change our suppliers, and delays in the delivery of and potential unavailability of our raw materials. Any such price fluctuations or delays, if material, could harm our profitability or operations. In addition, the loss of a substantial number of suppliers could result in material cost increases or reduce our production capacity.

We do not typically enter into hedge transactions to reduce our exposure to purchase price risks and cannot ensure that we would be successful in recouping these increases if these risks were to materialize. In addition, if we are unable to continue to purchase our required quantities of raw materials on commercially reasonable terms, or at all, or if we are unable to maintain or enter into our purchasing contracts for our larger commodities, our business operations could be disrupted and our profitability could be impacted in a material adverse manner.

***The ongoing updates to our Enterprise Resource Planning ( ERP ) systems, as well as failures of our data security and information technology infrastructure and cyber security, could cause substantial business interruptions and/or adversely affect our business.***

Utilizing a phased approach, we continue to update our ERP systems across both our Process & Motion Control and Water Management platforms. If these updates are unsuccessful, we could incur substantial business interruptions, including the inability to perform routine business transactions, which could have a material adverse effect on our financial performance. Further, these updates may not result in the benefits we intend or be implemented on a timely basis.

In addition, we depend heavily on information technology infrastructure to manage our business objectives and operations, support our customers' requirements and protect sensitive information. There have been significant and

increasing instances of data and security breaches, malicious interference with technology systems and industrial espionage involving companies in numerous industries. While we have taken steps to maintain and enhance adequate data security and address these risks and uncertainties by implementing

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additional security technologies, internal controls, network and data center resiliency, and redundancy and recovery processes, these measures may be inadequate. As a result, any inability by us to successfully manage our information systems, or respond effectively to any attack on or interference with our systems, including matters related to system and data security, privacy, reliability, compliance, performance and access, problems related to our systems caused by natural disasters, security breaches or malicious attacks, and any inability of these systems to fulfill their intended business purpose, could impede our ability to record or process orders, manufacture and ship in a timely manner, account for and collect receivables, protect sensitive data of the Company, our customers, our employees, our suppliers and other business partners, comply with our third party obligations of confidentiality and care, or otherwise carry on business in the normal course. Any such events could require significant costly remediation and could cause us to lose customers and/or revenue, require us to incur significant expense to remediate, including as a result of legal or regulatory claims or proceedings, or damage our reputation, any of which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

### ***Weather could adversely affect the demand for products in our Water Management platform and decrease its net sales.***

Demand for our Water Management products is primarily driven by commercial construction activity, remodeling and retrofit opportunities, and to a lesser extent, new home starts as well as water and wastewater infrastructure expansion for municipal, industrial and hydropower applications. Weather is an important variable affecting financial performance as it significantly impacts construction activity. Adverse weather conditions, such as prolonged periods of cold or rain, blizzards, hurricanes and other severe weather patterns, could delay or halt construction and remodeling activity, which could have a negative effect on our business. For example, an unusually severe winter can lead to reduced construction activity and magnify the seasonal decline in our Water Management net sales and earnings during the winter months. In addition, a prolonged winter season can delay construction and remodeling plans and hamper the typical seasonal increase in net sales and earnings during the spring months.

### ***Disruptions caused by labor disputes or organized labor activities could adversely affect our business or financial results.***

As of September 30, 2016, we had approximately 8,000 employees. Approximately 400 of our U.S. employees are represented by labor unions and approximately 1,900 of our employees reside in Europe, where trade union membership is common. Although we believe that our relations with our employees are currently strong, if our unionized workers were to engage in a strike, work stoppage or other slowdown in the future, we could experience a significant disruption of our operations, which could interfere with our ability to deliver products on a timely basis and could have other negative effects, such as decreased productivity and increased labor costs. Such negative effects could have a material adverse effect on our business, financial condition, results of operations or cash flows. In addition, if a greater percentage of our workforce becomes unionized as a result of legal or regulatory changes which may make union organizing easier, or otherwise, our costs could increase and our efficiency be affected in a material adverse manner, negatively impacting our business and financial results. Further, many of our direct and indirect customers and their suppliers, and organizations responsible for shipping our products, have unionized workforces and their businesses may be impacted by strikes, work stoppages or slowdowns, any of which, in turn, could have a material adverse effect on our business, financial condition, results of operations or cash flows.

## **Financial Risks**

Financial risk relates to our ability to meet our financial obligations. It includes our highly leveraged disposition, compliance with debt covenants, access to liquidity and restrictive credit agreements.



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***Our debt levels could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, inhibit us from making beneficial acquisitions and prevent us from making debt service payments.***

We are a highly leveraged company. Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt will depend on a range of economic, competitive and business factors, many of which are outside our control. Our business may not generate sufficient cash flow from operations to meet our debt service and other obligations, and currently anticipated cost savings and operating improvements may not be realized on schedule, or at all. If we are unable to meet our expenses and debt service and other obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or raise equity. We may not be able to refinance any of our indebtedness, sell assets or raise equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations or to refinance our obligations on commercially reasonable terms would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our substantial indebtedness could also have other important consequences with respect to our ability to manage and grow our business successfully, including the following:

it may limit our ability to borrow money for our working capital, capital expenditures, strategic initiatives, acquisitions or other purposes;

it may make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under our credit agreement and our other indebtedness;

a substantial portion of our cash flow from operations will be dedicated to the repayment of our indebtedness and so will not be available for other purposes;

it may limit our flexibility in planning for, or reacting to, changes in our operations or business, or in taking advantage of strategic opportunities;

we are and will continue to be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

it may make us more vulnerable to downturns in our business or the economy;

it may restrict us from making strategic acquisitions or divestitures, introducing new technologies or exploiting business opportunities; and



along with the financial and other restrictive covenants in the documents governing our indebtedness, among other things, may limit our ability to borrow additional funds, make acquisitions or capital expenditures, acquire or dispose of assets or take certain of the actions mentioned above, any of which could restrict our operations and business plans.

Furthermore, a substantial portion of our indebtedness, including the senior secured credit facilities and borrowings outstanding under our accounts receivable securitization facility, bears interest at rates that fluctuate with changes in certain short-term prevailing interest rates. In addition, our hedging arrangements may not protect us to the extent we expect.

Also, in spite of the limitations in our credit agreement, we may still incur significantly more debt, which could intensify the risks described above on our business, results and financial condition.

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*Our credit agreement imposes significant operating and financial restrictions, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.*

Our credit agreement contains various covenants that limit or prohibit our ability, among other things, to:

incur or guarantee additional indebtedness;

pay dividends on our capital stock or redeem, repurchase, retire or make distributions in respect of our capital stock or subordinated indebtedness or make other restricted payments;

make certain loans, acquisitions, capital expenditures or investments;

sell certain assets, including stock of our subsidiaries;

enter into sale and leaseback transactions;

create or incur liens;

consolidate, merge, sell, transfer or otherwise dispose of all or substantially all of our assets; and

enter into certain transactions with our affiliates.

Our credit agreement contains covenants that restrict our ability to take certain actions, such as incurring additional debt, if we are unable to meet defined specified financial ratios. As of September 30, 2016, our first lien leverage ratio was 4.3x and our total net leverage ratio was 4.4x. Failure to comply with the leverage covenant of the credit agreement can result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions. A breach of any of these covenants could result in a default under our debt agreements.

The restrictions contained in the credit agreement could:

limit our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans;

restrict our announced plans to repurchase shares of our common stock;

adversely affect our ability to finance our operations, to enter into strategic acquisitions, to fund investments or other capital needs or to engage in other business activities that would be in our interest; and

limit our access to the cash generated by our subsidiaries.

Upon the occurrence of an event of default under the credit agreement, the lenders could elect to declare all amounts outstanding under the senior secured credit facilities to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders under the senior secured credit facilities could proceed against the collateral granted to them to secure the senior secured credit facilities on a first- priority lien basis. If the lenders under the senior secured credit facilities accelerate the repayment of borrowings, such acceleration could have a material adverse effect on our business, financial condition, results of operations or cash flows.

***Our goodwill and intangible assets are valued at an amount that is high relative to our total assets and in excess of our stockholders equity.***

As of September 30, 2016, goodwill and intangible assets totaled \$1,319.5 million and \$576.6 million, respectively, and represent a substantial portion of our assets. These assets result from our acquisitions, representing the excess of cost over the fair value of the tangible net assets we have acquired. We assess at least annually whether there has been impairment in the value of our goodwill and indefinite lived intangible assets. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate

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acquired businesses, unexpected significant changes or planned changes to the use of our assets, changes in the structure of our business, divestitures, market capitalization declines, or increases in associated discount rates may impair our goodwill and other intangible assets. Any determination requiring the impairment of goodwill or intangible assets would negatively affect our results of operations, particularly in the period in which we take any related charges, and financial condition.

***Our required cash contributions to our pension plans may increase further and we could experience a material change in the funded status of our defined benefit pension plans and the amount recorded in our consolidated balance sheets related to those plans. Additionally, our pension costs could increase in future years.***

The funded status of the defined benefit pension plans depends on such factors as asset returns, market interest rates, legislative changes and funding regulations. If the returns on the assets of any of our plans were to decline in future periods, if market interest rates were to decline, if the Pension Benefit Guaranty Corporation ( PBGC ) were to require additional contributions to any such plans as a result of acquisitions or if other actuarial assumptions were to be modified, our future required cash contributions and pension costs to such plans could increase. Any such increases could have a material and adverse effect on our business, financial condition, results of operations or cash flows.

The need to make contributions, which may be substantial, to such plans may reduce the cash available to meet our other obligations, including our obligations under our credit agreement or to meet the needs of our business. In addition, the PBGC may terminate our U.S. defined benefit pension plans under limited circumstances, including in the event the PBGC concludes that the risk may increase unreasonably if such plans continue. In the event a U.S. defined benefit pension plan is terminated for any reason while it is underfunded, we could be required to make an immediate payment to the PBGC of all or a substantial portion of such plan's underfunding, as calculated by the PBGC based on its own assumptions (which might result in a larger obligation than that based on the assumptions we have used to fund such plan), and the PBGC could place a lien on material amounts of our assets.

### **Legal and Compliance Risks**

Legal and compliance risk relates to risks arising from conformity with external policies and procedures, government and regulatory compliance, and ongoing environment and legal proceedings. These include customer driven policies, government and regulatory requirements and environmental health and safety litigation. These types of risks may impose additional cost on us or cause us to have to change our business models or practices.

***Our failure to comply with third-party certification requirements and customer-driven policies and standards, including those related to social responsibility, could adversely affect our reputation, business and results of operations.***

In addition to complying with laws and applicable government regulations and requirements, prevailing industry standards, competitive pressures and/or our customers may require us to comply with further quality, social responsibility, or other business policies or standards, before customers and prospective customers commence, or continue, doing business with us. These expectations, policies and standards may be more restrictive than current laws and regulations as well as our own pre-existing policies; they may be customer-driven, established by the industry sectors in which we operate or imposed by third-party organizations.

Our compliance with these policies, standards and third party certification requirements could be costly and could in some cases require us to change the way in which we operate. In addition, if we fail to comply, or if our compliance increases our costs and/or restricts our ability to do business as compared to our competitors that do not adhere to such standards, we could experience an adverse effect on our customer relationships, reputation, operations, cost structure

and/or profitability.

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***We are subject to changes in legislative, regulatory and legal areas involving taxes.***

We are subject to U.S. federal and state, and other countries' and jurisdictions', income, payroll, property, sales and use, fuel, and other types of taxes. Changes in tax rates, enactment of new tax laws, revisions of tax regulations, and claims or litigation with taxing authorities may require significant judgment in determining the appropriate provision and related accruals for these taxes; and as a result, such changes could result in substantially higher taxes and, therefore, could have a significant adverse effect on our results or operations, financial conditions and liquidity. In this regard, the U.S., the European Union and member states along with numerous other countries are currently engaged in establishing fundamental changes to tax laws affecting the taxation of multinational corporations. Currently, a significant amount of our revenue is generated from customers located outside of the United States, and an increasingly greater portion of our assets and employees are located outside of the U.S. U.S. income tax and foreign withholding taxes have not been provided on undistributed earnings for certain non-U.S. subsidiaries, because such earnings are intended to be indefinitely reinvested in the operations of those subsidiaries. However, if in the future we determined to repatriate such funds, current U.S. tax laws might provide an impediment to, and a tax expense upon, such a repatriation. Future legislation may substantially reduce (or have the effect of substantially reducing) our ability to defer U.S. taxes on profit permanently reinvested outside the United States. Additionally, any such developments in the U.S. or other countries could have a negative impact on our ability to compete in the global marketplace.

***We may incur significant costs for environmental compliance and/or to address liabilities under environmental laws and regulations.***

Our operations and facilities worldwide are subject to extensive laws and regulations related to pollution and the protection of the environment, health and safety, including those governing, among other things, emissions to air, discharges to water, the generation, handling, storage, treatment and disposal of hazardous wastes and other materials, and the remediation of contaminated sites. A failure by us to comply with applicable requirements or the permits required for our operations could result in civil or criminal fines, penalties, enforcement actions, third-party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, including the installation of pollution control equipment or remedial actions.

Some environmental laws and regulations impose requirements to investigate and remediate contamination on present and former owners and operators of facilities and sites, and on potentially responsible parties ( PRPs ) for sites to which such parties may have sent waste for disposal. Such liability can be imposed without regard to fault and, under certain circumstances, may be joint and several, resulting in one PRP being held responsible for the entire obligation. Liability may also include damages to natural resources. On occasion we are involved in such investigations and/or cleanup, and also have been or could be named as a PRP in environmental matters.

The discovery of additional contamination, including at acquired facilities, the imposition of more stringent environmental, health and safety laws and regulations, including cleanup requirements, disputes with our insurers or the insolvency of other responsible parties could require us to incur significant capital expenditures or operating costs materially in excess of our accruals. Future investigations we undertake may lead to discoveries of contamination that must be remediated, and decisions to close facilities may trigger remediation requirements that are not currently applicable. We may also face liability for alleged personal injury or property damage due to exposure to hazardous substances used or disposed of by us, contained within our current or former products, or present in the soil or groundwater at our current or former facilities. We could incur significant costs in connection with such liabilities.

***Certain subsidiaries are subject to litigation, including numerous asbestos and product liability claims, which could adversely affect our business, financial condition, results of operations or cash flows.***

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Certain subsidiaries are co-defendants in various lawsuits in a number of U.S. jurisdictions alleging personal injury as a result of exposure to asbestos that was used in certain components of our products. The uncertainties

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of litigation and the uncertainties related to insurance and indemnification coverage make it difficult to accurately predict the ultimate financial effect of these claims. If our insurance or indemnification coverage is to cover our potential financial exposure, or the actual number or value of asbestos-related claims differs materially from our existing estimates, we could incur material costs that could have a material adverse effect on our business, financial condition, results of operations or cash flows.

In addition, we may be subject to product liability claims if the use of our products, or the exposure to our products or their raw materials, is alleged to have resulted in injury or other adverse effects. We currently maintain product liability insurance coverage but we cannot assure that we will be able to obtain such insurance on commercially reasonable terms in the future, if at all, or that any such insurance will provide adequate coverage against claims. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for long periods of time, regardless of the ultimate outcome. In addition, our business depends on the strong brand reputation we have developed; if this reputation is damaged as a result of a product liability claim, it may be difficult to maintain our pricing positions and market share with respect to our products. An unsuccessful product liability defense could have a material adverse effect on our business, financial condition, results of operations or cash flows.

**Depository Shares and Mandatory Convertible Preferred Stock Risks**

***You are making an investment decision in the depository shares as well as in our mandatory convertible preferred stock.***

As described in this prospectus supplement, you are investing in depository shares that represent fractional interests in our mandatory convertible preferred stock. The bank depository will rely solely on the dividend payments and other distributions on the mandatory convertible preferred stock it receives from us to fund all dividend payments and other distributions on the depository shares.

***You will bear the risk of a decline in the market price of our common stock between the pricing date for the depository shares and the mandatory conversion date.***

The number of shares of our common stock that you would receive upon mandatory conversion of our mandatory convertible preferred stock (and the related conversion of the depository shares) is not fixed, but instead will depend on the applicable market value, which is the average VWAP per share of our common stock over the final averaging period, which is the 20 consecutive trading day period beginning on, and including, the 22nd scheduled trading day immediately preceding November 15, 2019. The aggregate market value of the shares of our common stock that you would receive upon mandatory conversion may be less than the aggregate liquidation preference of the mandatory convertible preferred stock represented by your depository shares. Specifically, if the applicable market value of our common stock is less than the initial price of \$ (which is approximately equal to the per share closing price of our common stock on , 2016)), subject to certain anti-dilution adjustments, the market value of the shares of our common stock that you would receive upon mandatory conversion of each share of mandatory convertible preferred stock will be less than the \$1,000 liquidation preference per share of mandatory convertible preferred stock (and, accordingly the market value of shares of our common stock that you would receive upon mandatory conversion of each depository share will be less than the \$50 liquidation preference per depository share), and an investment in the depository shares would result in a loss. Accordingly, you will bear the entire risk of a decline in the market price of our common stock. Any such decline could be substantial.

In addition, because the number of shares delivered to you upon mandatory conversion will be based upon the applicable market value, which is the average VWAP per share of our common stock over the final averaging period, the shares of common stock you receive upon mandatory conversion may be worth less than the shares of common



stock you would have received had the applicable market value been equal to the VWAP per share of our common stock on the mandatory conversion date or the average VWAP of our common stock over a different period of days.

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***Purchasers of the depositary shares may not realize any or all of the benefit of an increase in the market price of shares of our common stock.***

The aggregate market value of the shares of our common stock that you will receive upon mandatory conversion of each share of our mandatory convertible preferred stock (and the related conversion of the depositary shares) on the mandatory conversion date will only exceed the liquidation preference of \$1,000 per share of mandatory convertible preferred stock (and the liquidation preference of \$50 per depositary share) if the applicable market value of our common stock exceeds the threshold appreciation price of \$ , subject to certain anti-dilution adjustments. The threshold appreciation price represents an appreciation of approximately % over the initial price. If the applicable market value of our common stock exceeds the threshold appreciation price, you will receive on the mandatory conversion date approximately % (which percentage is approximately equal to the initial price *divided by* the threshold appreciation price) of the value of our common stock that you would have received if you had made a direct investment in our common stock on the date of this prospectus supplement. This means that the opportunity for equity appreciation provided by an investment in the depositary shares (and the underlying mandatory convertible preferred stock) is less than that provided by a direct investment in shares of our common stock.

In addition, if the market value of our common stock appreciates and the applicable market value of our common stock is equal to or greater than the initial price but less than or equal to the threshold appreciation price, the aggregate market value of the shares of our common stock that you would receive upon mandatory conversion will only be equal to the aggregate liquidation preference of the mandatory convertible preferred stock (and, correspondingly, the aggregate market value of our common stock that you would receive upon the related mandatory conversion of the depositary shares will only be equal to the aggregate liquidation preference of the depositary shares), and you will realize no equity appreciation on our common stock.

***The market price of our common stock, which may fluctuate significantly, will directly affect the market price for the depositary shares.***

We expect that, generally, the market price of our common stock will affect the market price of the depositary shares more than any other single factor. This may result in greater volatility in the market price of the depositary shares than would be expected for nonconvertible preferred stock or depositary shares representing nonconvertible preferred stock. The market price of our common stock will likely fluctuate in response to a number of factors, including our financial condition, operating results and prospects, as well as economic, financial and other factors, such as prevailing interest rates, interest rate volatility, reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, or changes in our industry and competitors and government regulations, many of which are beyond our control. For more information regarding such factors, see the Risk Factors sections of this prospectus supplement entitled Strategic Risks, Operational Risks, Financial Risks, Legal and Compliance Risks and Common Stock Risks.

In addition, we expect that the market price of the depositary shares will be influenced by yield and interest rates in the capital markets, the time remaining to the mandatory conversion date, our creditworthiness and the occurrence of certain events affecting us that do not require an adjustment to the fixed conversion rates. Fluctuations in yield rates in particular may give rise to arbitrage opportunities based upon changes in the relative values of the depositary shares and our common stock. Any such arbitrage could, in turn, affect the market prices of our common stock and the depositary shares. The market price of our common stock could also be affected by possible sales of our common stock by investors who view the depositary shares as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the market price of the depositary shares.

***Recent regulatory actions may adversely affect the trading price and liquidity of the depositary shares.***

We expect that many investors in, and potential purchasers of, the depositary shares will employ, or seek to employ, a convertible arbitrage strategy with respect to the depositary shares. Investors would typically

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implement such a strategy by selling short the common stock underlying the convertible securities and dynamically adjusting their short position while continuing to hold the securities. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a Limit Up-Limit Down program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the depositary shares to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the depositary shares.

***The fundamental change conversion rate and the payment of the fundamental change dividend make-whole amount upon the occurrence of certain fundamental changes may not adequately compensate you for the lost option value and lost dividends as a result of early conversion upon a fundamental change.***

If a fundamental change (as defined under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder Upon Fundamental Change; Fundamental Change Dividend Make-whole Amount ) occurs on or prior to November 15, 2019, the fundamental change conversion rate will apply to any shares of mandatory convertible preferred stock (and, accordingly, the depositary shares) converted during the fundamental change conversion period (as defined under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder Upon Fundamental Change; Fundamental Change Dividend Make-whole Amount ) unless the stock price is less than \$ or above \$ (in each case, subject to adjustment) and, with respect to those shares of mandatory convertible preferred stock (and, accordingly, those depositary shares) converted, you will also receive, among other consideration, a fundamental change dividend make-whole amount, subject to our right to deliver shares of common stock in lieu of all or part of such amount. The number of shares of common stock to be issued upon conversion in connection with a fundamental change will be determined as described under Description of Mandatory Convertible Preferred Stock Conversion at the Option of the Holder Upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. Although the fundamental change conversion rate and the payment of the fundamental change dividend make-whole amount are generally designed to compensate you for the lost option value that you would suffer and lost dividends as a result of converting your depositary shares representing our mandatory convertible preferred stock upon a fundamental change, the fundamental change conversion rate is also designed to compensate us for the lost option value that we would suffer as a result of any such conversion. As a result, in many cases the fundamental change conversion rate will be less than the conversion rate that would apply upon mandatory conversion. The fundamental change conversion rate and fundamental change dividend make-whole amount are generally only an approximation of such lost option value and lost dividends and may not adequately compensate you for your actual loss. Furthermore, our obligation to deliver a number of shares of common stock, per share of the mandatory convertible preferred stock (and your corresponding right to receive a proportionate number of shares of our common stock per depositary share), equal to the fundamental change conversion rate and pay the fundamental change dividend make-whole amount (whether paid or delivered, as the case may be, in cash or shares of our common stock) upon a conversion during the fundamental change conversion period could be considered a penalty under state law, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.



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***The fixed conversion rates of the mandatory convertible preferred stock and, in turn, the depositary shares may not be adjusted for all dilutive events that may adversely affect the market price of the depositary shares or the common stock issuable upon conversion of the mandatory convertible preferred stock.***

The fixed conversion rates of the mandatory convertible preferred stock and, in turn, the depositary shares are subject to adjustment only for share subdivisions and combinations, share dividends and specified other transactions. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments for further discussion of anti-dilution adjustments. However, other events, such as employee stock option grants, offerings of our common stock or securities convertible into common stock (other than those set forth under Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments ) for cash or in connection with acquisitions, and third-party tender or exchange offers, which may adversely affect the market price of our common stock, will not result in any adjustment. Further, if any of these other events adversely affects the market price of our common stock, it may also adversely affect the market price of the depositary shares. In addition, the terms of our mandatory convertible preferred stock and the depositary shares do not restrict our ability to offer common stock or securities convertible into common stock in the future or to engage in other transactions that could dilute our common stock. We have no obligation to consider the specific interests of the holders of our mandatory convertible preferred stock or the depositary shares in engaging in any such offering or transaction.

***Purchasers of the depositary shares may be adversely affected upon the issuance of a new series of preferred stock ranking equally with the mandatory convertible preferred stock represented by the depositary shares sold in this offering.***

The terms of our mandatory convertible preferred stock will not restrict our ability to offer a new series of preferred stock that ranks equally with our mandatory convertible preferred stock as to dividend payments and liquidation preference in the future. We have no obligation to consider the specific interests of the holders of our mandatory convertible preferred stock or the depositary shares in engaging in any such offering or transaction.

***The possibility of the sale of our common stock in the future could reduce the market price of our common stock and, in turn, the depositary shares.***

In the future, we may sell additional shares of our common stock to raise capital or acquire interests in other companies by using a combination of cash and our common stock or just our common stock. Any of these events may dilute your ownership interest in our company and have an adverse impact on the price of our common stock and, in turn, the depositary shares. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and upon conversion of the mandatory convertible preferred stock. Furthermore, sales of a substantial amount of our common stock in the public market, or the perception that these sales may occur, could reduce the market price of our common stock and, in turn, the depositary shares. This could also impair our ability to raise additional capital through the sale of our securities.

***You will have no rights with respect to our common stock until you convert your depositary shares, but you may be adversely affected by certain changes made with respect to our common stock.***

You will have no rights with respect to our common stock, including voting rights, rights to respond to common stock tender offers, if any, and rights to receive dividends or other distributions on our common stock, if any, prior to the conversion date with respect to a conversion of your depositary shares, but your investment in the depositary shares may be negatively affected by these events. Upon conversion, you will be entitled to exercise the rights of a holder of common stock only as to matters for which the record date occurs on or after the conversion date. For example, in the event that an amendment is proposed to our Amended and Restated Certificate of Incorporation or our Amended and

Restated By-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date, you will not be entitled to vote on the amendment, unless it would adversely affect the rights, preferences, privileges and voting powers of the mandatory convertible preferred stock, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

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***You will have no voting rights except under limited circumstances, and you will need to act through the bank depositary to exercise voting rights with respect to our mandatory convertible preferred stock.***

You do not have voting rights, except with respect to certain amendments to the terms of the mandatory convertible preferred stock, in the case of certain dividend arrearages, in certain other limited circumstances and except as specifically required by Delaware law. You will have no right to vote for any members of our board of directors except in the case of certain dividend arrearages. If dividends on any shares of the mandatory convertible preferred stock have not been declared and paid for the equivalent of six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the first original issue date of the mandatory convertible preferred stock and ending on, but excluding, February 15, 2017), whether or not for consecutive dividend periods, the holders of shares of mandatory convertible preferred stock, voting together as a single class with holders of any and all other classes or series of our preferred stock ranking equally with the mandatory convertible preferred stock as to dividends and the distribution of assets upon liquidation, dissolution or winding up and having similar voting rights, will be entitled to vote for the election of a total of two additional members of our board of directors, subject to the terms and limitations described under Description of Mandatory Convertible Preferred Stock Voting Rights. Holders of depositary shares must act through the bank depositary to exercise any voting rights in respect of our mandatory convertible preferred stock.

***Our mandatory convertible preferred stock will rank junior to all of our and our subsidiaries liabilities, as well as the capital stock of our subsidiaries held by third parties, in the event of a bankruptcy, liquidation or winding up of our or our subsidiaries assets.***

In the event of a bankruptcy, liquidation or winding up, our assets will be available to make payments to holders of our mandatory convertible preferred stock only after all of our liabilities have been paid. In addition, our mandatory convertible preferred stock will rank structurally junior to all existing and future liabilities of our subsidiaries, as well as the capital stock of our subsidiaries held by third parties. Your rights to participate in the assets of our subsidiaries upon any liquidation or reorganization of any subsidiary will rank junior to the prior claims of that subsidiary's creditors and third party equity holders. In the event of a bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries liabilities, to pay any amounts to the holders of our mandatory convertible preferred stock then outstanding. As of September 30, 2016, we and our subsidiaries had total outstanding consolidated debt of approximately \$1,822.7 million, and we had no outstanding shares of preferred stock.

***Our ability to pay dividends on our mandatory convertible preferred stock may be limited.***

Our payment of dividends on our mandatory convertible preferred stock in the future will be determined by our board of directors (or an authorized committee thereof) in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors.

We are a holding company and depend upon distributions of cash from our subsidiaries to fund our cash needs, including dividends on the mandatory convertible preferred stock. Our credit agreement contains limitations on our subsidiaries ability to make dividends or distributions to us. See Description of Certain Indebtedness. In addition, any new credit facility that we may enter into may have similar restrictions on distributions by subsidiaries to us, and if we are a party, restrictions on our ability to pay dividends on the mandatory convertible preferred stock. In the event that the agreements governing any such indebtedness restrict our ability to obtain cash from our subsidiaries needed to pay dividends in cash on the mandatory convertible preferred stock, or contain direct restrictions on our payment of such dividends, we may be unable to pay dividends in cash on the mandatory convertible preferred stock unless we can refinance the amounts outstanding under such agreements.



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In addition, under Delaware law, our board of directors (or an authorized committee thereof) may declare dividends on our capital stock (whether in cash or in shares of our common stock) only to the extent of our

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statutory surplus (which is defined as the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to pay cash dividends on the mandatory convertible preferred stock, we may not have sufficient cash to pay dividends in cash on the mandatory convertible preferred stock (and, in turn, on the depositary shares).

If upon mandatory conversion or an early conversion at the option of a holder (other than during a fundamental change conversion period, except in limited circumstances) we have not declared and paid all or any portion of the accumulated and unpaid dividends payable on the mandatory convertible preferred stock for specified periods, the applicable conversion rate will be adjusted so that converting holders receive an additional number of shares of common stock having a market value generally equal to the amount of such accumulated and unpaid dividends, subject to the limitations described under Description of the Mandatory Convertible Preferred Stock Mandatory Conversion and Conversion at the Option of the Holder. If upon an early conversion during the fundamental change conversion period we have not declared and paid all or any portion of the accumulated and unpaid dividends payable on the mandatory convertible preferred stock for specified periods, we will pay the amount of such accumulated and unpaid dividends in cash, shares of our common stock or any combination thereof, in our sole discretion (or, in certain circumstances, make a corresponding adjustment to the conversion rate), subject in each case to the limitations described under Conversion at the Option of the Holder Upon Fundamental Change; Fundamental Change Dividend Make-whole Amount. In the case of mandatory conversion or conversion upon a fundamental change, if these limits to the adjustment of the conversion rate or the amount of such dividends payable in shares, as applicable, are reached, we will pay the shortfall in cash if we are legally permitted to do so. We will not have an obligation to pay the shortfall in cash if these limits to the adjustment of the conversion rate are reached in the case of an early conversion at the option of the holder (or in the case of an early conversion during the fundamental change conversion period, if we are required to make an adjustment to the conversion rate in respect of any accumulated and unpaid dividends).

***You may be subject to tax with respect to the mandatory convertible preferred stock even though you do not receive a corresponding cash distribution.***

The conversion rate of the mandatory convertible preferred stock is subject to adjustment in certain circumstances. See Description of Mandatory Convertible Preferred Stock Anti-dilution Adjustments. If, as a result of an adjustment (or failure to make an adjustment), your proportionate interest in our assets or earnings and profits is increased, you may be deemed to have received for U.S. federal income tax purposes a taxable distribution, taxable as a dividend to the extent of our current or accumulated earnings and profits, without the receipt of any cash. If you are a non-U.S. holder (as defined under Material United States Federal Income Tax Considerations ), such deemed dividend generally will be subject to U.S. federal withholding tax (currently at a 30% rate, or such lower rate as may be specified by an applicable treaty), which may be withheld from subsequent payments on the depositary shares. In addition, we may make distributions to the holders of mandatory convertible preferred stock that are paid in common stock. Any such distribution would be taxable to the same extent as a cash distribution of the same amount. In these circumstances and possibly others, a holder of mandatory convertible preferred stock may be subject to tax even though it has received no cash with which to pay that tax, thus giving rise to an out-of-pocket expense.

Please see Material United States Federal Income Tax Considerations for a further discussion of U.S. federal tax implications for U.S. holders (as defined therein) and non-U.S. holders.

***Non-U.S. holders may be subject to U.S. federal income tax with respect to gain on disposition of their depositary shares or common stock.***

We believe that we currently are not, and do not anticipate becoming, a United States real property holding corporation (a USRPHC ). Because the determination of whether we are a USRPHC depends on the fair market value of our interests in real property located within the United States relative to the fair market value of our

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interests in real property located outside the United States and our other business assets, however, there can be no assurance that we are not or will not become one in the future. If we are or become a USRPHC, non-U.S. holders that own (or are treated as owning under constructive ownership rules) more than 5% of our depositary shares or common stock during a specified time period may be subject to U.S. federal income tax on a sale, exchange, conversion or other disposition of such depositary shares or common stock or distributions on our depositary shares that are treated as a return of capital and may be required to file a U.S. federal income tax return. See Material United States Federal Income Tax Considerations Tax Consequences Applicable to Non-U.S. Holders.

***An active trading market for the depositary shares does not exist and may not develop.***

The depositary shares are a new issue of securities with no established trading market. We do not intend to apply to list the depositary shares on the New York Stock Exchange (the NYSE) unless we are advised by the underwriters prior to issuance of the depositary shares that the minimum distribution requirement established by the NYSE for listing the depositary shares has been satisfied and the underwriters request that we apply for listing of the depositary shares on the NYSE. Even if the underwriters request that we apply for listing of the depositary shares on the NYSE and the depositary shares are approved for listing, such listing does not guarantee that a trading market for the depositary shares will develop or, if a trading market for the depositary shares does develop, the depth or liquidity of that market or the ability of the holders to sell the depositary shares, or to sell the depositary shares at a favorable price.

**Common Stock Risks**

***The price of our common stock historically has been volatile. This volatility may affect the price at which you could sell the common stock you receive upon conversion of your depositary shares.***

The market price for our common stock has varied between a high of \$22.97 on April 28, 2016 and a low of \$14.04 on January 20, 2016 in the twelve-month period ending on November 29, 2016. This volatility may affect the price at which you could sell the common stock you receive upon conversion of your depositary shares, and the sale of substantial amounts of our common stock could adversely affect the price of our common stock and the value of your depositary shares. Our stock price is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors, including the other factors discussed in Risks Related to Our Business; variations in our quarterly operating results from our expectations or those of securities analysts or investors; downward revisions in securities analysts' estimates; and announcement by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments.

In addition, the sale of substantial amounts of our common stock could adversely impact its price. As of September 30, 2016, we had outstanding approximately 102,754,116 shares of our common stock and options to purchase approximately 8,822,705 shares of our common stock (of which approximately 3,950,120 were exercisable as of that date). We also had outstanding approximately 239,397 nonvested restricted stock units and 264,202 nonvested performance stock units as of September 30, 2016. The sale or the availability for sale of a large number of shares of our common stock in the public market could cause the price of our common stock, and the value of your depositary shares, to decline.

***Delaware law and our charter documents may impede or discourage a takeover, which could reduce the market price of our common stock and the value of your depositary shares.***

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing

stockholders. In addition, our board of directors or a committee thereof has the power, without stockholder approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock. The ability of our board of directors or a committee thereof to create and issue a new series of preferred

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stock, our stockholders rights plan and certain provisions of Delaware law and our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock and the value of your depositary shares.

*The mandatory convertible preferred stock and the depositary shares may adversely affect the market price of our common stock.*

The market price of our common stock is likely to be influenced by the mandatory convertible preferred stock and the depositary shares. For example, the market price of our common stock could become more volatile and could be depressed by:

investors' anticipation of the potential resale in the market of a substantial number of additional shares of our common stock received upon conversion of the mandatory convertible preferred stock (and, correspondingly, the depositary shares);

possible sales of our common stock by investors who view the depositary shares as a more attractive means of equity participation in us than owning shares of our common stock; and

hedging or arbitrage trading activity that may develop involving the depositary shares and our common stock.

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**USE OF PROCEEDS**

We expect to receive net proceeds from this offering of approximately \$339.1 million, or \$390.0 million if the underwriters exercise their option to purchase additional depositary shares in full, after deducting the underwriting discounts and estimated offering expenses.

We intend to use the net proceeds of this offering to repay approximately \$169.6 million (or \$195.0 million if the underwriters exercise their option to purchase additional depositary shares in full) of our outstanding term loan indebtedness under our credit agreement, as described more fully under -Description of Certain Indebtedness, with the remainder for general corporate purposes. The credit agreement provides for loans consisting of a term loan facility with a maturity date of August 21, 2020 and a revolving credit facility with a maturity date of March 15, 2019. The borrowings under our credit agreement bear interest pursuant to a leverage-based pricing grid. At September 30, 2016, the borrowings under the credit agreement had an effective and average interest rate of 4.00%, determined as the London Interbank Offered Rate (subject to a 1% floor) plus an applicable margin of 3.00%.

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**Table of Contents****CAPITALIZATION**

The following table sets forth our consolidated cash and cash equivalents and capitalization as of September 30, 2016:

on an actual basis; and

as adjusted to give effect to the completion of this offering, after deducting the underwriting discounts and estimated offering expenses (assuming, in each case, no exercise of the underwriters' option to purchase additional shares).

(in millions)	As of September 30, 2016	
	Actual	As adjusted
Cash and cash equivalents:	\$ 208.5	\$ 378.1
Debt:		
Term loan (1)	\$ 1,783.6	\$ 1,614.1
New Market Tax Credit (2)	36.8	36.8
Other (3)	2.3	2.3
Total	\$ 1,822.7	\$ 1,653.2
Stockholders' equity (deficit):		
% Series A mandatory convertible preferred stock, \$0.01 par value; no shares authorized or issued, actual, 402,500 shares authorized and 350,000 shares issued, as adjusted		0.0
Common stock, \$0.01 par value; 200,000,000 shares authorized; 102,754,116 shares issued, actual and as adjusted	1.0	1.0
Additional paid-in capital	867.7	1,217.7
Retained deficit	(86.1)	(86.1)
Accumulated other comprehensive loss	(137.2)	(137.2)
Total stockholders' equity	645.4	995.4
Total capitalization	\$ 2,468.1	\$ 2,648.6

(1) Outstanding under our credit agreement. Includes an unamortized original issue discount and debt issuance costs of \$17.8 million at September 30, 2016. See Description of Certain Indebtedness.

(2) Through our participation in the federal New Market Tax Credit program, pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, we have secured low interest financing and the potential for



future debt forgiveness related to eligible capital projects. Includes unamortized debt issuance costs of \$0.5 million as of September 30, 2016.

- (3) Includes additional debt at various wholly-owned subsidiaries, comprised primarily of borrowings at foreign subsidiaries and capital lease obligations.

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Table of Contents**PRICE RANGE OF OUR COMMON STOCK**

Our common stock is traded on the NYSE under the symbol RXN. The following table sets forth for the indicated period the high and low sales prices per share for our common stock on the NYSE.

	<b>High</b>	<b>Low</b>
<b>Fiscal 2017:</b>		
Third Quarter through November 29, 2016	\$ 22.15	\$ 15.80
Second Quarter	\$ 22.50	\$ 18.97
First Quarter	\$ 22.97	\$ 18.38
<b>Fiscal 2016:</b>		
Fourth Quarter	\$ 20.63	\$ 14.04
Third Quarter	\$ 20.98	\$ 16.33
Second Quarter	\$ 24.32	\$ 16.60
First Quarter	\$ 27.73	\$ 23.42
<b>Fiscal 2015:</b>		
Fourth Quarter	\$ 28.36	\$ 24.20
Third Quarter	\$ 29.95	\$ 24.89
Second Quarter	\$ 29.88	\$ 26.22
First Quarter	\$ 30.25	\$ 25.08

The closing price of our common stock on the NYSE on November 29, 2016 was \$21.20 per share.

As of October 31, 2016, there were 102,761,239 shares of our common stock outstanding held by five holders of record. We believe the number of beneficial owners of our common stock exceeds 500.

**DIVIDEND POLICY**

We have paid no cash dividends on our common stock and have no current intention of doing so. Any future determination to pay cash dividends will be at the discretion of our Board, subject to applicable limitations under Delaware law, and will be dependent upon our results of operations, financial condition, contractual restrictions and other factors deemed relevant by our Board.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The ratio of earnings to fixed charges shows the coverage of earnings before income taxes to fixed charges, which consist primarily of interest expense. Our ratio of earnings to fixed charges for each of the periods indicated is as follows:

	<b>Six Months Ended September 30,</b>		<b>Year Ended March 31,</b>			
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Ratio of Earnings to Fixed Charges (1)(2)	1.8	1.9	2.2	1.1	1.4	1.2

(1) No preferred stock was outstanding for any period presented in the table above and, accordingly, our ratio of earnings to combined fixed charges and preferred stock dividends is the same as our ratio of earnings to fixed charges.

(2) Our ratio of earnings to fixed charges and preferred stock dividends pro forma for this offering is \_\_\_\_\_ for the six months ended September 30, 2016 and \_\_\_\_\_ for the year ended March 31, 2015.

We compute the ratio of earnings to fixed charges by dividing earnings by fixed charges. For purposes of this computation, fixed charges consist of interest expense, amortization of debt discount and financing costs and the estimated interest portion of rental expense. We estimate the interest portion of rental expense to be approximately 33%. Earnings are defined as consolidated income from continuing operations before income taxes, plus fixed charges less earnings (losses) of equity method investees and pretax noncontrolling interests in consolidated subsidiaries with no fixed charges.

We compute the ratio of earnings to combined fixed charges and preferred stock dividends by dividing earnings by the sum of fixed charges and dividends on our preferred stock. Preferred stock dividends are defined as earnings before tax required to pay the dividends on outstanding preferred stock.

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**DESCRIPTION OF CERTAIN INDEBTEDNESS**

We are party to a Third Amended and Restated First Lien Credit Agreement, dated as of August 21, 2013 and amended as of November 2, 2016 (referred to, as amended, as our credit agreement), with Credit Suisse AG, as administrative agent, and a syndicate of banks and other financial institutions as lenders. The credit agreement provides for loans of up to \$2,215.0 million, consisting of (i) a \$1,950.0 million term loan facility with a maturity date of August 21, 2020; and (ii) a \$265.0 million revolving credit facility with a maturity date of March 15, 2019. Under the revolving credit facility, we have borrowing capacity available for letters of credit and for borrowings on a same-day notice.

As of September 30, 2016, our borrowings under the term loan facility were \$1,783.6 million (net of \$17.8 million unamortized original issue discount and debt issuance costs). No amounts were borrowed under the revolving credit facility; however, \$19.5 million was considered utilized in connection with outstanding letters of credit.

The interest rates under the credit agreement are subject to a leverage-based pricing grid. In addition to paying interest on outstanding principal under the senior secured credit facilities, we are required to pay a commitment fee to the lenders under the revolving credit facility with respect to the unutilized commitments thereunder at a rate per annum determined according to a leveraged-based pricing grid.

The credit agreement, among other things: (i) allows for one or more future issuances of secured notes, which may include, in each case, indebtedness secured on a pari passu basis with the obligations under the senior secured credit facilities, so long as, in each case, among other things, (x) an agreed amount of the net cash proceeds from any such issuance are used to prepay term loans under the senior secured credit facilities at par and (y) the principal amount of such issuance does not exceed the principal amount of the loans so prepaid and (ii) subject to the requirement to make such offers on a pro rata basis to all lenders and certain other restrictions, allows us to agree with individual lenders to extend the maturity date of any of the loans and/or commitments provided by such lenders and to otherwise modify the terms of the loans and/or commitments provided by such lenders (including, without limitation, increasing the interest rate or fees payable in respect of such loans and/or commitments and/or modifying the amortization schedule in respect of such loans).

The credit agreement also contains a number of typical covenants that, among other things, constrain, subject to certain fully-negotiated exceptions, our ability, and the ability of our subsidiaries, to: sell assets; incur additional indebtedness; repay other indebtedness; pay dividends and distributions, repurchase its capital stock, or make payments, redemptions or repurchases in respect to certain indebtedness; create liens on assets; make investments, loans, guarantees or advances; make certain acquisitions; engage in certain mergers or consolidations; enter into sale-and-leaseback transactions; engage in certain transactions with affiliates; amend certain material agreements governing its indebtedness; amend its organizational documents; change the business conducted by it and its subsidiaries; and enter into agreements that restrict dividends from subsidiaries. In addition, payment of borrowings under the credit agreement may be accelerated upon an event of default. Events of default include, among others, the failure to pay principal and interest when due, a material inaccuracy of a representation or warranty, covenant defaults, certain non-payments or defaults under other material indebtedness, events of bankruptcy and a change of control. As of September 30, 2016, we were in compliance with all applicable covenants under our credit agreement, including compliance with a maximum permitted first lien leverage ratio (the sole financial maintenance covenant under the revolver) of 7.75 to 1.00 (which was changed to a total net leverage ratio of 6.75 to 1.00 effective November 2, 2016).

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**DESCRIPTION OF MANDATORY CONVERTIBLE PREFERRED STOCK**

The following is a summary of certain terms of our % Series A Mandatory Convertible Preferred Stock, par value \$0.01 per share, which we refer to in this prospectus supplement as our mandatory convertible preferred stock, but is not necessarily complete. The following summary supplements and, to the extent that it is inconsistent, replaces the description of our preferred stock in the accompanying prospectus.

A copy of our Amended and Restated Certificate of Incorporation, including the certificate of designations for the mandatory convertible preferred stock, and the form of mandatory convertible preferred stock share certificate are available upon request from us at the address set forth under Where You Can Find More Information. The following summary of the terms of the mandatory convertible preferred stock is subject to, and qualified in its entirety by reference to, the provisions of such documents.

The bank depositary will initially be the sole holder of our mandatory convertible preferred stock. However, the holders of depositary shares will be entitled, through the bank depositary, to exercise the rights, preferences, privileges and voting powers of the holders of our mandatory convertible preferred stock, subject to the terms of the deposit agreement and as described under Description of Depositary Shares below. Each depositary share represents a 1/20th interest in a share of our mandatory convertible preferred stock

As used in this section, the terms Rexnord, us, we or our refer to Rexnord Corporation and not any of its subsidiaries

**General**

Under our Amended and Restated Certificate of Incorporation, our board of directors is authorized, without further stockholder action, to issue up to 10,000,000 shares of preferred stock, par value \$0.01 per share, in one or more series, with such voting powers (if any), designation, powers, preferences, and relative, participating, optional or other rights, if any, and any qualifications, limitations or restrictions, as shall be set forth in the resolutions providing therefor. We do not currently have any shares of our preferred stock outstanding. At the consummation of this offering, we will issue 350,000 shares of mandatory convertible preferred stock in the form of 7,000,000 depositary shares. In addition, we have granted the underwriters an option to purchase up to 52,500 additional shares of our mandatory convertible preferred stock in the form of 1,050,000 depositary shares to cover over-allotments, if any, in accordance with the procedures set forth under Underwriting.

When issued, the mandatory convertible preferred stock and any common stock issued upon the conversion of the mandatory convertible preferred stock will be fully paid and nonassessable. The holders of the mandatory convertible preferred stock will have no preemptive or preferential rights to purchase or subscribe to stock, obligations, warrants or other securities of Rexnord of any class. American Stock Transfer & Trust Company, LLC is the transfer agent and registrar of our common stock and will serve as transfer agent, registrar, conversion and dividend disbursing agent for the mandatory convertible preferred stock.

We do not intend to list our mandatory convertible preferred stock on any securities exchange or any automated dealer quotation system. In addition, we do not intend to apply to list the depositary shares on the New York Stock Exchange (the NYSE ) unless we are advised by the underwriters prior to issuance of the depositary shares that the minimum distribution requirement established by the NYSE for listing the depositary shares has been satisfied and the underwriters request that we apply for listing of the depositary shares on the NYSE as described under Description of Depositary Shares Listing.

**Ranking**

The mandatory convertible preferred stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks:

senior to (i) our common stock and (ii) each other class of capital stock established after the first date of original issue of the mandatory convertible preferred stock (which we refer to as the initial issue

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date ) the terms of which do not expressly provide that such class ranks either (x) senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution or (y) on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as junior stock );

on a parity with any class of capital stock established after the initial issue date the terms of which expressly provide that such class will rank on a parity with the mandatory convertible preferred stock as to dividend rights and rights upon our liquidation, winding-up or dissolution (which we refer to collectively as parity stock );

junior to each class of capital stock established after the initial issue date the terms of which expressly provide that such class will rank senior to the mandatory convertible preferred stock as to dividend rights or rights upon our liquidation, winding-up or dissolution (which we refer to collectively as senior stock ); and

junior to our existing and future indebtedness.

In addition, the mandatory convertible preferred stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, will be structurally subordinated to existing and future indebtedness of our subsidiaries as well as the capital stock of our subsidiaries held by third parties.

As of September 30, 2016, we had total outstanding consolidated debt of approximately \$1,822.7 million and no outstanding shares of preferred stock.

**Dividends**

Subject to the rights of holders of any class of capital stock ranking senior to the mandatory convertible preferred stock with respect to dividends, holders of shares of mandatory convertible preferred stock will be entitled to receive, when, as and if declared by our board of directors, or an authorized committee thereof, out of our surplus (as such term is defined and used in the Delaware General Corporation Law), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year (collectively, the funds available to pay dividends ), cumulative dividends at the rate per annum of % on the liquidation preference of \$1,000 per share of mandatory convertible preferred stock (equivalent to \$ per annum per share), payable in cash, by delivery of shares of our common stock or through any combination of cash and shares of our common stock, as determined by us in our sole discretion (subject to the limitations described below). See Method of Payment of Dividends. Declared dividends on the mandatory convertible preferred stock will be payable quarterly on February 15, May 15, August 15 and November 15 of each year to, and including, November 15, 2019, commencing February 15, 2017 (each, a dividend payment date ), at such annual rate, and dividends shall accumulate from the most recent dividend payment date as to which dividends shall have been paid or, if no dividends have been paid, from the initial issue date of the mandatory convertible preferred stock, whether or not in any dividend period or periods there were funds available to pay dividends. Declared dividends will be payable on the relevant dividend payment date to holders of record as they appear on our stock register at 5:00 p.m., New York City time, on the February 1, May 1, August 1 or November 1, as the case may be, immediately preceding the relevant dividend payment date (each, a record date ), whether or not such holders convert their shares, or such shares are automatically converted, after a record date and on or prior to the immediately succeeding dividend payment date. These record dates will apply regardless of whether a particular record date is a business day. A business day means any day other than a Saturday or Sunday or other day on which commercial banks in New York City are authorized or required by law or executive order to close. If a dividend

payment date is not a business day, payment will be made on the next succeeding business day, without any interest or other payment in lieu of interest accruing with respect to this delay.

A full dividend period is the period from, and including, a dividend payment date to, but excluding, the next dividend payment date, except that the initial dividend period will commence on, and include, the initial issue date of our mandatory convertible preferred stock and will end on, and exclude, the February 15, 2017 dividend

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payment date. The amount of dividends payable on each share of mandatory convertible preferred stock for each full dividend period (after the initial dividend period) will be computed by dividing the annual dividend rate by four. Dividends payable on the mandatory convertible preferred stock for the initial dividend period and any partial dividend period will be computed based upon the actual number of days elapsed during the period over a 360-day year (consisting of twelve 30-day months). Accordingly, the dividend on the mandatory convertible preferred stock for the first dividend period, assuming the initial issue date is \_\_\_\_\_, 2016, will be approximately \$ \_\_\_\_\_ per share (based on the annual dividend rate of \_\_\_\_\_ % and a liquidation preference of \$1,000 per share) and will be payable, when, as and if declared, on February 15, 2017. The dividend on the mandatory convertible preferred stock for each subsequent full dividend period, when, as and if declared, will be approximately \$ \_\_\_\_\_ per share (based on the annual dividend rate of \_\_\_\_\_ % and a liquidation preference of \$1,000 per share). Accumulated dividends will not bear interest if they are paid subsequent to the applicable dividend payment date.

No dividend will be declared or paid upon, or any sum or number of shares of common stock set apart for the payment of dividends upon, any outstanding share of the mandatory convertible preferred stock with respect to any dividend period unless all dividends for all preceding dividend periods have been declared and paid upon, or a sufficient sum or number of shares of common stock have been set apart for the payment of such dividends upon, all outstanding shares of mandatory convertible preferred stock.

We are a holding company and depend upon distributions of cash from our subsidiaries to fund our cash needs, including dividends on the mandatory convertible preferred stock. Our credit agreement contains limitations on our subsidiaries ability to make dividends or distributions to us. See Description of Certain Indebtedness. In addition, any new credit facility that we may enter into may have similar restrictions on distributions by subsidiaries to us, and if we are a party, restrictions on our ability to pay dividends on the mandatory convertible preferred stock. In addition, our ability to declare and pay dividends may be limited by applicable Delaware law. See Risk Factors Risks Related to the Depositary Shares and Our Mandatory Convertible Preferred Stock Our ability to pay dividends on our mandatory convertible preferred stock may be limited and Description of Certain Indebtedness.

So long as any share of the mandatory convertible preferred stock remains outstanding, no dividend or distribution shall be declared or paid on the common stock or any other shares of junior stock, and no common stock or other junior stock or parity stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by us or any of our subsidiaries unless all accumulated and unpaid dividends for all preceding dividend periods have been declared and paid upon, or a sufficient sum or number of shares of common stock have been set apart for the payment of such dividends upon, all outstanding shares of mandatory convertible preferred stock. The foregoing limitation shall not apply to: (i) a dividend payable on any common stock or other junior stock in shares of any common stock or other junior stock, (ii) the acquisition of shares of any common stock or other junior stock in exchange for shares of any common stock or other junior stock and the payment of cash in lieu of any fractional share; (iii) purchases of fractional interests in shares of any common stock or other junior stock pursuant to the conversion or exchange provisions of such shares of other junior stock or any securities exchangeable for or convertible into such shares of common stock or other junior stock; (iv) redemptions, purchases or other acquisitions of shares of common stock or other junior stock in connection with the administration of any employee benefit plan in the ordinary course of business, including, without limitation, the forfeiture of unvested shares of restricted stock or share withholdings upon exercise, delivery or vesting of equity awards granted to officers, directors and employees and the payment of cash in lieu of any fractional share; (v) any dividends or distributions of rights or common stock or other junior stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan, and any related payment of cash in lieu of fractional shares; (vi) the acquisition by us or any of our subsidiaries of record ownership in common stock or other junior stock or parity stock for the beneficial ownership of any other persons (other than us or any of our subsidiaries), including as trustees or custodians; (vii) the exchange or conversion of junior stock for or into other junior stock; and (viii) the exchange or conversion of parity stock for or

into other parity stock (with the same or lesser aggregate liquidation amount) or junior stock, and any related payment of cash in lieu of fractional shares.

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When dividends on shares of the mandatory convertible preferred stock have not been paid in full on any dividend payment date or declared and a sum or number of shares of common stock sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date, no dividends may be declared or paid on any parity stock unless dividends are declared on the mandatory convertible preferred stock such that the respective amounts of such dividends declared on the mandatory convertible preferred stock and each such other class or series of parity stock shall bear the same ratio to each other as all accumulated and unpaid dividends per share on the shares of the mandatory convertible preferred stock and such class or series of parity stock (subject to their having been declared by the board of directors, or an authorized committee thereof, out of our funds available to pay dividends) bear to each other, in proportion to their respective liquidation preferences; *provided* that any unpaid dividends will continue to accumulate.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the board of directors, or an authorized committee thereof, may be declared and paid on any securities, including common stock and other junior stock, from time to time out of our funds available to pay dividends, and holders of the mandatory convertible preferred stock shall not be entitled to participate in any such dividends.

If we are (or an applicable withholding agent is) required to withhold on distributions to a holder (see [Material United States Federal Income Tax Considerations](#) ) and pay the applicable withholding taxes, we may, or the applicable withholding agent may, withhold such taxes from payments of cash or shares of common stock payable to such holder.

## **Method of Payment of Dividends**

Subject to the limitations described below, we may pay any declared dividend (or any portion of any declared dividend) on the mandatory convertible preferred stock (whether or not for a current dividend period or any prior dividend period), determined in our sole discretion:

by paying cash;

by delivering shares of our common stock; or

through any combination of paying cash and delivering shares of our common stock.

We will make each payment of a declared dividend on the mandatory convertible preferred stock in cash, except to the extent we elect to make all or any portion of such payment in shares of our common stock. We will give the holders of the mandatory convertible preferred stock notice of any such election, and the portion of such payment that will be made in cash and the portion that will be made in common stock, on the earlier of the date we declare such dividend and the tenth scheduled trading day (as defined below) immediately preceding the dividend payment date for such dividend.

If we elect to make any payment of a declared dividend, or any portion thereof, in shares of our common stock, such shares shall be valued for such purpose at the average VWAP per share (as defined below) of our common stock over the five consecutive trading day period ending on the second trading day immediately preceding the applicable dividend payment date (the five-day average price ), *multiplied by 97%*.

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No fractional shares of common stock will be delivered to the holders of the mandatory convertible preferred stock in respect of dividends. We will instead pay a cash adjustment to each holder that would otherwise be entitled to a fraction of a share of common stock based on the five-day average price.

To the extent a shelf registration statement is required in our reasonable judgment in connection with the issuance of or for resales of common stock issued as payment of a dividend, including dividends paid in

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connection with a conversion, we will, to the extent such a registration statement is not currently filed and effective, use our best efforts to file and maintain the effectiveness of such a shelf registration statement until the earlier of such time as all such shares of common stock have been resold thereunder and such time as all such shares are freely tradable without registration by holders other than our affiliates (as such term is defined under the Securities Act). To the extent applicable, we will also use commercially reasonable efforts to have the shares of common stock qualified or registered under applicable state securities laws, if required, and approved for listing on The New York Stock Exchange (or if our common stock is not listed on The New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which our common stock is then listed).

Notwithstanding the foregoing, in no event will the number of shares of our common stock delivered in connection with any declared dividend exceed a number equal to the total dividend payment *divided by* \$ , which amount represents approximately 35% of the initial price (as defined below), subject to adjustment in a manner inversely proportional to any anti-dilution adjustment to each fixed conversion rate as set forth below under *Anti-dilution Adjustments* (such dollar amount, as adjusted, the *floor price* ). To the extent that the amount of the declared dividend as to which we have elected to deliver shares of our common stock in lieu of paying cash exceeds the product of the number of shares of common stock delivered in connection with such declared dividend and 97% of the five-day average price, we will, if we are legally able to do so, notwithstanding any notice by us to the contrary, pay such excess amount in cash. For the avoidance of doubt, if we are unable to pay such excess amount in cash, such excess amount shall constitute accumulated and unpaid dividends on the mandatory convertible preferred stock that have not been paid.

## **Redemption**

The mandatory convertible preferred stock will not be redeemable. However, at our option, we may purchase the mandatory convertible preferred stock or depositary shares from time to time in the open market, by tender offer, by private purchases or otherwise.

## **Liquidation Preference**

In the event of our voluntary or involuntary liquidation, winding-up or dissolution, each holder of mandatory convertible preferred stock will be entitled to receive a liquidation preference in the amount of \$1,000 per share of the mandatory convertible preferred stock (the *liquidation preference* ), plus an amount equal to accumulated and unpaid dividends on the shares to, but excluding, the date fixed for liquidation, winding-up or dissolution to be paid out of our assets available for distribution to our stockholders, after satisfaction of liabilities to our creditors and holders of any senior stock and before any payment or distribution is made to holders of junior stock (including our common stock). If, upon our voluntary or involuntary liquidation, winding-up or dissolution, the amounts payable with respect to the liquidation preference, plus an amount equal to accumulated and unpaid dividends of the mandatory convertible preferred stock and all parity stock are not paid in full, the holders of the mandatory convertible preferred stock and any parity stock will share equally and ratably in any distribution of our assets in proportion to the respective liquidation preferences and amounts equal to accumulated and unpaid dividends to which they are entitled. After payment of the full amount of the liquidation preference and an amount equal to accumulated and unpaid dividends to which they are entitled, the holders of the mandatory convertible preferred stock will have no right or claim to any of our remaining assets.

Neither the sale of all or substantially all of our assets or business (other than in connection with our liquidation, winding-up or dissolution), nor our merger or consolidation into or with any other person, will be deemed to be our voluntary or involuntary liquidation, winding-up or dissolution.

The certificate of designations for our mandatory convertible preferred stock does not contain any provision requiring funds to be set aside to protect the liquidation preference of the mandatory convertible preferred stock even though it is substantially in excess of the par value thereof.

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**Voting Rights**

The holders of the mandatory convertible preferred stock do not have voting rights other than those described below, except as specifically required by Delaware law.

Whenever dividends on any shares of mandatory convertible preferred stock have not been declared and paid for the equivalent of six or more dividend periods (including, for the avoidance of doubt, the dividend period beginning on, and including, the initial issue date and ending on, but excluding, February 15, 2017), whether or not for consecutive dividend periods (a nonpayment), the holders of such shares of mandatory convertible preferred stock, voting together as a single class with holders of any and all other series of voting preferred stock (as defined below) then outstanding, will be entitled at our next special or annual meeting of stockholders to vote for the election of a total of two additional members of our board of directors (the preferred stock directors); *provided* that the election of any such directors will not cause us to violate the corporate governance requirements of The New York Stock Exchange (or any other exchange or automated quotation system on which our securities may be listed or quoted) that requires listed or quoted companies to have a majority of independent directors; *provided further* that our board of directors shall at no time include more than two preferred stock directors. In the event of a nonpayment, we will increase the number of directors on our board of directors by two, and the new directors will be elected at the next annual meeting of stockholders (so long as such meeting is no more than 90 calendar days and no less than 30 calendar days following the occurrence of such nonpayment) and at each subsequent annual meeting, so long as the holders of mandatory convertible preferred stock continue to have such voting rights. If, following the occurrence of a nonpayment, the next annual meeting of stockholders is more than 90 calendar days or less than 30 calendar days following the occurrence of such nonpayment, such election shall be held at such next annual meeting of stockholders, or (if sooner) at a special meeting of stockholders called by our board of directors at the request of the holders of at least 20% of the shares of mandatory convertible preferred stock or of any other series of voting preferred stock (provided that such request is received at least 90 calendar days before the date fixed for the next annual or special meeting of the stockholders, failing which election shall be held at such next annual or special meeting of stockholders), and at each subsequent annual meeting, so long as the holders of mandatory convertible preferred stock continue to have such voting rights. For as long as any shares of the mandatory convertible preferred stock are outstanding, prior to the election of any preferred stock directors by the holders of the mandatory convertible preferred stock, we covenant and agree that we will not decrease the maximum number of directors permitted to comprise our board of directors (whether pursuant to our Amended and Restated Certificate of Incorporation, our Amended and Restated By-laws or otherwise) below a number that is at least two greater than our then-current number of directors.

As used in this prospectus supplement, voting preferred stock means any other class or series of our parity stock upon which like voting rights have been conferred and are exercisable. Whether a plurality, majority or other portion of the mandatory convertible preferred stock and any other voting preferred stock have been voted in favor of any matter shall be determined by reference to the respective liquidation preference amounts of the mandatory convertible preferred stock and such other voting preferred stock voted.

If and when all accumulated and unpaid dividends have been paid in full, or declared and a sum sufficient for such payment shall have been set aside (a nonpayment remedy), the holders of mandatory convertible preferred stock shall immediately and, without any further action by us, be divested of the foregoing voting rights, subject to the reversion of such rights in the event of each subsequent nonpayment. If such voting rights for the holders of mandatory convertible preferred stock and all other holders of voting preferred stock have terminated, the term of office of each preferred stock director so elected will terminate at such time and the number of directors on our board of directors shall automatically decrease by two.

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Any preferred stock director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of mandatory convertible preferred stock and any other shares of voting preferred stock then outstanding (voting together as a class) when they have the voting rights described above. In

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the event that a nonpayment shall have occurred and there shall not have been a nonpayment remedy, any vacancy in the office of a preferred stock director (other than prior to the initial election after a nonpayment) may be filled by the written consent of the preferred stock director remaining in office or, if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of mandatory convertible preferred stock and any other shares of voting preferred stock then outstanding (voting together as a class) when they have the voting rights described above; *provided* that the filling of each vacancy will not cause us to violate the corporate governance requirements of The New York Stock Exchange (or any other exchange or automated quotation system on which our securities may be listed or quoted) that requires listed or quoted companies to have a majority of independent directors. Any such vote of holders of mandatory convertible preferred stock and any voting preferred stock to remove, or to fill a vacancy in the office of, a preferred stock director may be taken only at a special meeting of our preferred stockholders, called by our board of directors at the request of the holders of record of at least 20% of the shares of mandatory convertible preferred stock or of any other series of voting preferred stock (provided that such request is received at least 90 calendar days before the date fixed for our next annual or special meeting of the stockholders, failing which such election shall be held at such next annual or special meeting of stockholders). The preferred stock directors will each be entitled to one vote per director on any matter.

So long as any shares of mandatory convertible preferred stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of mandatory convertible preferred stock given in person or by proxy, either in writing or at a meeting:

amend or alter the provisions of our Amended and Restated Certificate of Incorporation or the certificate of designations for the shares of mandatory convertible preferred stock so as to authorize or create, or increase the authorized amount of, any senior stock; or

amend, alter or repeal the provisions of our Amended and Restated Certificate of Incorporation or the certificate of designations for the shares of mandatory convertible preferred stock so as to adversely affect the rights, preferences, privileges or voting powers of the shares of mandatory convertible preferred stock; or

consummate a binding share exchange or reclassification involving the shares of mandatory convertible preferred stock or a merger or consolidation of us with another entity, unless either (i) the shares of mandatory convertible preferred stock remain outstanding and have rights, preferences, privileges and voting powers, taken as a whole, that are no less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the mandatory convertible preferred stock immediately prior to such consummation, taken as a whole, or (ii) in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, the shares of mandatory convertible preferred stock are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and such preference securities have rights, preferences, privileges and voting powers, taken as a whole, that are no less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the mandatory convertible preferred stock immediately prior to such consummation, taken as a whole;

*provided, however*, that (1) any increase in the amount of our authorized but unissued shares of preferred stock, (2) any increase in the authorized or issued shares of mandatory convertible preferred stock and (3) the creation and issuance, or an increase in the authorized or issued amount, of any series of junior stock or any other series of parity stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the mandatory

convertible preferred stock and shall not require the affirmative vote or consent of holders of the mandatory convertible preferred stock.

Without the consent of the holders of the mandatory convertible preferred stock, we may amend, alter, supplement, or repeal any terms of the mandatory convertible preferred stock (i) to cure any ambiguity or mistake, (ii) to correct or supplement any provision contained in the certificate of designations for the mandatory

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convertible preferred stock that may be defective or inconsistent with any other provision contained in the certificate of designations for the mandatory convertible preferred stock or (iii) to make any other change that does not adversely affect the rights of any holder of the mandatory convertible preferred stock (other than any holder that consents to such change). In addition, without the consent of the holders of the mandatory convertible preferred stock, we may amend, alter, supplement or repeal any terms of the mandatory convertible preferred stock to conform the terms of the mandatory convertible preferred stock to the description thereof in the accompanying prospectus as supplemented and/or amended by this Description of Mandatory Convertible Preferred Stock section of the preliminary prospectus supplement for the mandatory convertible preferred stock, as further supplemented and/or amended by the related pricing term sheet.

**Mandatory Conversion**

Each outstanding share of the mandatory convertible preferred stock, unless previously converted, will automatically convert on the mandatory conversion date, into a number of shares of common stock equal to the conversion rate described below. If we declare a dividend for the dividend period ending on November 15, 2019, we will pay such dividend to the holders of record as of the applicable record date, as described above under Dividends. If on or prior to November 1, 2019 we have not declared and paid all or any portion of all accumulated and unpaid dividends on the mandatory convertible preferred stock, the conversion rate will be adjusted so that holders receive an additional number of shares of common stock equal to the amount of accumulated and unpaid dividends that have not been declared and paid (the additional conversion amount), *divided by* the greater of (i) the floor price and (ii) 97% of the five-day average price. To the extent that the additional conversion amount exceeds the product of such number of additional shares and 97% of the five-day average price, we will, if we are legally able to do so, pay such excess amount in cash pro rata to the holders of the mandatory convertible preferred stock.

The conversion rate, which is the number of shares of common stock issuable upon conversion of each share of mandatory convertible preferred stock on the mandatory conversion date (excluding any shares of our common stock issued in respect of accumulated but unpaid dividends), will be as follows:

if the applicable market value of our common stock is greater than the threshold appreciation price, then the conversion rate will be \_\_\_\_\_ shares of common stock per share of mandatory convertible preferred stock (the minimum conversion rate), which is approximately equal to \$1,000 *divided by* the threshold appreciation price;

if the applicable market value of our common stock is less than or equal to the threshold appreciation price but equal to or greater than the initial price, then the conversion rate will be equal to \$1,000 *divided by* the applicable market value of our common stock, rounded to the nearest ten-thousandth of a share, which will be between \_\_\_\_\_ and \_\_\_\_\_ shares of common stock per share of mandatory convertible preferred stock; or

if the applicable market value of our common stock is less than the initial price, then the conversion rate will be \_\_\_\_\_ shares of common stock per share of mandatory convertible preferred stock (the maximum conversion rate), which is approximately equal to \$1,000 *divided by* the initial price.

The initial price equals \$1,000, *divided by* the maximum conversion rate, rounded to the nearest \$0.0001, and is approximately equal to the per share closing price of our common stock on \_\_\_\_\_, 2016.

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The threshold appreciation price equals \$1,000, *divided by* the minimum conversion rate, rounded to the nearest \$0.0001, and represents an approximately % appreciation over the initial price.

We refer to the minimum conversion rate and the maximum conversion rate collectively as the fixed conversion rates. The fixed conversion rates, the initial price, the threshold appreciation price and the applicable market value are each subject to adjustment as described under Anti-dilution Adjustments below.

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***Hypothetical Conversion Values Upon Mandatory Conversion***

For illustrative purposes only, the following table shows the number of shares of our common stock that a holder of our mandatory convertible preferred stock would receive upon mandatory conversion of one share of mandatory convertible preferred stock at various applicable market values for our common stock. The table assumes that there will be no conversion rate adjustments as described below under **Anti-dilution Adjustments** and that dividends on the shares of mandatory convertible preferred stock will be declared and paid in cash. The actual applicable market value of shares of our common stock may differ from those set forth in the table below. Given an initial price of \$ and a threshold appreciation price of \$ , a holder of our mandatory convertible preferred stock would receive on the mandatory conversion date the number of shares of our common stock per share of our mandatory convertible preferred stock set forth below:

Applicable Market Value of Our Common Stock	Number of Shares of Our Common Stock to Be Received Upon Conversion	Conversion Value (Applicable Market Value Multiplied by the Number of Shares of Our Common Stock to Be Received Upon Conversion)
\$		\$
\$		\$
\$		\$
\$		\$
\$		\$
\$		\$
\$		\$
\$		\$
\$		\$
\$ &nbsp;		\$