

PENTAIR INC
Form 425
May 22, 2012

PENTAIR
PENTAIR S PATH FORWARD
Electrical Products Group Conference
RANDALL J. HOGAN
Chairman and Chief Executive Officer
May 22, 2012
Filed by Pentair, Inc.
pursuant

to
Rule
425
under
the
Securities
Act
of
1933
and deemed filed pursuant to Rule 14a-12
of the Securities Exchange Act of 1934
Subject Company: Pentair, Inc.
Registration Number: 333-181250

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FORWARD-LOOKING STATEMENTS

Caution Concerning Forward-Looking Statements

This communication may contain certain statements about Pentair, Inc. (Pentair), Tyco Flow Control International Ltd. (Tyco Flow) within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements include the expected effects on Pentair, Tyco Flow and Tyco of the proposed merger of Pentair and Tyco Flow (the Merger), the anticipated standalone or combined financial results and all other statements in this document other than historical facts. Words that include the words targets , plans , believes , expects , intends , will , likely , may , anticipates , estimates and similar words, phrases or terms of similar substance or the negative thereof, are forward-looking statements. These statements are based on the current information available to Pentair, Tyco Flow and Tyco (as the case may be) and are subject to uncertainty and changes in circumstances and involve risks and uncertainties that are expressed or implied in such forward-looking statements. In addition, these statements are based on a number of assumptions that

include: the satisfaction of the conditions to the Merger and other risks related to the completion of the Merger and actions related to the anticipated terms and schedule, including the ability to obtain shareholder or regulatory approvals of the Merger and related transactions; Tyco Flow; future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financing strategies and the expansion and growth of Pentair's or Tyco Flow's operations; Pentair's and Tyco Flow's ability to integrate the businesses; effects of government regulation on Pentair's or Tyco Flow's businesses; the risk that disruptions from the transaction will have on our plans, objectives, expectations and intentions generally; and other factors detailed in Pentair's and Tyco's reports filed with the SEC in their Annual Reports on Form 10-K under the caption "Risk Factors". Forward-looking statements included herein are made as of the date hereof and we have an obligation to update publicly such statements to reflect subsequent events or circumstances.

Additional Information

The Merger will be submitted to a vote of Pentair shareholders and the proposed distribution of Tyco Flow to Tyco shareholders. On May 8, 2012, Tyco Flow filed with the SEC a registration statement on Form S-4 containing a preliminary proxy statement and Tyco filed with the SEC a registration statement on Form S-1 containing a preliminary prospectus and Tyco filed with the SEC a preliminary proxy statement/prospectus regarding the Merger, the preliminary prospectus regarding the Distribution and the Tyco preliminary proxy statement/prospectus. Pentair plans to file with the SEC and mail to its shareholders a definitive proxy statement regarding the Merger and Tyco a definitive proxy statement regarding the Distribution. Shareholders are urged to read the Form S-4 containing the preliminary proxy statement/prospectus and the Tyco preliminary proxy statement, which are available now, and the Form S-4 containing the definitive proxy statement/prospectus regarding the Distribution and the Tyco definitive proxy statement and any other relevant information regarding the Merger, the Distribution, the Tyco definitive proxy statement and other documents relating to the proposed transaction (when they are available) on www.sec.gov. These documents (when they are available) can also be obtained free of charge from Pentair upon written request to Investor Relations, Suite 800, Minneapolis, MN, 55416, or by calling (763) 545-1730 or from Tyco or Tyco Flow upon written request to Investor Relations, Suite 800, NJ, 08540, or by calling (609) 720-4200.

Participants in the Solicitation

Pentair and Tyco and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies for the transaction under the rules of the SEC. Information about the directors and executive officers of Pentair may be found in its Annual Report on Form 10-K for the year ended September 30, 2011 filed with the SEC on November 16, 2011, the definitive proxy statement relating to its 2012 annual meeting of shareholders filed with the SEC on February 21, 2012, the definitive proxy statement relating to its 2011 annual meeting of shareholders filed with the SEC on January 13, 2012 and Tyco's preliminary proxy statement, which was filed with the SEC on May 8, 2012. Information about the directors and executive officers of Tyco may be found in its Annual Report on Form 10-K for the year ended September 30, 2011 filed with the SEC on November 16, 2011, the definitive proxy statement relating to its 2012 annual meeting of shareholders filed with the SEC on February 21, 2012 and Tyco's preliminary proxy statement, which was filed with the SEC on May 8, 2012. Additional information regarding the interests of these participants will also be included in the definitive proxy statement/prospectus regarding the Merger and the Tyco definitive proxy statement and other documents relating to the proposed transaction (when they are available) on www.sec.gov. These documents (when they are available) can also be obtained free of charge from Pentair upon written request to Investor Relations, Suite 800, Minneapolis, MN, 55416, or by calling (763) 545-1730 or from Tyco or Tyco Flow upon written request to Investor Relations, Suite 800, NJ, 08540, or by calling (609) 720-4200.

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KEY MESSAGES

Positioning New

Pentair for Sustainable, Profitable Growth

Clear Strategic Roadmap

for Shareholder Value Creation

Integration Planning

Efforts Well Underway

High Confidence

in Deal Synergies and Long Term Targets

Pentair

and
Tyco
Flow
Control

Great
Fit

PENTAIR

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A Decade of Positive Transformation

~

20%

of Sales

in Fast Growth

Region

~

5%
of Sales
in
Fast Growth
Regions
Acquired
~
\$200M
in Tech Product
Sales
Today
Today
Early
Early
2000 s
2000 s
Mid-
Mid-
2000 s
2000 s
Sold Tools,
Acquired >\$1B in
Water Revenues
Portfolio of ~25
Smaller Businesses;
Manufacturing
Oriented
Global Businesses,
More Solutions
Focused
Acquired A Leading
Membrane Technology
Company (May 2011)
Began Lean
Enterprise in
Tech Products
A HISTORY OF CHANGE
Announced Pending
Merger with
Tyco Flow Control
(March 2012)
Clear Strategic Roadmap

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2009

2010

2011

STRONG PERFORMANCE **Pentair Standalone**

2009

2010

2011

Adj.

ROS

*

9.6%

ROS

11.0%

\$2.7

\$3.0

Fast Growth Regions, Innovation & Op Excellence Key Drivers

8% Organic Growth, 2 Yr CAGR

-

Tech Products

+12%

-

Water & Fluid

+7%

w/ No Meaningful Residential

Market Recovery

PIMS Toolkit

-

Key Driver of 210 bps Op Margin

Expansion Over Past Two Years

-

Enabling

Increasing

R&D

and

Growth Investments

\$3.5

Adj.

ROS

*

11.7%

SALES

(\$B)

ADJ. OPERATING INCOME

*

(\$M)

FREE CASH FLOW

*

(\$M)

+13%

2-YR CAGR

+25%

2-YR CAGR

\$258

\$334

\$404

*Results are adjusted and from continuing operations; see reconciliations in appendix

2009

2010

2011

Adj. NI

FCF in excess of Adj. NI

Cash Generation

-

FCF >100% of Adj. Net Income
for 8 of Past 10 Years

-

36 Consecutive Years of
Dividend Increases

\$207

\$211

\$248

+10%

2-YR CAGR

Clear Strategic Roadmap

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CURRENT STATE OF AFFAIRS

Solid Secular Demands

Prioritized Investments

Secular Trends in **Energy Efficiency, Sustainability and Scarcity**

Continue to Drive Solid Demand

Growth Investments Reading Out
in Energy, Food & Beverage,
Fast Growth Regions
Steady Industrial

Price/Inflation Dynamics Positive
... With Good Productivity

Anniversary CPT Acquisition in Q2
Nice Contribution to
Growth Expected in 2H of 2012

Western
Europe
and
Municipal
Headwinds

Continue;
Easier
Comparisons in 2H of 2012

Negative Impact from Foreign Currency Expected
Clear Strategic Roadmap

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STRATEGIC ROADMAP

Shareholder Value Creation is #1 Priority

Invest in **Innovative Technology**
& Application Expertise

Innovate

Around Scarcity, Energy
Efficiency and Sustainability

Continue to Build Scale in **Fast**
Growth Regions

Taking PIMS to the Next Level
and Leveraging New **Rapid**
Growth

Tool

STRATEGIC PRIORITIES

Clear Strategic Roadmap

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Safety, Quality, Delivery, Cost and Cash Focus

Attracting and Developing Top Talent

Prioritizing Investments & Innovation

Building Growth Capabilities

LEAN

ENTERPRISE

PENTAIR INTEGRATED MANAGEMENT SYSTEM
Executing Our Proven Strategy