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PRESENTATION

Steve Winoker *- Sanford Bernstein - Analyst*

Thank you. We're pleased to have Randy Hogan from Pentair, for his second year here.

Randy, thanks so much. And without further ado, let's get going.

Randy Hogan *- Pentair Ltd. - Chairman, CEO*

Thank you, thank you. It's nice to be here again with you. I was going to start with a joke today, but I tried it on a few people last night. It's about money and friends and for some reason, this group didn't get it. (laughter) So I won't go through it.

This is the lawyer slide. I'll just be quiet while you all read it. Forward-looking statements. None of us can predict the future.

So, let me talk about Pentair. A year ago, I came here and I told you why we were excited about combining Pentair with Tyco's Flow Control business. We successfully completed and closed the deal on September 28; and combined Pentair and our proven disciplines with the Pentair Integrated Management System and our attractive positions in water, together with Flow Control's businesses of thermal, water and, very excitingly, the Valves & Controls business; and formed a new leader in the flow and fluids space.

The reason we put these businesses together -- the reason the Pentair Board and the Tyco Board were excited about putting these businesses together -- was we were creating that leader to serve what we call the New-New World of 4 billion people in the middle class who are striving for more and putting huge demands on what we call the nexus of energy, food, and water. The view we had through Pentair, was of course through water. But some of our most exciting opportunities we saw were on the food and energy side. And the scope and scale that we were able to gain by combining our businesses really has put us in an unprecedented position to serve these demands.

Now, this is what we look like today. This is 2012 pro forma -- about $7.3 billion in sales. We report in three segments. The largest is our Water & Fluid Solutions, at about 44%. It's a combination of a number of GBUs; we are organized in seven global business units. There's a number of them in the Water & Fluid Solutions segment, which includes the Water & Environmental Service business from Flow Control, with the legacy Pentair water businesses of Flow Technologies, Filtration & Process, and Aquatics.

Valves & Controls, the next-largest segment, is actually both a GBU and a segment. That's the legacy Flow Control's Valves & Controls. And then there is Technical Solutions, which is the combination of the Equipment Protection business from Pentair and the Thermal Management business of Flow Control.

One of the things we are very excited about is we have established a much stronger position globally. We're now only about 40% US and Canada. We now have 25% of our sales in fast-growth markets with still meaningful positions in Western Europe and what we call developed non-US, non-Europe. That would be Japan, Korea, Australia, and such. It gives us a nice balance geographically and it gives us, combined, a nice balance in these segments of both long cycle and short cycle businesses; frankly, a set of long cycle businesses and opportunities that we hadn't had before.

This vertical split is better shown on the next page. We have a strong focus on our vertical markets. This is how we're going to talk about the company going forward. Our largest vertical now is Energy. In Energy, we put Oil and Gas, Power, and Mining. It's about 28% of our sales in total. And we see, over the next medium- to long-term, 4% to 6% growth in this segment.

The second-largest segment is Industrial. Now, we put chemicals on this side. Some people put petrochem in Oil and Gas, but we put it on the Industrial side. It represents about 26%. We see slower growth there. Particularly right now, it's slow, with the exception of the petrochem area, which is seeing some nice high-single-digit growth rates because of the low feedstocks, particularly here in the US.

Residential and Commercial in legacy Pentair was the largest vertical , and it's still significant. It's just a little bit smaller than our Industrial exposure, at 24%. With the growth rate we're seeing in Residential and Commercial, we're expecting that will probably become our second-largest segment;a we believe the residential recovery is real, and it's about time. For those of you who have followed Pentair for a long time, the decline in our sales began in the third quarter of 2006, which is almost 7 years ago, so it's been a long time coming and it's going to be a good thing now that it's back.

Infrastructure is about 13% of sales. We serve municipal, the networking and telecom business, and transport segment. Generally because of the stresses in government funds and spending, we're looking at that as being a roughly flat business in the medium-term to long-term. Finally, we serve Food and Beverage; it's small now, at 9%, but we break it out separately because this is one of the most exciting growth opportunities we have. We see 6% to 8% growth annually in this vertical as we focus not just on the ag side, but in supporting the build-out of the Food and Beverage industry in fast-growth markets. And, of course, food service, which is a very attractive business for us as well.

So, those are the verticals and that's how we think about it. We're very excited about this verticals focus and the breadth that we have. Let me drill a little bit deeper. One of the things that we've been asked about as we've put the companies together is -- how are you going to get synergies in growth? And this is just one example, looking at Energy, and Oil and Gas in particular. When you think about it from drilling and production to pipelines to offshore to even oilsands or refineries, we have a broad array of capabilities.

And they come from both sides, if you will, of both Flow Control and legacy Pentair. And the reach we have now is really going to help us a lot. We are already introducing some of the filtration separation technologies we have with the help of the touch and the relationships, the higher-level relationships, that the Thermal Management team and the Valves & Controls team have.

With that breadth of opportunity, we're really excited to get more intimate with customers. So let me drill a little bit deeper. I'm not going to go through this whole page, so breathe easy, but this is just one example. This is Pentair valves in a refinery, just the valves in a refinery. And each of these is an actual application in a refinery. If you look at a refinery -- let's say a 250,000 barrel a day refinery -- there's about $170 million of opportunities when the refinery is built; $170 million worth of valves and controls.

We have the capability today to serve $117 million of that. There are valves that we don't make, but we do have a broad array. Now, most of the investments in new refineries are going to be in fast-growth markets,but it's also exciting in terms of where the installed base is. Most of the installed base of refining is in Europe and the US, and there aren't a lot of new refineries being built.

But the capital spending, just the MRO, is about $35 million a year per refinery. Of that, $30 million is opportunity for us. We intend to focus more clearly on these vertical markets and drive back from the vertical markets in these opportunities to build a service franchise on the base they've already got. So we're quite excited, even in the refinery industry, which is not the industry that has the best growth rate in Oil and Gas right now. The business that has the best growth rate right now is pipelines and international exploration and production, which is where most of the project activity is for us in Oil and Gas right now.

I'm just offering those as examples of why we're excited about the combination strategically, and the opportunities that we're beginning to work on together as the new One Pentair to control our destiny and win.

The financial targets we set are stet; they're the same. Our 2015 goals are the same. And our 2013 goals remain the same -- about 4% growth, and a nice advancement in ROS this year. Let me talk about how we're going to get there, creating both the near-term shareholder valueand the longer-term shareholder value.

There's three elements. The first is just focusing on our base business performance and execution. The second is accelerating our standardization and our integration - our synergies. And third, is how we will allocate capital going forward. In terms of the base business performance, it's really the volume growth that we'll get because we're positioned in front of relatively good markets, despite the fact that the world is uncertain.

It's taking our Pentair Integrated Management System and accelerating its application across all of Pentair, and all 30,000 employees. And then it's leveraging the price and productivity formula that we have. One of the ways we define a good business is one where you have pricing leverage. And, generally, we like businesses where we can get price. And we can get price in a lot of them.

We have a very good discipline about focusing on price plus productivity, which has to yield much more than inflation. We have good disciplines and we're applying them broadly. On the standardization side, a huge opportunity is to reduce complexity. Complexity is a bad thing in business; it costs money and it doesn't create any customer value. We have a lot of functional opportunities in IT, finance, and HR to standardize our activities.

We are already underway in our fast-growth markets. We had nine offices in Singapore and now we're down to two, and we have many more opportunities like that. It's not just eliminating wasteful overhead, it's also getting people together so that they can be One Pentair. Finally, in terms of capital application, simply put, we've been disciplined, we will remain disciplined, and, as I'll show you, we have some degree of freedom in what we can do there.

Let me drill a little deeper. At Pentair, we've been on a journey from being a holding company, which is what we were for most of Pentair's history, to becoming an operating company. And our focus in becoming an operating company was introducing the Pentair Integrated Management System, which is founded on the Toyota Production System, which we started 15 years ago at Pentair. We've taken a much more strategic focus in terms of how we invest, and that's evident in where we are today.

We are consolidating brands -- again, reducing complexity. And we settled into two businesses before -- Water and then Technical Products. Those were the two focused, attractive businesses that we were in before. Now, with this further transformation, adding the Flow Control businesses into Pentair, our focus isn't just to do well with those, it's to build a truly high-performance company.

What do we mean by that? What we mean by the high-performance company is to take our PIMS and really embed it in 30,000 people, so that they understand how to perform at a high level. It's having leadership positions and being known for those leadership positions, and serving customers well in all five of those verticals that we talked about. And then it is basically -- and this is a big focus I have -- is aligning the leadership and workforce so they understand why -- why we're doing what we're doing -- and getting them excited about this part of the journey.

So I've mention the Pentair Integrated Management System several times. There are several elements to it. The first is Lean Enterprise. Lean Enterprise is simply the most powerful concept in running a business that I've ever seen. We brought it to Pentair 15 years ago and we've made extraordinary progress. Of our GBUs, we have two that are world-class in Lean and a third that's on its way. The opportunity is to get all seven to that point.

Talent management - most of us are escapees of large corporations -- and we're getting larger; but escapees of really large corporations -- where we saw what power there is in managing talent across businesses, and also managing talent in terms of developing capabilities. We started some very disciplined ways of managing talent a number of years ago. To that, we've added a focus on growth, to try to take growth from being a game of chance, to making it a game of skill, by focusing on what we call our 3D Process -- which is Discover, Develop, and Deploy process for innovation and product development. We then added what we call our Rapid Growth Process, which is -- experiment, fail; experiment, succeed; roll out fast, essentially; and use those disciplines to drive differential growth.

We have some early returns. It's not yet reading out across the whole company, but in some of the GBUs, some very exciting things going on. So, this has worked for us. It was one of the things that the Tyco Board was excited about that we could apply to the Flow Control side.

How are we doing that? This is just a conceptual chart to show you where we might have been -- just taking PIMS, and we got to here. If we took PIMS the way we were doing it, the Pentair Integrated Management System, we could probably get to here. We could probably get this, conceptually, to one spot. By focusing on all 30,000 employees and employee engagement, we believe we will get to high-performance.

Again, we can teach people how to do things, but what we're focused on now is teaching them why we want to do those things. If you can get people -- if we can get all 30,000 people to understand the why we are focused on Lean; why we manage talent the way we do; why we're focused on customers; then they will act in a values-based way, and they will drive high performance.

Right now, we've already had 6,000 people of the 15,000 new employees go through some of our PIMS e-learning. There are a number of different modules. 6,000 people. We have 500 people who have gone through full Lean training. We have 300 people that have gone through our Rapid Growth Process training. So we are

doubling down, if you will, on training to drive a higher level of employee engagement. It is the main focus that I have right now, with our presence, to drive employee engagement.

That's how we execute the base business. Now, this is the second part, which is the synergies and standardization. These numbers aren't new. We're focused on $230 million in synergies by 2015; $195 million of which is cost. Now, the repositioning is about $80 million -- that's done. Those actions are already taken and they are already reading out. Back-office standardization, another $55 million; Lean Enterprise, $45 million; and direct material, $20 million. And we're off to good starts here. On direct material, for instance, our goal was to have a bucket of about $60 million to work on; that bucket is $100 million. Now, some of that probably should be in the base, so we don't want to double count. One of the exciting early returns that has gotten people energized is a win we had in bar stock. We buy about $8 million in bar stock in fast-growth markets. We combined three businesses and we took $3 million in cost out. I don't think that's a percentage we'll get on everything, but we have another $25 million in bar stock to work on in Europe and the US. Just an example of the kind of activities we have underway in our direct material area.

Lean Enterprise uptake is pretty fast. in particular the Valves & Controls business and the Thermal business. We expect that we will begin to see those kind of readouts and that's why we took up the deliverable, if you will, on synergies for 2013, which we did in our last conference call. And this is how it will read out -- we had about $10 million in the first quarter; we expect to get about $25 million in the second; $30 million and $35 million in the second half. In particular, some of the purchasing and sourcing savings start to read out on top of the base cost, or repositioning cost, as we call it.

We feel good about where we are. We feel like we're either ahead of the game in execution or certainly on track. And that's good, because the markets have not been as good as we thought they'd be a year ago when we were here together.

A big opportunity for us, and we validated the opportunity, is to reduce the complexity of our Company as it sits today. Today, we have over 70 ERPs. Now, we've already eliminated four, but we're on our way to get down to 20. We have a view that a $100 million factory is almost a perfect sizefor our kind of business. We have Lean savings, and a big focus is on-time delivery. We're only about 85% today and we need to get to 95%.

Our customers in the Oil and Gas industry have told us that if you can get to 95% -- they don't believe we can do it, by the way, because nobody in the industry does it. But they said, if you can get to 95%, then you will get a lot more business. So, that's a why, right? When you talk to employees, if we can get to 95%, we get more business. If we get more business, your job is more secure. That's the kind of why we talk to employees about.

Fast-growth regions are always a focus. Our tax rate target now is 23%. We have actions to drive all of these and a good sense of priorities driven by John Stauch, our CFO; and Todd Gleason, our integration leader. So, that's an update on synergies.

Let me now turn to the third area, which is capital allocation. We have a commitment to maintain investment-grade rating. We're very proud of the fact that we have raised dividends for 37 years in a row; the last 13 of those are on my watch. We have a focus and discipline on investing in the things that are going to give us the highest ROIC. And we have the optionality of either acquisitions or additional repurchases. Now, if you recall, when we talked before, this is just an easy way to think about it, we ended the year with about $2.2 billion in debt. Over the next three years we'll generate about $2.4 billion in cash flow, which obviously would put us in a negative net debt position.

But we are going to pay dividends and we announced a $1.2 billion stock buyback as part of the strategy of the merger and we've got about another $900 million to go as of the end of the year. When you add all that back, we end up at about $1.3 billion in debt, which is a pretty low multiple of EBITDA, certainly not capital efficient. We could take that from one turn of EBITDA to 1.6 and we have about $1 billion of capacity. Or we would have $2 billion if we'd just go back to the 2.2 times EBITDA that we had.

So that $2 billion is available to us to make good acquisitions that are going to make a difference for the market, the customers, and shareholders -- or share buybacks. That's the way we're thinking about the additional cash flow that we expect to deliver over the next three years. And how the base plan works is this. From a pro forma of about $2.52, about $1 from base business in execution; another $0.80 from the integration and standardization, and then from the $1.2 billion capital allocation, about $0.68. That's the roadmap to $5 a share, which is our goal.

Next, to be complete -- this is the same chart that we showed when we talked about earnings. We still expect $0.88 to $0.91 a share; about 4% growth in the second quarter, with Valves & Controls being up year-over-year, modestly, up 1% to 3%; and Water continuing to be up; and Technical Solutions down, but not as down. And then for the year, we're still committed to $3.10 to $3.30 on a sales growth, again, of about 4%.

In summary, we have this new, exciting company that we've built. We're in control of our own destiny in running the company. We have capabilities that we are leveraging and are being well-received as we build One Pentair. And near-term, the Residential businesses and the Food and Beverage business look pretty good and they are helping us offset the incremental weakness in Industrial that everyone has been seeing.

Longer-term, the secular trends in Energy, Food and Beverage, and Residential are things that we like. And so, as I said, we are in control of our destiny. And I'm happy to be here with you.

Questions? Or would you like to see the GAAP to non-GAAP measurements? I don't either.

Yes?

QUESTION AND ANSWER

Cliff Ransom - ***Ransom Research, Inc. - President***

Excuse me, Cliff Ransom. Randy, because I have such admiration for what you've done over the last five or six years. But without quite saying that I think you're really low-balling the synergies. The sales synergy number, why would it be so low?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Because we don't know what we don't know. The best thing about being in my 13th year as CEO is it's always easier to see the good stuff, but there is stuff that comes and bites you and just surprises you. The Thermal business has a great track record of cross-selling, but the Valves & Controls business, and actually the legacy Water Pentair businesses, don't have such a good track record. So we have to do some rewiring, and figure out the incentives to get to the $135 million in sales synergies.

Cliff Ransom - ***Ransom Research, Inc. - President***

That's a 2015 goal?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

The $135 million is.

Cliff Ransom - ***Ransom Research, Inc. - President***

It says $35 million of sales synergies over three years.

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

That's the profit from the $135 million of sales.

Cliff Ransom - ***Ransom Research, Inc. - President***

Thank you.

John Inch - ***Banc of America - Analyst***

Hey, Randy. Tyco had sort of a reputation of being big talkers, and not necessarily, when it came to operations, cohesive operators, if you want to put it in those terms. Because I'm curious, now that you are well into it, what did you actually find in terms of what was better or worse? And sort of the implications really -- future deals, and what you might do differently? Or just something on that score, because obviously you've got -- there's going to be deals long after Tyco.

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Well, in the Valves & Controls business -- first of all, they had a number of different disciplines. The next phase would have been to focus more on the operations. Ed and I were talking last week about it, because I knew you'd ask -- I knew someone would ask that question, and it would get back to Ed if I said that they weren't good operators. He said, yes, it's okay. He said it was okay.

But the biggest issue in Valves & Controls is complexity. They were organized in several vertical markets. They took 43 plants and they divided them by vertical markets. So they had seven plants where they were making butterfly valves, and they probably need three. They have 12 brands; they probably only need four. There was no mechanism to make those calls on operations.

Secondly, there was no requirement that people use certain processes. They had Six Sigma available, but it was like a Chinese menu. You could choose to get help, but there wasn't any kind of systemic way to drive the same disciplines, the same process beliefs, across the company. That's what PIMS does for us. And it's not just the fact that you drive common process, you drive a common language. From when we were in the first operating review with Valves & Controls, before they reorganized, to now, we've reorganized and we functionalized.

We've kept a marketing focus, but we functionalized, so we have one person running all the plants. And we gave that person seven Lean leaders; there's two in Europe; there's two in the US; one in Latin America; one in Asia. And they're driving this common discipline around the factories and building the factory strategies for whether it's consolidation or not.

The first review we had, we weren't speaking the same language, and they hadn't reorganized. We talked about what we want to look at, what their goals are, and we want to see what's red. Then we want to see the root cause countermeasure. That's what we do in legacy Pentair. We had to train them on that, and that's just high levels.

The next time we had our operating review with Valves & Controls, it was fantastic because they were speaking the same language. They have a simpler organization so they can actually get at what is the root cause of a miss in orders, or a miss in productivity, or a miss in deliveries. They actually have a process and someone responsible for figuring that out.

I guess what we found was exactly what we thought we'd find. And we're bringing to it exactly what the Tyco Board wanted us to bring to it, so no surprises in that regard. But still a lot of work to do.

John Inch - ***Banc of America - Analyst***

What about that big European footprint that's [out there]? Does that really make sense?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

They have a lot of business in Europe. They export a lot from Europe. It's too soon to tell whether it's too big or not. The valve capital of the world is Milan, and they're all just sitting there. There's a lot of capability there. We have four factories there. Could they be run more effectively? Probably. Will we get to it? Yes.

Martin Sankey - ***Neuberger Berman - Analyst***

Randy, this is Martin Sankey at Neuberger Berman. On the chart in which you highlighted your key growth verticals, the municipal infrastructure vertical was prominent by you calling it flat. That's probably a -- it's a non-consensus, and probably somewhat different than you would have labeled that vertical a year ago. Could you talk to us as to -what you're seeing?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Well, for us, we are not that big. We are nichey, if you will, in municipal. So the telecom part is down. The telecom part is down, for sure. Transport is actually decent. On the water side, we have three positions. We are big in the components into desalination plants, and that's a tough business right now. We are in the break-and-fix business in the US for pumps, and that's okay. Our backlog there is pretty good. And then we're a niche pump player in Europe, and that's not good. So, right now, it's worse than flat, but those outlets were multi-year outlets. Those are our planning assumptions.

Martin Sankey - ***Neuberger Berman - Analyst***

Right, but it's a -- I would think it's a non-consensus view versus what a lot of people in this room would think. And maybe your --

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

It's just our plan basis. I don't know how non-consensus -- we can talk about that at lunch, maybe.

Deane Dray - ***Citi - Analyst***

Yes, Randy, I want to just follow up on that question regarding sales synergies. And if you look at that slide that you gave on the refiners, where you had 14 different applications for valves, what if any opportunities for bundling pumps and valves together? Because that really hasn't been done to any large scale before. So, that's the first question.

And the second question is, prior to Tyco, the big acquisition for Pentair was CPT in membranes, where you moved up the value chain in water and other filtration-type technologies. But just talk a bit about what your growth opportunities on membranes specifically, as well. So, bundling of pumps and valves; and then membranes.

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Right. So, clearly, since you were able to count that, I left the page up too long. Sorry. How about, you can get it later. We don't have a broad range of pumps for Oil and Gas applications, except for water service in the factory. And they are generally not bought together, valves and controls. The benefit and what we're trying to leverage is the Valves & Controls business has these frame agreements.

They're talking to senior people at Chevron. They're talking to senior people at Shell. On the filtration side -- if I can link the two questions -- we have some very innovative technology which replaces contact towers and refineries in natural gas liquids plants; saves two-thirds of the capital cost; and has no environmental waste in the use of aiming.

Our hit rate on that is very good. But our Filtration business doesn't know the head of R&D at Chevron; but our Valve guys do. I would call it more prospecting, if you will, between Valves & Controls and some of the other businesses. There are valve specialists and there are pump specialists. And in the end, they get specified at that level. You can bundle - but bundling is a mixed blessing, because usually there's always a weaker hand and a stronger hand, and you usually give up something on the stronger hand margin to pull the weaker product through. So, I like to be circumspect about that as a strategy.

Steve Winoker - ***Sanford Bernstein - Analyst***

Randy, I have two anonymous questions from the buy side in here. Okay? I swear.

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Which one is yours?

Steve Winoker - ***Sanford Bernstein - Analyst***

No, no, no, no. I do that -- that's at the end. (laughter) It said Steve. I'll show it to you, you can read it. Can you ask about how much of their portfolio, post the deal, they think is high-value add, with strong ability to take price and raise margins? Of the commoditized pieces, what is your strategy; what is their strategy on these?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

I've never thought about it just in terms of the percentage. I'd say there's probably two-thirds to 75% where we really have good pricing leverage. In the Residential business that goes through Home Depot and Lowe's and the retail, that's never been a good place to try to get price. And then, at the very low end of product, like in Valves & Controls, where things truly are commodities.

Steve Winoker - ***Sanford Bernstein - Analyst***

Like ball valves?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Well, just a light-duty butterfly, or a light-duty ball valve. There are high-performance ball valves, too, so it's really the application and materials. You get less pricing leverage there. Now, when they sell the valve package, they can pull some of those through if they got the high-end, just for simplicity's sake. The way we think about which businesses we want to invest in is less about pricing leverage alone. It's more about the total package of which businesses do we have the most exciting growth opportunities, and which ones do we have the most control over our destiny?

So even if we don't have pricing leverage, for instance in the retail pump business, it's part of a bigger pump business where we sell a lot through the pro channel, and that's a better thing. And it has nice growth, finally, after seven years. So it's something we'd enjoy.

There's other businesses, like our pipe business in Australia. We didn't do the deal to get in the pipe business in Australia. They have a nice position in the pipe business in Australia, but that's not our priority. The Thermal business, which is really attractive, is a priority. So, Thermal; Valves & Controls; Filtration -- those are the areas that we continue to be focused on, in terms of prioritizing both growth capital and growth expense.

Steve Winoker - ***Sanford Bernstein - Analyst***

But your answer to that question is, at the low end, you would consider, for those things that are bundled, there's other reasons you'd hold onto that business?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Yes, yes.

Steve Winoker - ***Sanford Bernstein - Analyst***

All right. There's a second question here -- could you talk about how your Thermal business is doing -- strength of end markets, competition?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Our Thermal business is doing really well. They are already standardized. But we found there's a lot of cost opportunity, a lot of cost opportunity. And the markets are good. We just had a nice big win in Latin America, but Canada is slower than we thought it would be. That's kind of how we view Thermal right now. So it is good that we have cost opportunity.

Colm O'Connor - ***KBI - Analyst***

Hi there. I just wanted to get some color on the Food and Bev side. It seems like a really good growth opportunity. Just want to get a bit more on the exposure and your positioning relative to the SPX and maybe just to get a sense of the M&A opportunity for that area.

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

Yes. It's still pretty fragmented, although you mentioned a couple of the leaders. Our exposure is staying with Food and Bev and factories -- it's dairy, beer, and soda; soft drinks. And right now, for instance, in a brewery, we do what's called a cold block and we do filtration. So kieselguhr is the core filtration technology, which is essentially diatomaceous earth. That's the filtration process used in beer. It yields an environmentally toxic waste, so that's old technology.

The new technology is pure filtration membranes. That's a very exciting area for us, where we are the leader. And then in hygienic and non-hygienic valves, in fact on that point, one of the synergies where we were already realizing is taking the Hovap and Keystone valve line, together with the Sudmo line that Pentair had, and bundling a package of valves. And we've sold one big dairy, and we've sold one big distillery, for a total of about $5 million in sales. Not clear we would've won that if we hadn't had that larger package, so that's a big focus of ours.

There's also some really interesting biogas, again, on the filtration side; and biogas recovery, CO2 recovery, that we have the technologies for. And then there is testing and control, is the other piece. So, a lot of fragmentation there. The biogas area and the CO2 recovery are emergent technologies as they, one, improve their environmental or sustainability story, but also, they can use the biogas to run -- particularly in a dairy where you have these huge bio loads that produce a lot of methane.

Chris Glynn - ***Oppenheimer - Analyst***

Yes, Randy, you've described very different operating cultures. So I'm wondering, in that context, to what extent do you want, and don't want, certain levels of retention?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

There's always some people that will fall away. But that's always true when you take a company and you go on a Lean journey, you always have a fair degree of fallout; a meaningful amount of fallout. But we're very disciplined. If people have the willingness and not the ability, we work really hard to get them there. If people don't have the willingness and ability both, we try to make those calls quick. And if they have the ability but not the willingness, we do some tough love. And if they don't get it, then they go.

The receptivity -- one of the things that has been a delight, frankly, is the receptivity to our Win Right culture. That's our statement of culture, is Win Right. That really resonates with our new employees. And, frankly, having process -- this is a company that's comfortable with process, the Flow Control people. Having a common set of processes, the uptake has been better than I would of thought, based on, say, buying a CPT, the small business that Deane asked about.

For them, it's harder for them to get Lean than it is for the Flow Control people, because they're used to being part of a bigger company where there are disciplines.

Unidentified Participant

Randy, we have time for one more question.

Natalia Mamaeva - ***Citi - Analyst***

Hi. Natalia Mamaeva from Citi. Just a follow-up question on the food and beverage side. It was simply mentioned that they've seen a geographical shift in their order book, with China slower. I wonder if you've seen the same, and that what you think. Is this temporary?

And a general follow-up to that, as well, how is the pricing environment on the beverage and food side?

Randy Hogan - ***Pentair Ltd. - Chairman, CEO***

On the pricing side, I don't have any indication that there has been a big change one way or the other. They are large projects. China -- we have seen some slowing, too. Right now, we're very active in Africa. There are probably more breweries being built in Africa right now than the rest of the world combined. That may not be true. I can find that out, though. It is true? Okay, it's close to true.

So, that's my market to cover, by the way. Synergies are good there, yes.

All right, thank you much.