

**PENTAIR, INC.**  
**COMPENSATION COMMITTEE CHARTER**

The Compensation Committee has overall responsibility for compensation actions affecting the Company's chief executive officer (the "CEO") and other officers elected by the Board of Directors from time to time (collectively, "Officers"). Each member of the Committee shall be (a) an Independent director (as defined in the Company's Corporate Governance Principles), (b) a "Non-Employee Director" under the qualifications set forth in Rule 16b-3 promulgated under the Securities Exchange Act of 1934 and (c) an "outside director" for purposes of Section 162(m)(4)(C) of the Internal Revenue Code. The members of the Compensation Committee, which shall be at least three in number, and its Chairperson will be appointed by the Board of Directors on the recommendation of the Governance Committee. Any member of the Compensation Committee may be removed by a majority vote of the Board of Directors.

The Committee shall meet separately or with management, other personnel and its advisors as frequently as it shall determine necessary or appropriate in its reasonable judgment to perform its duties hereunder.

The Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to shareholders relating to the Company's compensation philosophy and practices for Officers and administration of the Company's various employee benefit plans. In so doing, it is the responsibility of the Committee to maintain free and open means of communication between the directors, the Company's financial management and, if appropriate, independent outside professional compensation advisors.

In carrying out these responsibilities, the Committee will:

1. Adopt an executive compensation strategy consistent with the Company's plans and objectives and linked to the Company's pay for performance philosophy. The Committee shall review and approve corporate goals and objectives relevant to the CEO's compensation.
2. Review and establish all compensation arrangements and agreements between the Company and Officers, and other senior executives, and take all necessary salary actions in the form of written resolutions. Such arrangements may include, but not be limited to cash compensation, bonuses, stock options, restricted stock awards, insurance, retirement, other benefits and other perquisites.
3. With respect to the CEO, be responsible for evaluating, at least annually, the CEO's performance in light of the Company's goals and objectives, and shall set the CEO's compensation level based on this evaluation.
  - (a) In determining the long-term incentive component of the CEO's compensation, the Committee will consider the Company's performance and relative shareholder

return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in prior years.

- (b) All Independent directors on the Board of Directors shall be given the opportunity to give input on the performance of the CEO in connection with the annual performance review conducted by the Committee.
- 4. Supervise participation in all stock plans (Omnibus Stock Incentive Plan, Stock Bonus Purchase Plan, RSIP Plus, etc.) and grant awards under these stock plans consistent with each plan's intended purpose.
- 5. Periodically review the competitiveness of major compensation, bonus, stock incentive, retirement and savings plans, the Company's retirement program philosophy, and the adequacy of retirement benefits, savings programs, and retirement planning programs for all categories of employees.
- 6. Meet with the CEO, Human Resources management, legal counsel, and if deemed appropriate, independent outside professional compensation advisors to review current trends and practices in executive compensation and disclosure requirements under various securities and exchange rules and regulations. The Committee has the sole authority to retain and terminate any outside compensation advisors, including sole authority to approve the firm's fees and other retention terms, hired for the purpose of assisting the Committee in the evaluation of director, CEO or Officer compensation.
- 7. Review incentive-compensation plans and stock-based compensation programs and make recommendations to the Board of Directors with respect to such programs and the relative weighting and composition of stock-based compensation in overall Officer compensation.
- 8. Review annually with the CEO and the Governance Committee, the recruitment, development, and promotion programs of candidates expected to assume senior management positions as well as high potential candidates.
- 9. Within the scope of its duties, to investigate or have investigated any matter of concern brought to its attention as the Committee determines to be necessary or appropriate. The Committee specifically has the power to retain outside advisors for this purpose if, in its judgment, that is appropriate.
- 10. Conduct an annual evaluation of the performance of the Committee.
- 11. Report its activities to the Board of Directors at each Board meeting.
- 12. Prepare annually a report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations of the Securities and Exchange Commission.

12. The Committee has the power and authority to delegate such of its powers and duties to one or more subcommittees of the Committee, as it from time to time determines to be necessary and/or appropriate. The Committee also performs other functions that are delegated by the Board from time to time.

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible in order that it can best react to changing conditions and environment, and to assure the Board of Directors and shareholders that the executive compensation and stock plan practices of the Company are in accordance with all requirements and are of the highest quality.