

# Separation of Pentair

*Creation of Two Industry-Leading Public Companies*

*May 9, 2017*

# FORWARD-LOOKING STATEMENTS

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## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

*This press release contains statements that we believe to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact are forward-looking statements, including, but not limited to, statements that relate to the intent to create two independent companies following the proposed separation, the anticipated benefits of the proposed separation, the tax-free nature of the proposed separation, the expected credit profiles of the independent companies, and the expected timing of the proposed separation. Without limitation, any statements preceded or followed by or that include the words "targets," "plans," "believes," "expects," "intends," "will," "likely," "may," "anticipates," "estimates," "projects," "should," "would," "positioned," "strategy," "future" or words, phrases or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include our ability to satisfy the necessary conditions to consummate the proposed separation on a timely basis or at all; our ability to successfully separate the two companies and realize the anticipated benefits from the proposed separation; adverse effects on the two companies' business operations or financial results and the market price of our shares as a result of the announcement or consummation of the proposed separation; unanticipated transaction expenses such as litigation or legal settlement expenses; failure to obtain tax rulings or changes in tax laws; changes in capital market conditions; the impact of the proposed separation on our employees, customers and suppliers; overall global economic and business conditions impacting the businesses of the two companies; future opportunities that our board may determine present greater potential to increase shareholder value; and the ability of the two companies to operate independently following the proposed separation. Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission, including in our 2016 Annual Report on Form 10-K. All forward-looking statements speak only as of the date of this press release. We assume no obligation, and disclaim any obligation, to update the information contained in this press release.*

# SEPARATION OF PENTAIR INTO TWO PUBLICLY-TRADED COMPANIES

## WATER

### SUSTAINABILITY

*Maximizing the Use of  
the Resources People  
Rely on Most*

***A Leading Global Water Company  
Focused on Smart, Sustainable Water  
and Fluid Processing Applications***

**2016 Revenue: ~\$2.8B**

**2016 ROS: ~18%\***

\* Return on Sales ("ROS") equals segment income divided by sales. Segment Income is as reported in our 2016 Annual Report and does not include unallocated corporate costs.

## ELECTRICAL

### PROTECTION

*Protecting Critical  
Processes, People,  
and the Environment*

***A High-Performance Electrical Company  
Focused on Improving Utilization, Lowering  
Costs, and Maximizing Customer Uptime***

**2016 Revenue: ~\$2.1B**

**2016 ROS: ~21%\***

**Industry-Leading, Pure-Play Companies; Strong Brands & Financial Profiles**

# STRATEGIC RATIONALE FOR SEPARATION

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## Market-Leading, Pure-Plays

Creates Two **Market-Leading, Pure-Play Public Companies** with **Attractive Financial Profiles** and **Compelling Market Opportunities**; **PIMS the Foundation** of Both Companies

## Simplified & Focused Structure

Enables **Enhanced Strategic Focus** and **Simplified Corporate Structure** with **Improved Clarity** into **Business Performance** and **Growth Opportunities**

## Greater Ability to Invest in High ROI Growth

**Greater Flexibility to Pursue Their Own Strategies for Growth and Capital Allocation**, Both Organic and through Acquisitions

## Strong Financial Positioning

Both Businesses Expected to be Well-Capitalized and have the Financial Profile and Management Talent to be **Successful, Profitable and Sustainable Independent Companies**

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## Enhanced Strategic & Operational Focus to Drive Shareholder Value

# SEPARATION TRANSACTION OVERVIEW

## Transaction Structure

- Tax-Free Spin-Off of Electrical Business to Pentair Shareholders
- Water Expected to Maintain Pentair's Existing Incorporation, Tax Residency, Name and Ticker Symbol
- Electrical to Become a New Publicly-Traded Company
- Electrical Anticipated to have Similar Incorporation and Tax Residency

## Timing & Approvals

- Separation Expected to be Completed in the Second Quarter of 2018
- Subject to Market, Regulatory and Other Customary Conditions

## Capital Structure

- Capitalize Both Businesses to Support Long-Term Growth Objectives
- Expect Strong Balance Sheet and Investment Grade Credit Ratings for Both Businesses

## Expected Management

WATER  
CEO John Stauch  
COO Karl Frykman  
Chairman David Jones

ELECTRICAL  
CEO Beth Wozniak  
Chairman Randall Hogan

## Separation Costs

- Expect One-Time Separation Costs and Fees of ~\$100-\$125 Million

## Expect Transaction to be Completed in Second Quarter of 2018

# STRONG CULTURE SERVES AS FOUNDATION

## DRIVEN BY PURPOSE



**PENTAIR**

## LED BY VISION

We Are the Heart of Progress  
We Build a Safer, More Sustainable  
World From the Inside Out

Be the Next Great Industrial Company  
Destination Company for Customers,  
Top Talent and Shareholders

## GUIDED BY PROCESS

### STRATEGIC PRINCIPLES

Invest in Attractive Markets: Where We Compete  
Control Our Destiny: How We Compete

### OPERATING PRINCIPLES (PIMS)

Growth Methodology  
Talent Management  
Lean Enterprise

## UNITED BY OUR WIN RIGHT VALUES

### WIN

Customer First  
Accountability for Performance  
Innovation and Adaptability

### RIGHT

Positive Energy  
Respect and Teamwork  
Absolute Integrity

## Creating Two Companies Driven by Pentair's Values & DNA

# WATER OVERVIEW

## 2016 Financials

Revenue: ~\$2.8B

Return on Sales (ROS): ~18%\*

## Leadership

John Stauch, CEO  
Karl Frykman, COO  
David Jones, Chairman

## Strategic Business Groups

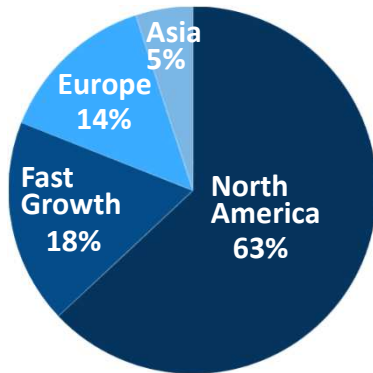
**Filtration & Process** (Revenue ~\$1.0B)

**Flow Technologies** (Revenue ~\$0.9B)

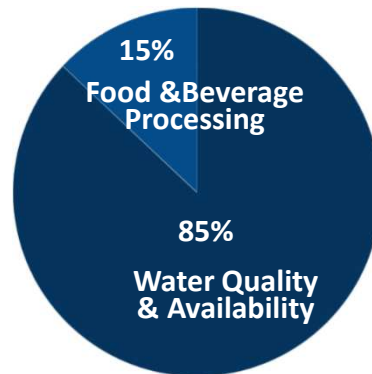
**Aquatic & Env. Systems** (Revenue ~\$0.9B)

## Business Distribution

### Geography



### Global Themes



## Company Characteristics

- Industry-Leading Positions and Strong Brands
- Focused on Smart, Sustainable Water and Fluid Processing Applications
- Attractive Margin Profile
- Strong Free Cash Flow Generation

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## A Leading Global Water Company

# ALIGNED AROUND GLOBAL THEMES

## WATER

### Water Quality & Availability

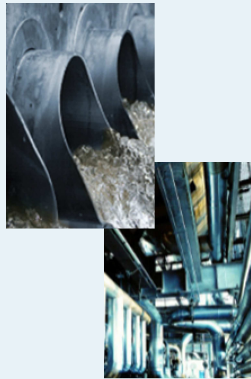
**Reduce, Recover and Reuse Water**  
While Requiring Less Energy

**\$30B+ Opportunity**

#### Enjoyment



#### Municipal Water & Industrial Process



#### Water Filtration



### Food & Beverage Processing

**Increase Yield and Decrease Cost, Waste, Energy Use and Water Consumption** – All While Maintaining Taste and Quality

**\$7B Opportunity**

#### OEM Agriculture Solutions



#### Aquaculture



#### Beverage, Dairy & Biogas



**Maximizing the Use of Resources People Rely on Most**



# ELECTRICAL OVERVIEW

## 2016 Financials

Revenue: ~\$2.1B

Return on Sales (ROS): 21%\*

## Leadership

Beth Wozniak, CEO  
Randall Hogan, Chairman

## Strategic Business Groups

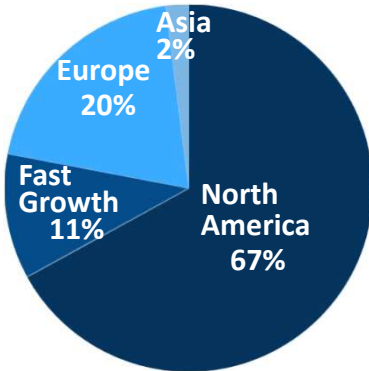
Enclosures (Revenue ~\$0.9B)

Thermal Management (Revenue ~\$0.7B)

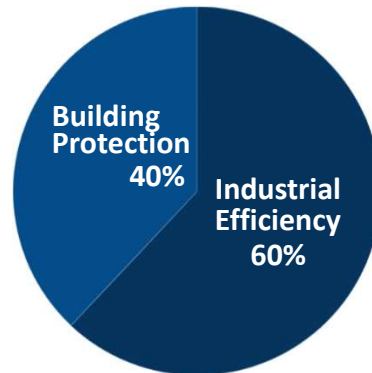
Electrical & Fastening Sol. (Revenue ~\$0.5B)

## Business Distribution

### Geography



### Global Themes



## Company Characteristics

- Industry-Leading Positions and Strong Brands
- Focused on Improving Utilization, Lowering Costs and Maximizing Customer Uptime
- Attractive Margin Profile
- Strong Free Cash Flow Generation

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## A High-Performance Electrical Company

# ALIGNED AROUND GLOBAL THEMES

## ELECTRICAL

### Building Protection

**Protect** Sensitive Equipment, Buildings and Critical Processes and **Help Keep People Safe**

**\$19B Opportunity**

#### Electronic Protection



#### Rail & Building Protection



#### Fastening, Grounding, Bonding



### Industrial Process & Efficiency

**Improve Utilization, Lower Costs and Maximize Uptime** for Our Customers

**\$39B Opportunity**

#### Equipment Protection



#### Pipe Freeze & Protection



## Protecting Critical Processes, People and the Environment

# NEXT STEPS

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- **Preparation of Financial Statements and Form 10**
- **Various Closing Conditions, Including:**
  - **SEC Review of Form 10**
  - **Receipt of Tax Opinions and Rulings**
- **No Shareholder Vote Required**
- **Final Board of Directors Approval and Action to Declare Record and Distribution Dates**
- **Anticipated Completion by Q2-2018**

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## **Creating Two Industry-Leading, Pure Play Companies**