

UNITED STATES SECURITIES AND EXCHANGE
COMMISSION

Washington, D. C. 20549

FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the fiscal year ended December 31, 1993
OR
TRANSITION REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from ___ to___

Commission File No. 0-4689

PENTAIR, INC.

(Exact name of Registrant as specified in its charter)

Minnesota 41-0907434
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1500 County Road B2 West, Suite 400
Saint Paul, Minnesota 55113-3105

(Address of principal executive offices) (Zip Code)

(612) 636-7920
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

- 1) Common Stock, Par Value \$.16 2/3 per share
- 2) Rights
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

The aggregate market value of voting stock held by nonaffiliates of the Registrant on February 25, 1994 was \$611 million. For purposes of this calculation, all shares held by officers and directors of the Registrant and by the trustees of employee stock ownership plans (ESOPs) and pension plans of the Registrant and subsidiaries were deemed to be shares held by affiliates.

The number of shares outstanding of Registrant's only class of common stock on February 25, 1994 was 18,172,891.

DOCUMENTS INCORPORATED BY REFERENCE

The following portions of the Annual Report to Shareholders for the year ended December 31, 1993 and Proxy Statement for the 1994 Annual Meeting of Shareholders are incorporated by reference as the Item of this Form 10-K indicated.

PART OF FORM 10-K	PORTION OF ANNUAL REPORT
Part I, Item 1. Business - Financial information about segments and about foreign operations and research and development.	Page 37: Business Segment Information, Page 29: Research and Development.
Part II, Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.	Page 41: Pentair Stock Data, Price Range and Dividends of Common Stock.
Part II, Item 6. Selected Financial Data.	Page 18: Selected Financial Data.

Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Pages 18-23:
Management's
Discussion and
Analysis.

Part II, Item 8. Financial Statements and Supplementary Data.

Pages 24-37:
Consolidated Statement
of Income, Balance
Sheet and Statement of
Cash Flows, related
Notes, and Report of
Independent Auditors;
Quarterly Financial Data.

PORTION OF PROXY STATEMENT

Part III, Item 10. Directors and Executive Officers of the Registrant.

Pages 2-5: Security
Ownership of
Management and
Beneficial Ownership:
Pages 5-7: Directors
Standing for Election.

Part III, Item 11. Executive Compensation.

Pages 10-18: Executive
Compensation.

Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management.

Pages 2-5: Security
Ownership of
Management and
Beneficial
Ownership.

PART I

Item 1. Business

(a) General Development of the Business.

The Registrant was incorporated in 1966 under the laws of Minnesota. In the past year, the Registrant has not changed its form of organization or mode of conducting business. The Registrant intends to continue to grow through internal development and diversify through the acquisition of established companies or manufacturing operations and investments in owned subsidiaries and new joint ventures. As in the past, periodic dispositions of assets or business units are possible when they no longer fit with the long-term strategies of the Registrant.

The Registrant completed on February 28, 1994 the acquisition of the net assets and the subsidiaries of Schroff GmbH (Schroff) from Fried. Krupp AG Hoesch-Krupp for a cash purchase price of approximately \$153 million. Schroff manufactures and sells enclosures, cases, subracks and accessories for commercial electronic and instrumentation applications, with world-wide 1993 sales of approximately \$160 million. While Schroff faces significant competition in each of its markets, it is the largest manufacturer of electronic enclosures and 19 inch subracks in the European market, in which the majority of Schroff sales are made. The Registrant views Schroff as strongly complementary to the electrical enclosure business of Hoffman Engineering and intends to develop these businesses using their respective strengths in technology, manufacturing, marketing and market position.

(b) Financial Information about Industry Segments.

The Registrant's business is conducted in three industry segments. The Specialty Products segment manufactures woodworking machinery; portable power tools; and pumps and pumping systems. The General Industrial Equipment segment manufactures electrical and electronic enclosures and wireways; industrial lubricating systems and material dispensing equipment; automotive service equipment; and sporting ammunition. The Paper Products segment manufactures printing papers in a variety of types and grades. Business segment financial information is found on page 37 (Note 17) of the 1993 Annual Report to Shareholders.

(c) Narrative Description of Business.

Description of the Specialty Products Segment:

Products and marketing.

The following table sets forth, for each of the last three years, the Specialty Products segment net sales by product class as percentages of the Registrant's consolidated net sales.

	1993	1992	1991
Woodworking Machinery	15%	15%	15%
Portable Electric Tools	9	9	8
Pumps and Pumping Systems	7	7	7
Total Segment	31%	31%	30%

Woodworking Machinery. The Registrant, through its subsidiary Delta International Machinery Corp. (Delta), manufactures, markets, and services a line of general-purpose woodworking machinery, such as saws, planers, joiners, grinders, drill presses, shapers, lathes, and other quality machines. Delta sells its products in the United States, Canada, and other foreign countries under its "Delta" brand name through a network of independent stocking distributors, independent retailers, mass merchandisers and home centers.

Portable Electric Tools. The Registrant, through its subsidiary Porter-Cable Corporation (Porter-Cable), manufactures and markets a variety of portable electric tools, such as saws, sanders, drills and routers, used in woodworking, industrial maintenance, and construction trades. Porter-Cable markets its products under the brand name "Porter-Cable" through independent distributors, mass merchandisers and home centers.

Pumps and Pumping Systems. The Registrant, through its F.E. Myers Co. Division of McNeil (Ohio) Corporation (Myers), manufactures and markets a wide variety of pumps for residential, environmental engineering, and industrial use. Products are marketed by field sales representatives employed

by Myers and are distributed through a network of distributors, wholesalers, dealers, and installers. In addition, Myers distributes products to the do-it-yourself market for retail sale through homecenter retailers and hardware stores under the names "Water Ace" and "Shur Dri".

Competitive conditions.

Delta participates in the middle range of the overall market for general purpose woodworking machinery. The addressed market is focused on high quality and feature oriented products for the Home Shop, Contractor, and Small Shop markets. In general, Delta produces a full line of woodworking machinery for its addressed market. Delta's numerous competitors do not offer a similar full product line over the range of Delta's addressed market. Competitors do have individual products which compete with certain of Delta's products. Competition in this market focuses on quality, features and service and at the lower end of Delta's product offering, price.

Porter-Cable competes in the professional portable electric tool market which is highly competitive. Porter-Cable faces six major competitors across its addressed market. Product innovation, features, quality, performance, delivery and service are the most significant competitive factors. Porter-Cable is beginning to address the higher end of the do-it-yourself market where price is a factor.

Myers' market is pumps and pumping systems. Myers faces several major competitors across its product lines. Price, delivery, and quality are significant competitive factors. Myers is beginning to address the higher end of the do-it-yourself market.

Description of the General Industrial Equipment Segment:

Products and marketing.

The following table sets forth, for each of the last three years, the General Industrial Equipment segment net sales by product class as percentages of consolidated net sales.

	1993	1992	1991
Electrical Enclosures and Wireways	18%	17%	18%
Sporting Ammunition	10	10	10
Industrial Lubricating Systems and Material Dispensing Equipment	6	7	7
Automotive Service Equipment	6	5	4
Total Segment	40%	39%	39%

Electrical Enclosures and Wireways. Through the Hoffman Engineering Company division of Federal-Hoffman, Inc. (Hoffman Engineering), the Registrant manufactures enclosures and wireways for electrical and industrial instrumentation applications and markets these products primarily through independent manufacturer's representatives and electrical and electronic equipment distributors throughout North America and the United Kingdom.

Sporting Ammunition. Through the Federal Cartridge Company division of Federal-Hoffman, Inc. (Federal Cartridge), the Registrant manufactures and markets sporting and law enforcement ammunition, and components. These products are distributed throughout the United States through a network of distributors and buying organizations for retail sale; directly to large retail chains; and directly to law enforcement agencies (governmental).

Industrial Lubricating Systems and Material Dispensing Equipment. The Registrant, through its Lincoln Industrial division of McNeil (Ohio) Corporation (Lincoln Industrial), manufactures components and designs systems for manual and automatic delivery of measured quantities of lubricants for industrial applications. Lincoln Industrial also manufactures components and designs, fabricates, and installs high-volume liquid and semi-solid dispensing systems. Both segments serve original equipment and retrofit markets. Lubricating and materials dispensing systems are marketed in the United States by approximately 100 specially qualified systems distributors with design, installation, and service capability. Basic lubricating equipment and accessories are marketed through industrial supply and specialty distributors. A special direct sales group markets a wide variety of Lincoln Industrial products to original equipment manufacturers in a variety of industries. Lincoln Industrial also manufactures lubricating components and systems at its facility in Walldorf, Germany for distribution to European, Middle East, Far East and African markets, and to a lesser extent to the United States. The remainder of the world market, including the Pacific Rim, is

served from Lincoln Industrial's St. Louis, Missouri manufacturing facility.

Automotive Service Equipment. The Registrant, through its Lincoln Automotive division of McNeil (Ohio) Corporation (Lincoln Automotive), manufactures and markets lubrication, repair, and service equipment for a broad range of vehicles. Most products are sold through a key group of approximately 600 aftermarket wholesalers. Certain lubricating equipment, tools, and jacks and lifting equipment are sold under private label programs. Garage, service station, car dealership service department, and fast oil change lubricating systems are marketed through petroleum equipment and service distributors with design and installation capability.

Competitive conditions.

Hoffman Engineering is the largest North American manufacturer of electrical enclosures and wireways, having a market share estimated to be about 25%. It is currently the only manufacturer with national distribution and its competitors are generally smaller, regional manufacturers. Hoffman Engineering also participates in the North American electronic enclosures market, facing competition from a large number of firms, with three or four established firms leading the market. In both markets, the most significant competitive factors are product innovation, service, quality, breadth of product line, and delivery. Price is the most significant factor for certain commodity products.

Federal Cartridge and its two primary competitors, Winchester and Remington, have a combined market share of approximately 90% in the U.S. sporting ammunition market, with the balance coming from smaller domestic competitors and foreign ammunition manufacturers. Price, terms, delivery, and quality are significant competitive factors.

Lincoln Industrial and Lincoln Automotive face three to five major competitors and several smaller competitors across their product lines. Competition involving industrial lubricating systems and material dispensing equipment tends to center around quality, systems capability, and application knowledge. Price becomes a more significant competitive factor for vehicle servicing equipment.

Description of the Paper Products Segment:

Products and marketing.

The following table sets forth, for each of the last three years, the Registrant's net sales (\$ millions), percent of consolidated net sales and tons shipped (thousands) for each paper product class.

	Years Ended December 31								
	1993			1992			1991		
	\$	%	Tons	\$	%	Tons	\$	%	Tons
Coated	147.8	11	227	143.7	11	237	150.0	13	220
Uncoated	233.8	18	227	231.0	19	223	216.2	18	206
Consolidated	381.6	29	454	374.7	30	460	366.2	31	426
Super-calendered FN1	71.5		116	75.1		111	83.8		116
Total	453.1		570	449.8		571	450.0		542

[FN]

FN1 Lake Superior Paper Industries is a joint venture mill in Duluth, Minnesota; only 50% of the joint venture's sales and tonnage are included. Since this joint venture is accounted for on the equity method, its sales are not included in consolidated sales.

Coated Paper. The Registrant, through its subsidiary Niagara of Wisconsin Paper Corporation (Niagara), manufactures coated groundwood publication-grade paper (nos. 4 and 5) used for applications requiring high-resolution printing and reproduction of color pictures, such as magazines, periodicals, catalogs, and general commercial printing. These papers are coated and finished to either a gloss or suede surface. Direct sales to printers and end users represent approximately 20% of shipments; remaining sales, which generally are in smaller quantities, are made through paper merchants.

Uncoated Papers. Cross Pointe Paper Corporation (Cross Pointe), a subsidiary of the Registrant, through its subsidiaries, Miami Paper Corporation and Flambeau Paper Corp., manufactures a variety of uncoated papers and operates a centralized converting and distribution operation (IDC) in West Chicago, Illinois. Of Cross Pointe's total paper production, 60% is commercial printing, 24% is text and cover, 12% is

book, and the remainder is premium writing, specialty and other paper. Most of the volume is sold through merchants. Currently, about 45% of total shipments are made from the IDC. Cross Pointe has adopted long-term strategies of increased shipments of stocked, value-added grades, enhanced product developments and continued increases in quality. As a part of this program, Cross Pointe has become one of the leaders in recycled grades.

Supercalendered (SCA) Printing and Publication Grade Papers. The Registrant has a 50% interest in a joint venture, Lake Superior Paper Industries (Lake Superior), which produces supercalendered paper known as SCA. End use markets include magazine publication, catalogues and advertising inserts. SCA is sold directly to printers and end users through Lake Superior's own sales and marketing personnel.

Competitive conditions.

The Paper Products segment output of Niagara and Cross Pointe is sold in highly competitive markets with between 10 to 15 competitors in each. Many of these competitors are substantially larger corporations having greater financial resources, production capacity and, in many cases, captive sources of "kraft" pulp and merchant distribution. Lake Superior is the largest North American producer of SCA, but is subject to substantial competition from European manufacturers, and makers of other grades of printing and publication paper. Quality, innovation and service are significant competitive factors in the markets served by the Paper Products segment. The Registrant has emphasized service, quality, product innovation, and environmental products to meet customer needs, and has developed long-term relationships with many suppliers and customers.

Raw materials.

The raw materials used in the manufacture of paper are bleached kraft pulps, pulp substitutes, pulpwood, groundwood pulp, waste paper, certain chemicals, clays, starches, and additives. The Registrant does not own its own timberlands or manufacture its own kraft pulp.

Kraft pulp, which comprises about 35% of the Registrant's fiber needs (including the Registrant's share of Lake Superior), is supplied by several pulp manufacturers, principally under long-term contracts. The balance of fiber needs, comprised primarily of groundwood pulp, sulphite pulp and secondary fiber (pulp recovered by recycling waste paper), is produced at the various mills. The Registrant has recently installed or expanded its recycled fiber capacity at its Cross Pointe mills and has invested in a joint venture recycled pulp facility in Duluth, Minnesota.

The Registrant also purchases chemicals, clays, logs for pulp, waste paper, and other paper-making components from various sources. Adequate supplies of these materials are expected to be available to meet the Registrant's needs.

Backlog.

The following table shows backlog (in days) and approximate sales value (at average selling price) at December 31:

	1993		1992		1991	
	Days	(\$000)	Days	(\$000)	Days	(\$000)
Coated Paper	8	\$ 3,175	17	\$ 6,808	7	\$ 2,629
Uncoated Paper	8.5	5,442	5	3,210	5	3,175
SCA Paper	32	12,494	35	15,066	33	15,260

A substantial portion of paper sales are produced to meet specific customer orders. Although the level of backlogs provides some indication of the strength of the paper markets, other factors such as the trend of retail sales and customer and printer inventory levels must be considered. The current backlog, especially coated and uncoated, is less than desired. All backlogs are expected to be filled within the current year.

Information Regarding All Segments:

Working capital items.

The Specialty Products and General Industrial Equipment businesses offer extended payment terms to a significant number of customers, requiring these subsidiaries to carry a significant amount of receivables. The Registrant has not incurred significant losses in carrying these receivables. Federal Cartridge's working capital builds from January through September as inventories are increased to meet third quarter shipping schedules and receivables increase due to fall dating for early order programs used in the sporting

ammunition business. Management continues to focus on reducing working capital requirements through management of receivable and inventory levels.

Status of new products.

The industries in which the segments participate are essentially mature and do not experience the introduction of many products that materially change the nature of the industry. Individual manufacturers generally make improvements or apply new technologies to existing products.

Raw materials.

The raw materials used in the manufacturing process include grey iron (castings), copper, aluminum (diecast), steel (bar and sheet), and plastic. Federal Cartridge uses gunpowder, primers, brass, lead and steel in its production of ammunition. Selected castings, subassemblies, and components are also purchased. The supply of all raw materials and components is currently adequate.

Less than 5% of portable electric tool sales are produced by outside sources in Western Europe and imported under the Porter-Cable name. The supply of these tools is currently adequate. Delta imports select tools in its product offering. Design and engineering of these products is performed by Delta. The manufacturing process is controlled and monitored for most of these products in factories dedicated to Delta production. Supply of these products is currently adequate and timely.

Patents, trademarks, licenses, franchises and concessions.

The businesses own a number of U.S. and foreign patents and trademarks. They were acquired over many years and relate to many products and improvements which are of importance to the business. No one patent or trademark is of material importance to the company as a whole.

Brand names are a significant factor in market perception. The Registrant has undertaken a corporate strategy to strengthen and capitalize on brand awareness.

Seasonal aspects.

For the Registrant as a whole there is no strongly seasonal aspect; however, sales of Federal Cartridge sporting ammunition are generally higher in the third quarter due to hunting season reorder demand.

Backlog.

The Specialty Products and General Industrial Equipment segments normally do not experience backlogs for substantial periods of time. The nature of the businesses emphasizes maintaining inventories sufficient to satisfy customer needs on a timely basis, and production and sourcing is geared towards providing adequate inventories in order to minimize customer back orders. Accordingly, backlogs are not material to understanding the sales trends or manufacturing fluctuations of the segment.

Dependence on limited number of customers.

None of the Registrant's segments is dependent on a single customer or on a few customers. The loss of a limited number of customers would not have a material adverse impact on any of the segments. Since a portion of Specialty Products sales are through large retail chains, a significant short-term impact would be experienced if sales to these customers were affected.

Government contracts.

The Registrant has no material portion of sales under government contracts that may be subject to renegotiation of profits or termination of contracts at the election of the government.

Environmental matters.

The Registrant is subject to federal and state pollution control and hazardous waste laws and regulations in all jurisdictions in which it has operating facilities. The Registrant believes that its ongoing operations are in substantial compliance with existing environmental regulations other than for infrequent permit exceedances for air and water emissions at some of its facilities. In addition to making ongoing capital expenditures for maintenance, upgrading and closure of on-site waste treatment facilities, the Registrant intends to continue its program for implementation of manufacturing process and configuration changes to achieve both manufacturing efficiencies and an overall reduction in environmental impact of its operations.

The Registrant's environmental control programs focus upon air treatment facilities: including removal of particulates generated by boilers used in the Registrant's paper businesses and of volatile organic compounds used in the industrial manufacturing businesses; waste water treatment, primarily in the paper businesses; and landfills for solid waste disposal, including sludge lagoons operated by some of the paper businesses. The Registrant arranges for disposal of solid and hazardous waste through licensed transporters at each of the Registrant's facilities.

The Registrant's Niagara operation was notified by the Michigan Department of Natural Resources (MDNR) by letter dated March 7, 1994 that its sludge lagoons have been operated in violation of various regulations and have caused degradation of groundwater in the area. Niagara believes that implementation of its currently pending closure plan, submitted in 1990, should satisfy many of the concerns raised by MDNR, although it is likely that Niagara will have to accelerate the closing. No material adverse impact on Niagara's business is anticipated but costs to close the lagoons in accordance with the 1990 proposed plan would exceed \$6 million.

The operating costs for maintaining compliance with environmental regulations does not exceed 5% of operating costs generally. The Registrant has adopted capital expenditure programs for upgrading, maintaining and other costs related to its waste treatment facilities. Such capital expenditures were \$7.6 million, \$4.1 million, and \$2.1 million for the years ending December 31, 1993, 1992, and 1991, respectively. Projected future expenditures are \$1.7 million and \$3.2 million for fiscal years 1994 and 1995 respectively.

Over the past three years, the Registrant's paper businesses have invested a total of \$18.2 million in constructing, upgrading and expanding their recycled fiber facilities. This program has reduced land disposal of office wastepaper while giving the Paper Products segment businesses a strong presence in rapidly growing recycled paper markets.

Employees.

As of December 31, 1993, the Registrant and its subsidiaries employed approximately 8,300 persons, of which 2,470 were represented by unions having collective bargaining agreements.

Labor contracts negotiated in 1993 were: International Molders and Allied Workers - Ashland, Ohio (extended to April 1, 1994), 49 employees; Patternmakers-Ashland, Ohio (extended to September 2, 1995), 7 employees; United Paperworkers - Niagara, Wisconsin (extended to January 31, 1995), 470 employees; and International Union of Electrical Workers - Jonesboro, Arkansas (extended to April 4, 1996), 175 employees.

Contracts expiring in 1994: Clerical Workers - Niagara, Wisconsin (expires May 14, 1994), 25 employees; International Molders and Allied Workers - Ashland, Ohio (expires April 1, 1994), 49 employees; and Molders and Allied Workers - Guelph, Ontario, Canada (expires July 1, 1994) 7 employees.

The Registrant considers its employee relations to be good and feels future contracts can be negotiated for the benefit of the business and the employees.

(d) Financial Information about Foreign Operations.

The Registrant operates primarily in the United States and North America. Operations outside of the United States in 1993 represented less than 10% of consolidated net sales, operating income, and identifiable assets. As a result of the acquisition of the Schroff Group, the Registrant believes that beginning in 1994, operations outside of the U.S. will represent approximately 15% of consolidated net sales.

Item 2. Properties

The Registrant's corporate offices, located at 1500 County Road B2 West, St. Paul, Minnesota 55113-3105, are leased and consist of approximately 22,000 square feet; the lease expires in December 1999. The Registrant also has an option to terminate the lease during the period December 1994 to June 1995. Information about the Registrant's principal manufacturing facilities and other properties is presented below by industry segment. These facilities are adequate and suitable for the purposes they serve. Unless noted all facilities are owned.

In addition, the Company is in the process of expanding into Mexico through the use of a Maquiladora facility. Construction will commence and will be completed in 1994.

Specialty Products Segment

SUBSIDIARY/ DIVISION	LOCATION	PRIMARY USE	APPROXIMATE SQUARE FEET
Porter-Cable FN1	Jackson, Tennessee	Manufacturing, Distribution, and Office	357,000
Delta FN2	Pittsburgh, Pennsylvania	Office and Product Development	34,000
	Tupelo, Mississippi	Manufacturing and Office	333,000
FN3	Memphis, Tennessee	Distribution and Office	245,000
FN4	Guelph, Ontario	Distribution and Office	57,000
	Taichung, Taiwan	Office and Product Development	1,000
F.E. Myers	Ashland, Ohio	Manufacturing, Distribution, and Office	412,000
	Kitchener, Ontario	Distribution, Assembly and Office	26,000

[FN]
FOOTNOTES:

FN1 Leased for a five-year term expiring in 1998.

FN2 Leased for a five-year term expiring in 1994.

FN3 Leased for a five-year term expiring in 1996.

FN4 Leased under a three-year lease which expired in 1991, which is being renewed under one-year options (limited to seven one-year periods).

General Industrial Equipment Segment

SUBSIDIARY/ DIVISION	LOCATION	PRIMARY USE	APPROXIMATE SQUARE FEET
Hoffman Engineering	Anoka, Minnesota	Manufacturing and Office	814,000
FN1	Brooklyn Center, Minnesota	Manufacturing and Office	128,000
FN2	Cwmbran, Wales United Kingdom	Manufacturing and Office	26,000
Federal Cartridge	Anoka, Minnesota	Manufacturing and Office	679,000
	Richmond, Indiana	Manufacturing and Office	41,000
Lincoln Industrial	St. Louis, Missouri	Manufacturing and Office	565,000
	Walldorf, Germany	Manufacturing and Office	117,000
	Antwerp, Belgium	Distribution and Office	8,000
Lincoln Automotive			
FN3	Jonesboro, Arkansas	Manufacturing and Office	426,000
FN4	Nogales, Sonora Mexico	Manufacturing	35,000
	Mississauga, Ontario	Distribution and Office	30,000
	Birch Tree, Missouri	Manufacturing	8,000
Schroff GmbH			
FN5	Straubenhardt, Germany	Manufacturing	523,000
Schroff S.A.			
FN6	Betschdorf, France	Manufacturing and Warehouse	210,000
Schroff U.K.			
	Hemel Hempstead, England	Manufacturing	37,000
FN7	Hemel Hempstead, England	Manufacturing	22,000
Schroff, Inc.			
	Warwick, Rhode Island	Manufacturing and Office	80,000
FN8	Warwick, Rhode Island	Office and Assembly	18,000
Schroff K.K.			
	Miewa-Cho, Japan	Manufacturing	23,500

[FN]
FOOTNOTES:

FN1 Leased for a 25-year term expiring in 1996, with options to renew for two ten-year terms.

FN2 Currently leased under a month-to-month lease while a longer term lease is negotiated.

FN3 Includes approximately 51,000 sq. ft. warehouse and 3,000 sq. ft. office leased for a three-year term which expires in 1995.

FN4 Leased for a six-year term expiring in 1999.

FN5 A small portion of this total facility has been leased for a 30-year term expiring in 2011.

FN6 Leased under two lease agreements expiring in 2002 and 2005. Both leases include a purchase option.

FN7 Leased for a twenty-year term expiring in 2011.

FN8 Leased for a ten-year term expiring in 2000. This lease includes a purchase option.

Paper Products Segment

SUBSIDIARY/ DIVISION	LOCATION	PRIMARY USE	APPROXIMATE ANNUAL CAPACITY OF MILL (NET TONS)
Niagara FN1	Niagara, Wisconsin	Manufacturing and Office	235,000
Cross Pointe FN2	St. Paul, Minnesota	Office	
FN3	West Chicago, Illinois	Distribution and Paper Converting	
	West Carrollton, Ohio	Manufacturing and Office	110,000
FN4	Park Falls, Wisconsin	Manufacturing and Office	125,000
	Dayton, Ohio	Manufacturing and Office	FN5
Lake Superior FN6	Duluth, Minnesota	Manufacturing and Office	240,000

[FN]

FOOTNOTES:

FN1 Certain pulp and paper production equipment is leased. One lease expires in 1996 with options to renew for two terms of three years each. Another lease expires in 1999 with options to renew for three terms of two years each. The third lease expires in 2006 with an option to purchase after seven years and options to renew for up to eight years. Under each lease, Niagara has the option to purchase the equipment at the then-current market value at the end of the initial term or at the end of each renewal term.

FN2 Consists of 10,700 square feet of space under a lease expiring in 1997.

FN3 Consists of 202,000 square feet under a lease expiring in 1998 and 253,000 square feet under a lease expiring in 2001.

FN4 The Flambeau mill power plant is leased until 2007 with options to renew for three terms of five years each.

FN5 Purchased December 1993 and not currently in use. Projected capacity is approximately 45,000 net tons.

FN6 The production equipment is leased under 25-year leases through 2012 with options to renew for periods of five to seven years and options to purchase the equipment in 1997, and at the expiration of the lease term and of any renewal term.

Item 3. Legal Proceedings.

The Registrant or its subsidiaries have been made parties to actions filed, or have been given notice of potential claims, by state and federal enforcement agencies asserting liability for past disposal of hazardous wastes, generally in conjunction with numerous other codefendants or potential codefendants or asserting responsibility for undertaking remedial action. In addition, various other legal actions, governmental proceedings, and claims are pending against the Registrant or its subsidiaries.

Major matters which had or may have an impact on the Registrant are discussed below. The Registrant believes that, because of the reserves, insurance coverage and U.S. Army indemnification discussed below, it is remote that the outcome of such matters will have a material adverse effect on the Registrant's financial position or future results of operations, based on current circumstances known to the Registrant.

Federal-Hoffman TCAAP Facility. Federal-Hoffman, Inc. (Federal-Hoffman) is a party to certain litigation and claims arising out of allegedly improper disposal of hazardous wastes generated at the Twin Cities Army Ammunition Plant (TCAAP) in northern Ramsey County, Minnesota, which Federal Cartridge, a division of Federal-Hoffman, maintains pursuant to a contract with the U.S. Army. While remediation of affected sites continues, the underlying claims or litigation are the subject of settlement agreements or consent orders and are resolved in large part. In light of previous indemnification of Federal Cartridge by the U.S. Army or Federal-Hoffman's insurer for all settlements and costs incurred in TCAAP-related matters, the Registrant believes that liability, if any, to its Federal-Hoffman subsidiary arising from its operation of the TCAAP facility will not be material.

Federal-Hoffman, Inc. Sites. Federal Cartridge, a division of Federal-Hoffman, has been named by the EPA as a Potentially Responsible Party (PRP) in connection with two environmental sites based on claims that Federal Cartridge sent material to these sites. Based on current information available to it, the Registrant believes that these matters are unlikely to result in material future liability.

NL Industries/Taracorp. The EPA issued an administrative order effective January 18, 1991 to Federal Cartridge and 48 other entities to compel the clean-up of the NL Industries/Taracorp site in Granite City, Illinois. Federal Cartridge sent virgin lead to a facility on the site to be formed into lead shot. The EPA has identified over 300 other PRPs and estimates the cost of remediating the site to be approximately \$30 million.

On July 31, 1991, EPA sued 11 of the 49 PRPs who were issued the January 1991 order, seeking enforcement of the January 1991 order and reimbursement of the EPA's costs, plus fines and penalties. Federal Cartridge and three others were not named in the lawsuit because of pending settlement discussions. Federal Cartridge and one other supplier of virgin materials have offered to pay a total of \$1,000,000, of which \$490,000 is Federal Cartridge's share. The EPA has indicated that it anticipates submitting a consent decree for court approval before May 1, 1994. Federal Cartridge has received notice that several nonsettling parties oppose the settlement.

Federal Cartridge's insurer has been notified of this matter and has declined to indemnify or defend Federal Cartridge with respect to this matter at this time.

Aqua-Tech. The EPA issued an administrative order, effective April 29, 1992 to Federal-Hoffman and 96 other entities, to compel the cleanup of the Aqua-Tech Environmental, Inc. site in Greer, South Carolina. Federal Cartridge shipped waste from its manufacturing process to this site several times in recent years. Federal-Hoffman is working with a group of other PRPs to negotiate with the EPA regarding the cleanup of the site. A surface cleanup of the site is complete. Under interim allocations by the PRP group, Federal Cartridge paid \$442,000 toward the cost of the surface cleanup. Under current final allocation proposals, Federal-Hoffman anticipates receiving a credit for some portion of that amount.

The PRP group anticipates beginning a study of the soil and groundwater to determine the extent of subsurface contamination. The cost of such study, any necessary remediation and the size of allocation, if any, to Federal-Hoffman is unknown to the Registrant at this time. Federal-Hoffman however, anticipates a minimal allocation in the subsurface action due to the nature of its waste and the fact that virtually all of its waste was accounted for and removed during the surface remediation.

In October 1992, Hoffman Engineering, a division of Federal-Hoffman, was also named as a PRP in connection with the

Aqua-Tech site. Hoffman settled out of the surface removal as a de minimis party, and anticipates doing the same for the subsurface remediation.

Porter-Cable Corporation. In November 1993, the Tennessee Department of Environment and Conservation (TDEC) issued to Porter-Cable Corporation (Porter-Cable) and Rockwell International Corporation an administrative order requiring them to investigate, and if necessary, clean up alleged groundwater contamination at a manufacturing facility located in Madison County, Tennessee. The facility was acquired by Porter Cable from Rockwell International Corporation in 1981. Porter Cable has served notice on Rockwell of Porter Cable's intent to seek indemnification from Rockwell, based upon Tennessee and Federal law, for all costs and expenses related to investigation and cleanup of the site. The Registrant believes that this matter is unlikely to result in material liability or material changes in operations. No estimate of the projected response cost liability can be made based on information currently known to the Company.

Delta International Machinery. In January 1993, Beaver-Delta Machinery Corp. (Beaver-Delta), a former subsidiary of Delta International Machinery Corp., and three other parties were sued by a commercial developer and current owner of real estate in Guelph, Ontario that Rockwell International previously owned and that was acquired by Beaver-Delta in 1984. Trichlorethylene (TCE) and other contamination of soil and groundwater has been alleged. Plaintiff seeks past and future cleanup costs, as well as increased costs and lost profits allegedly suffered. Plaintiff alleges in the action that it has spent Cdn. \$160,000 to remediate the property and seeks damages in the amount of Cdn. \$5.5 million. Preliminary investigation indicated that Beaver-Delta did not use TCE during the short period that it owned the property at issue. Beaver-Delta has served notice on Rockwell of its intent to seek indemnification from Rockwell for all costs related to this matter. Plaintiff has not pursued this lawsuit since its commencement. The Registrant believes that this matter is unlikely to result in material liability.

Niagara of Wisconsin Paper Corporation. In January 1994, the State of Wisconsin filed an enforcement action against Niagara involving allegations of particulate emissions from Niagara's coal processing plant in excess of limits set in its permit. Emissions at issue occurred at various times between August 1992 and May 1993. The State is seeking monetary forfeitures, penalties, injunctive relief and costs for the alleged violations. The State's settlement demand of \$120,000 has been rejected by Niagara. The Registrant believes that this matter is unlikely to result in liability to Niagara that is material to the Registrant's overall financial condition.

Cross Pointe Paper Corporation. The Miami mill of Cross Pointe Paper Corporation (Miami) is currently discussing with the State of Ohio alleged violations of Miami's water pollution control (NPDES) permit which occurred from 1988 to mid 1992. The State is currently seeking a settlement in an amount of \$220,000. Miami's current NPDES permit provides an allowance until 1995 to take corrective action to eliminate violations.

IWD/Cardington Site. In February 1994, Miami was named a PRP in connection with the IWD/Cardington landfill in Moraine, Ohio. Waste haulers with whom Miami contracted to transport its flyash and paper and wood waste allegedly took it to this landfill for some time prior to its closure in 1980. The EPA has identified 22 other PRPs at this time. The cost of remediation of the site is estimated to be approximately \$12 to \$15 million. Miami is investigating its alleged involvement at this site.

McNeil (Ohio) Corporation. F.E. Myers (Myers), a division of McNeil (Ohio) Corporation, has received notice of a claim of contamination of soil surrounding an underground storage tank on property owned by Myers prior to September 1986. An estimate of \$125,000 has been given to perform remediation of the alleged contamination. The Registrant believes that this matter is unlikely to result in liability to Myers that is material to the Registrant's overall financial condition.

California Proposition 65 Notice. In February 1994, Myers received a notice pursuant to California Health and Safety Code Section 25249 (Proposition 65) regarding alleged violations arising from discharge of lead from submersible water pumps into drinking water since February 27, 1988. Two private environmental groups sent the notice to Myers and three other pump manufacturers and one pump distributor. Under Proposition 65, the penalty for each violation is \$2,500 per day. Myers is currently investigating the claims set forth in this notice.

Product Liability Claims. As of March 4, 1994, the Registrant or its subsidiaries are defendants in approximately 217 product liability lawsuits and have been notified of approximately 129 additional claims. The Registrant maintains an active case management and insurance review program to closely supervise these and other litigation matters. The Registrant

has had and currently has in place insurance coverage it deems adequate for its needs; accounting reserves covering the deductible portion of all liability claims have been established and are reviewed on a regular basis. The Registrant has not experienced unfavorable trends in either the severity or frequency of product liability claims.

McNeil Asbestos Lawsuits. Since 1987, McNeil and a large number of manufacturers or installers of asbestos-containing products have been named as codefendants in lawsuits involving claims by 6,340 tireworkers seeking damages for personal injuries allegedly caused by exposure to asbestos or talc in various tire plants. A former division of McNeil's predecessor, McNeil Corporation, supplied tire curing presses for which asbestos may have been used as an insulating material. Of those claims against McNeil, 1,109 have been dismissed, 4,802 have been settled, with an average settlement amount of \$1,400, and 595 claims remain. The evidence developed to date does not suggest that future settlements would be higher than the historical average. In addition, significant dismissals are anticipated to occur without any indemnity payments.

Ninety percent of the cost of defending and settling these actions has been paid by McNeil's insurance carriers, with the balance being paid by McNeil. The Registrant believes that its carriers will continue to cover a comparable portion of defense costs and damages, if any, for which McNeil might be found liable in the future, and self-insurance reserves are adequate to cover any remaining portion. Considering the existence of factual and legal defenses to the pending suits and the applicable insurance coverage, the Registrant believes that these suits are unlikely to result in material liability.

Item 4. Submission of Matters to a Vote of Security Holders.

During the fourth quarter, no matter was submitted to a vote of security holders.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following are the executive officers of the Registrant. Their term of office extends until the next annual meeting of the Board of Directors, scheduled for April 20, 1994, or until their successors are elected and have qualified.

Winslow H. Buxton Age 54

Chairman since January 15, 1993; President and Chief Executive Officer since August 1992; Chief Operating Officer, August 1990 - August 1992; Vice President - Paper Group, January 1989 - August 1990.

Joseph R. Collins Age 52

Senior Vice President - Specialty Products since August 1991; Acting Chief Financial Officer, June 1993 - March 14, 1994; President, Delta International Machinery Corporation (subsidiary of the Registrant), October 1984 - August 1991.

Ronald V. Kelly Age 57

Senior Vice President - Paper Products since August 1991; Vice President - Specialty Products, March 1989 - August 1991; President, Lake Superior Paper Industries (a joint venture in which the Registrant is a 50% owner), January 1986 - March 1989.

Gerald C. Kitch Age 56

Senior Vice President - General Industrial Equipment since August 1991; Vice President - General Industrial Equipment, March 1989 - August 1991.

Allan J. Kolles Age 62

Vice President, Human Resources since March 1985.

Roy T. Rueb Age 53

Vice President, Treasurer since October 1986 and Acting Secretary since June 1993.

Mark T. Schroeffer Age 47

Vice President, Controller since January 1990; Corporate Controller, March 1987 - January 1990.

David D. Harrison Age 46

Senior Vice President and Chief Financial Officer since March 15, 1994; Vice-President, Finance and Information Technology of the GE Canada Appliance Component subsidiary of General Electric, August 1992 - March 1994; Vice President, Finance and Deputy Executive Officer of the GE Europe Lighting Component subsidiary of General Electric, January 1990 - July 1992; and Director of Finance, Europe, Controller, and various other financial positions for Borg Warner/GE U.S. Plastics Component, February 1972 - January 1990.

Richard W. Ingman Age 49

Vice President, Corporate Development, August 1989 - February 1994; President of Ingman, Inc. (business training and consulting), January 1987 - August 1989. Effective March 1, 1994, Mr. Ingman was named President of Hoffman Engineering Division of Federal-Hoffman, Inc. (subsidiary of Registrant).

There is no family relationship between any of the officers or directors.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters.

Item 6. Selected Financial Data.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Item 8. Financial Statements and Supplementary Data.

For information required under Items 5 through 8, see the Registrant's Annual Report to Shareholders for the year ended December 31, 1993, as referenced on page 2 of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

No changes in accountants or disagreements between the Registrant and its accountants regarding accounting principles or financial statement disclosures have occurred within the 24 months prior to the date of the Registrant's most recent financial statements.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Item 11. Executive Compensation.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

For information required under Items 10 through 12, see the Registrant's Proxy Statement for the 1994 Annual Meeting of Shareholders referenced on page 2 of this report, and "Executive Officers of the Registrant" found after Item 4 of this report.

Item 13. Certain Relationships and Related Transactions.

No relationships or transactions existed that require disclosure under Item 13.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) Financial Statements, Financial Statement Schedules, and Exhibits.

1. The following consolidated financial statements of Pentair, Inc. and subsidiaries, together with the Report of Independent Auditors, found on pages 24 to 37 of the Registrant's Annual Report to Shareholders for the year ended December 31, 1993, are hereby incorporated by reference in this Form 10-K.

	Page of Annual Report
Report of Independent Auditors	24
Consolidated Statement of Income for Years Ended December 31, 1993, 1992 and 1991	25
Consolidated Balance Sheet as of December 31, 1993 and 1992	26 - 27
Consolidated Statement of Cash Flows for Years Ended December 31, 1993, 1992 and 1991	28
Notes to Consolidated Financial Statements	29 - 37

2. The additional financial data listed below is included as exhibits to this Form 10-K Report and should be read in conjunction with the consolidated financial statements presented in the 1993 Annual Report to Shareholders. Schedules not included with this additional financial data have been omitted because they are not required or the required information is included in the financial statements or the notes.

Independent Auditors' Report

Schedules for the years ended December 31, 1993, 1992 and 1991:

V - Property, Plant and Equipment

VI - Accumulated Depreciation and Amortization of Property, Plant and Equipment

VIII - Valuation and Qualifying Accounts

X - Supplementary Income Statement Information

3. The following exhibits are included with this Report on Form 10-K (or incorporated by reference) as required by Item 601 of Regulation S-K.

Exhibit Number	Description
(3.1)	Restated Articles of Incorporation as amended through April 25, 1989.
(3.2)	Resolution Establishing and Designating \$7.50 Callable Cumulative Convertible Preferred Stock, Series 1988, as a series of Preferred Stock of Pentair, Inc.
(3.3)	Resolution Establishing and Designating 8% Callable Cumulative Voting Convertible Preferred Stock, Series 1990, as a series of Preferred Stock of Pentair, Inc.
(3.4)	Second Amended and Superseding By-Laws as amended through January 19, 1993.
(4.1)	Restated Articles of Incorporation, as amended, and Second Amended and Superseding By-Laws, as amended (see Exhibits 3.1 - 3.4 above).
(4.2)	Rights Agreement dated December 26, 1986 between the Company and First Trust Company, Inc.
(4.3)	Amendment to Rights Agreement dated July 22, 1988 between the Company and Norwest Bank Minnesota, National Association, as successor Rights Agent (Amending Exhibit 4.2).
(4.4)	Second Amendment to Rights Agreement dated December 15, 1989 between the Company and Norwest Bank Minnesota, National Association, as successor Rights Agent (Amending Exhibit 4.2).
(4.5)	Bid Loan Agreement dated December 14, 1988 between the Company, Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York, Morgan Bank (Delaware), First Bank National Association, Norwest Bank Minnesota, N.A., and Mellon Bank, N.A.
(4.6)	First Amendment to Bid Loan Agreement dated January 1, 1991 between the Company, Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York, Morgan Bank (Delaware), First Bank National Association, Norwest Bank Minnesota, N.A., and NBD Bank, N.A. (Amending Exhibit 4.5).
(4.7)	Second Amendment to Bid Loan Agreement dated as of February 11, 1994 between Pentair, Inc., Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York, J.P. Morgan Delaware, First Bank National Association, Norwest Bank Minnesota, N.A., and NBD Bank, N.A. (Amending Exhibit 4.5).
(4.8)	\$125,000,000 Facility Agreement dated as of February 11, 1994 between Pentair, Inc., Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York for itself and as Agent, NBD Bank, N.A., and J. P. Morgan Delaware.
(4.9)	\$45,000,000 Facility Agreement dated as of February 11, 1994 between Pentair, Inc., First Bank National Association, for itself and as Agent, and Norwest Bank Minnesota N.A.
(4.10)	DM 115,000,000 Facility Agreement dated as of February 11, 1994 between EuroPentair, GmbH as Borrower, Pentair, Inc., as Guarantor, Morgan Guaranty Trust Company of New York for itself and as Agent, Continental Bank N.A., for itself and as Agent, NBD Bank, N.A. and Dresdner Bank.
(4.11)	Restatement of Credit Agreement dated July 11,

1989 between Federal-Hoffman, Inc. and First Bank National Association.

- (4.12) Second Amendment to Restatement of Credit Agreement dated as of January 19, 1993 between Federal-Hoffman, Inc., Pentair, Inc., and First Bank National Association (Amending Exhibit 4.11) .
- (4.13) \$35,000,000 Note Purchase Agreement dated March 25, 1991 between Pentair, Inc. and Nationwide Life Insurance Company.
- (4.14) \$25,000,000 Note Purchase Agreement dated December 13, 1991 between Pentair, Inc. and Principal Mutual Life Insurance Company.
- (4.15) \$15,000,000 Note Purchase Agreement dated November 1, 1992 between Pentair, Inc. and Nationwide Life Insurance Company.
- (4.16) \$15,000,000 Note Purchase Agreement dated January 15, 1993 between Pentair, Inc. and Principal Mutual Life Insurance Company.
- (4.17) \$70,000,000 Senior Notes Purchase Agreement dated as of April 30, 1993 between Pentair, Inc. and United of Omaha Life Insurance Company, Companion Life Insurance Company, Principal Mutual Life Insurance Company, Nippon Life Insurance Company of America, Lutheran Brotherhood, American United Life Insurance Company, Modern Woodmen of America, The Franklin Life Insurance Company and Ameritas Life Insurance Corp.
- (10.1) Agreements dated February 8, 1978 and February 9, 1982 between the Company and D. Eugene Nugent.
- (10.2) Agreement dated February 8, 1984 (Amending Exhibit 10.1).
- (10.3) Agreement dated December 17, 1985 (Amending Exhibit 10.1).
- (10.4) Agreement dated May 7, 1990 (Amending Exhibit 10.1).
- (10.5) Company's Supplemental Employee Retirement Plan effective June 16, 1988.
- (10.6) Company's Restated Long-Term Executive Performance Plan as amended to October 21, 1987.
- (10.7) Company's 1982 Incentive Stock Option Plan.
- (10.8) First Amendment to Incentive Stock Plan (Amending Exhibit 10.10).
- (10.9) Second Amendment to Incentive Stock Option Plan (Amending Exhibit 10.10).
- (10.10) Company's 1986 Nonqualified Stock Option Plan.
- (10.11) Company's 1990 Omnibus Stock Incentive Plan (Superseding Exhibits 10.6 - 10.10 above starting with 1990 grants).
- (10.12) Company's Management Incentive Plan as amended to January 12, 1990.
- (10.13) Employee Stock Purchase and Bonus Plan as amended and restated effective January 1, 1992.
- (10.14) Company's Flexible Perquisite Program as amended to January 1, 1989.
- (10.15) Form of 1986 Management Assurance Agreement (Revised 1990) between the Company and certain executive officers.
- (10.16) Company's Third Amended and Restated Compensation Plan for Non-Employee Directors as amended to January 1, 1992.
- (10.17) Company's Outside Directors Nonqualified Stock Option Plan dated January 22, 1988.
- (10.18) First Amendment to Outside Directors Nonqualified Stock Option Plan (Amending Exhibit 10.17).
- (10.19) Second Amendment to Outside Directors

Nonqualified Stock Option Plan (Amending Exhibit 10.17).

- (10.20) Pentair, Inc. Deferred Compensation Plan effective January 1, 1993.
- (10.21) Lake Superior Paper Industries Venture Council By-Laws and Management Protocol.
- (10.22) Second Amended and Restated Joint Venture Agreement dated December 31, 1987 between Pentair Duluth Corp. and Minnesota Paper, Incorporated.
- (10.23) First Amendment to Second Restated Joint Venture Agreement, First Amendment to Venture Council By-Laws, and First Amendment to Management Protocol, all dated May 30, 1989, between Pentair Duluth Corp. and Minnesota Paper, Incorporated (Amending Exhibits 10.21 and 10.22).
- (10.24) Cash Deficiency Agreement dated December 31, 1987 among Pentair Duluth Corp., as Joint Venturer, Associated Southern Investment Company, as Owner Participant, The Connecticut Bank and Trust Company, National Association, as Indenture Trustee, and First National Bank of Minneapolis, as Owner Trustee. Cash Deficiency Agreements also were entered into with respect to each of the other four Owner Participants: Dana Lease Finance Corporation, NYNEX Credit Company, Public Service Resources Corporation, and Southern Indiana Properties, Inc.
- (10.25) Keepwell Agreement and Assignment dated December 31, 1987 among Pentair, Inc., as Sponsor, Pentair Duluth Corp., as Joint Venturer, and First National Bank of Minneapolis, as Owner Trustee; although First Minneapolis executed this filed document as Owner Trustee for Associated Southern Investment Company, additional Keepwell Agreements and Assignments were entered into by First Minneapolis as Owner Trustee for the other four Owner Participants listed in the description of Exhibit 10.24 above.
- (10.26) Definition of Terms for Financing Agreement dated December 31, 1987 and the Transaction Documents Referred to Therein: Sale and Leaseback of Undivided Interest in Lake Superior Paper Industries' Supercalendered Paper Mill; although this filed document supplies the definitions applicable to the agreements filed as Exhibits 10.24 and 10.25 above, there were four additional sets of definitions that supply the definitions for the other sets of agreements referred to in the descriptions of those Exhibits with respect to the various Owner Participants.
- (10.27) Loan and Stock Purchase Agreement dated March 7, 1990 between the Company and the Pentair, Inc. Employee Stock Ownership Plan Trust, acting through State Street Bank and Trust Company, as Trustee.
- (10.28) \$56,499,982 Promissory Note dated March 7, 1990 of the Pentair, Inc. Employee Stock Ownership Plan Trust, acting through State Street Bank and Trust Company, as Trustee, to the Company.
- (11) Statement regarding computation of earnings per share.
- (13) Annual Report to Shareholders for period ended December 31, 1993.
- (21) Subsidiaries of Registrant.
- (24) Consent of Deloitte & Touche.

(b) Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENTAIR, INC.

By: Joseph R. Collins
Senior Vice President and
Chief Financial Officer

Dated: March 28, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has also been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: Winslow H. Buxton
Chairman, President and
Chief Executive Officer, Director

Dated: March 28, 1994

By: George N. Butzow, Director
Dated: March 28, 1994

By: Harold V. Haverty, Director
Dated: March 28, 1994

By: Quentin J. Hietpas, Director
Dated: March 28, 1994

By: B. Kristine Johnson, Director
Dated: March 28, 1994

By: Walter Kissling, Director
Dated: March 28, 1994

By: H. William Lurton, Director
Dated: March 28, 1994

By: D. Eugene Nugent, Director
Dated: March 28, 1994

INDEPENDENT AUDITORS' REPORT

Pentair, Inc.:

We have audited the consolidated financial statements of Pentair, Inc. and subsidiaries as of December 31, 1993 and 1992, and for each of the three years in the period ended December 31, 1993, and have issued our report thereon dated February 11, 1994; such financial statements and report are included in your 1993 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedules of Pentair, Inc. and subsidiaries listed in Item 14. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE
Saint Paul, Minnesota
February 11, 1994

SCHEDULE V

PENTAIR, INC. AND SUBSIDIARIES
PROPERTY, PLANT AND EQUIPMENT
(\$ Thousands)

COLUMN A	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS AT COST	COLUMN D RETIRE- MENTS	COLUMN E OTHER CHANGES ADD (DEDUCT)	COLUMN F BALANCE AT END OF PERIOD
YEAR ENDED DECEMBER 31, 1991:					
Land & land improvements	\$11,866	\$830		\$(865)	\$11,831
Buildings	63,925	4,776	\$(91)	(4,368)	64,242
Machinery & equipment	357,198	54,446	(5,061)	(5,622)	400,961
Construction in progress-net	24,825	(10,632)		(134)	14,059
TOTALS FN1	\$457,814	\$49,420	\$(5,152)	\$(10,989)	\$491,093
YEAR ENDED DECEMBER 31, 1992:					
Land & land improvements	\$11,831	\$325		\$1,192	\$13,348
Buildings	64,242	2,515	\$(492)	(2,143)	64,122
Machinery & equipment	400,961	43,810	(7,533)	3,204	440,442
Construction in progress-net	14,059	20,585		(659)	33,985
TOTALS FN2	\$491,093	\$67,235	\$(8,025)	\$1,594	\$551,897
YEAR ENDED DECEMBER 31, 1993:					
Land & land improvements	\$13,348	\$995		\$514	\$14,857
Buildings	64,122	6,442	\$(135)	3,645	74,074
Machinery & equipment	440,442	73,345	(6,092)	(1,129)	506,566
Construction in progress-net	33,985	(7,361)	(315)	(189)	26,120
TOTALS FN3	\$551,897	\$73,421	\$(6,542)	\$2,841	\$621,617

[FN]

FN1 Column E includes the sale of the Accutec division of Hoffman Engineering.

\$ (13,495)

FN2 Column E includes the sale of Invicta division of Delta International Machinery

\$ (11,833)

and FAS 109 tax adjusting entries.

\$ 13,228

FN3 Column E includes classification of F.E. Myers Foundry from asset held for disposition

\$ 3,887

SCHEDULE VI

PENTAIR, INC. AND SUBSIDIARIES
 ACCUMULATED DEPRECIATION AND AMORTIZATION
 OF PROPERTY, PLANT AND EQUIPMENT
 (\$ Thousands)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIRE- MENTS	OTHER CHANGES ADD (DEDUCT)	BALANCE AT END OF PERIOD
YEAR ENDED DECEMBER 31, 1991:					
Land & land improvements	\$1,154	\$516		\$(87)	\$1,583
Buildings	12,790	3,457	\$(50)	(482)	15,715
Machinery & equipment	180,303	40,742	(4,195)	(1,355)	215,495
TOTALS FN1	\$194,247	\$44,715	\$(4,245)	\$(1,924)	\$232,793
YEAR ENDED DECEMBER 31, 1992:					
Land & land improvements	\$1,583	\$449		\$(7)	\$2,025
Buildings	15,715	3,214	\$(375)	(1,094)	17,460
Machinery & equipment	215,495	41,791	(6,331)	(8,356)	242,599
TOTALS FN2	\$232,793	\$45,454	\$(6,706)	\$(9,457)	\$262,084
YEAR ENDED DECEMBER 31, 1993:					
Land & land improvements	\$2,025	\$497		\$(6)	\$2,516
Buildings	17,460	9,416	\$(1,690)	588	25,774
Machinery & equipment	242,599	37,744	(3,830)	948	277,461
TOTALS FN3	\$262,084	\$47,657	\$(5,520)	\$1,530	\$305,751
[FN]					
FN1 Column E includes the sale of the Accutec division of Hoffman Engineering.					
				\$(2,482)	
FN2 Column E includes the sale of Invicta division of Delta International Machinery.					
				\$(9,108)	
FN3 Column E includes the classification of F.E. Myers Foundry from asset held for disposition.					
				\$1,763	

SCHEDULE VIII

PENTAIR, INC. AND SUBSIDIARIES
 VALUATION AND QUALIFYING ACCOUNTS
 FOR THE THREE YEARS ENDED DECEMBER 31
 (\$ Thousands)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	BALANCE AT BEGINNING PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	DEDUCTIONS- WRITE-OFFS	BALANCE AT END OF PERIOD
Allowance for doubtful accounts and notes receivables				
1991	4,715	2,875	(1,964)	5,626
1992	5,626	2,549	(2,635)	5,540
1993	5,540	1,514	(857)	6,197

SCHEDULE X

PENTAIR, INC. AND SUBSIDIARIES
 SUPPLEMENTARY INCOME STATEMENT INFORMATION
 FOR THE THREE YEARS ENDED DECEMBER 31
 (\$ Thousands)

Item	COLUMN B		
	COLUMN A	Charged to Costs and Expenses	
	1991	1992	1993
Maintenance and repairs	\$25,072	\$25,178	\$25,799
Advertising costs	\$22,230	\$23,433	\$27,675

All other supplemental income statement information items are not included in this schedule because they are not required to be disclosed pursuant to Regulation S-X.

EXHIBIT INDEX

Exhibit Number	Description
(3.1)	Restated Articles of Incorporation as amended through April 25, 1989 (Incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the quarter ended March 31, 1989).
(3.2)	Resolution Establishing and Designating \$7.50 Callable Cumulative Convertible Preferred Stock, Series 1988, as a series of Preferred Stock of Pentair, Inc. (Incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Company's Current Report on Form 8-K filed December 30, 1988).
(3.3)	Resolution Establishing and Designating 8% Callable Cumulative Voting Convertible Preferred Stock, Series 1990, as a series of Preferred Stock of Pentair, Inc. (Incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K filed March 21, 1990).
(3.4)	Second Amended and Superseding By-Laws as amended through January 19, 1993 (Incorporated by reference to Exhibit 3.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992).
(4.1)	Restated Articles of Incorporation, as amended, and Second Amended and Superseding By-Laws, as amended (see Exhibits 3.1 - 3.4 above).
(4.2)	Rights Agreement dated December 26, 1986 between the Company and First Trust Company, Inc. (Incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A filed December 26, 1986).
(4.3)	Amendment to Rights Agreement dated July 22, 1988 between the Company and Norwest Bank Minnesota, National Association, as successor Rights Agent (Amending Exhibit 4.2) (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed August 2, 1988).
(4.4)	Second Amendment to Rights Agreement dated December 15, 1989 between the Company and Norwest Bank Minnesota, National Association, as successor Rights Agent (Amending Exhibit 4.2) (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed December 28, 1989).
(4.5)	Bid Loan Agreement dated December 14, 1988 between the Company, Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York, Morgan Bank (Delaware), First Bank National Association, Norwest Bank Minnesota, N.A., and Mellon Bank, N.A. (Incorporated by reference to Exhibit 4.2 to Amendment No. 1 to the Company's Current Report on Form 8-K filed December 30, 1988).
(4.6)	First Amendment to Bid Loan Agreement dated January 1, 1991 between the Company, Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York,

Morgan Bank (Delaware), First Bank National Association, Norwest Bank Minnesota, N.A., and NBD Bank, N.A. (Amending Exhibit 4.5) (Incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 10K for the year ended December 31, 1990).

- (4.7) Second Amendment to Bid Loan Agreement dated as of February 11, 1994 between Pentair, Inc., Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York, J.P. Morgan Delaware, First Bank National Association, Norwest Bank Minnesota, N.A., and NBD Bank, N.A. (Amending Exhibit 4.5) (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed March 14, 1994).
- (4.8) \$125,000,000 Facility Agreement dated as of February 11, 1994 between Pentair, Inc., Continental Bank N.A. for itself and as Agent, Morgan Guaranty Trust Company of New York for itself and as Agent, NBD Bank, N.A., and J. P. Morgan Delaware (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 14, 1994).
- (4.9) \$45,000,000 Facility Agreement dated as of February 11, 1994 between Pentair, Inc., First Bank National Association, for itself and as Agent, and Norwest Bank Minnesota N.A. (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed March 14, 1994).
- (4.10) DM 115,000,000 Facility Agreement dated as of February 11, 1994 between EuroPentair, GmbH as Borrower, Pentair, Inc., as Guarantor, Morgan Guaranty Trust Company of New York for itself and as Agent, Continental Bank N.A., for itself and as Agent, NBD Bank, N.A. and Dresdner Bank (Incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed March 14, 1994).
- (4.11) Restatement of Credit Agreement dated July 11, 1989 between Federal-Hoffman, Inc. and First Bank National Association (Incorporated by reference to Exhibit 4.10 to the Company's Form 10-K for the year ended December 31, 1989).
- (4.12) Second Amendment to Restatement of Credit Agreement dated as of January 19, 1993 between Federal-Hoffman, Inc., Pentair, Inc., and First Bank National Association (Amending Exhibit 4.11) (Incorporated by reference to Exhibit 4.13 to the Company's Form 10-K for the year ended December 31, 1992).
- (4.13) \$35,000,000 Note Purchase Agreement dated March 25, 1991 between Pentair, Inc. and Nationwide Life Insurance Company. (Incorporated by reference to Exhibit 4.14 to the Company's Registration Statement on Form S-8 filed August 6, 1991).
- (4.14) \$25,000,000 Note Purchase Agreement dated December 13, 1991 between Pentair, Inc. and Principal Mutual Life Insurance Company. (Incorporated by reference to Exhibit 4.15 to the Company's Registration Statement on Form S-8 filed January 13, 1992).
- (4.15) \$15,000,000 Note Purchase Agreement dated November 1, 1992 between Pentair, Inc. and Nationwide Life Insurance Company (Incorporated by reference to Exhibit 4.16 to the Company's Form 10-K for the year ended December 31, 1992).
- (4.16) \$15,000,000 Note Purchase Agreement dated January 15, 1993 between Pentair, Inc. and Principal Mutual Life Insurance Company (Incorporated by reference to Exhibit 4.17 to the Company's Form 10-K for the year ended December 31, 1992).
- (4.17) \$70,000,000 Senior Notes Purchase Agreement dated as of April 30, 1993 between Pentair, Inc. and United of Omaha Life Insurance Company, Companion Life Insurance Company, Principal Mutual Life Insurance Company, Nippon Life Insurance Company of America, Lutheran Brotherhood, American United Life Insurance Company, Modern Woodmen of America, The Franklin Life Insurance Company and Ameritas Life Insurance Corp.

- (10.1) Agreements dated February 8, 1978 and February 9, 1982 between the Company and D. Eugene Nugent (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-2 filed June 24, 1983).
- (10.2) Agreement dated February 8, 1984 (Amending Exhibit 10.1) (Incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1983).
- (10.3) Agreement dated December 17, 1985 (Amending Exhibit 10.1) (Incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 1985).
- (10.4) Agreement dated May 7, 1990 (Amending Exhibit 10.1). (Incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10K for the year ended December 31, 1990).
- (10.5) Company's Supplemental Employee Retirement Plan effective June 16, 1988 (Incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).
- (10.6) Company's Restated Long-Term Executive Performance Plan as amended to October 21, 1987 (Incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987).
- (10.7) Company's 1982 Incentive Stock Option Plan (Incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-2 filed June 24, 1983).
- (10.8) First Amendment to Incentive Stock Plan (Amending Exhibit 10.7) (Incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1985).
- (10.9) Second Amendment to Incentive Stock Option Plan (Amending Exhibit 10.7) (Incorporated by reference to Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).
- (10.10) Company's 1986 Nonqualified Stock Option Plan (Incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 1986).
- (10.11) Company's 1990 Omnibus Stock Incentive Plan (Superseding Exhibits 10.6 - 10.10 above starting with 1990 grants) (Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).
- (10.12) Company's Management Incentive Plan as amended to January 12, 1990 (Incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).
- (10.13) Employee Stock Purchase and Bonus Plan as amended and restated effective January 1, 1992 (Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1991).
- (10.14) Company's Flexible Perquisite Program as amended to January 1, 1989 (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).
- (10.15) Form of 1986 Management Assurance Agreement (Revised 1990) between the Company and certain executive officers (Incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).
- (10.16) Company's Third Amended and Restated Compensation Plan for Non-Employee Directors as amended to January 1, 1992. (Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed January 13, 1992).

- (10.17) Company's Outside Directors Nonqualified Stock Option Plan dated January 22, 1988 (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987).
- (10.18) First Amendment to Outside Directors Nonqualified Stock Option Plan (Amending Exhibit 10.17) (Incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1991).
- (10.19) Second Amendment to Outside Directors Nonqualified Stock Option Plan (Amending Exhibit 10.17) (Incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 1991).
- (10.20) Pentair, Inc. Deferred Compensation Plan effective January 1, 1993 (Incorporated by reference to Exhibit 10.21 to the Company's Form 10-K for the year ended December 31, 1992).
- (10.21) Lake Superior Paper Industries Venture Council By-Laws and Management Protocol (Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1985).
- (10.22) Second Amended and Restated Joint Venture Agreement dated December 31, 1987 between Pentair Duluth Corp. and Minnesota Paper, Incorporated (Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987).
- (10.23) First Amendment to Second Restated Joint Venture Agreement, First Amendment to Venture Council By-Laws, and First Amendment to Management Protocol, all dated May 30, 1989, between Pentair Duluth Corp. and Minnesota Paper, Incorporated (Amending Exhibits 10.21 and 10.22) (Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).
- (10.24) Cash Deficiency Agreement dated December 31, 1987 among Pentair Duluth Corp., as Joint Venturer, Associated Southern Investment Company, as Owner Participant, The Connecticut Bank and Trust Company, National Association, as Indenture Trustee, and First National Bank of Minneapolis, as Owner Trustee. Cash Deficiency Agreements also were entered into with respect to each of the other four Owner Participants: Dana Lease Finance Corporation, NYNEX Credit Company, Public Service Resources Corporation, and Southern Indiana Properties, Inc. (Incorporated by reference to Exhibit 10.1 to Amendment No. 1 to the Company's Current Report on Form 8-K filed April 26, 1988).
- (10.25) Keepwell Agreement and Assignment dated December 31, 1987 among Pentair, Inc., as Sponsor, Pentair Duluth Corp., as Joint Venturer, and First National Bank of Minneapolis, as Owner Trustee; although First Minneapolis executed this filed document as Owner Trustee for Associated Southern Investment Company, additional Keepwell Agreements and Assignments were entered into by First Minneapolis as Owner Trustee for the other four Owner Participants listed in the description of Exhibit 10.24 above (Incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Company's Current Report on Form 8-K filed April 26, 1988).
- (10.26) Definition of Terms for Financing Agreement dated December 31, 1987 and the Transaction Documents Referred to Therein: Sale and Leaseback of Undivided Interest in Lake Superior Paper Industries' Supercalendered Paper Mill; although this filed document supplies the definitions applicable to the agreements filed as Exhibits 10.24 and 10.25 above, there were four additional sets of definitions that supply the definitions for the other sets of agreements referred to in the descriptions of those Exhibits with respect to the various Owner Participants (Incorporated by reference to Exhibit 10.3 to

Amendment No. 1 to the Company's Current Report on Form 8-K filed April 26, 1988).

- (10.27) Loan and Stock Purchase Agreement dated March 7, 1990 between the Company and the Pentair, Inc. Employee Stock Ownership Plan Trust, acting through State Street Bank and Trust Company, as Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 21, 1990).
- (10.28) \$56,499,982 Promissory Note dated March 7, 1990 of the Pentair, Inc. Employee Stock Ownership Plan Trust, acting through State Street Bank and Trust Company, as Trustee, to the Company (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 21, 1990).
- (11) Statement regarding computation of earnings per share.
- (13) Annual Report to Shareholders for period ended December 31, 1993.
- (21) Subsidiaries of Registrant.
- (24) Consent of Deloitte & Touche.

PENTAIR, INC.

\$70,000,000
SERIES A THROUGH D SENIOR NOTES
DUE 1997 THROUGH 2001

PURCHASED BY

United of Omaha Life Insurance Company
Companion Life Insurance Company
Principal Mutual Life Insurance Company
Nippon Life Insurance Company of America
Lutheran Brotherhood
American United Life Insurance Company
Modern Woodmen of America
The Franklin Life Insurance Company
Ameritas Life Insurance Company

CLOSING DATE: JUNE 30, 1993

Prepared By:
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601

CLOSING LIST

Pentair, Inc.
\$70,000,000 Series A Through D
Senior Notes Due 1997-2001

Closing Date: June 30, 1993

The applicable parties involved in this transaction are abbreviated as follows:

"Pentair"	-	Pentair, Inc.
"Purchasers"	-	United of Omaha Life Insurance Company
		Companion Life Insurance Company
		Principal Mutual Life Insurance Company
		Nippon Life Insurance Company of America
		Lutheran Brotherhood
		American United Life Insurance Company
		Modern Woodmen of America
		The Franklin Life Insurance Company
		Ameritas Life Insurance Corp.
"H&E"	-	Henson & Efron
"W&S"	-	Winston & Strawn
"Agent"	-	Continental Bank, N.A.

PENTAIR, INC.

NOTE PURCHASE AGREEMENT

Dated as of April 30, 1993

\$70,000,000 Senior Notes

Consisting of:

\$15,000,000	6.29%	Series A Senior Notes Due 1997
\$19,500,000	7.06%	Series B Senior Notes Due 1999
\$20,500,000	7.30%	Series C Senior Notes Due 2000
\$15,000,000	7.42%	Series D Senior Notes Due 2001

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- Schedule 3.2 - Subsidiaries, etc.
- Schedule 3.3 - Financial Statement Matters
- Schedule 3.5 - Pending Litigation
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- Exhibit B - Form of Closing Certificate of Pentair, Inc.
- Exhibit C-1 - Form of Opinion of Henson & Efron, Counsel to Pentair, Inc.
- Exhibit C-2 - Form of Opinion of Winston & Strawn, Special Counsel to the Purchasers

Pentair, Inc.
1500 County Road B2 West
St. Paul, Minnesota 55113

NOTE PURCHASE AGREEMENT

\$70,000,000 Senior Notes

Consisting of:

- \$15,000,000 6.29% Series A Senior Notes Due 1997
- \$19,500,000 7.06% Series B Senior Notes Due 1999
- \$20,500,000 7.30% Series C Senior Notes Due 2000
- \$15,000,000 7.42% Series D Senior Notes Due 2001

To the Purchasers named in Schedule I which are signatories to this Note Purchase Agreement

Dated as of April 30, 1993

Ladies and Gentlemen:

The undersigned, Pentair, Inc., a Minnesota corporation (the "Company"), hereby agrees with the Purchasers as follows:

SECTION 1. Description of Notes and Commitment.

1.1 Description of Notes. Pentair will authorize the issuance and sale of \$70,000,000 aggregate principal amount of its Senior Notes consisting of \$15,000,000 aggregate principal amount of its 6.29% Series A Senior Notes due 1997 (the "Series A Notes"), \$19,500,000 aggregate principal amount of its 7.06% Series B Senior Notes due 1999 (the "Series B Notes"), \$20,500,000 aggregate principal amount of its 7.30% Series C Senior Notes due 2000 (the "Series C Notes") and \$15,000,000 aggregate principal amount of its 7.42% Series D Senior Notes due 2001 (the "Series D Notes"), (a) in each case, to be dated the date of the issue, (b) to bear interest from such date at the rate of 6.29% per annum in the case of the Series A Notes, 7.06% per annum in the case of the Series B

Notes, 7.30% per annum in the case of the Series C Notes and 7.42% per annum in the case of the Series D Notes, in each case payable quarterly in arrears on the first day of each January, April, July and October in each year, commencing on the first such date to occur at least thirty days after the Closing Date (as hereinafter defined), and at maturity, (c) to bear interest on overdue principal (including any overdue optional prepayment of principal) and premium, if any, and (to the extent legally enforceable) on any overdue installment of interest at the rate of 8.29% per annum in the case of the Series A Notes, 9.06% per annum in the case of the Series B Notes, 9.30% per annum in the case of the Series C Notes and 9.42% per annum in the case of the Series D Notes, in each case after the maturity of such amount, whether by acceleration or otherwise, until paid, (d) to be expressed to mature on the date which is four (4) years from the Closing Date in the case of the Series A Notes, six (6) years from the Closing Date in the case of the Series B Notes, seven (7) years from the Closing Date in the case of the Series C Notes and eight (8) years from the Closing Date in the case of the Series D Notes (each of such dates with respect to its particular Series of Notes being herein referred to as the "Maturity Date" and all of such dates being collectively referred to as the respective "Maturity Dates") and (e) to be substantially in the form of Exhibit A, in each case completed as appropriate. The term "Notes" as used herein shall collectively mean all of the Series A Notes, Series B Notes, Series C Notes and Series D Notes and shall include Notes delivered in replacement, substitution or exchange therefor and the term "Note" shall mean any of the Notes individually. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months. The Notes are not subject to prepayment or redemption at the option of the Company prior to their respective expressed Maturity Dates except on the terms and conditions and at the prices set forth in Section 2.2. Capitalized terms used in this Note Purchase Agreement shall have the meanings given to them in Section 8. The term "Purchasers" as used herein shall collectively mean the holders of the Notes at any time (whether by original purchase from the Company or as a transferee from a prior Purchaser). References herein to an "Exhibit" are to one of the exhibits attached to this Agreement, references to a "Schedule" are to one of the schedules attached to this Agreement and references to a "Section" are, unless otherwise specified, to one of the sections of this Agreement.

1.2 Commitment; Closing Date; Failure to Fund.

(a) Subject to the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to the Purchasers, and the Purchasers agree to purchase from the Company on the Closing Date, the Notes of the Company in the aggregate principal amount set forth opposite their respective names on Schedule I attached hereto at a price of 100% of the principal amount thereof.

(b) Delivery of the Notes will be made at the offices of Winston & Strawn, 35 West Wacker Drive, Chicago, Illinois 60601, against payment therefor in Federal or other funds current and immediately available for credit to the Company's account at First Bank National Association, Acct. No. 80120-79082 (ABA wire transfer routing number 091000022), marked to the attention of Karen Johnson, in the amount of the purchase price at 10:00 a.m., Chicago time, on June 30, 1993 or such later date (not later than July 30, 1993) as the Company and the Purchasers shall mutually agree (the "Closing Date"). The Notes delivered to each Purchaser on the Closing Date will be delivered to such Purchaser in the form of a single Note for the full amount of its purchase (unless such Purchaser shall have specified different denominations in writing to the Company prior to the Closing Date), registered in such Purchaser's name or in the name of such nominee as such Purchaser may specify and in substantially the form of Exhibit A attached hereto.

(c) In the event that the commitment of the Purchasers to purchase the principal amount of the Notes set forth opposite their names on Schedule I hereto shall have become effective as contemplated by Sections 1.2(a) and 5 but (i) the Company shall fail to issue the aggregate principal amount of the Notes on the Closing Date as contemplated in Section 1.2(b) or (ii) the conditions specified in Section 5 to the purchase by the Purchasers of the principal amount of the Notes to be purchased by them on the Closing Date shall not have been satisfied on or prior to the Closing Date, then the Company will immediately pay to each of the Purchasers an amount as liquidated damages for the loss of the bargain evidenced hereby (and not as a penalty) equal to the respective Make-Whole Premiums for each such Purchaser determined as of the Closing Date.

1.3 Use of Proceeds. The proceeds from the sale of the Notes will be used for general corporate purposes, including without limitation refinancing of existing indebtedness and capital expenditures.

SECTION 2. Prepayment and Repayment of the Notes.

2.1 Mandatory Prepayment and Repayment. The Company shall not be required to prepay the Notes prior to their respective Maturity Dates. The Company shall repay the entire aggregate principal amount of the Notes then remaining outstanding on their respective Maturity Dates.

2.2 Optional Prepayments. Upon compliance with Section 2.3, the Company shall have the privilege at any time and from time to time after the Closing Date of prepaying the Notes, pro rata to each Purchaser of the then outstanding Notes, either in whole or in part (but if in part, then in an amount of at least \$100,000 and in integral multiples of \$10,000 in excess thereof) by prepayment of the principal amount of the Notes, or portion thereof to be prepaid, and accrued interest thereon to the date of such prepayment, together with an amount equal to the Make-Whole Premium, determined not more than five days prior to the date of such prepayment.

2.3 Notice of Prepayment. The Company shall give written notice of any prepayment of the Notes to the Purchasers not less than 30 days nor more than 60 days before the date fixed for such optional prepayment specifying (a) such date, (b) the principal amount of the Notes to be prepaid on such date, (c) the estimated Make-Whole Premium with respect to each of the Notes, if any (and demonstrating the computation thereof), and (d) accrued interest applicable to the prepayment. Notice of prepayment having been so given, the aggregate principal amount of the Note specified in such notice, together with the actual Make-Whole Premium, if any, and accrued interest thereon shall become due and payable on the prepayment date.

2.4 Direct Payment. Notwithstanding anything to the contrary in this Agreement or the Notes, the Company will pay when due the principal on the Notes, the respective Make-Whole Premiums with respect to the Notes, if any, and interest thereon, without any presentment thereof directly to the Purchaser thereof (or any nominee specified by a Purchaser) or any subsequent registered holder of any Notes at the address of such Purchaser set forth on Schedule I attached hereto or at such other address as such Purchaser or such holder may from time to time designate in writing to the Company or, if a bank account is designated for such Purchaser or such holder on Schedule I attached hereto or in any written notice to the Company from such Purchaser or any such holder, the Company will make such payments in immediately available funds to such bank account, marked for attention as indicated, or in such other manner or to such other account of such Purchaser or such holder in any bank in the United States as the Purchaser or any such holder may from time to time direct in writing. Each Purchaser agrees that in the event it shall sell or transfer any such Notes (i) it will, prior to the delivery of such Notes (unless it has already done so), make a notation thereon of all principal, if any, prepaid on such Notes and will also note thereon the date to which interest has been paid on such Notes, and (ii) it will promptly notify the Company of the name and address of the transferee of any Notes so transferred.

2.5 Surrender of Notes Upon Prepayment or Repayment. On any partial prepayment of the Notes, the Purchaser thereof shall, at the option of such Purchaser, (a) surrender such original Note or Notes to the Company in exchange for a new Note or Notes in a principal amount equal to the principal amount remaining unpaid on the surrendered Note or Notes or (b) make a notation on such original Note or Notes of the portion of the principal so prepaid. In case the entire principal amount of the Note or Notes is prepaid, or repaid at maturity, together with all accrued interest thereon, and any Make-Whole Premium due with respect thereto, the Note or Notes shall be surrendered to the Company for cancellation and shall not be reissued.

SECTION 3. Representations and Warranties of the Company.

The Company hereby represents and warrants to each Purchaser as follows:

3.1 Corporate Organization and Authority. The Company is duly organized, validly existing and in good standing under the laws of the State of Minnesota. As of each respective date on which these representations and warranties are made by the Company, each Subsidiary of the Company at the time is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated. The Company and each of its Subsidiaries has full corporate power and authority to own and hold under lease the properties and assets it purports to own or hold under lease and to carry on its business as now being conducted. As of each respective date on which these representations and warranties are made by the Company, the Company and each of its Subsidiaries is at the time duly qualified or licensed as a foreign corporation and is in good standing in each jurisdiction wherein the nature of the business transacted by it makes such qualification or licensing necessary, except where

failure so to qualify will not have a material adverse effect on the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

3.2 Subsidiaries. As of each respective date on which these representations and warranties are made by the Company, Schedule 3.2 attached hereto states (or will have been amended by the Company to state) (1) the name of each of the Company's Subsidiaries at the time, its jurisdiction of incorporation and the percentage of its voting capital stock owned by the Company and/or its Subsidiaries and whether such Subsidiary constitutes a Restricted Subsidiary and (2) the name of each of the Company's corporate or joint venture affiliates (other than Subsidiaries) at the time, and the nature of the affiliation. The Company and each Subsidiary has good and marketable title to all of the shares it purports to own of the stock of each Subsidiary, free and clear in each case of any material lien. All such shares have been duly issued and are fully paid and non-assessable.

3.3 Financial Statements. (a) The consolidated balance sheet of the Company and its consolidated subsidiaries as of December 31, 1992 and the related consolidated statements of income and cash flows for the fiscal year then ended, reported on by Deloitte & Touche (without qualification) and set forth in the Company's annual report for the year then ended as filed with the Securities and Exchange Commission ("SEC") on Form 10-K, a copy of which has been provided to each Purchaser, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Company and its consolidated Subsidiaries as of such date and the consolidated results of their operations and cash flows for such period.

(b) Except as set forth on Schedule 3.3 attached hereto, since December 31, 1992, there has been no change in the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole as shown on the consolidated balance sheet as of such date except changes in the ordinary course of business, none of which individually or in the aggregate has been materially adverse to the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

3.4 Disclosure. The Company's (i) annual report for the year ended December 31, 1992 as filed on Form 10-K, including the financial statements referred to in Section 3.3, and (ii) any current report filed on Form 8-K since December 31, 1992 have been or shall be provided to each Purchaser upon filing with the SEC, have been or shall have been prepared in accordance with the rules and regulations of the SEC and, as of the filing date thereof and as of the Closing Date, neither any of such reports nor this Agreement contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact peculiar to the Company or its Subsidiaries which the Company has not disclosed to the Purchasers in writing which materially adversely affects nor, so far as the Company can now foresee, will materially adversely affect, the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

3.5 Pending Litigation. Except as set forth on Schedule 3.5 attached hereto and as otherwise referred to in Section 3.16(c), there are no proceedings pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries before any governmental authority or arbitration board or tribunal which would materially and adversely affect the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole. The Responsible Officer of the Company executing this Agreement and any certificate with respect to this Section 3.5 is not aware (after due inquiry) of any default by the Company or any of its Subsidiaries with respect to any order of any court or governmental authority or arbitration board or tribunal.

3.6 Sale is Legal and Authorized. (a) The sale of the Notes and compliance by the Company with all of the provisions of this Agreement and the Notes:

(i) are within the corporate powers of the Company and have been duly authorized by proper corporate action on the part of the Company; and

(ii) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, the articles of incorporation or by-laws of the Company or any indenture or other agreement or instrument to which the Company is a party or by which any of them may be bound or result in the imposition of any liens or encumbrances on any property of the Company.

(b) The officers of the Company executing and delivering this Agreement and any Note issued pursuant hereto on behalf of the Company have been duly authorized to do so, and this Agreement, any Note and any other agreements delivered pursuant hereto, when executed, are and will be legal, valid and binding obligations of the Company in every respect, enforceable against the Company in accordance with their terms except as enforceability may be limited by bankruptcy, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general equitable principles.

3.7 No Defaults. No Default or Event of Default has occurred and is continuing. Neither the Company nor any of its Subsidiaries is in default in the payment of principal or interest on indebtedness in excess of \$5,000,000 in the aggregate and is not in default under any instrument or instruments or agreements under and subject to which any such indebtedness for or in respect of borrowed money has been issued and no waiver of any default under any such instrument is in effect and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

3.8 Governmental Consent. Other than as previously obtained, no registration with nor any approval, consent or withholding of objection on the part of any regulatory body, state, federal or local, is necessary in connection with the execution and delivery by the Company of this Agreement or the Notes or compliance by the Company with any of the provisions of this Agreement or the Notes.

3.9 Taxes. All federal, state and other tax returns of the Company and its Subsidiaries required by law to be filed have been duly filed or appropriately extended. All taxes shown on such returns and assessments received by the Company and its Subsidiaries have been paid to the extent that such taxes have become due, other than taxes and assessments the applicability, validity or amount of which is being contested in good faith by appropriate proceedings or actions and as to which reserves have been set up on the books of the Company and its Subsidiaries to the extent required by generally accepted accounting principles. Any tax obligations of the Company or any of its Subsidiaries in excess of the provisions and reserves on the books of the Company and its Subsidiaries in respect of federal, state or other income taxes for the years for which such returns have not been closed (which reserves are, in the judgment of the Company, adequate) will not have a material adverse effect on the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

3.10 Use of Proceeds. None of the transactions contemplated in this Agreement (including, without limitation, the use of proceeds from the issuance of the Notes) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulation issued pursuant thereto, including, without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. None of the proceeds from the sale of the Notes will be used to purchase, or to refinance any borrowing the proceeds of which were used to purchase, any "margin stock" within the meaning of such Regulation G.

3.11 Private Offering. Neither the Company, directly or indirectly, nor to the knowledge of the Company any agent on its behalf, has offered or will offer the Notes or any similar Security or has solicited an offer to acquire the Notes or any similar Security from or has otherwise approached or negotiated or will approach or negotiate in respect of the Notes or any similar Security with any Person other than the Purchasers and not more than thirty-five Institutional Investors. Neither the Company, directly or indirectly, nor to the knowledge of the Company any agent on its behalf, has offered or will offer the Notes or any similar Security or has solicited or will solicit an offer to acquire the Notes or any similar Security from any Person so as to bring the issuance and sale of the Notes within the provisions of Section 5 of the Securities Act of 1933, as amended. As used herein, the term "similar Security" shall mean any security containing terms and conditions substantially equivalent to those of the Notes, including, without limitation, equivalent maturities.

3.12 Compliance with ERISA. The Company and each ERISA Affiliate have fulfilled their respective obligations under the minimum funding standards of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Code with respect to each employee retirement benefit plan and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability under Title IV of ERISA to the Pension Benefit Guaranty Corporation other than premium payments with respect to a plan.

3.13 Investment Company Act. The Company is not

and is not directly or indirectly controlled by, or acting on behalf of any Person which is, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.14 Compliance with Law. Neither the Company nor any of its Subsidiaries (a) is in violation of any law, ordinance, franchise, governmental rule or regulation to which it is subject or (b) has failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its property or to the conduct of its business, which violation or failure to obtain would materially adversely affect the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, or the ability of the Company to perform its obligations contained in this Agreement or the Notes.

3.15 Broker's Fees. Except for Continental Bank, N.A., neither this Agreement nor the sale of the Notes or any other transaction contemplated by this Agreement was induced or procured through any person, firm, corporation or other entity acting on behalf of, or representing the Company or any of its Subsidiaries as broker, finder, investment banker, financial advisor or in any similar capacity.

3.16 Lake Superior Paper Industries. (a) Lake Superior Paper Industries is a joint venture duly established under the general partnership laws of the State of Minnesota on November 21, 1985 between Pentair Duluth Corp. and Minnesota Paper, Incorporated ("Lake Superior") and is validly existing and has full power and authority to own or hold under lease the properties and assets it purports to own or hold under lease and to carry on its business as it is now being conducted. Lake Superior is qualified to do business only in the State of Minnesota. Lake Superior has no subsidiaries.

(b) The balance sheet of Lake Superior as of December 31, 1992 together with the related statement of income and cash flows for the fiscal year then ended, copies of each of which have been provided to the Purchasers, have been prepared in accordance with generally accepted accounting principles consistently applied and fairly present its financial position and the results of its operations and its cash flows for such fiscal year. Since December 31, 1992, there has been no change in the business, operations or condition (financial or otherwise) of Lake Superior which would have a material adverse effect on the business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole.

(c) An audit of a certain federal income tax information return on Form 1065 filed by Lake Superior has been commenced with respect to the transactions by which undivided interests in its operating equipment were sold to five investors. Under certain events, an adverse determination would trigger the obligation of Lake Superior to pay certain tax indemnities to the investors. An audit report has been issued and the matter has been protested to the Internal Revenue Service Office of Appeals. The Company believes that the likelihood is small of a materially adverse administrative or judicial determination that Lake Superior considers final and is not in the process of appealing; the effect thereof is not possible to quantify accurately, but it is currently estimated, based upon tax and other assumptions believed to be reasonable by the Company, that such liabilities would not exceed \$12 million. Lake Superior would be required to obtain funds necessary to pay any indemnity from its operating cash, lending sources or its two 50% joint venturers.

SECTION 4. Representations and Warranties of the Purchasers.

Each Purchaser represents, and in entering into this Agreement the Company understands, that (a) such Purchaser is an Institutional Investor and is acquiring the Notes for the purpose of investment and not with a view to the resale or distribution thereof, and (b) such Purchaser has no present intention of selling, negotiating or otherwise disposing of the Notes; provided that the disposition of the Notes shall at all times be and remain within each Purchaser's control and discretion and provided further that each Purchaser agrees not to resell or distribute the Notes except to an Institutional Investor in a transaction which is not in violation of the Securities Act of 1933, as amended. Each Purchaser further represents and warrants that either: (i) no part of the funds to be used by such Purchaser to purchase the Notes to be purchased by it hereunder (other than those funds identified in clause (iii) below) will constitute assets allocated to any separate account maintained by it; (ii) no part of the funds to be used by it to purchase the Notes (other than those funds identified in clause (iii) below) will constitute assets allocated to any separate account maintained by it such that the application of such funds will constitute a prohibited transaction under Section 406 of ERISA; or (iii) all or a part of such funds will constitute assets of one or more separate

accounts maintained by it and it has disclosed to the Company the names of such employee benefit plans whose assets in such separate account or accounts exceed 10% of the total assets or are expected to exceed 10% of the total assets of such account or accounts as of the date of such purchase and the Company has advised such Purchaser in writing that the Company is not a party-in-interest nor are the Notes employer securities with respect to the particular employee benefit plans disclosed to the Company by such Purchaser as aforesaid (for the purpose of this clause (iii), all employee benefit plans maintained by the same employer or employee organization being deemed to be a single plan). As used in this Section, the terms "separate account," "party-in-interest," "employer securities," and "employee benefit plans" shall have the respective meanings assigned to them in ERISA. Each additional or subsequent Purchaser of any of the Notes shall be deemed by virtue of such purchase to have made the representations set forth in this Section 4 as of the date of such purchase.

SECTION 5. Closing Conditions.

Each Purchaser's obligation to purchase the Notes on the Closing Date shall be subject to the performance by the Company of its agreements hereunder which by the terms hereof are to be performed at or prior to the time of delivery of the Notes and to the following further conditions precedent:

5.1 Closing Certificate. Each Purchaser shall have received a certificate dated the Closing Date, signed by a Responsible Officer of the Company substantially in the form of Exhibit B attached hereto, the truth and accuracy of which shall be a condition to such Purchaser's obligation to purchase the Notes proposed to be sold to such Purchaser.

5.2 Legal Opinions. Concurrently with the delivery of the Notes to the Purchasers on the Closing Date, each Purchaser shall have received from each of Henson & Efron, counsel to the Company, and Winston & Strawn, special counsel to the Purchasers, its opinion dated the Closing Date, in form and substance satisfactory to the Purchasers and covering the matters set forth in Exhibit C-1 and Exhibit C-2, respectively, attached hereto.

5.3 Satisfactory Proceedings. All proceedings taken in connection with the transactions contemplated by this Agreement and all documents necessary to the consummation hereof, shall be satisfactory in form and substance to the Purchasers and their special counsel, and each Purchaser shall have received a copy (executed or certificated as may be appropriate) of all legal documents or proceedings taken in accordance with the consummation of said transactions and of such other documents as the Purchasers or their special counsel shall have reasonably requested, including, without limitation, the following:

(a) The articles of incorporation of the Company, certified as of a date not earlier than ten days prior to the Closing Date by the Secretary of State of the State of Minnesota;

(b) The by-laws of the Company, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Company;

(c) Certificate as of a date not earlier than ten days prior to the Closing Date from the Secretary of State of the State of Minnesota as to the good standing of the Company in such jurisdiction;

(d) Incumbency certificate with respect to the officers of the Company executing this Agreement, any Note or any of the documents referred to in this Agreement;

(e) Copies of a resolution duly adopted by the Board of Directors of the Company approving the execution and delivery of all documents contemplated by this Agreement (including, without limitation, the Notes) to be executed and delivered by the Company, and certified by the Secretary or an Assistant Secretary of the Company as of the Closing Date;

(f) A fully executed Note or Notes, as the case may be, substantially in the form of Exhibit A attached hereto, in an appropriate amount as specified in accordance with this Agreement;

(g) Good standing certificates dated as of recent dates in the respective jurisdictions of incorporation of the Company's principal operating Subsidiaries; and

(h) Such other documents as may be reasonably requested by the Purchasers or their special counsel.

5.4 Waiver of Conditions. If on the Closing Date the Company fails to tender to the Purchasers the Notes to be issued to the Purchasers on such date or if the conditions specified in this Section 5 have not been fulfilled, the

Purchasers may thereupon elect to be relieved of all further obligations under this Agreement. Without limiting the foregoing, if the conditions specified in this Section 5 have not been fulfilled, the Purchasers may waive compliance by the Company with any such condition to such extent as the Purchasers may in their sole discretion determine. Nothing in this Section 5.4 shall operate to relieve the Company of any of its obligations hereunder or to waive any of the Purchasers' rights against the Company.

SECTION 6. Company Covenants.

The Company agrees that until the principal of and interest on all Notes, and all other payments due hereunder, shall have been paid in full, the Company will perform and observe and will cause the Restricted Subsidiaries to perform and observe, all of the following provisions:

6.1 Corporate Existence and Status. Except as permitted by Section 6.9 hereof, the Company will, and will cause each Restricted Subsidiary to, maintain and preserve (i) its corporate existence and (ii) all rights, privileges, licenses and other authority necessary for the conduct of its businesses except where the failure to maintain, preserve and keep such rights, privileges, licenses and other authority would not have a material adverse effect on the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole. The Company will, and will cause each Restricted Subsidiary to, continue to conduct its business in an orderly manner and without any material voluntary interruption.

6.2 Maintenance, Etc. The Company will maintain, preserve and keep, and will cause each Restricted Subsidiary to maintain, preserve and keep, its properties which are used or useful in the conduct of its business (whether owned in fee or a leasehold interest) in good repair and working order.

6.3 Insurance. The Company will, and will cause each Restricted Subsidiary to, (a) maintain insurance to such extent and against such hazards and liabilities as is commonly maintained by companies engaged in similar businesses and (b) promptly upon any Purchaser's written request, furnish to such Purchaser such information about the insurance of the Company and its Restricted Subsidiaries that such Purchaser may from time to time reasonably request, which information shall be prepared in form and detail reasonably satisfactory to such Purchaser and certified as true and correct by an officer of the Company.

6.4 Reports and Rights of Inspection. The Company will keep, and will cause each Restricted Subsidiary to keep, proper books of record and account in which full and correct entries will be made of all material dealings or transactions of or in reliance on the business and affairs of the Company or such Restricted Subsidiary, in accordance with generally accepted principles of accounting consistently applied (except where the changes have been concurred in by the Company's independent public accountants and noted in the Company's financial statements). The Company will furnish to the Purchasers prior to the Closing Date and so long thereafter as they are the holders of any of the Notes:

(a) Quarterly Statements. As soon as available and in any event within 45 days after the end of each quarterly fiscal period (except the last) of each fiscal year, one copy of:

(1) the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the close of such quarter, and

(2) unaudited consolidated statements of income and cash flows of the Company and its Subsidiaries for such quarterly period,

in each case setting forth in comparative form the consolidated figures from the corresponding period of the preceding fiscal year, and certified as to fairness of presentation in conformity with generally accepted accounting principles (except for the absence of footnotes and subject to normal year-end adjustments) by the chief financial officer or chief accounting officer of the Company;

(b) Annual Statements. As soon as available and in any event within 90 days after the close of each fiscal year of the Company, one copy of:

(1) the audited consolidated balance sheet of the Company and its Subsidiaries as of the close of such fiscal year, and

(2) audited consolidated statements of income and cash flows of the Company and its Subsidiaries for such fiscal year,

in each case setting forth in comparative form the consolidated figures for the preceding fiscal year, all in accordance with the rules and regulations of the SEC, reported on by the Company's independent public accountants, who shall be of recognized national standing, as to fairness

of presentation in conformity with generally accepted accounting principles. Such independent public accountants shall also state as to whether in the course of their audit of the Company's financial statements they became aware of any Defaults or Events of Default hereunder (and listing them specifically);

(c) SEC Filings and Reports to Shareholders. Promptly after filing with the SEC, all reports filed with the SEC and all reports to shareholders (including without limitation all proxy materials);

(d) Officer's Certificates. Within the periods provided in paragraphs (a) and (b) above, a certificate of the chief financial officer or chief accounting officer of the Company stating that such officer has reviewed or caused to have reviewed the provisions of this Agreement and setting forth in reasonable detail whether there existed as of the date of such financial statements and whether there exists on the date of the certificate any Default or Event of Default and, if any such condition or event exists on the date of the certificate, specifying the nature and period of existence thereof and the action the Company and/or its Restricted Subsidiaries is taking and proposes to take with respect thereto;

(e) Audit Reports. If a Default or Event of Default shall have occurred and be continuing, promptly upon receipt thereof, one copy of each interim or special audit, if any, made by independent accountants of the books of the Company or any Restricted Subsidiary;

(f) Other Reports. If at any time the Company shall no longer be required to file periodic reports with the SEC, promptly upon their becoming available, copies of any material orders in any proceedings to which the Company or any of its Restricted Subsidiaries is a party, issued by any governmental agency, Federal or state, having jurisdiction over the Company or any of its Subsidiaries (an order being deemed to be material for purposes of this clause (f) if a violation thereof or a default thereunder would have a material adverse effect on the properties, business, profits or condition (financial or otherwise) of the Company and its Restricted Subsidiaries taken as a whole or would materially adversely affect the ability of the Company to perform its obligations under the Notes or this Agreement); and

(g) Requested Information. With reasonable promptness, such other publicly available data and information as any Purchaser may reasonably request; provided, however, that if at any time the Company shall no longer be required to file periodic reports with the SEC, with reasonable promptness, such other data and information as any Purchaser may reasonably request.

The Company hereby covenants and agrees that each Purchaser, so long as it is the holder of any of the Notes (or such representatives as such Purchaser may designate) may, upon reasonable prior written notice to the Company,

(i) inspect the public financial statements of the Company and discuss the affairs of the business of the Company and its Subsidiaries with the management of the Company, and

(ii) if a Default or Event of Default shall have occurred and be continuing, the Company will permit each Purchaser, so long as it is the holder of any of the Notes (or such Persons as such Purchaser may designate), to visit and inspect any of the properties of the Company or any Subsidiary to examine all their books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees, and independent public accountants (and by this provision the Company authorizes said accountants to discuss with each Purchaser the finances and affairs of the Company and its Subsidiaries) all during regular business hours and as often as may be reasonably requested. The Company shall be required to pay or reimburse any Purchaser for expenses which such Purchaser may incur in connection with any such visitation or inspection under this subparagraph (ii).

6.5 Notice of Default or Event of Default. Promptly after a Responsible Officer of the Company has become aware of the existence of any condition or event which constitutes a Default or an Event of Default, but in no event later than five days after such officer has become aware of such event or condition, the Company will deliver to each Purchaser a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto.

6.6 Net Worth. The Company will not suffer nor will it permit its Tangible Net Worth at any time to fall below Two Hundred Fifty Million Dollars (\$250,000,000).

6.7 Limitation on Liens. The Company will not, and will not permit any Restricted Subsidiary to, create or incur, or suffer to be incurred or to exist, any mortgage, pledge, security interest, encumbrance, lien or charge of any kind on its or their property or assets, whether now owned or hereafter acquired, or upon any income or profits therefrom, or transfer any property for the purpose of subjecting the same to the payment of obligations in priority to the payment of its or their general creditors, or acquire or agree to acquire, or permit any Restricted Subsidiary to acquire, any property or assets upon conditional sales agreements or other title retention devices, except:

(a) liens in existence on the date of the execution of this Agreement and in respect of any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any such lien; provided, however, that the principal amount of indebtedness so secured at the time of such extension, renewal or replacement shall be limited to all or a part of the property (plus, in the case of tangible property or assets, improvements and construction on such property or assets) which was subject to the lien so extended, renewed or replaced;

(b) liens, charges, encumbrances and priority claims incidental to the conduct of business or the ownership of properties and assets (including warehousemen's and attorneys' liens and statutory landlords' liens) and deposits, pledges or liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money, provided in each case that (i) the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings and (ii) the Company or such Restricted Subsidiary shall set aside on its books reserves deemed by it to be adequate with respect thereto;

(c) liens on and security interests in property (including capitalized leases), including those existing on such property at the time of acquisition thereof by the Company or any Restricted Subsidiary, which (i) existed at the time of the acquisition of such property by the Company or such Restricted Subsidiary or which secure indebtedness assumed or incurred by the Company or such Restricted Subsidiary in connection with the acquisition of such property, (ii) do not extend to any property of the Company or such Restricted Subsidiary other than that so acquired and (iii) at the time the indebtedness secured thereby is issued or incurred by the Company or such Restricted Subsidiary or, in the case of property acquired subject to an existing lien or security interest, at the time of such acquisition, the aggregate amount remaining unpaid on such indebtedness secured thereby (whether or not assumed by the Company or such Restricted Subsidiary) shall not exceed the acquisition price;

(d) liens for property taxes and assessments or governmental charges or levies and liens securing claims or demands of mechanics and materialmen, provided in each case that (i) the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings and (ii) the Company or such Restricted Subsidiary shall set aside on its books reserves deemed by it to be adequate with respect thereto;

(e) liens of, securing or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Company or a Restricted Subsidiary shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall have been secured, provided that in each case the Company or such Restricted Subsidiary shall set aside on its books reserves deemed by it to be adequate with respect thereto;

(f) any lien or other interest not deemed to constitute a sale of receivables of the Company granted in connection with any receivables financing, so long as such lien or interest does not extend to any assets other than such receivables; and

(g) any lien other than those permitted by clauses (a) through (f) above, provided that the aggregate amount of indebtedness secured by liens permitted by this clause (g) shall not at any time exceed 15% of the Company's Tangible Net Worth.

6.8 Restricted Payments. The Company will not declare or pay any dividends or make any distributions in respect of its common stock (other than those payable in common stock), or redeem, purchase or otherwise acquire or retire common stock if, thereafter, the cumulative amount of such payments made after December 31, 1990 would exceed the sum of (i) \$50,000,000, (ii) 75% of net income (minus 100% in the event of a loss) computed cumulatively beginning at January 1, 1991, and (iii) the net cash proceeds from the sale of capital stock (including any increase in stockholders' equity resulting from the reduction of the Company's loan to its Employee

Stock Ownership Plan Trust).

6.9 Mergers, Consolidations and Sales of Assets.

(a) Neither the Company nor any Restricted Subsidiary will consolidate with or be a party to a merger with any other corporation, provided, however, that:

(i) any Restricted Subsidiary may merge or consolidate with or into the Company or any other Restricted Subsidiary so long as the Company or such other Restricted Subsidiary shall be the surviving or continuing corporation; and

(ii) any Restricted Subsidiary may merge or consolidate with any Person other than the Company or any other Restricted Subsidiary so long as the Company complies with the provisions of subparagraph (b) hereof with respect to any such transaction as if such transaction were undertaken in the form of a sale of assets; and

(iii) the Company may merge or consolidate with or into any other corporation if at the time of such merger or consolidation and after giving effect thereto no Default or Event of Default shall have occurred and be continuing and the Company shall be the surviving corporation or, if not, (x) the surviving corporation shall continue to be organized under the laws of one of the states of the United States of America and (y) the surviving corporation expressly agrees in writing to assume all liabilities under and to be bound by the Notes and this Agreement.

(b) Other than in the ordinary course of their businesses, the Company and its Restricted Subsidiaries taken as a whole will not, in any fiscal year, sell, lease, transfer or otherwise dispose of more than 20% of their total assets (excluding sales of receivables made in connection with asset securitization financing in amounts up to \$75,000,000) provided, however, that the Company and its Restricted Subsidiaries taken as a whole may dispose of more than 20% of their total assets if, in connection with any such disposal, the Company offers to redeem Notes, at par plus accrued interest, in an amount equal to the amount by which the book value of such disposed assets exceeds 20% of total assets.

6.10 Indebtedness.

(a) The Company will not incur additional Funded Indebtedness unless, after giving effect thereto and to the application of the proceeds thereof, total Funded Indebtedness does not exceed 65% of Total Capitalization.

(b) The Company may incur Current Indebtedness without limitation provided, however, that during any twelve month period there shall have been a period of at least 30 consecutive days during which the amount of the Company's Current Indebtedness, when added to outstanding Funded Indebtedness, equals a sum that is less than the maximum amounts of Funded Indebtedness permitted by the limitation set forth in the preceding paragraph.

(c) The Company will not permit Restricted Subsidiaries to incur or be liable for indebtedness other than (i) indebtedness outstanding as of the date of the execution of this Agreement; (ii) any indebtedness of a Restricted Subsidiary outstanding at the date on which such Restricted Subsidiary is acquired by the Company; (iii) indebtedness incurred by a Restricted Subsidiary in a country other than the United States or Canada with respect to operations in such country; (iv) indebtedness owed to the Company or another Restricted Subsidiary; and (v) other indebtedness not permitted by the foregoing categories that does not, in the aggregate, exceed 15% of Tangible Net Worth.

For purposes of compliance with the limitations set forth in this Section 6.10, indebtedness shall include amounts in respect of guarantees and other contingent liabilities (excluding amounts due contingently or otherwise with respect to obligations of Lake Superior) but only to the extent that such liabilities exceed 10% of Tangible Net Worth.

6.11 Current Ratio. The Company will maintain a ratio of current assets to current liabilities of at least 1.20.

6.12 Transactions with Affiliates. The Company will not, and will not permit any Restricted Subsidiary to, enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate), except upon terms no less favorable to the Company or such Restricted Subsidiary than would obtain in a comparable arm's-length transaction with a Person other than an Affiliate or except as may be consistent with past practice and as may be advisable, in the reasonable judgment of the Company, in connection with the business of the Company.

6.13 Repurchase of Notes. Neither the Company nor any Restricted Subsidiary or Affiliate, directly or indirectly,

may repurchase or make any offer to repurchase any Notes unless the offer has been made to repurchase Notes, pro rata, from all holders of the Notes at the same time and upon the same terms. In case the Company or any Restricted Subsidiary or Affiliate repurchases any Notes, such Notes shall thereafter be canceled and no Notes shall be issued in substitution therefor.

6.14 Regulations U and X. The Company will not nor will it permit any Subsidiary to take any action that would result in any non-compliance of the loans made hereunder with Regulations U and X of the Board of Governors of the Federal Reserve System.

6.15 Compliance with Laws. The Company will substantially comply with and will cause each Subsidiary to substantially comply with all statutes, laws, rules and regulations applicable to the Company or any Subsidiary (other than statutes, laws, rules and regulations the validity or applicability of which is being contested by the Company or any Subsidiary, as the case may be, in good faith by appropriate proceeds diligently prosecuted) or any statutes, laws, rules and regulations which may be legally imposed in the future in jurisdictions in which the Company or any Subsidiary may then be doing business, except where failure to so comply would not materially adversely affect the properties, business, operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, or the ability of the Company to perform its obligations contained in this Agreement or the Notes.

SECTION 7. Events of Default and Remedies Therefor.

7.1 Events of Default. Any one or more of the following shall constitute an "Event of Default" as the term is used herein:

(a) The Company shall fail to make payment of interest on any Note when the same shall become due and such default shall continue for a period of more than five days; or

(b) The Company shall fail to make any payment of the principal of any Note or of the Make-Whole Premium on any Note at the expressed or any accelerated maturity date or at any date fixed for payment therefor in accordance with this Agreement; or

(c) Default shall occur in the observance or performance of any other provision of this Agreement, any Note or any other certificates or agreements furnished by the Company pursuant hereto which is not remedied within 30 days; or

(d) If any representation or warranty made by the Company herein, or made by the Company in any statement or certificate furnished by the Company in connection with the consummation of the issuance and delivery of the Notes or furnished by the Company pursuant hereto, is untrue or misleading in any material respect as of the date of the issuance or making thereof; or

(e) The Company or any Subsidiary shall fail to pay any principal of, or any interest when due on any indebtedness (or guaranty of indebtedness) of the Company or such Subsidiary having an aggregate principal amount in excess of \$15,000,000; or

(f) Any default (matured or unmatured) or other event or condition shall occur or exist under or in respect of any indebtedness (including in connection with guarantees and capitalized leases) of the Company or any Subsidiary with a principal amount in excess of \$15,000,000, or under any agreement securing or relating to such indebtedness and such default, event or condition shall cause the holder or holders of such indebtedness to accelerate the maturity of such indebtedness or otherwise to demand immediate repayment thereof; or

(g) The Company or any Subsidiary becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or the Company or any Subsidiary applies for or consents to the appointment of a trustee or receiver for the Company or such Subsidiary or for the major part of the property of either; or

(h) A custodian, trustee or receiver is appointed for the Company or any Subsidiary or for the major part of the property of either and is not discharged within 60 days after such appointment; or

(i) Bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against the Company or any Subsidiary and, if instituted against the Company or any Subsidiary, are consented to or are not dismissed within 60 days after such institution; or

(j) Final judgment or judgments for the payment of money

aggregating in excess of \$7,500,000 is or are outstanding against the Company or any Subsidiary or against any property or assets of either and any one of such judgments has remained unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of 60 days from the date of its entry.

7.2 Acceleration of Maturities. (a) When any Event of Default described in Section 7.1(a) or (b) has occurred and is continuing or any Event of Default has been declared pursuant to subparagraph (c) below, any holder of any Note may, by notice in writing sent by registered or certified mail to the Company, declare the entire principal and all interest accrued on such Note to be, and such Note shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind all of which are hereby expressly waived by the Company; provided, however, that if within 30 days thereof, such default has been cured and if the holders of at least two-thirds of the aggregate principal amount of all Notes then outstanding consent, such Event of Default shall not be deemed to have occurred.

(b) When any Event of Default described in Sections 7.1(g), (h) or (i) has occurred, then the Notes shall immediately become due and payable without presentment, demand or notice of any kind or any other action on the part of the Purchasers.

(c) When any Default described in Sections 7.1(c), (d), (e), (f) or (j) has occurred and is continuing, an Event of Default may be declared upon written notice of such action to the Company, consented to by the holders of at least two-thirds of the aggregate principal amount of all Notes then outstanding.

Upon any of the Notes becoming due and payable as a result of any Event of Default as aforesaid, the Company will forthwith pay to the holder of such Notes the entire principal and interest accrued on the Notes. No course of dealing on the part of the Purchasers or the holders of any Notes nor any delay or failure on the part of the Purchasers or the holders of any Notes to exercise any right shall operate as a waiver of such right or otherwise prejudice such Purchaser's or holder's rights, powers and remedies. The Company further agrees, to the extent permitted by law, to pay any Purchaser of the Notes all costs and expenses incurred by it in the collection of the Notes upon any default hereunder or thereon, including reasonable compensation to such holder's attorneys for all services rendered in connection therewith.

SECTION 8. Interpretation of Agreement; Definitions.

8.1 Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with generally accepted accounting principles or, if appropriate, the rules and regulations of the SEC to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

8.2 Directly or Indirectly. Where any provision in this Agreement refers to an action to be taken by any Person, or to an action which such Person is prohibited from taking, such provision shall be applicable whether the action in question is taken directly or indirectly by such Person.

8.3 Definitions. Unless the context otherwise requires, the terms hereinafter set forth when used herein shall have the following meanings and the following definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

"Affiliate" shall mean any Person (other than a Subsidiary) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company. A Person shall be deemed to control another person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the controlled Person, whether through the ownership of Voting Stock or by membership, contract or otherwise.

"Agreement" means this Note Purchase Agreement, as it may be amended, modified or supplemented from time to time and in effect.

"Base Reinvestment Rate" means the arithmetic mean of the yields under the respective headings "This Week" and "Last Week" published in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Remaining Life to Maturity of the principal being prepaid. If no maturity exactly corresponds to such Remaining Life to Maturity, yields for the two published maturities most closely corresponding to such Remaining Life to Maturity shall be calculated pursuant to the immediately preceding sentence and the Base Reinvestment Rate shall be interpolated or

extrapolated from such yields on a straight-line basis, rounding in each of such relevant period to the nearest month. For the purposes of calculating the Base Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Premium shall be used.

"Closing Date" has the meaning given to that term in Section 1.2(b).

"Code" shall mean the Internal Revenue Code of 1986, as amended (or any subsequent Federal income tax statute or code).

"Company" has the meaning given to that term in the introduction to this Agreement, and shall include the permitted successors and assigns of the Company.

"Current Indebtedness" shall mean, at any date, the consolidated current obligations for borrowed money of the Company and its Restricted Subsidiaries as shown on their books and records, less the current portion of Funded Indebtedness included therein.

"Default" shall mean any event or condition, the occurrence of which constitutes or would, with the lapse of time or the giving of notice, or both, constitute an Event of Default.

"Employee Stock Ownership Plan Trust" means the Pentair, Inc. Retirement Savings and Stock Incentive Plan trust established by the Trust Agreement dated as of March 1, 1990 between the Company and State Street Bank and Trust Company.

"ERISA" has the meaning given to that term in Section 3.12.

"ERISA Affiliate" means any corporation or trade or business (whether or not incorporated) which is, along with the Company, a member of a controlled group of corporations or a group of businesses which are under common control for any purpose within the meanings of Sections 414(b) and 414(c), respectively, of the Code.

"Event of Default" has the meaning given to that term in Section 7.1.

"Funded Indebtedness" shall mean indebtedness of the Company with an original term to maturity of greater than one year.

"Institutional Investor" has the meaning given to the term "qualified institutional buyer" in rule 144A of the Securities Act of 1933, as amended, and any other rules, regulations and releases promulgated thereunder.

"Lake Superior" has the meaning given to that term in Section 3.16.

"Make-Whole Premium" shall mean, in connection with any prepayment, the excess, if any, of (a) the aggregate present value as of the date of such prepayment of (i) the amount of principal being prepaid and (ii) the amount of interest (exclusive of interest accrued to the date of prepayment) that would have been payable in respect of such principal amount if such prepayment had not been made, determined by discounting such amounts at the Reinvestment Rate from the respective dates on which they would have been due and payable, over (b) 100% of the amount of principal being prepaid. If the Reinvestment Rate is equal to or higher than 6.29% in the case of the Series A Notes, 7.06% in the case of the Series B Notes, 7.30% in the case of the Series C Notes or 7.42% of the Series D Notes, the Make-Whole Premium with respect to such particular Series of Notes shall be zero.

"Maturity Dates" has the meaning given to that term in Section 1.1.

"Notes" has the meaning given to that term in Section 1.1.

"Permitted Investments" means (a) any evidence of indebtedness, maturing not more than one year after the date of issue, issued by the United States of America, or any instrumentality or agency thereof and guaranteed fully as to principal, interest and premium, if any, by the United States of America, (b) any certificate of deposit, maturing not more than 360 days after the date of purchase issued by a commercial banking institution which is a member of the Federal Reserve System or a Canadian banking institution and which has a combined capital and surplus and undivided profits of not less than \$100 million, (c) commercial paper, maturing not more than 270 days after the date of purchase, issued by a corporation (other than the Company or any Subsidiary of the Company or any of their respective Affiliates) organized and existing under the laws of any state within the United States of America and having a rating, at the time of purchase, of

"P-1" (or higher) according to Moody's Investors Service, or "A-I" (or higher) according to Standard & Poor's Corporation, (d) demand deposits with any bank or trust company, and (e) reverse repurchase agreements with respect to indebtedness issued by the United States of America, or any instrumentality or agency thereof and guaranteed fully as to principal, interest and premium, if any, by the United States of America.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and any governmental agency or political subdivision thereof.

"Purchasers" has the meaning given to that term in Section 1.1, and shall include the successors and assigns of the Purchasers, or of any of them.

"Reinvestment Rate" means the sum of (i) the Base Reinvestment Rate plus (ii) 1/2 of 1%.

"Remaining Life to Maturity" of the principal amount of any Note being prepaid shall mean, as of the time of any determination thereof, the number of months from the date of such determination to the Maturity Date.

"Responsible Officer" shall mean the Chief Executive Officer, President, Executive Vice President, any Vice President or the Treasurer of the Company.

"Restricted Investments" shall mean any investment made by the Company or its Restricted Subsidiaries after the date of this Agreement other than: (i) investments made in the ordinary course of business; (ii) investments in Subsidiaries which, thereafter, become Restricted Subsidiaries; (iii) investments in Permitted Investments; and (iv) additional investments made by the Company in respect of contributions or loans to Lake Superior to the extent that the aggregate of such additional investments, together with all such additional investments in Lake Superior previously made by the Company after December 31, 1992 but not repaid or otherwise returned to the Company at or prior to the time such additional investments are made, do not exceed 15% of Total Assets as determined for purposes of the time of the making of such additional investments.

"Restricted Subsidiary" means any Subsidiary which is 80% or more owned (directly or indirectly) by the Company.

"SEC" has the meaning given to that term in Section 3.3.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Series A Notes" has the meaning given to that term in Section 1.1.

"Series B Notes" has the meaning given to that term in Section 1.1.

"Series C Notes" has the meaning given to that term in Section 1.1.

"Series D Notes" has the meaning given to that term in Section 1.1.

"Statistical Release" shall mean the statistical release designated "H.IS (519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then any other reasonably comparable index.

"Subsidiary" means an existing or future corporation, the majority of the outstanding capital stock or voting power, or both, of which is (or upon the exercise of all outstanding warrants, options and other rights would be) owned at the time in question by the Company and/or one or more corporations which are themselves Subsidiaries of the Company. For purposes of this Agreement, the term "Subsidiary" shall not be deemed to include Lake Superior.

"Tangible Net Worth" shall mean the total stockholders' equity of the Company computed in accordance with generally accepted accounting principles minus the sum of (i) the amount (if any) by which goodwill and other intangible assets acquired after the date of this Agreement exceeds 10% of total stockholders' equity and (ii) the amount (if any) by which Restricted Investments exceeds 10% of total stockholders' equity.

"Total Assets" shall mean the total assets of the Company and its subsidiaries on a consolidated basis less the increase over \$35,085,000 in the amount entitled "Investment in joint venture" or otherwise representing the Company's investment in Lake Superior as reflected in the Company's then most

recent quarterly or annual balance sheet filed with the SEC on Form 10-K or Form 10-Q, as appropriate, or, in the event that the Company shall no longer be required to file periodic reports with the SEC, in the most recent audited financial statement delivered to the Purchasers pursuant to Section 6.4 hereof.

"Total Capitalization" shall mean the sum of Tangible Net Worth, Funded Indebtedness (to include current indebtedness where such indebtedness is added to Funded Indebtedness to calculate covenant compliance), and deferred income taxes as reflected on the consolidated financial statements of the Company.

"Voting Stock" shall mean Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

SECTION 9. Miscellaneous.

9.1 Registered Notes: Several Obligations of Purchasers.

(a) The Company shall cause to be kept at its principal office a register for the registration and transfer of the Notes, and the Company shall register or transfer or cause to be registered or transferred, as hereinafter provided and under such reasonable regulations as it may prescribe, the Notes issued pursuant to this Agreement.

(b) Subject to the limitations contained in this Agreement, at any time, and from time to time, the registered holder of any Note may transfer such Note, upon surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing.

(c) The Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement. Payment of or on account of the principal, premium, if any, and interest on any registered Note shall be made upon the written order of such registered holder.

(d) If there shall at any time exist more than one Purchaser, the obligations of each Purchaser shall be several and not joint and no Purchaser shall be liable or responsible for the acts, representations, covenants or other agreements of any other Purchaser.

9.2 Transfer and Exchanges of Notes. Subject to Section 4, any Purchaser of the Notes may at any time transfer the Notes, or any of them, to another Institutional Investor in an amount equal to the lesser of (i) the principal amount of all Notes held by such Purchaser or (ii) \$5,000,000; provided that, notwithstanding the foregoing, no Purchaser may at any time transfer the Notes, or any of them, to any Person that directly or indirectly through one of its Affiliates competes with the Company, any of the Company's Subsidiaries, or Lake Superior in their respective lines of business without the prior written consent of the Company (which consent shall not be unreasonably withheld). At any time, and from time to time, upon not less than ten days' notice to that effect given by the holder of any Note initially delivered or of any Note substituted therefor pursuant to this Agreement, and, upon surrender of such Note at its office, the Company will deliver in exchange therefor, without expense to the holder, except as set forth below, Notes for the same aggregate principal amount as the then unpaid principal amount in excess thereof as such holder shall specify (or if the aggregate principal amount of the Note or Notes held by such holder is less than \$100,000, then in the denomination of such principal amount), dated as of the date to which interest has been paid on the Note so surrendered or, if such surrender is prior to the payment of any interest thereon, then dated as of the date of issue, registered in the name of such Person or Persons as may be designed by such holder, and otherwise of the same form and tenor as the Note so surrendered for exchange.

9.3 Loss, Theft, Etc. of Notes. Upon receipt of evidence satisfactory to the Company of the loss, theft, mutilation or destruction of any Note, and in the case of any such loss, theft, mutilation or destruction upon delivery of a bond of indemnity in such form and amount as shall be reasonably satisfactory to the Company, or in the event of such mutilation upon surrender and cancellation of any Note, the Company will make and deliver without expense to the holder thereof, a new Note, of like tenor, in lieu of such lost, stolen, destroyed or mutilated Note. If the Purchaser or any subsequent Institutional Investor is the owner of any such lost, stolen or destroyed Note, then an affidavit of an authorized officer of such owner, setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no further indemnity shall be required.

9.4 Expense; Stamp Tax Indemnity. Whether or not the transactions herein contemplated shall be consummated, the Company agrees to pay directly all of the Purchasers' out-of-pocket expenses (including, without limitation, the reasonable fees and expenses of Winston & Strawn, special counsel to the Purchasers) in connection with the preparation, negotiation, documentation, execution and delivery of the Notes, this Agreement, and the transactions contemplated hereby and thereby, duplicating and printing costs and charges for shipping the Notes, adequately insured to each Purchaser at its respective home office or at such other place as such Purchaser may designate, and so long as such Purchaser holds the Notes, all expenses (including legal fees) relating to any amendment, waivers or consents pursuant to the provision hereof. The Company also agrees that it will pay and save each Purchaser harmless against any and all liability with respect to stamp and other taxes (other than income taxes), if any, which may be payable or which may be determined to be payable in connection with the execution and delivery of this Agreement whether or not the Notes are outstanding. The Company agrees to protect and indemnify each Purchaser against any liability for any and all brokerage fees and commissions payable or claimed to be payable to any Person for representation of the Company (including Continental Bank, N.A.) in connection with the transactions contemplated by this Agreement.

9.5 Amendments, Waivers and Consents. (a) Any term, covenant, agreement or condition of this Agreement may, with the consent of the Company, be amended or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Company shall have obtained the consent in writing of the holders of at least 66-2/3% in aggregate principal amount of outstanding Notes; provided that without the written consent of the holders of all of the Notes then outstanding, no such waiver, modification, alteration or amendment shall be effective (i) which will change the time of payment of the principal of or the interest on any Note or reduce the principal amount thereof or change the rate of interest thereon, (ii) which will change any of the provisions with respect to prepayments under Section 2, (iii) which will change the percentage of holders of the Notes required to consent to any such amendment, alteration or modification or (iv) which will amend any of the provisions of Section 6.13, Section 7 or this Section 9.5; provided, however, that notwithstanding the foregoing, any Default or Event of Default described in Section 7.1(c), (d), (e), (f) or (j) may be waived if the Company shall have obtained the waiver in writing of the holders of at least 66-2/3% in aggregate principal amount of the Notes then outstanding.

(b) The Company will not solicit, request or negotiate for or with respect to any proposed waiver or amendment of any of the provisions of this Agreement or the Notes unless each holder of the Notes (irrespective of the amount of Notes then owned by it) shall be informed thereof by the Company and shall be afforded the opportunity of considering the same and shall be supplied by the Company with any information it may reasonably request to make an informed decision with respect thereto. Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this Section 9.5 shall be delivered by the Company to each holder of outstanding Notes forthwith following the date on which the same shall have been executed and delivered by the holder or holders of the requisite percentage of outstanding Notes. The Company will not, directly or indirectly, pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security interest in any property to any holder of the Notes or any waiver or amendment of any of the terms and provisions of this Agreement unless such remuneration is concurrently paid or such security interest is concurrently and ratably granted, on the same terms, ratably to the holders of all of the Notes then outstanding.

(c) Any such amendment or waiver shall apply equally to all of the holders of the Notes and shall be binding upon them, upon each future holder of any Note and upon the Company, whether or not such Note shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived or impair any right consequent thereon.

9.6 Powers and Rights Not Waived: Remedies Cumulative. No delay or failure on the part of the holder of any Note in the exercise of any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of the same preclude any other or further exercise thereof, or the exercise of any other power or right, and the rights and remedies of the holder of any Note are cumulative and are not exclusive of any rights or remedies any such holder would otherwise have, and no waiver or consent shall extend to or affect any obligation or right not expressly waived or consented to.

9.7 Notices. All communications provided for hereunder

shall be in writing and, if to a particular Purchaser, delivered by overnight or same day courier or mailed by registered or certified mail, addressed to such Purchaser at its address appearing on Schedule I to this Agreement or such other address as such Purchaser, or the subsequent holder of the Notes initially issued to such Purchaser, may designate to the Company in writing, and if to the Company, delivered or mailed by registered or certified mail to:

Pentair, Inc.
1500 County Road B2 West
St. Paul, Minnesota 55113
Attn: Chief Financial Officer

or to such other address as the Company may in writing designate to the Purchasers or to a subsequent holder of the Notes initially issued to the Purchasers.

9.8 Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the Purchasers' benefit and to the benefit of the Purchasers' successors and assigns, including each successive holder or holders of the Notes, and if any subsequent holder of any Note or Notes shall have presented the same to the Company for inspection, accompanied by a written designation of the address to which notice in respect of a Note or Notes of such holder is to be given, then wherever in this Agreement it is provided that notice shall be given to the holders of Notes, the notice in respect of the Notes so presented shall be addressed to such holder at the address so given.

9.9 Survival of Covenants and Representations. All covenants, representations and warranties made by the Company herein and in any certificate delivered pursuant hereto, whether or not in connection with the closing, shall survive the closing and the delivery of this Agreement and the Notes. In addition, the right to take any action, including, without limitation, instituting any legal proceeding based upon any breach of the representations and warranties made by the Company herein, in the Notes, this Agreement and in any certificate delivered pursuant thereto, whether or not in connection with the closing, shall survive the closing and the delivery of this Agreement and the Notes.

9.10 Severability. Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with the invalid portion thereof eliminated and it is hereby declared the intention of the parties hereto that they would have executed the remaining portions of this Agreement without including therein any such part, parts, or portion which may, for any reason, be hereafter declared invalid.

9.11 Governing Law. This Agreement and the Notes issued and sold hereunder shall be governed by and construed in accordance with the internal laws of the State of Minnesota, and not by the conflicts of law principles of such state.

9.12 Counterparts. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

9.13 Captions. The descriptive headings of the various Sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

The execution hereof by the Purchasers shall constitute a contract between the Company and the Purchasers for the uses and purposes set forth herein, and this Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

PENTAIR, INC.

By: Joseph R. Collins
Its: Chief Financial Officer

UNITED OF OMAHA LIFE INSURANCE COMPANY

By: M.G Echtenkamp
Its: Second Vice President

COMPANION LIFE INSURANCE COMPANY

By: David Lee
Its: Vice President & Actuary

By: Richard A. Witt
Its: Second Vice President & Assistant Treasurer

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY

By: Sarah J. Pitts
Its: Counsel

By: Warren Shank
Its: Counsel

NIPPON LIFE INSURANCE COMPANY OF AMERICA

By: Sarah J. Pitts
Its: Counsel

By: Warren Shank
Its: Counsel

LUTHERAN BROTHERHOOD

By: Mark Satchell
Its: Securities Analyst

AMERICAN UNITED LIFE INSURANCE COMPANY

By: Kent R. Adams
Its: Vice President

MODERN WOODMEN OF AMERICA

By: W.B Foster
Its: President

THE FRANKLIN LIFE INSURANCE COMPANY

By: Daniel C. Leimbach
Its: Vice President

By: Elizabeth E. Arthur
Its: Assistant Secretary

AMERITAS LIFE INSURANCE CORP.

By: Ameritas Investment Advisors, Inc. as agent
/Patrick J. Henry
Its: Vice President - Fixed Income Securities

SCHEDULE I
(to Note Purchase Agreement)

Name and Address of Purchaser	Principal Amount of Each Series of Notes to be Purchases (000,000 omitted)			
	A	B	C	D
	\$5.0	\$5.0	\$3.0	\$5.0

UNITED OF OMAHA LIFE INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, Nebraska 68175
Attn: Investment Division

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series A, B, C or D Senior Notes due 1997-2001 and specifying the respective amounts of principal or interest) to:

FirstTier Bank-Omaha
17th & Farnam Streets
Omaha, Nebraska 68102

ABA #1040-0002-9

For credit to United of Omaha
Life Insurance Company Account

Notices

All notices and communications to this purchaser should be addressed as first provided above, except notice with respect to payment, and written confirmation of each such payment, to be addressed:

United of Omaha Life Insurance Company
Attn: Investment/Securities Accounting
Mutual of Omaha Plaza
Omaha, Nebraska 68175

Taxpayer I.D. #47-0322111

SCHEDULE I
(to Note Purchase Agreement)

Table with 5 columns: Name and Address of Purchaser, A, B, C, D. Row 1: COMPANION LIFE INSURANCE COMPANY, \$0.0, \$0.0, \$2.0, \$0.0

COMPANION LIFE INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, Nebraska 68175
Attn: Investment Division

with a duplicate notice to:
Companion Life Insurance Company
401 Theodore Fremd Avenue
Rye, New York 10580-1493
Attn: Financial Division

Nominee Name: HARE & CO.

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series C Senior Notes due 2000 and specifying the respective amounts of principal or interest and the payable date) to:

Companion Life Insurance Company
c/o The Bank of New York
Acct. #111566 Income Collection
Attn: P&I Department
CLICO

ABA #021000018

Notices

All notices and communications to this purchaser should be addressed as first provided above, except notice with respect to payment, and written confirmation of each such payment, to be addressed:

Companion Life Insurance Company
Mutual of Omaha Plaza
Omaha, Nebraska 68175
Attn: Investment Securities Accounting

with a duplicate notice to:
Companion Life Insurance Company
401 Theodore Fremd Avenue
Rye, New York 10580-1493
Attn: Financial Division

Taxpayer I.D. #13-6062916

SCHEDULE I
(to Note Purchase Agreement)

Table with 2 columns: Name and Address, Principal Amount of Each Series of Notes to be Purchases (000,000)

of Purchaser omitted)

A	B	C	D
\$0.0	\$9.8	\$0.0	\$10.0

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY
 711 High Street
 Des Moines, Iowa 50392-0800
 Attn: Investment Department
 Securities Division

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series B or D Senior Notes, principal or interest) to:

Norwest Bank Iowa, N.A.
 7th and Walnut Streets
 Des Moines, Iowa 50309

ABA #073000228

Payments should be directed to Principal Mutual Life Insurance Company General Account #014752 and should reference Bond No. 1-B-24549 in the case of the Series B Notes and Bond No. 1-B-24550 in the case of the Series D Notes.

Notices

All notices and communications to this purchaser should be addressed as first provided above, except notice with respect to payment, and written confirmation of each such payment, to be addressed:

Principal Mutual Life Insurance Company
 711 High Street
 Des Moines, Iowa 50392-0810
 Attn: Investment Department
 Accounting and Treasury

Taxpayer I.D. #42-0127290

SCHEDULE I
 (to Note Purchase Agreement)

Name and Address of Purchaser	Principal Amount of Each Series of Notes to be Purchases (000,000 omitted)			
	A	B	C	D
	\$0.0	\$0.2	\$0.0	\$0.0

NIPPON LIFE INSURANCE COMPANY OF AMERICA
 c/o Principal Mutual Life Insurance Company
 711 High Street
 Des Moines, Iowa 50392-0800
 Attn: Investment Department
 Securities Division

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series B Senior Notes, principal or interest) to:

Norwest Bank Iowa, N.A.
 7th and Walnut Streets
 Des Moines, Iowa 50309

ABA #073000228

Payments should be directed to Nippon Life Insurance Company of America General Account #7051775 and should reference Bond No. 500-B-24549.

Notices

All notices and communications to this purchaser should be addressed as first provided above, except notice with respect to payment, and written confirmation of each such payment, to be addressed:

Nippon Life Insurance Company of America
c/o Principal Mutual Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0810
Attn: Investment Department
Accounting and Treasury

Taxpayer I.D. #04-2509896

SCHEDULE I
(to Note Purchase Agreement)

Name and Address of Purchaser	Principal Amount of Each Series of Notes to be Purchases (000,000 omitted)			
	A	B	C	D
	\$10.0	\$0.0	\$0.0	\$0.0

LUTHERAN BROTHERHOOD
625 Fourth Avenue South
Minneapolis, Minnesota 55415
Attn: Investment Division

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series A Senior Notes due 1997 and specifying respective amounts of principal or interest) to:

Norwest Bank Minnesota, N.A.
For credit to Trust Clearing
Account 08-40-245

ABA #091000019

Payments should be directed to
A/C Lutheran Brotherhood
Account No. 7-26513-00-5

Notices

All notices and communications to this purchaser should be addressed as first provided above, except notice with respect to payment, and written confirmation of each such payment, to be addressed:

Lutheran Brotherhood
625 Fourth Avenue South
Minneapolis, Minnesota 55415
Attn: Investment Accounting

Taxpayer I.D. #41-0387500

SCHEDULE I
(to Note Purchase Agreement)

Name and Address of Purchaser	Principal Amount of Each Series of Notes to be Purchases (000,000 omitted)			
	A	B	C	D
	\$0.0	\$0.0	\$8.0	\$0.0

AMERICAN UNITED LIFE INSURANCE COMPANY
One American Square
P.O. Box 368
Indianapolis, Indiana 46206-0368

*to be issued as 4 notes of Payments \$2,000,000 each

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series C Senior Notes due 2000 and specifying the respective amounts of principal or interest) to:

Bank One Indianapolis
Trust Cage, 16th Floor
111 Monument Circle
Indianapolis, Indiana 46277

ABA #0740-0001-0

Payments should be directed to
American United Life Insurance
Company Account #32032-50

Notices

All notices and communications to this purchaser should be addressed as first provided above.

Taxpayer I.D. #35-0145825

SCHEDULE I
(to Note Purchase Agreement)

Name and Address of Purchaser	Principal Amount of Each Series of Notes to be Purchases (000,000 omitted)			
	A	B	C	D
	\$0.0	\$2.5	\$2.5	\$0.0

MODERN WOODMEN OF AMERICA
1701 First Avenue
Rock Island, Illinois 61201
Attn: Investment Division

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series B or C Senior Notes and specifying the respective amounts of principal or interest) to:

Harris Trust & Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

ABA #071-000-288

Payments should be directed to
the account of Modern Woodmen
of America Account #347-904-5

Notices

All notices and communications to this purchaser should be addressed as first provided above.

Taxpayer I.D. #36-1493430

SCHEDULE I
(to Note Purchase Agreement)

Name and Address of Purchaser	Principal Amount of Each Series of Notes to be Purchases (000,000 omitted)			
	A	B	C	D
	\$0.0	\$2.0	\$2.0	\$0.0

THE FRANKLIN LIFE INSURANCE COMPANY
Franklin Square
Springfield, Illinois 62713
Attn: Investment Department

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series B or C Senior Notes and specifying the respective amounts of principal or interest) to:

Morgan Guaranty Trust Company
of New York
23 Wall Street
New York, New York 10015
Attn: Money Transfer Department

ABA #0210-0023-8

Payments should be directed to
The Franklin Life Insurance
Company Account #022-05-988

Notices

All notices and communications to this purchaser should be addressed as first provided above.

Taxpayer I.D. #37-0281650

SCHEDULE I
(to Note Purchase Agreement)

Name and Address of Purchaser	Principal Amount of Each Series of Notes to be Purchases (000,000 omitted)			
	A	B	C	D
	\$0.0	\$0.0	\$3.0	\$0.0

AMERITAS LIFE INSURANCE CORP.
c/o Ameritas Investment Advisors, Inc.
210 Gateway Mall, Suite 200
Lincoln, Nebraska 68505
(Mailing Address:
P.O. Box 81889
Lincoln, Nebraska 68501)

Payments

All payments on or in respect of the Notes to be by bank wire transfer of Federal or other immediately available funds (identifying the payment as Pentair, Inc. Series C Senior Notes due 2000 and specifying the respective amounts of principal or interest) to:

FirstTier Bank-Lincoln

ABA #104000032

Payments should be directed to
Ameritas Life Insurance Corp.
Account No. 070-018

Notices

All notices and communications to this purchaser should be

addressed as first provided above.

Taxpayer I.D. #47-0098400
Schedule 3.2

SUBSIDIARIES

All of the following are Restricted Subsidiaries.
All of the following are wholly-owned Subsidiaries of the Company except as noted:

Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Cross Pointe Paper Corporation	Minnesota
Flambeau Paper Corp.1	Wisconsin
Miami Paper Corporation1	Minnesota
Delta International Machinery Corp.	Minnesota
Pentair Canada, Inc.2	Ontario, Canada
FC Holdings Inc.	Delaware
Federal-Hoffman, Inc.3	Minnesota
Hoffman Engineering Company Limited4	United Kingdom
Federal-Hoffman International, Inc.4	Guam
McNeil (Ohio) Corporation	Minnesota
APNO S.A. de C.V.5	Mexico
Lincoln GmbH5	Germany
Lincoln Belgium N.V.6	Belgium
Pentair Canada, Inc.2	Ontario, Canada
Pentair FSC Corporation5	U.S. Virgin Islands
Niagara of Wisconsin Paper Corporation	Wisconsin
Pentair Duluth Corp.7	Minnesota
Pentair Financial Corporation	Minnesota
Pentair Sales Corp.	Minnesota
Penwald Insurance Company	Vermont
Porter-Cable Corporation	Minnesota

NOTES:

1. A wholly-owned subsidiary of Cross Pointe Paper Corporation.
2. Wholly-owned by Delta International Machinery Corp. and McNeil (Ohio) Corporation.
3. A wholly-owned subsidiary of FC Holdings Inc.
4. A wholly-owned subsidiary of Federal-Hoffman, Inc.
5. A wholly-owned subsidiary of McNeil (Ohio) Corporation.
6. Wholly-owned by Lincoln GmbH and McNeil (Ohio) Corporation.
7. Pentair Duluth Corp. has a 50% interest in Lake Superior Paper Industries, a joint venture with Minnesota Paper Incorporated.

Schedule 3.3

FINANCIAL STATEMENT MATTERS

Two changes in properties have occurred since December 31, 1991 that are not in the ordinary course of business.

In June 1992, McNeil (Ohio) Corporation purchased the product lines and inventory of the automotive service division of Hein-Werner Corporation, which includes the manufacture,

sale and distribution of mechanical or hydraulic lifting devices; automotive battery service equipment; and welding equipment. The purchase price was less than \$10, 000,000.

In September 1992, Delta International Machinery Corp. sold its assets related to its Brazilian operations for a Price of approximately \$5,000,000.

Because of materiality standards, the Company was not required to and did not file a report on Form 8-K with the Securities and Exchange Commission for either of the above transactions.

EXHIBIT 11

PENTAIR, INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE

	YEARS ENDED DECEMBER 31				
	1989	1990	1991	1992	1993
INCOME (\$ THOUSANDS) ¹					
Income before cumulative effects of accounting changes	\$36,407	\$33,012	\$41,100	\$42,800	\$46,600
Cumulative effects of accounting changes	-	-	-	(41,625)	-
Net Income	36,407	33,012	41,100	1,175	46,600
Preferred Dividend Requirements ²	4,234	5,914	6,358	8,545	6,114
Earnings Available to Common and Common Equivalent Shares - Primary	32,173	27,098	34,742	(7,370)	40,486
Preferred dividends assuming conversion of Preferred Stock:					
Series 1987	3,000	3,000	3,000	3,000	620
Series 19882	1,234	685	658	1,065	1,044
Series 19902	-	2,229	2,700	4,480	4,450
Tax benefit on preferred ESOP dividend eliminated due to conversion into common	-	-	-	(700)	(833)
Tax benefit on ESOP dividend assuming conversion to common - at common dividend rate	-	547	690	215	276
Earnings available to Common and Common Equivalent shares - Diluted	\$36,407	\$33,559	\$41,790	\$ 690	\$46,043
SHARES (thousands) ¹					
Weighted average number of shares outstanding during the period	16,175	16,044	15,651	15,792	17,678
Shares issuable on exercise of stock options less shares repurchaseable from the proceeds	37	26	128	144	213
Common and Common Equivalent Shares - Primary	16,212	16,070	15,779	15,936	17,891
Shares issuable on conversion of:					
\$1.50 Cumulative Convertible Preferred Stock Series 1987	2,178	2,178	2,178	2,178	415
\$7.50 Callable Cumulative Convertible Preferred Stock Series 1988	780	718	660	561	522
8% Callable Cumulative Voting Convertible Preferred Stock Series 1990	-	1,761	2,151	2,142	2,127
Common and Common Equivalent Shares - Diluted	19,170	20,727	20,768	20,817	20,955
EARNINGS PER SHARE ¹					
PRIMARY					
Earnings before cumulative effects of accounting changes	\$1.99	\$1.69	\$2.20	\$2.15	\$2.26
Cumulative effects of accounting changes	-	-	-	(2.61)	-
Net income (loss)	\$1.99	\$1.69	\$2.20	\$(.46)	\$2.26
DILUTED					
Earnings before cumulative effects of accounting changes	\$1.90	\$1.62	\$2.01	\$2.03	\$2.20

[FN]

FOOTNOTES:

1 Adjusted for stock dividend of 50% in June 1993.

2 Net of tax benefit on shares held by an ESOP in 1990 and 1991.

Pentair, Inc. is a diversified manufacturer that grows value for stakeholders by acquiring, renewing and developing manufacturing companies. Pentair businesses are organized into three groups: Specialty Products, General Industrial Equipment and Paper. Our 8,300 employees provide construction, woodworking, recreation, electronics, law enforcement, automotive, industrial and printing markets with high-quality products. The 10 autonomously operated businesses have 24 locations worldwide. Pentair common shares are quoted on the NASDAQ National MarketSystem under the symbol: PNTA.

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Financial Highlights

In Thousands, Except per Share Data	93	92	% Change
Net Sales	\$ 1,328,180	\$ 1,238,724	7.2%
Earnings	\$ 46,600	\$ 42,800*	8.9%
Earnings per Share			
Primary	\$ 2.26	\$ 2.15*	5.1%
Diluted	\$ 2.20	\$ 2.03*	8.4%
Cash Dividends per Common Share	\$.68	\$.65	4.6%
Common ShareholdersU Equity per Share	\$ 18.58	\$ 16.43	—
Preferred ShareholdersU Equity	\$ 33,927	\$ 77,382	—
Common ShareholdersU Equity	\$ 336,922	\$ 260,012	—
Return on Average Common ShareholdersU Equity	14%	13%*	—
Capital Expenditures	\$ 73,421	\$ 67,235	9.2%
Total Assets	\$ 958,801	\$ 869,442	10.3%
Long-Term Debt to Total Capital	39%	39%	—
Common Shares Outstanding at Year-End	18,135	15,822	—
Average Common and Common Equivalent Shares	17,891	15,936	—
Number of Employees	8,300	8,300	—

Share and per share data has been restated to reflect a 50 percent stock dividend in June 1993.

* Earnings and Earnings per Share are before cumulative effects of accounting changes of \$41,625,000 or \$2.61 per primary share.

	89	90	91	92**	93
Net Income (\$Millions)	36.4	33.0	41.1	42.8	46.6
	89	90	91	92	93
Net Sales (\$Millions)	1,163.6	1,175.9	1,169.1	1,238.7	1,328.2
	89	90	91	92	93
Earnings Per Share_Diluted (\$)	1.90	1.62	2.01	2.03	2.20

** Before cumulative effects of accounting changes

To Our Shareholders

The underlying operating and financial strengths that have served Pentair well in the recent recession moved us closer to achieving our growth goals in the somewhat improved economic environment of 1993. Moreover, our plan to complete another substantial industrial acquisition — our first such industrial acquisition in more than five years — enhances our ability to meet or exceed our growth targets.

Pentair in 1993 realized a seven percent gain in sales and a nine percent earnings improvement before cumulative effects of accounting changes, driven primarily by our U.S.-based industrial businesses. Our domestic industrial subsidiaries benefited from a stronger economy and increased spending in key consumer and industrial markets, even though our success was partially offset by the effects of a weak European economy and an over-supplied paper market.

Our net income for the year ended December 31, 1993 was \$46.6 million, or \$2.20 per fully diluted share. Income before cumulative effects of accounting changes was \$42.8 million in 1992, or \$2.03 per fully diluted share. Net sales for the year were \$1.328 billion, compared to 1992 net sales of \$1.239 billion.

We announced an agreement to acquire the Schroff Group, a \$160 million manufacturer of enclosure products for electronic equipment. Through this acquisition, scheduled to close February 28, 1994, we furthered our dual strategy of building the industrial side of our business and providing Pentair a more significant global presence. Schroff's strong brand name, leading market position and extensive product line make it an ideal fit with Pentair's strategic objectives.

Domestic industrial businesses post strong results

Five of our seven industrial businesses improved sales and earnings over 1992 levels. Sales by all Pentair industrial businesses totalled \$946.6 million in 1993 compared to 1992 sales of \$864.0 million. Operating income from our industrial businesses was \$84.2 million in 1993 compared to \$78.8 million for 1992, a gain of 6.9 percent.

Specialty Products Group businesses Delta and Porter-Cable continued to move products into hardware and building supply home center distribution channels while reinforcing brand name recognition through aggressive marketing and promotion programs. Myers turned in record sales and earnings as a result of growth in retail markets. Myers also built market share during the year, maintaining excellent delivery rates even when pressed by demand resulting from flood conditions in the Midwest and drought conditions in the Southeast.

In the General Industrial Equipment Group, Hoffman Engineering achieved its best-ever results from stronger business activity, improved productivity and the introduction of new products. Federal Cartridge also achieved record results, benefiting from favorable raw material prices, a good hunting season and greater brand awareness resulting from its affiliation with the U.S. Shooting Team. Lincoln Automotive sales and earnings increased as a result of modest recovery in automotive aftermarkets and the integration of new product lines. Weak economic conditions in Europe reduced sales of Lincoln Industrial's German operations 22.6 percent from the previous year; however, these losses were offset by sales and earnings gains from its domestic operations.

(Picture)

Winslow H. Buxton

Chairman, President and Chief Executive Officer

Oversupplied paper markets prevail

Paper Group sales in 1993 were \$381.6 million, compared to \$374.7 million in 1992. Operating income for the Group, including the joint venture, was \$31.0 million in 1993 versus \$33.1 million in 1992.

Soft economic conditions in Europe, coupled with excess capacity of publication paper world-wide, further weakened an already oversupplied domestic market. While results from Niagara of Wisconsin Paper Corporation improved despite the poor market conditions, these gains were offset by record low prices for paper made by the Lake Superior Paper Industries joint venture. Pricing also affected results from Cross Pointe Paper Corporation, our specialty printing paper business. Cross Pointe, however, performed well above industry levels, buoyed by its unique recycled paper product mix and its distribution capabilities.

While external forces marred their performance, our paper businesses continued to operate well. On-going productivity improvements, new or expanded facilities and equipment, continued emphasis on new product development, and innovative marketing and distribution programs will provide solid performance gains once the supply/demand imbalance is corrected.

Acquisition meets PentairUs strategic goals

Late in the year we announced plans to acquire the Schroff Group of Straubenhardt, Germany. Schroff manufactures cabinets, cases, subracks and accessories principally for electronics and other sensitive computer equipment. (See the gatefold between pages 2 and 3 for detailed information on the key Schroff product lines.) Though similar in many respects to our Hoffman Engineering subsidiary, Schroff products generally serve growing computer and instrumentation markets while Hoffman products are directed toward industrial markets. The Schroff-Hoffman combination makes us a leading manufacturer of enclosure products and gives us by far the broadest enclosure product line.

The potential for adding value through this acquisition is considerable in view of the synergies that exist between Schroff and Hoffman Engineering. Joint product development, shared manufacturing technology, coordinated marketing and cross distribution are areas we have already begun to explore as we plan for the long-term growth of a world-wide enclosure business.

The Schroff acquisition was somewhat of a departure from our traditional acquisition strategy. In years past we have built value for shareholders by purchasing undercapitalized and underutilized businesses and turning them around. Schroff, in contrast, is a modern, well-equipped business that has had ready access to capital. Schroff also has been a solid performer, building its share in its core European markets while expanding into North America and Asia. Future acquisitions may provide either the turn-around opportunities, on which we have built our past success, or synergistic opportunities, like Schroff, which support our objective of expanding our larger subsidiaries.

In December, Cross Pointe Paper Corporation purchased the assets of a Dayton, Ohio, paper mill owned by Badger Paper Mills. Located only eight miles from Cross PointeUs Miami Mill, the Dayton facility will provide opportunities for development of premium text and cover grades while providing additional production capacity as paper markets recover.

Investment in businesses continues

Pentair's 1993 capital investments totaled \$73.4 million, providing for new or expanded recycling facilities at Cross Pointe mills and the Lake Superior Paper Industries joint venture, as well as construction of a new coating facility at the Niagara paper business. Other investments made during 1993 introduced cost-efficient manufacturing technologies at most of the industrial businesses, development of a near-record number of new or improved products, and construction of facilities for training and customer service. We intend to continue providing the resources necessary to build all Pentair businesses to reinforce our growth.

Annual dividend increased to 72 cents

In January 1994, the Pentair board of directors approved an increase in quarterly cash dividends from 17 cents to 18 cents per common share. This raises the annual dividend payout to an indicated 72 cents per share for 1994, representing a 5.9 percent increase in dividends over the previous year. Our total return to shareholders stands at 28 percent in 1993, or an 11.6 percent compound rate over the last 10 years.

1994 Outlook

Pentair has established an enviable reputation as a business that provides shareholders with steady, reliable growth. While our plans for the years ahead continue to focus on building value for shareholders in the long term, we recognize we must continue to build on today's performance in order to meet tomorrow's goals.

Our industrial businesses will drive much of this improved performance and each is well-positioned to reach its ambitious goals. Our Specialty Products Group businesses will continue to market new, innovative products through new channels of distribution. The General Industrial Equipment businesses will benefit from what we hope will be improved business activity in durable goods and machine tool markets. A stronger global economy, combined with the results of on-going strategies aimed at increasing return on sales, employee productivity, product development and marketing programs, will offer our industrial businesses considerable profit opportunity in 1994.

We are confident that ownership of Schroff will provide Pentair many new growth opportunities. We are exploring the synergies that exist between Schroff and Hoffman Engineering in several areas. We will see the benefits of these efforts — new products, plant productivity gains, and growth in new markets and new regions of the globe — in late 1994 and in 1995.

Cross Pointe Paper Corporation should continue to benefit from its unique products and service capabilities within specialty paper markets. While we are uncertain about the prospects for short-term recovery of publication paper prices, any improvement this year will substantially benefit total Pentair sales and earnings.

Pentair remains committed to its long-term goal of top performance. We are confident that 1994 will be a year of further sales and earnings improvements. Pentair appreciates the continued support and enthusiasm of our employees, customers, suppliers, plant communities and shareholders as we strive to provide greater value for all stakeholders in the year ahead.

Winslow H. Buxton
Chairman, President and Chief Executive Officer

Electronic Cabinets

Sensitive electronic equipment must be protected to ensure optimal performance in a variety of environments. Schroff cabinets are designed to meet critical material, workmanship and finish requirements, while satisfying demand for aesthetic quality. Schroff's eurorack line is an aesthetic, yet sturdy, cabinet family designed for office and computer room environments.

The minirack range is a small - to mid-size Rslim line's version of the eurorack. The tecnorack product line is a sealed equipment cabinet range for use in harsh industrial environments.

ELECTRONIC ENCLOSURES

Schroff

Worldwide partners to the electronics industry

PRODUCTS

Schroff is the largest manufacturer in Europe's electronic enclosure market and a world technical leader. Schroff's comprehensive product range includes cabinets, cases, subracks, microcomputer packaging systems and a full line of accessories including backplanes, power supplies and computer furniture.

MARKETS

Schroff serves the worldwide commercial electronics industry including key segments such as computers, test and measurement, private LANs/data communication, industrial control and factory automation, medical and telecommunications.

Portable and Rack-mounted Cases

Electronic instruments, whether used in a fixed location or in the field, require sturdy protective cases that provide versatility and ease of use. To meet the individual technical requirements of its customers, Schroff offers a wide range of equipment cases in more than 100 standard sizes. Schroff cases combine standardized solutions with application-specific features and a wide variety of case accessories. Case lines include 19-inch cases such as protec, comptec, safepac and tecnopac, and system cases compac, inpac, cardpac and ratiopac.

7 Pictures of electronic products

Microcomputer Packaging Systems

Packages assembled from Schroff's line of cases, subracks and accessories, such as Schroff power supplies, are the foundation for building systems that meet the specific requirements of customers. Schroff's standardized packaging systems offer many benefits including reliability and cost effectiveness. Close attention to changing customer needs has resulted in a broad range of systems solutions incorporating mechanical packaging, power supplies, full wiring, backplanes, thermal management, and radio frequency shielding.

ELECTRONIC ENCLOSURES Schroff

Worldwide partners to the electronics industry

LOCATIONS

Straubenhardt, Germany; Betschdorf, France; Hemel Hempstead, Hertfordshire, United Kingdom; Warwick, Rhode Island; Yokohama and Meiwa-Cho, Japan; Skarpnack, Sweden; and Gallarate (Varese), Italy.

EMPLOYEES

1,400

Subracks and Plug-in Units

Used in a variety of electronic applications, Schroff's subrack products provide the means for packaging circuit boards and accessories. Schroff leads the market in subracks built for the 19-inch standard used by the U.S. and European electronics industries. Designed around the Eurocard format, Schroff subracks are typically installed in cases and cabinets as electronic equipment and are designed to meet the increasing electromechanical demands made on modern packaging systems. Several subrack families are available to meet the requirements of the electronics industry, including the emerging metric standard that is gaining popularity in U.S. markets.

8 Pictures of electronic products

SPECIALTY PRODUCTS GROUP
1993 Operating Strategies

Expand distribution Purchasing patterns for tools and other construction-related products continued to shift away from traditional outlets to building supply home centers and hardware chains. Expanding into distribution channels that serve these outlets resulted in placement of product in over 1,000 new outlets in 1993. Specialty Products Group businesses now supply eight of the top ten building supply home centers.

Build brand name awareness Expanded promotion and advertising efforts supported this entry into new distribution channels while increasing awareness of the GroupUs brand name products. Specialty Products Group businesses used national television programming, principally underwriting of Public Broadcasting System programs The New Yankee Workshop and The American Woodshop which combined reach approximately seven million woodworking enthusiasts.

Accelerate new products Specialty Products Group businesses introduced 30 new products in 1993. Sales from new products introduced in the last five years increased to 46 percent of total group sales.

	93	92	91
return on invested capital (%)	40.2%	41.1%	28.9%
	93	92	91
return on sales(%)	10.2%	10.6%	9.8%
	93	92	91
operating income (\$millions)	42.0%	40.2%	33.6%
	93	92	91
sales (\$millions)	411.6	377.5	344.6

Picture of planks and shavings

Porter-Cable Corporation

Growth in the hardware and building supply home center channels helped Porter-Cable record sales increases and double-digit profit gains in 1993. Sales through these distribution channels more than doubled as Porter-Cable products entered more than 800 new outlets.

Porter-Cable's brand recognition was supported with new product packaging which incorporates a distinctive color scheme and new point-of-purchase promotion features. Underwriting of a PBS program entitled The American Woodshop increased exposure of the Porter-Cable brand name. In 1994, the company will underwrite another PBS program, The New Yankee Workshop.

A new ultra-lightweight 7 1/4-inch FramersUs Circular Saw was one of 12 new products introduced in the year. The Quicksand random orbit palm sander and a 9.6-volt cordless drill have demonstrated good sales in their markets.

Porter-Cable achieved cost improvements of more than \$3 million through expansion of the total-quality work team concept.

PRODUCTS

Portable electric tools, including circular saws, reciprocating saws, band saws, sanders, drills and routers. Products shown: 7 1/4-inch FramersUs Circular Saw and Quicksand random orbit palm sander.

MARKETS

Woodworking, residential and industrial construction; industrial fabrication and maintenance; and home craftsmen.

LOCATION

Jackson, Tennessee.

EMPLOYEES

800

SPECIALTY PRODUCTS GROUP

Porter-Cable Corporation
Delta International
Machinery Corp.
F. E. Myers

Delta International Machinery Corp.

Delta achieved record orders, sales and operating income in its U.S. operations during 1993. These gains were attributed to increased market share in home center and group accounts, driven in part by nine new woodworking products. Sales benefited from a stronger domestic economy, and from greater awareness of the Delta name through underwriting of PBS programs The New Yankee Workshop and The American Woodshop.

In Canada, unfavorable exchange rates and economic uncertainty slowed income growth. However, Delta's sales in Canadian dollars were higher in 1993 than at any other time in the company's history.

Fine Woodworking magazine praised Delta's Tupelo, Mississippi, plant for its state-of-the-art technology, saying the facility "...looks like a set from Star Wars." New laser cutting systems installed in late '93 have further streamlined manufacturing processes, reduced product development lead time and improved quality.

5 pictures of woodworking tools

PRODUCTS

General-purpose woodworking machinery, including table saws, band saws, planers, jointers, grinders, drill presses, shapers, lathes, other tools, and accessories. Products shown: Anniversary edition Unisaw with tenoning jig, and Sanding Center.

MARKETS

Do-it-yourself/homeshop craftsmen; commercial, residential and industrial construction; remodeling; and cabinet manufacturers, case goods, and furniture makers.

LOCATIONS

Pittsburgh, Pennsylvania; Tupelo, Mississippi; Memphis, Tennessee; Guelph, Ontario, Canada; and Taichung, Taiwan.

EMPLOYEES

621

SPECIALTY PRODUCTS GROUP

Porter-Cable Corporation

Delta International

Machinery Corp.

F. E. Myers

PRODUCTS

Pumps for well and sump pump systems, primarily for residential use; pumps and grinders for environmental engineering applications; and industrial pumps. Product shown: 12-inch non-clog wastewater pump.

MARKETS

Retail and wholesale distribution to residential users, municipal environmental organizations and industrial manufacturing companies.

LOCATIONS

Ashland, Ohio, and Kitchener, Ontario, Canada.

EMPLOYEES

600

F. E. Myers

Midwestern floods and Southeastern drought created record demand for Myers' water systems and sump pumps in 1993. Manufacturing back-integration in the company's foundry and plastic injection molding operations allowed Myers to meet customers' needs and out-perform the competition. Myers closed the year with record sales and earnings and a greater share of the pump market.

Eleven new products introduced in 1993 included an extended range of four-inch submersible pumps for water systems markets, a 12-inch non-clog pump for waste-water markets and a portable transfer pump for contractor markets.

Capital investment supported the first phase of a program designed to realign plant assembly and machine areas. Completed mid-year, the realignment focused on the company's sump and sewage product assembly areas, decreasing Myers' overhead rate. Phase 2 of the realignment program will begin in 1994.

3 pictures of woodworking tools

3 pictures of pumps

GENERAL INDUSTRIAL EQUIPMENT GROUP
1993 Operating Strategies

Grow in excess of markets Although the overall economy grew only at 2.9 percent during 1993, General Industrial Equipment Group sales increased 10 percent. Strong double-digit growth and market share gains at Hoffman, coupled with additional volume from Lincoln Automotive's 1992 acquisition, led the Group's improved sales performance. Lincoln Industrial's U.S. operations and Federal Cartridge grew more than did their respective markets.

Stimulate new product introductions The General Industrial Equipment Group introduced more than 100 new products during 1993. Sales from new, redesigned and acquired products introduced during the past five years continue to increase, representing 25 percent of total sales in 1993.

Increase productivity Productivity at General Industrial Equipment Group businesses increased approximately five percent over 1992 levels, as did unit output per employee. Capital expenditures designed to facilitate flow of product through manufacturing facilities represented a third of total spending and are expected to generate similar gains in 1994.

	93	92	91
Return on Invested Capital (%)	15.5	14.5	13.1

	93	92	91
Return on Sales (%)	7.9	7.9	7.8

	93	92	91
Operating Income (\$Millions)	42.2	38.6	35.9

	93	92	91
Sales (\$Millions)	535.0	486.5	458.3

picture parts in blue-green liquid

Lincoln Automotive

Record sales and profits at Lincoln Automotive were driven by a modest rebound in automotive equipment markets, a continued increase in the average age of the passenger car fleet in the U.S., and a decline in the do-it-yourself segment of automotive repairs. Significant sales gains were also recorded in Canadian, Latin American and European markets.

Several new or redesigned products and product lines were introduced to the professional service market. These included welding accessories, which complement the company's welding equipment line, a new Bantam line of battery chargers featuring the exclusive IntelliCharger design, and a redesigned Marquette battery charger line. The Chem Oil-A-Way sorbent product, formulated to help containment and disposal of oil, chemical and other hazardous fluid spills, continues to gain acceptance in environmental and auto service industries.

Cross-training and a focus on workforce flexibility generated productivity gains at the company's Jonesboro, Arkansas, and Nogales, Mexico plants where sales per employee reached an all-time high.

PRODUCTS

Vehicle service equipment, including lubricating tools, hydraulic jacks and specialty products for the repair and service of automobiles, trucks, buses, and construction and agricultural equipment. Products shown: Lincoln, Winner and Blackhawk-brand lifting equipment.

MARKETS

Products are marketed through a distributor network to professional mechanics and vehicle maintenance facilities.

LOCATIONS

St. Louis, Missouri; Jonesboro, Arkansas; Birch Tree, Missouri; Nogales, Mexico; Mississauga, Ontario, Canada; and Antwerp, Belgium.

EMPLOYEES

560

GENERAL INDUSTRIAL EQUIPMENT GROUP

Lincoln Automotive

Lincoln Industrial

Hoffman Engineering Co.

Federal Cartridge Company

Lincoln Industrial

Activity in U.S. and Pacific Rim markets resulted in an improved sales and earnings profile for Lincoln Industrial in 1993. However, this performance was offset by continued weakness in European and Japanese markets, which severely cut sales and earnings at the company's Walldorf, Germany operations.

Despite a difficult business climate, new Lincoln Industrial products represented 10 percent of total 1993 sales. New products introduced during the year included a patented air brake for use on thick-fluid pumping systems, a new line of engineered resin pumps and a transfer pump. Lincoln Industrial advanced a patent-pending hydraulically driven pump into field trials and early reports indicated the product was well-received.

Productivity efforts continue to generate results. Sales per employee at Lincoln Industrial's U.S. operations rose five percent over the previous year. New manufacturing schedules and procedures increased on-time deliveries to customers by 30 percent over 1992 levels.

PRODUCTS

Lubrication systems and equipment, and material dispensing pump systems. Product shown: Pile Driver III material dispensing pump featuring a modular air motor, a leakless gland and a patented overspeed control.

MARKETS

Manufacturers, printers and general lubrication markets.

LOCATIONS

St. Louis, Missouri, and Walldorf, Germany.

EMPLOYEES

870

Hoffman Engineering Co.

PRODUCTS

Metal and composite enclosures for electrical and electronic controls, instruments and components. Product shown: APX modular console.

MARKETS

Original equipment manufacturers; plant maintenance and repair; and construction.

LOCATIONS

Anoka, Minnesota; Brooklyn Center, Minnesota; Toronto, Canada; and Cwmbran, South Wales, United Kingdom.

EMPLOYEES

1,800

HOFFMAN ENGINEERING CO.

Stronger business activity in durable goods and automotive markets helped Hoffman Engineering realize double-digit sales growth and record earnings in 1993. Hoffman became the first North American enclosure manufacturer to achieve ISO 9001 certification, signifying the company has met a series of rigid, internationally accepted quality standards.

New products introduced in 1993 included the COMPACT enclosure suspension system and the ULTRX fiberglass corrosion-resistant enclosure line. Hoffman also expanded its APX product line to include over 100 new model codes.

The company enhanced customer service through two new computer-based features: an Electronic Data Interchange system linking Hoffman with its distributors and suppliers; and a Bulletin Board system providing customers access to product drawings and specifications.

Construction of a border plant in Mexico will increase Hoffman's manufacturing capacity and reduce costs related to general purpose products. The new plant is scheduled to be operational in late 1994.

GENERAL INDUSTRIAL EQUIPMENT GROUP

Lincoln Automotive

Lincoln Industrial

Hoffman Engineering Co.

Federal Cartridge Company

PRODUCTS

Shotshell, centerfire and rimfire cartridges, ammunition components and clay targets. Products shown: Gold Medal shotshells and Premium rifle cartridges.

MARKETS

Over 16 million licensed hunters; trap, skeet, sporting clay and target shooters; the U.S. government; and law enforcement agencies.

LOCATIONS

Anoka, Minnesota, and Richmond, Indiana.

EMPLOYEES

950

FEDERAL CARTRIDGE COMPANY

A record fourth quarter provided the basis for increased earnings at Federal. Favorable raw material prices, innovative sales and marketing strategies and productivity improvements contributed to record performance.

A highlight of 1993 was the outstanding performance of the U.S. Shotgun Team. Using Federal's new Gold Medal ammunition, the team earned seven Gold medals, eight Silver medals and five Bronze medals in international World Cup competition. The team also set 17 new world records and earned three 1996 Olympic country quota slots. The U.S. Biathlon Team selected Federal's Gold Medal Ultra Match .22 caliber cartridge for use in 1994 Winter Olympics competition.

Product development efforts focused on new and improved products for recreational and hunting markets. A complete line of small-gauge sporting clay loads was added to the Gold Medal product line, while the Premium Centerfire Rifle line was expanded to include several new patented Trophy Bonded loadings.

(6 pictures of Hoffman Engineering products and employees)

(2 pictures of Federal Cartridge products and employees)

PAPER GROUP
1993 Operating Strategies

Emphasize recycled-fiber paper products The Paper Group's recycled-fiber strategy provided the dual benefit of allowing the Company to meet increasing demand for recycled-fiber products while reducing virgin kraft requirements. Recycled-fiber product development efforts resulted in new grades made entirely from recycled fiber. The strategy was supported with \$20 million of capital investments for construction of new or expanded deinking facilities at two of the three Paper Group businesses.

Focus on specialty niche markets Development of new products to meet the needs of an expanding customer base allowed the Paper Group to focus on specialty niche markets, such as chlorine-free products. This strategy was further supported by plans to construct a \$12 million coating facility at Niagara of Wisconsin Paper Corp.

Reinforce distribution and service features The Group's distribution and service capability was increased with the installation of new sheeting equipment at the recently expanded Cross Pointe International Distribution Center. The Center provides next day service for more than 85 percent of customers; the remainder are served within 48 hours.

	93	92	91
Return on Invested Capital (%)	15.0	17.9	25.5

	93	92	91
Return on Sales (%)	8.6	8.4	9.7

	93	92	91
Operating Income (\$Millions)	32.9	31.4	35.5

	93	92	91
Sales (\$Millions)	381.6	374.7	366.2

(Picture of Paper rolls)

Niagara of Wisconsin Paper Corporation

Weak demand and volatile pricing continued to characterize the coated publication paper market in 1993. Niagara performed well in this hostile business environment, profiting from a seven percent improvement in average selling price and targeted marketing efforts. A reorganized sales department and sales generated by new products prevented the company from taking downtime during 1993, unlike many of its competitors.

Niagara entered new niche markets offering six new products all of which contain recycled fiber. One of these new products, Niagara Recycle TEF, provides 30 percent post-consumer recycled-fiber content and is manufactured in a chlorine-free process. Future product development efforts will benefit from construction of a \$12 million coating plant started in June, 1993. Scheduled to be operational in July '94, the new coating facility will improve product quality and consistency.

PRODUCTS

Coated publication papers, including recycled-fiber grades. Product shown: Niagara Recycle TEF.

MARKETS

Magazines, catalogs, periodicals, advertising literature, trade books and general commercial printing.

LOCATION

Niagara, Wisconsin.

EMPLOYEES

600

PAPER GROUP

Niagara of Wisconsin
Paper Corporation

Cross Pointe Paper Corporation

Lake Superior

Paper Industries

PRODUCTS

Premium uncoated text and cover papers, and commercial printing and writing papers, including grades made with recycled fiber. Products shown: Cross Pointe recycled papers in a variety of basis weights, colors and sizes.

MARKETS

Paper merchants, commercial printers, book publishers, graphic design houses, business copy centers, educational institutions and paper converters.

LOCATIONS

St. Paul, Minnesota; West Carrollton and Dayton, Ohio; Park Falls, Wisconsin; and West Chicago, Illinois.

EMPLOYEES

1,050

Cross Pointe Paper Corporation

While the printing and writing segment of the paper industry continued to struggle with excess capacity, Cross Pointe increased sales to record levels in 1993. This was accomplished by continued emphasis on grade development and strengthening customer services for paper merchants.

Cross Pointe's Flambeau Mill benefited from a new deinking plant and a rebuilt paper machine which combined to boost the mill's ability to produce quality, value-added recycled-fiber papers. The West Chicago-based International Distribution Center installed an advanced cut-size sheeter to help meet growing demand for recycled business papers.

Late in the year, Cross Pointe acquired the assets of a Badger Paper Company mill located in Dayton, Ohio. The mill, which was not operating at the time of acquisition, will be started up as paper markets recover and capacity requirements grow.

PAPER GROUP

Niagara of Wisconsin
Paper Corporation

Cross Pointe Paper Corporation

Lake Superior

Paper Industries

Lake Superior Paper Industries

The on-going recession in global paper markets and overcapacity among European paper producers combined to reduce 1993 sales and earnings by Lake Superior Paper Industries (LSPI), a joint venture between subsidiaries of Pentair and Minnesota Power. Despite downward pricing pressures, LSPI maintained its position as the North American leader in its market segment.

Extensive research and development led to a higher-quality supercalendered RAS grade paper. Designed specifically to be competitive with a new SCA+ grade introduced by foreign competitors, the new LSPI product offers excellent printing surface smoothness and higher overall gloss.

The Superior Recycled Fiber Industries (SRFI) deinking plant, which LSPI operates for joint venture owners Pentair and Minnesota Power, began operations in September, 1993. Completed ahead of schedule and under budget, the 135,000-square-foot facility produces 250 tons of recycled fiber daily from office wastepaper. LSPI's ENCORE Web and ENCORE Gloss recycled paper grades contain a minimum of 10 percent deinked post-consumer fiber supplied by SRFI.

PRODUCTS

Supercalendered publication and printing grade papers. Product shown:

Shredded post-

consumer waste paper is deinked and delivered in wet-lap sheets for use in LSPI recycled papers.

MARKETS

Catalogs, newspaper supplements, magazines, advertising inserts and other commercial printing.

LOCATION

Duluth, Minnesota.

EMPLOYEES

374

6 pictures of paper products

PENTAIR INC. AND SUBSIDIARIES

Financial Review

MISSION

Pentair, Inc. has several strategic and financial objectives that guide management decision-making in creating value for its shareholders. The overall objective is to be a top-performing, diversified industrial company operated to maximize shareholder value, be respected for business conduct and provide benefits to all constituents.

The financial goals are to achieve: a 10 percent EPS growth _ annual growth in earnings per share over any ten-year period; and a 15 percent ROE _ average return on common shareholders equity over any five-year period. The Company approached its EPS growth and ROE objectives for 1993, achieving an 8 percent EPS growth and 13 percent ROE for the periods ending with 1993. Despite the shortfall during the recent recession and weak paper markets, the Company continues to view 10 percent EPS growth over future ten-year periods and 15 percent ROE over future five-year periods as realistic financial goals.

Total Return to Shareholders

Pentair seeks to maximize value with strategic planning for long-term performance. The Company believes shareholder value is best measured by dividend returns and equity value growth, which are enhanced when EPS growth and ROE goals are achieved.

	89	90	91	92*	93					
Return On Equity (%)	14	11	13	13	14					
Five-year Average - 13%										
	83	84	85	86	87	88	89	90	91	
92* 93										
Earnings Per Share - Diluted (\$)	1.00	1.50	1.35	1.03	1.30	2.23	1.90	1.62	2.01	
2.03 2.20										
Common Dividends (\$ per share)	.53	.59	.61	.65	.68					

* Before cumulative effects of accounting changes

SELECTED FINANCIAL DATA
(\$ millions except per share data)

	93	92	91	90	89
Net sales	\$1,328.2	\$1,238.7	\$1,169.1	\$1,175.9	\$1,163.6
Income before cumulative effects	\$ 46.6	\$ 42.8	\$ 41.1	\$ 33.0	\$ 36.4
Cumulative effects of accounting changes	-	(41.6)	-	-	-
Net income	46.6	1.2	41.1	33.0	36.4
Earnings per common share					
Primary					
Income before cumulative effects					
of accounting changes	\$ 2.26	\$ 2.15	\$ 2.20	\$ 1.69	\$ 1.99
Cumulative effects of accounting changes	-	(2.61)	-	-	-
Net income (loss)	2.26	(0.46)	2.20	1.69	1.99
Diluted					
Income before cumulative effects					
of accounting changes	\$ 2.20	\$ 2.03	\$ 2.01	\$ 1.62	\$ 1.90
Total assets	\$ 958.8	\$ 869.4	\$ 790.6	\$ 768.9	\$ 781.4
Long-term debt	238.9	211.5	198.4	224.7	251.1
Cash dividends per common share	\$.68	\$.65	\$.61	\$.59	\$.53

All per share data has been adjusted for the 50% stock dividend in June 1993.

RESULTS OF OPERATIONS
CONSOLIDATED

General

The diversified mix of Pentair businesses was developed through long-range strategies of acquisitions, internal development and capital investing. The sales and earnings capacity are balanced between three segments discussed below.

Acquisition

In December 1993, the Company announced an agreement to purchase Schroff GmbH of Germany and its subsidiaries (RSchroffS). See Note 2 of Notes to Consolidated Financial Statements. The acquisition has not been reflected in these financial statements and no proforma data is available. The acquisition will be effective January 1, 1994 and will be reflected in the CompanyUs 1994 financial statements.

1993 versus 1992

Segment sales and operating income trends are discussed on the following pages. Consolidated net sales increased to \$1,328.2 million in 1993. Most of the \$89.5 million or 7.2% sales increase came in the General Industrial Equipment Segment resulting from general improvement in market demand and full-year benefit of acquired new product lines; and Specialty Products Segment resulting from expansion into new markets.

Operating income as a percent of net sales of wholly owned businesses was 7.5% in 1993 and 1992. Two subsidiaries increased margins substantially with a combination of improved market conditions and greater operating efficiency. These improvements were offset by economy related volume and cost problems in Germany, some weakness in paper grades that had been more resilient in 1992 and the impact of a stronger dollar on various businesses.

Joint venture income decreased \$3.6 million because of the substantial excess worldwide supply of supercalendered paper (SCA) and light-weight coated (LWC) grades, which resulted in lower prices and which motivated SCA users to upgrade to LWC for nominal additional costs.

Interest expense decreased slightly. The prior year included an additional provision for interest on tax settlements. Average borrowings increased to finance investments in joint ventures and working capital related to increased sales. Lower floating interest rates helped; however, much of the floating rate debt was fixed at higher rates with intermediate-term private placements. Interest expense will rise in 1994 as average borrowings increase to fund joint venture, working capital and property investments.

The effective income tax rate decreased from 41.1% to 39.8%. The U.S. statutory rate increased 1% and the foreign tax component increased because certain foreign operating losses were not fully deductible. Both years benefitted from tax refunds on repatriated earnings. These increases were offset by the impact of the statutory rate change on net deferred tax assets and favorable settlements of prior-year tax examinations. In 1994, the effective rate should be slightly higher (41%) because the two favorable items in 1993 are not expected to recur and additional tax law changes are effective January 1, 1994. In addition, the effective tax rate may change due to the foreign operations of Schroff.

1992 versus 1991

Net sales increased to \$1,238.7 million in 1992. Each segment contributed to the \$69.6 million or 6% increase. Operating income as a percent of net sales of wholly owned businesses was 7.5% in 1992 and 1991. Continued success in product development, distribution channel expansion and cost reductions resulted in margin improvements for some businesses and stable margins for other businesses. These were offset by the adoption of FAS 106 and 109 and a 5% reduction in margins for the publication paper business because of lower selling prices.

Interest expense increased even though average borrowings decreased. The overall effective rate is greater because very little of the 1992 debt was at the lower floating rates and an additional provision was made for interest due on tax settlements. The effective tax rate decreased to 41.1% from 44.5% because of a 1992 tax refund applicable to repatriated foreign income and a 2% additional prior-year provision in 1991.

Accounting changes

The Company adopted FAS 106, REmployersU Accounting for Postretirement Benefits Other Than Pensions,S and FAS 109, RAccounting for Income Taxes,S effective January 1, 1992. (See Note 3 of Notes to Consolidated Financial Statements.)

Inflation

The rate of inflation remains at reasonable levels in the United States and most of the foreign economies that affect Pentair results.

SEGMENT DISCUSSION

Corporate expense allocation

The 1992 Operating Income and Percent of Sales data has been restated to be consistent with the 1993 and 1991 presentation.

SPECIALTY PRODUCTS

(\$ millions)	93	92	91
Net Sales	\$411.6	\$377.5	\$344.6
Operating Income	42.0	40.2	33.6
Percent of Sales	10.2%	10.6%	9.8%

Businesses in this group manufacture products designed and marketed for commercial, residential and municipal construction and a variety of professional craftsman and do-it-yourself woodworking applications. The products include woodworking machinery (Delta), portable power tools (Porter-Cable), residential water systems, sump pumps, environmental pumps and grinders, and industrial pumps (Myers).

1993 versus 1992

Specialty Products sales increased \$34.1 million, or 9.0%. Each business increased sales by \$10 million or more, reflecting the benefits of pursuing new distribution channels and markets and excellent customer service.

Operating income percent declined to 10.2% from 10.6% because 1992 included a gain from sale of operating assets. In addition, the Canadian operations of two subsidiaries felt the impact of the weak Canadian economy and unfavorable currency exchange in 1993.

1992 versus 1991

Specialty ProductsU sales increased \$32.9 million, or 9.5%. Each business achieved solid sales growth built on new products, expanded distribution and new market

penetration. Housing and construction trends were not a significant factor during 1992.

Operating income, as a percent of net sales, increased to 10.6% from 9.8%. Excluding gains from sales of operating assets, margins increased more than 1% in 1992. Improvement resulted from realizing good increases in sales and gross margins while controlling or reducing operating costs. The strategic sale of the Brazilian operation that had sizable operating losses in prior years also contributed to the improvement.

Outlook

Sales and operating income should increase in 1994. The general economy is improving and housing and construction trends are positive. The group will aggressively advertise to build brand name awareness and will continue its focus on broader distribution and market expansion, developing new and differentiated products while maintaining excellent customer service.

GENERAL INDUSTRIAL EQUIPMENT

(\$ millions)	93	92	91
Net Sales	\$535.0	\$486.5	\$458.3
Operating Income	42.2	38.6	35.9
Percent of Sales	7.9%	7.9%	7.8%

Businesses in this group manufacture products designed to facilitate industrial and commercial expansion and efficiencies. The products include electrical enclosures (Hoffman), lubrication systems and material dispensing equipment (Lincoln Industrial), automotive service equipment (Lincoln Automotive) and sporting and law enforcement ammunition (Federal).

1993 versus 1992

General Industrial sales increased \$48.5 million, or 10.0%. Electrical enclosure volume increased substantially from lower recession levels. The automotive service equipment sales increased more than 33%, primarily due to the full-year benefit of mid-1992 acquisition of new product lines. Ammunition sales increased slightly. Increased sales of lubrication and material dispensing equipment were offset by a substantial decline (22.6%) of sales in Germany, which is in the midst of its worst recession in many decades.

Operating income as a percent of net sales has stayed at 7.9%. The electrical enclosure margins increased substantially as a result of higher volumes and the resolution of the 1992 mid-year shipping problem. Automotive service equipment margins continued to increase as acquisition-related inefficiencies were overcome and the benefit of expanded production volume was realized. The sporting ammunition business benefitted from lower raw material costs and improved operating efficiencies. On the negative side is the margin impact of the substantial sales decline in Germany and the related downsizing charges incurred late in 1993.

1992 versus 1991

General Industrial sales increased \$28.2 million, or 6.2%. Ammunition sales increased as a result of somewhat stronger demand, aggressive promotional programs and backlog carryover from 1991. Automotive service equipment sales increases include improvements in the existing business and a mid-year acquisition of new product lines. Sales of electrical enclosures and lubrication and material dispensing equipment were up only slightly as these markets did not rebound appreciably from recession lows.

Operating income as a percent of net sales was 7.9% compared to 7.8% in 1991. Ammunition manufacturing operations were improved and benefitted from greater demand and low commodity raw material prices. Despite mid-year shipping problems, the electrical enclosure business increased margins through production efficiencies. The lubricating and material dispensing business controlled costs during this period of sluggish demand. Automotive service equipment margins improved because of increased sales coupled with production efficiencies. The new automotive product lines contributed very little to operating income during the transition in 1992.

Outlook

General Industrial sales and operating income should increase again in 1994. The United States economy is strengthening. Some of the expected U.S. operating income will be invested in the start-up of HoffmanUs Mexican facility to maintain its market position in certain product lines of the enclosure business. Although there are expectations that the European economy will improve later in the year, the current German operations will need to control costs consistent with weak economic conditions.

PAPER PRODUCTS (Excluding LSPI) (\$ millions)	93	92	91
Net Sales	\$381.6	\$374.7	\$366.2
Operating Income	32.9	31.4	35.5
Percent of Sales	8.6%	8.4%	9.7%

Businesses in this group manufacture products sold to the publishing and printing markets. These products primarily include coated publication paper and premium printing (specialty) papers.

1993 versus 1992

Paper sales increased \$6.9 million or 1.8%. Coated publication paper volume decreased 4.1%, while average coated publication paper prices increased 7.0%. Specialty paper volume increased 1.5% while average specialty paper prices showed a slight decline of .3%.

Operating income as a percent of sales increased slightly to 8.6% from 8.4%. Publication paper margins improved substantially as selling prices increased and operating costs were reduced. Specialty paper margins were squeezed by the higher cost of fiber and other raw materials needed to produce higher-priced paper.

1992 versus 1991

Paper sales increased \$8.5 million, or 2.3%. Both businesses increased shipments about 8% by improving production efficiencies and not taking downtime in lieu of producing lower-margin paper. However, as a result of excess industry capacity, lightweight coated publication paper prices declined 11%. Market pressure on premium printing grades was not as severe and mix improvements resulted in only a small decline in premium paper average prices.

Operating income as a percent of sales decreased to 8.4% from 9.7%. Specialty paper margins were stable. The publication paper selling price decrease was partially offset by lower kraft pulp costs and improved operating efficiencies.

Outlook

Paper prices are expected to continue to be low during the seasonally weak first quarter. Some improvement may come as demand increases later in the year, especially in specialty papers.

LSPI JOINT VENTURE

The Company's two joint ventures are: Lake Superior Paper Industries (LSPI), which sells supercalendered (SCA) paper and, in 1993, LSPI Fiber Co., its source of recycled pulp. The Company's equity in joint venture income (loss) was (\$1.9) million, \$1.7 million and \$7.5 million in 1993, 1992 and 1991, respectively.

1993 versus 1992

The recession in Europe affected domestic paper markets. Late 1992 devaluations helped Scandinavian paper makers increase exports to the already oversupplied U.S. market. LSPI selling prices declined 9.9% while shipments increased 5.1%. The substantial price decline could not be fully offset by material cost reductions or operating efficiencies, and resulted in an operating loss.

1992 versus 1991

The SCA market was significantly depressed because industry capacity additions far exceeded demand growth in the publication and printing paper markets. LSPI selling prices declined 6.6% and shipments dropped 4%, due partially to internal paper trials (testing new types of paper) and operating difficulties. The revenue shortfall was partially offset by reduced kraft pulp and operating costs.

Outlook

SCA paper prices will continue to be under pressure until the European economy improves and the world supply/demand position is in better balance. Because of efficiencies and small price improvement, profitability is expected to improve slightly.

FINANCIAL CONDITION

Cash Flow

The following is a summary of the Consolidated Statement of Cash Flows shown on page 28.

(\$ millions)	93	92	91
Cash from Operating Activities	\$ 90.9	\$ 85.8	\$ 81.7
Cash from Investing Activities	(100.5)	(89.7)	(43.4)
Cash from Financing Activities	11.5	6.2	(41.0)
Net Change in Cash	\$ 1.9	\$ 2.3	\$ (2.7)

Operating

The major components of cash from operating activities are:

(\$ millions)	93	92	91
Net income	\$ 46.6	\$ 1.2	\$ 41.1
Cumulative Effect of Accounting Changes	—	41.6	—
Depreciation and amortization	50.1	47.9	47.2
Undistributed joint venture (earnings) loss	1.9	(1.7)	(7.5)
Working capital	(17.9)	(7.4)	3.1
Other	10.2	4.2	(2.2)
Cash from Operating Activities	\$90.9	\$85.8	\$81.7

Investing

Pentair invests capital to maintain existing businesses, introduce new products and develop new businesses.

Capital outlays are expected to be about \$80 million in 1994. Future projects include reconfiguration and expansion of industrial facilities; paper production equipment, converting and finishing equipment; and new product development. Many capacity and productivity projects include some provision to maintain the quality of the environment. The Company projects on an ongoing basis that it spends up to 5% of its current capital annually to maintain substantial compliance with environmental standards.

Year-end advances have been made to LSPI to fund first-half rent payments. Although these are partially paid-off during the year, the balance increased in 1993 and is expected to increase in 1994. This results from the fact that LSPIUs cash rent payments are highest on the front end (through 1998) of its \$382 million leveraged equipment lease.

In mid-1992, the Company formed a captive insurance company to facilitate efficient insurance coverage for subsidiary companies. The insurance company invests premium cash flow in marketable securities — equities and long-term debt instruments. These investments are expected to increase over the next several years.

In June 1992, the Company completed an acquisition of new automotive lifting, battery service and welding product lines for approximately \$9.4 million.

Financing

The Company's revolving credit agreements as revised as of February 11, 1994, extended the maturity one year, increased the total to \$285 million with seven banks and separated \$65 million into a Euro-currency facility to provide local currency borrowings for the Schroff acquisition.

Private placement intermediate-term debt totaling \$100 million was funded in June 1993. Proceeds were used to reduce bank debt.

The Company prepared for the recently announced acquisition by reducing debt obligations. Since the last acquisition in 1988, the ratio of long-term debt to total capital decreased more than 10 percentage points, excluding the cumulative effects of accounting changes

	89	90	91	92	93		
Capital Spending (\$millions)	83.4	61.3	49.4	67.2	73.4		
			89	90	91	92*	93
Long-term Debt as Percent of Total Capital (%)	45	42	36	39	39		

36% pre-FAS 106 & 109

recorded in 1992. Also, since 1990, operating lease obligations have been reduced \$24 million to \$124 million. The reduction is a combination of normal maturities, termination of some railcar leases and the refinancing of a 1982 lease at substantially reduced rates.

In exchange for a note, preferred stock was issued to an Employee Stock Ownership Plan Trust in 1990. Net equity did not increase at the time of issuance; however, equity increases as the note is reduced and stock is allocated to participants in lieu of cash compensation over the next 4-5 years. (See Note 9 of Notes to Consolidated Financial Statements).

In January 1994, the Company raised its quarterly dividend to 18 cents per share, or an annual rate of \$.72 per share. This is a 5.9% increase over 1993. Pentair has increased its dividend payment each year since 1976. Since the first cash dividend in 1976, dividends have increased at an average annualized growth rate of 16.0%.

CAPITAL RESOURCES/LIQUIDITY

Cash from operating activities should be sustained at prior levels and should cover dividends and capital expenditures. Working capital may increase but generally is projected to be controlled relative to sales levels and should not require significant additional funds.

The Schroff acquisition will require borrowings of \$160 million, including assumed Schroff debt.

Based upon current operating plans, the \$220 million of credit available under revolving credit facilities is considered adequate to cover seasonal working capital, long-term capital expenditures, cash investments in LSPI, captive insurance company investments, and the Schroff acquisition requirements.

To be prepared to take advantage of major business opportunities and respond to attractive acquisition possibilities, Pentair strives to maintain its strong financial position and is ready to utilize all available sources of financing, including revolving debt, and private placements; to a lesser extent, operating leases and, if justified, joint ventures and common or preferred equity.

INSURANCE SUBSIDIARY

The Company's captive insurance subsidiary provides a cost-effective means of obtaining insurance coverage for general and product liability, workers compensation and auto liability. The insurance subsidiary insures directly and reinsures an admitted carrier. Loss reserves are established based on actuarial projections of ultimate loss.

RECENT ACCOUNTING STANDARDS

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, REmployers' Accounting for Postemployment Benefits. The Company believes that this statement, when adopted in 1994, will not have a material effect on its financial position or results of operations.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, RAccounting for Certain Investments in Debt and Equity Securities. The Company believes that this statement, when adopted in 1994, will not have a material effect on its financial position or results of operations.

OUTLOOK

Pentair strategies include continued development of current businesses; growth of those businesses with synergistic acquisitions; and additional growth in the form of periodic major industrial acquisitions.

The industrial businesses expect to increase sales and earnings in 1994. The paper businesses are attempting to minimize the impact of weak paper markets and are expected to have some improvement in earnings in 1994 and greater profitability in 1995.

Report of Management and Report of Independent Auditors
The Shareholders of Pentair, Inc.:

The financial statements of Pentair, Inc. were prepared by Company management in accordance with generally accepted accounting principles. The other financial information in this Report is consistent with the financial statements. Pentair maintains a system of internal controls with policies and procedures to provide reasonable assurance that transactions are appropriately recorded and reported, assets are protected, and established policies are followed.

The Audit Committee of the Board of Directors, comprised of outside directors, meets periodically with the independent auditors and management to monitor activities and to ensure that they are properly discharging their responsibilities. The independent auditors have free access to the Audit Committee, without management present, to discuss the results of their audit, the adequacy of internal accounting controls, and the quality of financial reports.

Winslow H. Buxton
Chairman, President
and Chief Executive Officer

The Shareholders and Board of Directors of Pentair, Inc.:

We have audited the accompanying consolidated balance sheets of Pentair, Inc. and its subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Pentair, Inc. and its subsidiaries at December 31, 1993 and 1992 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As discussed in Note 3 to the consolidated financial statements, effective January 1, 1992, the Company changed its methods of accounting for postretirement benefits other than pensions and for income taxes.

Saint Paul, Minnesota
February 11, 1994

pentair. inc. and subsidiaries
Consolidated Statement of Income

Years E

(In thousands, except per share amounts)	93	92	91
Net sales	\$1,328,180	\$1,238,724	\$1,169,082
Operating costs			
Cost of goods sold	1,004,471	937,232	886,686
Selling, general and administrative	223,596	209,135	194,825
Total operating costs	1,228,067	1,146,367	1,081,511
	100,113	92,357	87,571
Equity in joint venture income (loss)	(1,920)	1,682	7,498
Operating income	98,193	94,039	95,069
Interest (expense)	(22,640)	(22,771)	(22,028)
Interest income	1,847	1,432	1,059
Income before income taxes and cumulative effects of accounting changes	77,400	72,700	74,100
Provision for income taxes	30,800	29,900	33,000
Income before cumulative effects of accounting changes	46,600	42,800	41,100
Cumulative effects of accounting changes	-	(41,625)	-
Net income	46,600	1,175	41,100
Preferred dividend requirements - net of taxes in 1991	6,114	8,545	6,358
Earnings (loss) applicable to common stock	\$ 40,486	\$ (7,370)	\$ 34,742
Earnings (loss) per common and common equivalent share			
Primary			
Earnings before cumulative effects of accounting changes	\$ 2.26	\$ 2.15	\$ 2.20
Cumulative effects of accounting changes	-	(2.61)	-
Net income (loss)	\$ 2.26	\$ (.46)	\$ 2.20
Diluted			
Earnings before cumulative effects of accounting changes	\$ 2.20	\$ 2.03	\$ 2.01
Common and common equivalent shares (weighted average)			
Primary	17,891	15,936	15,778
Diluted	20,955	20,817	20,767

See Notes to Consolidated Financial Statements.

pentair. inc. and subsidiaries
Consolidated Balance Sheet

December 31

(In thousands)

	93	92
Assets		
Current assets		
Cash and cash equivalents	\$ 10,327	\$ 8,392
Accounts receivable - trade (net)	200,425	184,086
Inventories		
Finished goods	122,712	109,678
Work in process	35,315	34,225
Raw materials	35,108	34,043
Supplies	5,691	4,940
Total inventory	198,826	182,886
Deferred income taxes	21,575	17,054
Other current assets	7,627	6,197
Total current assets	438,780	398,615
Property, plant and equipment		
Land and land improvements	14,857	13,348
Buildings	74,074	64,122
Machinery and equipment	506,566	440,442
Construction in progress	26,120	33,985
Total	621,617	551,897
Less accumulated depreciation	305,751	262,084
Property, plant and equipment	315,866	289,813
Marketable securities - insurance subsidiary	18,594	8,057
Investment in joint ventures	72,867	58,265
Goodwill - net	88,970	91,512
Other assets	23,724	23,180
Total assets	\$ 958,801	\$ 869,442

See Notes to Consolidated Financial Statements.

pentair. inc. and subsidiaries
Consolidated Statement of Cash Flows

(In thousands)	Years Ended December 31		
	93	92	91
Cash provided by (used for)			
Operating activities			
Net income	\$ 46,600	\$ 1,175	\$
41,100			
Adjustments to reconcile to cash flow			
Cumulative effects of accounting changes	—	41,625	
—			
Depreciation	47,657	45,454	
44,715			
Amortization	2,469	2,447	
2,435			
Deferred income taxes	3,357	(614)	
(1,377)			
Undistributed loss (earnings) from joint venture	1,920	(1,682)	
(7,498)			
(Increase) decrease in			
Accounts receivable	(16,339)	(15,454)	
(3,225)			
Inventories	(15,940)	(10,393)	
(3,699)			
Other assets	(4,673)	(3,116)	
(7,416)			
Increase (decrease) in			
Accounts payable	5,410	21,201	
7,030			
Income taxes	(1,157)	(831)	
5,981			
Pensions and other retirement compensation	7,968	105	
700			
Reserves - insurance subsidiary	8,279	5,586	
0			
Other liabilities	5,331	262	
2,992			
Net cash provided by operating activities	90,882	85,765	
81,738			
Investing activities			
Capital expenditures	(73,421)	(67,235)	
(49,420)			
Cash investment in joint venture - net	(16,522)	(9,000)	
(5,000)			
Purchase of operating assets	—	(9,419)	
—			
Sale of operating assets	—	4,000	
11,000			
Purchase of marketable securities	(13,513)	(8,076)	
—			
Proceeds from sale of marketable securities	2,976	19	
—			
Net cash (used for) investing activities	(100,480)	(89,711)	
(43,420)			
Financing activities			
Borrowings	128,853	21,524	
63,059			
Debt payments	(109,741)	(4,369)	
(94,022)			
Unearned ESOP compensation decrease	7,302	4,047	
6,280			
Employee stock plans and other	3,164	3,872	
1,870			
Dividends paid	(18,045)	(18,863)	
(18,190)			
Net cash provided by (used for) financing activities	11,533	6,211	
(41,003)			
Increase (decrease) in cash and cash equivalents	1,935	2,265	
(2,685)			
Cash and cash equivalents - beginning of period	8,392	6,127	
8,812			
Cash and cash equivalents - end of period	\$ 10,327	\$ 8,392	\$
6,127			

See Notes to Consolidated Financial Statements.

Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include Pentair, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated. The equity method of accounting is used for the joint ventures (See Note 15).

Cash equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method. Estimated useful lives are: land improvements - 5 years; buildings - 6 to 33 years; and, machinery and equipment - 3 to 16 years.

Insurance subsidiary

The Company's wholly owned insurance subsidiary, established in June 1992, insures general and product liability, workers compensation, and auto liability risks. The insurance subsidiary invests in marketable securities including equity securities carried at market and debt securities carried at amortized cost, which approximates market. These investments are treated as operating assets of the insurance subsidiary and the related earnings (\$775,000 and \$163,000 in 1993 and 1992, respectively) are recorded as a reduction of the insurance component of cost of sales. Reserve requirements (\$17,332,000 in 1993 and \$6,982,000 in 1992) are established based on actuarial projections of ultimate loss.

In addition, the Company's subsidiaries have accruals for claims incurred prior to formation of the insurance subsidiary.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company believes that this statement, when adopted in 1994, will not have a material effect on its financial position or results of operations.

Goodwill

The excess purchase price paid over net assets of businesses acquired (i.e., goodwill) is amortized over 40 years on the straight-line method. Accumulated amortization was \$12,712,000 and \$10,170,000 at December 31, 1993 and 1992, respectively.

Interest rate SWAP agreements

The Company enters into interest rate swap agreements to effectively convert a portion of its floating-rate borrowings into fixed-rate obligations. The interest rate differential to be received or paid is recognized over the lives of the agreements as an adjustment to interest expense.

Foreign currency translation

Translation gains or losses resulting from translating foreign currency financial statements are reported as a separate component of shareholders' equity. Foreign currency transaction gains and losses are included in earnings as incurred.

Revenue recognition

Revenue from sales is recognized at the time the product is shipped.

Product warranty costs

Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience.

Research and development

Research and development expenditures (\$9,322,000, \$9,374,000 and \$9,417,000 in 1993, 1992 and 1991, respectively), are expensed as incurred. Development activities generally relate to improving or creating variations of existing products, modifying existing products to meet new applications, or accommodating new raw material and production efficiencies.

Earnings per common share

Earnings per common share are based on the weighted average number of common and common equivalent shares outstanding during each period. In 1991, the tax benefits of \$2,246,000 attributable to all preferred dividends paid to Employee Stock Ownership Plans (ESOPs) were credited directly to retained earnings. However, for primary earnings per share calculations, such dividends were considered earnings applicable to common stock. Beginning in 1992, the tax benefits applicable to Pentair, Inc. and subsidiaries preferred dividends paid to ESOPs are: for allocated shares credited to income tax expense; and for unallocated shares, credited to retained earnings and are not considered earnings applicable to common stock.

Notes To Consolidated Financial Statements

Fully diluted computations assume full conversion of each series of preferred stock into common stock, the elimination of preferred dividend requirements, and the recognition of the tax benefit on deductible ESOP dividends applicable to allocated shares payable based on the converted common dividend rate. Conversion was assumed during the portion of each period that the securities were outstanding. No fully dilutive data is shown for the cumulative effects of accounting changes and 1992 net income because conversion of preferred shares would be anti-dilutive.

On April 21, 1993 the board of directors approved a three-for-two stock split in the form of a 50% stock dividend. The dividend was payable June 11, 1993 to shareholders of record at the close of business on May 14, 1993. All references in the financial statements to average number of shares outstanding and related prices, per share amounts, and the stock plan data have been restated to reflect this split.

Interest capitalization

The following interest costs applicable to capital projects have been excluded from interest expense: 1993, \$735,000; 1992, \$788,000; and 1991, \$661,000.

2

Pending Acquisition

On December 22, 1993, Pentair entered into an agreement to acquire the net assets and business of the Schroff Group (Schroff) of Germany for approximately \$150,000,000. Bank borrowings are expected to be used to finance the purchase. Closing is anticipated to occur by March 1994; however the structure of the agreement provides for an effective date of January 1, 1994.

Schroff designs, manufactures and markets cabinets, cases, subracks and accessories for the electronics industry. SchroffUS estimated 1993 sales were approximately \$160,000,000.

3

Cumulative Effects of Accounting Changes

Effective January 1, 1992, Pentair adopted Financial Accounting Standard (FAS) No. 106, REmployersU Accounting for Postretirement Benefits Other Than PensionsS and Financial Accounting Standard (FAS) No. 109, RAccounting for Income Taxes.S See Notes 14 and 12, respectively. The combined effect of these accounting changes was to decrease 1992 net income by \$42,237,000 (\$41,625,000 cumulative effect and \$612,000 operations) or \$2.78 per share. As to FAS 106, the cumulative effect recorded as of January 1, 1992 was \$36,891,000 or \$2.32 per primary share. This represents the January 1, 1992 projected benefit obligation for prior service cost (\$59,504,000) less taxes (a \$22,613,000 reduction in net deferred taxes). As to FAS 109, the cumulative effect recorded as of January 1, 1992 was to decrease net income by \$4,734,000, or \$.29 per primary share.

4

Current Assets

Accounts receivable are stated net of allowances for doubtful accounts of \$6,197,000 in 1993 and \$5,541,000 in 1992. Inventories are stated at the lower of cost (first-in, first-out - FIFO and moving average for the Paper segment and last-in, first-out - LIFO for the Specialty and General Industrial segments) or market. If all LIFO inventories were valued at FIFO, aggregate inventory would have been \$204,108,000 and \$185,476,000 at December 31, 1993 and 1992, respectively.

5

Cash Flow Information

Payments for interest and income taxes were:

(In thousands)	93	92	91
Interest (net of capitalized interest)	\$ 20,907	\$ 18,926	\$ 28,800
Income taxes	31,016	32,700	33,520

Borrowings

The long-term debt is summarized as follows:

(In thousands)	93	92
Revolving credit loans	\$ 65,000	\$ 138,000
Private placement debt - avg. 7.64%	160,000	60,000
Other - avg. 7.6%, due to 1995	14,659	23,477
Total	239,659	221,477
Current maturities	803	9,958
Total long-term debt	\$ 238,856	\$ 211,519

Revolving credit agreements, as revised as of February 11, 1994, are with seven banks providing credit facilities aggregating \$285,000,000, including \$65,000,000 available in Euro-currencies. The agreements provide for interest at a Rcost of fundsS rate and repayment of loans in 16 quarterly installments beginning April 1, 1997. The Company uses a bid loan program. The December 31, 1993 rate was 3.55%; and average rates were 3.7% in 1993 and 4.3% in 1992.

The private placement debt of \$160,000,000 includes the following:

(In thousands)

Maturity	Amount	Rate	Maturity	Amount	Rate
1996	\$45,000	8.68%	2000	\$20,500	7.30%
1997	15,000	6.29	2001	15,000	7.42
1998	15,000	8.69	2003	15,000	6.82
1999	34,500	7.06			

Interest rate SWAP agreements of \$100,000,000, with an effective annual interest rate of 9.4%, mature in 1995-1996. There is limited credit risk since payments are currently being made to counterparties which are banks with acceptable financial positions.

Total long-term debt maturities are \$803,000, \$12,867,000, \$45,012,000, \$27,201,000 and \$31,266,000 for the years 1994 to 1998, respectively.

Debt agreements contain various restrictive covenants, including a limitation on the payment of dividends and certain other restricted payments. Under the most restrictive covenants, \$68,000,000 of the December 31, 1993 retained earnings were unrestricted for such purposes.

Long-term debt, including current maturities, has a carrying value of \$239,659,000 and a fair value of \$260,145,000. The estimated fair value represents the present value of debt service at rates currently available to the Company for issuance of debt with similar terms plus the net liability of \$11,260,000 applicable to interest rate SWAP agreements valued based on market prices quoted by dealers. Except for the above, all financial instruments are carried at amounts that approximate estimated fair value.

7

Lease Commitments

At December 31, 1993, major operating lease commitments include: paper production equipment (expire in 1996, 1999 and 2006) and a power plant (expires in 2007). Future minimum rental payments under all operating leases are:

(In thousands)

Year	
1994	\$ 18,236
1995	16,173
1996	11,926
1997	11,026
1998	9,653
Thereafter	56,708
Total	\$123,722

Rent expense related to operating leases amounted to \$20,542,000, \$19,638,000 and \$19,100,000 in 1993, 1992 and 1991, respectively.

8

Commitments and Contingencies

The Company and its subsidiaries are involved in various legal proceedings and claims. Such actions include claims by state and federal agencies asserting liability for past disposal of hazardous waste, generally in conjunction with numerous other codefendants or potential codefendants. The Company's management reviews each individual site, taking into consideration the number of parties involved at the site, joint and several liability of other potentially responsible parties (PRPs), the level of contribution that may be attributed to the Company relative to the other parties, the nature and magnitude of the wastes involved, the method and extent of remediation, potential insurance coverage, the estimated legal and consulting expense with respect to each site, and the time period over which any costs would likely be incurred. Reserves are established, where required, based on this evaluation. Management believes, on advice of internal legal counsel based on

facts presently known, it is remote that the outcome of such legal proceedings and claims will have a material adverse effect on the Company's financial position or future results of operations.

Employee Stock Ownership Plan (ESOP)

The Company has an Employee Stock Ownership Plan (ESOP) covering non-bargaining and some bargaining U.S. employees. The employees receive Series 1990 Preferred Stock in lieu of cash 401(k) matching contributions and other cash compensation.

To finance the plan, the ESOP borrowed \$56,500,000 from the Company and exchanged it for 1,867,768 shares of Callable Cumulative Voting Convertible Preferred Stock, Series 1990 at \$30.25 per share. The unpaid balance of the twenty-year, 8.75% loan is included in the Company's balance sheet as unearned ESOP compensation.

Gross compensation expense (i.e. the value of shares allocated to participant accounts) was \$6,512,000, \$4,745,000, and \$4,719,000 in 1993, 1992 and 1991, respectively. The stock held by the ESOP is released for allocation to the participants' accounts as principal and interest is paid from dividends on unallocated shares (\$3,418,000, \$3,848,000, and \$4,247,000 in 1993, 1992 and 1991, respectively) and Company contributions. Through December 31, 1993, the loan has been reduced \$28,882,000; of this, \$21,097,000 (697,425 shares) has been allocated to participants' accounts as compensation and dividends; and the difference is included in unearned compensation.

A separate frozen ESOP holds the Series 1988 Preferred Stock.

Omnibus Stock Incentive Plan

In April 1990, shareholders approved the 1990 Omnibus Stock Incentive Plan (the Plan) which authorizes the issuance of up to 1,634,176 shares of the Company's common stock. The Plan extends to January 11, 2000. At December 31, 1993, there were 681,878 shares available for grant under the Plan. Pre-1990 grants made under predecessor plans will be governed under the provisions of those plans.

The Plan allows for the granting of nonqualified stock options, incentive stock options, restricted stock and incentive compensation units (ICUs). Although none have been issued, the Plan also allows for granting of stock appreciation rights, performance shares and performance units.

Restricted Shares and ICUs

Restrictions on the restricted shares and ICUs generally expire in the third, fourth and fifth years after issuance. Beginning with 1993 grants, ICU restrictions will expire at the end of three years. The value of each ICU is based on the increase in book value of common stock during the restriction period and is payable when the restrictions lift. Compensation expense consists of (a) amortization of the market value of the stock on the date of award over the period in which the restrictions lapse, and (b) the annual increase in ICU value. Compensation expense was \$2,491,000 in 1993, \$2,800,000 in 1992 and \$2,300,000 in 1991. The Company records incremental tax benefits resulting from the program as additional paid-in capital.

Options

Options are granted to purchase shares at not less than fair market value of shares on date of grant. Options generally expire after five years but may expire up to ten years from date of grant. Option data is as follows:

	93	92	91
Outstanding-beginning	601,158	488,964	370,765
Granted	196,499	224,977	228,090
Exercised	(158,652)	(98,719)	(76,759)
Forfeited	(11,134)	(14,064)	(33,132)
Outstanding-end	627,871	601,158	488,964
Exercisable-end of year	245,577	187,707	139,132
Option prices per share:			
-when granted	\$ 27.00	\$ 24.55- \$ 29.4167	\$ 16.3333
-when exercised	\$ 13.6365- \$ 29.4167	\$ 13.6365- \$ 21.3333	\$ 13.6365- \$ 21.3333
-outstanding	\$ 16.3333- \$ 29.4167	\$ 13.6365- \$ 29.4167	\$ 13.6365- \$ 21.8333

Shareholders' Equity

(In thousands, except share amounts)	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings
	Shares	Amount	Shares	Amount		
Balance December 31, 1990	4,016,681	\$ 121,437	10,366,982	\$ 1,728	\$ 107,043	\$ 138,681
Net income	—	—	—	—	—	41,100
Common dividends	—	—	—	—	—	(9,586)
Preferred dividends	—	—	—	—	—	(8,604)
Employee stock plans - net	—	—	74,317	12	1,471	—
Tax benefit of preferred dividends	—	—	—	—	—	2,246
Conversion of Preferred						
- Series 1988	(4,177)	(418)	11,868	2	372	—
- Series 1990	(5,017)	(151)	3,680	1	114	—
Balance December 31, 1991	4,007,487	120,868	10,456,847	1,743	109,000	163,837
Net income	—	—	—	—	—	1,175
Common dividends	—	—	—	—	—	(10,318)
Preferred dividends	—	—	—	—	—	(8,545)
Employee stock plans - net	—	—	72,688	12	2,412	—
Tax benefit of preferred dividends	—	—	—	—	—	1,463
Conversion of Preferred						
- Series 1988	(4,056)	(406)	10,780	2	402	—
- Series 1990	(10,733)	(325)	8,097	1	311	—
Balance December 31, 1992	3,992,698	120,137	10,548,412	1,758	112,125	147,612
Net income	—	—	—	—	—	46,600
Common dividends	—	—	—	—	—	(11,931)
Preferred dividends	—	—	—	—	—	(6,114)
Employee stock plans - net	—	—	86,714	15	1,934	—
Tax benefit of preferred dividends	—	—	—	—	—	1,320
Stock Dividend	—	—	6,025,513	1,004	(1,048)	—
Conversion of Preferred						
- Series 1987	(2,000,000)	(50,000)	1,450,780	242	49,706	—
- Series 1988	(3,820)	(382)	11,330	1	374	—
- Series 1990	(12,435)	(375)	11,889	2	369	—
Balance December 31, 1993	1,976,443	\$ 69,380	18,134,638	\$ 3,022	\$ 163,460	\$ 177,487

On April 21, 1993 the board of directors approved a three-for-two stock split in the form of a 50% stock dividend. The dividend was payable June 11, 1993 to shareholders of record at the close of business on May 14, 1993.

The two classes of preferred stock (par value - \$.10) are: \$7.50 Callable Cumulative Convertible Preferred Stock, Series 1988; and 8% Callable Cumulative Voting Convertible Preferred Stock, Series 1990. Both issues are held by ESOPs (See Note 9). The preferred shares are convertible into common stock and are redeemable, in whole or in part, at the option of the Company on or after the dates indicated below, and at redemption prices declining to the original price per share after ten years.

	Series 88	Series 90
Shares		
Authorized	300,000	2,500,000
Issued and outstanding	137,522	1,838,921
Liquidation value	\$ 100.00	\$ 30.25
Conversion		
Price of common	\$21.33 to \$26.67	\$ 26.217
Shares of common	4.6875 to 3.75	1.1538
Early redemption date	January 1991	March 1994

All outstanding shares of its \$1.50 Cumulative Convertible Preferred Stock, Series 1987 were called for redemption on March 15, 1993. In lieu of redemption, substantially all of the preferred shares were converted into 1,450,780 shares of common stock.

Upon the retirement or other termination of an ESOP participant, the shares of preferred stock (Series 1988 and 1990) in which he or she is vested are automatically converted into common shares and distributed in that form, with fractional shares paid in cash.

12

Provision for Income Taxes

The Company adopted FAS 109 effective January 1, 1992. Accordingly, the 1993 and 1992 deferred income taxes have been determined using an asset and liability approach whereas 1991 deferred income taxes are based on the revenues and expenses included in the Consolidated Statement of Income.

The components of earnings before income taxes were as follows:

(In thousands)	93	92	91
Domestic	\$ 79,251	\$ 66,840	\$ 70,559
Foreign	(1,851)	5,860	3,541
	\$ 77,400	\$ 72,700	\$ 74,100

The provisions for income taxes, excluding tax benefits credited directly to shareholders' equity (See Note 11) were as follows:

(In thousands)	93	92	91
Current			
Federal (less foreign tax credits)	\$ 23,396	\$ 24,239	\$ 27,282
State	4,075	4,206	4,210
Foreign	(28)	2,069	2,885
Current provision	27,443	30,514	34,377
Deferred - principally federal	3,357	(614)	(1,377)
Total provision	\$ 30,800	\$ 29,900	\$ 33,000

A reconciliation of the statutory federal tax rate to the effective rate follows:

	93	92	91
Statutory federal income tax rate	35.0%	34.0%	34.0%
State and local income taxes, net of federal income tax benefit	3.5	3.8	3.7
ESOP dividend benefit	(1.0)	(.9)	—
Incremental foreign tax rate	0.9	0.1	2.3
Goodwill	1.3	1.3	1.3
Prior year adjustment	(1.0)	—	2.0
Other	1.1	2.8	1.2
Effective rate	39.8%	41.1%	44.5%

The tax effect of the primary temporary differences giving rise to the Company's deferred tax assets and liabilities are as follows:

(In thousands)	December 31, 1993	
	Current Asset(Liability)	Long-term Liability(Asset)
Accounts receivable allowances	\$ 4,692	\$ —
Inventory allowances	(9,124)	—
Retiree medical liability	1,170	(24,820)
Accelerated depreciation	—	45,475
Warranty/product liability accruals	11,471	(2,196)
Employee benefit accruals	8,089	(11,111)
Other	5,277	170
Total deferred income taxes	\$ 21,575	\$ 7,518

(In thousands)	December 31, 1992	
	Current Asset(Liability)	Long-term Liability(Asset)
Accounts receivable allowances	\$ 3,658	\$ —
Inventory allowances	(7,257)	—
Retiree medical liability	1,175	(22,547)
Accelerated depreciation	—	42,567
Warranty/product liability accruals	9,851	(2,729)
Employee benefit accruals	6,750	(10,747)
Other	2,877	(1,356)
Total deferred income taxes	\$ 17,054	\$ 5,188

Retirement Plans

The Company has several non-contributory defined benefit employee pension plans covering substantially all U.S. and European employees. Employees covered under

the bargaining plans are eligible to participate at the time of employment and the benefits are based on a fixed amount for each year of service. Employees covered under the non-bargaining pension plans are eligible to participate upon the attainment of age 21 and the completion of one year of service; and benefits are based upon final average salary and years of service. All employees are fully vested in the plans after 5-7 years of service. The Company's funding policy is to make quarterly contributions as required by applicable regulations.

Assumptions used to develop pension data were:

	93	92	91
Expense:			
Discount rate	8.0%	8.5%	8.5%
Long-term rate of return on assets	9.0%	9.0%	9.0%
Rate of increase in compensation	6.0%	6.0%	6.0%
PBO discount rate year-end	7.0%	8.0%	8.5%

The funded status and accrued pension cost at December 31 are as follows:

	Plans Whose Assets Exceed Accumulated Benefits		Plans Whose Accumulated Benefits Exceed Assets	
(In thousands)	93	92	93	92
Plan assets at fair value	\$182,528	\$176,555	\$30,965	\$16,485
Accumulated benefit obligation (ABO):				
Vested benefits	\$147,665	\$124,485	\$47,303	\$27,204
Nonvested benefits	2,316	3,040	3,666	2,077
Total ABO	149,981	127,525	50,969	29,281
Provision for salary increases	41,898	39,383	615	-
Projected benefit obligation (PBO)	\$191,879	\$166,908	\$51,584	\$29,281
Plan assets (in excess of) less than PBO	\$ 9,351	\$ (9,647)	\$20,619	\$12,796
Net transition (liability) asset	729	1,394	(3,028)	(4,024)
Unrecognized prior service cost	(3,420)	(5,247)	(2,555)	(1,377)
Unrecognized net gains (losses)	(1,828)	15,856	(12,030)	(2,786)
Minimum liability adjustment	-	-	16,998	8,265
Accrued pension liability	\$ 4,832	\$ 2,356	\$20,004	\$12,874

The components of pension cost for the U.S. plans and a European plan are as follows:

(In thousands)	93	92	91
Service cost	\$ 8,582	\$ 7,707	\$ 7,104
Interest cost on projected benefit obligation	15,295	14,469	13,535
Actual return on assets	(23,150)	(13,706)	(30,895)
Net amortization and deferral	7,475	(2,106)	19,225
Net periodic pension cost	\$ 8,202	\$ 6,364	\$ 8,969

At December 31, 1993, approximately 71% of the plan assets are invested in listed stocks and bonds or cash and short-term investments. The rest of the plan assets are invested primarily in fixed-rate guaranteed investment type contracts purchased from insurance companies. The Company's own common stock accounted for 8% of plan assets.

14

Postretirement Medical and Other Benefits

The Company provides certain health care and life insurance benefits for retired employees. Employees become eligible for these benefits if they meet minimum age and service requirements and are eligible for retirement benefits. FAS 106 was adopted January 1, 1992 and requires accrual of costs during the years an employee provides service. In 1991, the expense (\$3,200,000) was recognized when claims were paid.

The accrued postretirement medical and other benefits cost which are not funded were as follows at December 31:

(In thousands)	93	92
Accumulated postretirement benefit obligation (APBO):		
Retirees	\$36,566	\$32,665
Fully eligible active plan participants	11,660	9,835
Other active plan participants	12,221	9,745
Total APBO	\$60,447	\$52,245

Unrecognized prior service cost	7,454	9,074
Unrecognized net gains (losses)	(4,264)	1,102
Accrued postretirement medical and other benefits liability	\$63,637	\$62,421

PENTAIR INC. AND SUBSIDIARIES

Notes To Consolidated Financial Statements

The components of the net periodic cost are as follows:

(In thousands)	93	92
Service cost	\$ 754	\$1,013
Interest cost on projected benefit obligation	4,039	4,375
Amortization of plan amendment	(789)	(395)
Net periodic postretirement cost	\$ 4,004	\$4,993

The discount rate used in determining actuarial present value of the benefit obligations was 7.0% and 8.0% in 1993 and 1992, respectively. The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 11.9 percent in 1993, declining to an ultimate rate of 5.5 percent after the year 2000. If the health care cost trend rate assumptions were increased by 1 percent, the accumulated postretirement benefit obligation as of December 31, 1993 would be increased by 11.3 percent. The effect of this change on the sum of the service cost and interest cost would be an increase of 13.0 percent.

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, REmployersU Accounting for Postemployment Benefits. The Company believes that this statement, when adopted in 1994, will not have a material effect on its financial position or results of operations.

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Joint Ventures

The Company's joint ventures include two closely related entities. Lake Superior Paper Industries (LSPI) is a 50/50 joint venture which manufactures paper in Duluth, Minnesota. LSPI Fiber Co. is a 50/50 joint venture formed in June 1993 to own 24% of a recycled pulp mill adjacent to the LSPI facility. For federal income tax purposes, one-half of LSPI and LSPI Fiber Co. taxable income and tax credits are included in the Company's consolidated tax return.

The combined financial data is summarized as follows:

(In thousands)	Years Ended December 31		
Operations	93	92	91
Net sales	\$143,837	\$150,251	\$167,531
Operating income (loss)	(892)	5,434	17,269
Pretax income (loss)	(3,837)	3,363	14,997

(In thousands)	December 31	
Balance Sheet	93	92
Current assets	\$ 54,765	\$ 47,880
Property - net	81,855	83,443
Other assets	78,191	51,125
	\$ 214,811	\$ 182,448
Liabilities	\$ 36,594	\$ 31,726
Deferred gain	32,486	34,195
Joint venture investment		
Subordinated notes	61,000	44,000
Capital contribution	45,042	29,000
Undistributed earnings	39,689	43,527
	\$ 214,811	\$ 182,448

Advances represented by subordinated notes have been made to fund prepaid rent payments made at year-end. Under a \$382,000,000 LSPI leveraged-lease financing, the Company is committed to provide up to \$95,000,000 additional cash to LSPI if needed to meet its lease obligation.

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Quarterly Financial Data (unaudited)

(In thousands, except per share amounts)	1993			
	4th	3rd	2nd	1st
Net sales	\$340,562	\$345,506	\$320,283	\$321,829
Gross profit	84,830	85,754	76,205	76,920
Operating income	28,319	27,470	21,261	21,143
Net income	14,023	13,295	9,782	9,500
Earnings per share				
Primary	.69	.66	.46	.45
Diluted	.67	.63	.46	.44
1992	4th	3rd	2nd	1st
Net sales	\$320,960	\$328,195	\$296,735	\$292,834
Gross profit	84,964	78,944	67,987	69,597
Operating income	32,438	24,223	17,818	19,560
Net income (a)	14,922	11,581	7,880	8,417
Earnings per share				
Primary (a)	.80	.60	.36	.39
Diluted	.71	.55	.36	.39

All per share data has been adjusted for the three-for-two stock split in the

form of a 50% stock dividend in June 1993.

(a) The first quarter 1992 net income and earnings per share data is before cumulative effects of accounting changes recorded January 1, 1992 of \$41.6 million and \$2.61, respectively.

Earnings per share are computed independently for each quarter presented. In 1992, the sum of the quarterly fully diluted earnings per share does not equal the total-year amount due to the differing impact of preferred stock conversion assumptions at different income levels.

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Business Segment Information

(In thousands)	Specialty Products	General Industrial Equipment	Paper Products	Joint Ventures	General Corporate	Total
Sales						
1993	\$411,570	\$534,994	\$381,616	\$ —	\$ —	\$1,328,180
1992	377,535	486,456	374,733	—	—	1,238,724
1991	344,611	458,241	366,230	—	—	1,169,082
Operating Income						
1993	\$ 41,973	\$ 42,181	\$ 32,980	\$ (1,920)	\$ (17,021)	\$ 98,193
1992	40,166	38,600	31,456	1,682	(17,865)	94,039
1991	33,614	35,820	35,524	7,498	(17,387)	95,069
Identifiable Assets						
1993	\$205,737	\$384,656	\$254,042	\$ 72,867	\$ 41,499	\$ 958,801
1992	188,393	366,231	229,362	58,265	27,191	869,442
1991	181,374	331,681	206,328	47,583	23,606	790,572
Depreciation and Amortization						
1993	\$ 7,565	\$ 18,870	\$ 23,595	\$ —	\$ 96	\$ 50,126
1992	8,136	17,489	22,134	—	142	47,901
1991	9,440	16,886	20,672	—	152	47,150
Capital Expenditures						
1993	\$ 9,860	\$ 18,158	\$ 45,347	\$ —	\$ 56	\$ 73,421
1992	6,712	20,964	39,240	—	319	67,235
1991	4,952	21,451	22,951	—	66	49,420

The 1992 operating income section has been restated to be consistent with the 1993 and 1991 presentation. The joint venture column includes two 50/50 joint ventures accounted for on the equity method: Lake Superior Paper Industries (LSPI), a producer of supercalendered paper, and LSPI Fiber Co., which owns 24% of an adjacent recycled pulp mill. General Corporate expense includes administrative costs, charges that do not relate to current operations and captive insurance activities. Corporate assets include all cash and cash equivalents. There were no significant intersegment sales.

Board of Directors

(picture of eight people)

...left to right ...

George N. Butzow (1,4), 64, is Chairman of MTS Systems Corporation. He has over 30 years experience in purchasing, quality control, advertising, marketing and general management with MTS Systems and its predecessor company.

H. William Lurton (1,6), 64, is the retired Chairman and Chief Executive Officer of Jostens, Inc. He joined Jostens in 1955 and, after holding various sales and management positions, was appointed Chief Executive Officer in 1972 and Chairman in 1975.

B. Kristine Johnson (1,4,7), 42, is Vice President and General Manager of the Tachyarrhythmia Management Business of Medtronic, Inc. She joined the company in 1982 and, after serving in a variety of capacities, was named Vice President and General Manager in 1990.

Winslow H. Buxton (3,4,5), 54, is Chairman, President and Chief Executive Officer of Pentair, Inc. He joined the company in 1986 as President of Niagara of Wisconsin Paper Corporation. Previous experience includes operating and senior management positions at Willamette Industries, Boise Cascade and Publisher's Paper.

D. Eugene Nugent (2,3,5), 66, was Chairman and Chief Executive Officer of Pentair, Inc. until his retirement December 31, 1992. He joined the Company in 1975. Previous experience was in engineering, marketing, finance and general management with International Telephone and Telegraph Company and U.S. Gypsum Company.

Quentin J. Hietpas (2,3), 63, is Senior Vice President of External Affairs at the University of St. Thomas. An attorney, he has 30 years experience in communications management with companies such as Control Data Corporation, Pillsbury Company and International Multifoods Corporation.

Harold V. Haverty (2,5,7), 63, is President and Chief Executive Officer of Deluxe Corporation. He joined Deluxe in 1954 and, after holding various management positions, was named President in 1983, Chief Executive Officer in 1986 and Chairman of the Board in 1992.

Walter Kissling (4,6), 62, is President and Chief Operating Officer of H. B. Fuller Company, a manufacturer and marketer of specialty chemical products. He was Executive Vice President of H.B. Fuller from July 1990 to April 1991, and Senior Vice President from 1980 to 1990. Mr. Kissling is a director of H. B. Fuller Company and Chairman and Director of one of its subsidiaries, Kativo Chemical Industries, S.A.

- (1) Audit Committee
- (2) Compensation Committee
- (3) Executive Committee
- (4) Shareholder Affairs Committee
- (5) Nominating Committee
- (6) Share Rights Committee
- (7) Public Policy Committee

Pentair Officers and Subsidiary Presidents

(picture of 7 people)

.left to right .

Richard W. Ingman

Vice President, Corporate Development

Gerald C. Kitch

Group President, General Industrial Equipment

Allan J. Kolles

Vice President,

Human Resources

Mark T. Schroepfer

Vice President, Controller

Joseph R. Collins

Group President,

Specialty Products

Ronald V. Kelly

Group President, Paper

Roy T. Rueb

Vice President, Treasurer

(picture of 10 people)

left to right

Barry J. Wetzel

President, Lincoln Automotive

Ronald V. Mason

President, Federal

Cartridge Company

James A. White

President, Porter-Cable Corporation

Nevin J. Craig

President, Delta International

Machinery Corp.

Gunter Ostermeyer

President, Lincoln

Industrial

James H. Frank

President, Hoffman Engineering Company

Fred C. Lavender

President, F. E. Myers

Robert V. Touchette

President, Cross Pointe Paper Corporation

Wilson Blackburn

President, Lake Superior Paper Industries

G. Robert Gey

President, Niagara of Wisconsin Paper Corporation

not pictured

Benno Gengenbach

President, Schroff

Corporate and Subsidiary Management

PENTAIR, INC.

Winslow H. Buxton
Chairman, President and Chief Executive Officer
Joseph R. Collins
Group President, Specialty Products
Gerald C. Kitch
Group President, General Industrial Equipment
Ronald V. Kelly
Group President, Paper
Richard W. Ingman
Vice President, Corporate Development
Allan J. Kollas
Vice President, Human Resources
Roy T. Rueb
Vice President, Treasurer
Mark T. Schroepfer
Vice President, Controller
Debby S. Knutson
Assistant Vice President, Human Resources
Gary J. Burwell
Director, Internal Audit
Mark J. Cain
Director, Corporate Communications and Public Affairs
Douglas E. Pihl
Director, Corporate Tax
Robert P. Fredrickson
Senior Consultant, Labor Relations and Safety
John T. Moynihan, Jr.
Senior Consultant, Benefits and Employment Law
Jeanne M. Gode
Risk Management Counsel

CROSS POINTE PAPER CORPORATION

Robert V. Touchette
President
James F. Grove
Vice President, Sales
Thomas G. Murphy
Vice President, Finance
Robert D. Kopisch
Vice President and General Manager, Flambeau Mill
Jobe B. Morrison
Vice President and General Manager, Miami Mill
W. F. Fuehrer
Vice President, Human Resources

DELTA INTERNATIONAL MACHINERY CORP.

Nevin J. Craig
President
Waldo E. Bair
Vice President, Sales and Marketing
Louis C. Brickner
Vice President, Engineering and Product Development
Gary W. Beadles
Vice President, Tupelo Operations
Marikay Jung
Vice President, Human Resources
John P. Jodkin
Vice President, Finance
James J. McEntee
General Manager, Delta Canada
Lucas Chang
Director, Far East Sourcing and Product Development
Robert J. Stein
Director, Strategic Planning and Financial Analysis

FEDERAL CARTRIDGE COMPANY

Ronald V. Mason
President
Paul E. Thompson
Vice President, Operations
Lester A. Jones
Vice President, Sales and Marketing
James H. Rodgers
Vice President, Human Resources
Michael G. Meyer
Vice President, Finance
David C. Longren
Vice President, Engineering
Mark Lee
Vice President, Quality

HOFFMAN ENGINEERING COMPANY

James H. Frank
President
David W. Herbst
Vice President, Finance
Donald C. Kemp
Vice President, Operations

T. Kent Vesper
Vice President, Human Resources
John P. McDonnell
Vice President, Information Technology
Delton D. Nickel
Vice President, Sales and Marketing
Vincent J. Tomlinson
Vice President, Engineering
Donald B. Westman
Vice President, Quality
Gerald T. Wilichowski
Vice President, Operations

LINCOLN INDUSTRIAL
European Operations
Gunter Ostermeyer
President
Werner Brauer
Vice President and Managing Director
Klaus Lange
Director, Manufacturing
Hans-Peter Mechler
Director, Finance
Martin Jung
Director, Human Resources
Zdravko Paluncic
Director, Research and Development

U.S. Operations
John Little
Vice President and General Manager
Stephen M. Hager
Vice President, Operations
John Krenzel
Vice President, Finance
Albert Adams
Vice President, Human Resources
Peter Laucis
Vice President, Quality and Product Engineering
Jim Grove
Vice President, Sales and Marketing

LINCOLN AUTOMOTIVE
Barry J. Wetzel
President
Kenneth L. Fehlig
Vice President, Marketing and Sales
Lawrence R. Geiger
Vice President, Finance
Paul F. Murphy
General Manager, Canada
Virginia A. Zarinelli
Director, Human Resources/Training

F.E. MYERS
Fred C. Lavender
President
Richard G. Luttrell
Vice President, Water Systems, Environmental and Industrial Products
Dan D. Elliott
Vice President, Product Development
Ronald G. Leddy
Vice President, Manufacturing
J. Michael Gerard
Vice President, Human Resources
Thomas L. Pellegrino
Vice President, Finance
Kathleen M. Buetow
Director, Retail and Canadian Operations
Larry A. Donelson
Director, International Operations

NIAGRA OF WISCONSIN
Paper Corporation
G. Robert Gey
President
Robert L. Wheeler
Vice President, General Manager
David J. Johnson
Vice President, Finance
Gary Binder
Vice President, Sales and Marketing
Robert J. Tercha
Vice President, Engineering
Kenneth E. Porter
Vice President, Human Resources
William Dedrick
Vice President, Materials Management

PPORTER-CABLE CORPORATION
James A. White
President
Rene J. Donars
Vice President, Sales and Marketing
James S. Green

Vice President, Finance
Matthew G. Popik
Vice President, Engineering
John W. Ulmer
Vice President, Human Resources
Bobby E. Sheffield
Vice President, Distribution
and Service
Steven R. Bentson
Vice President, Operations

SCHROFF
Benno Gengenbach
President
Bernd Benz
Managing Director, Schroff France
Bernd-Uwe Kaupisch
Managing Director, Schroff United Kingdom
Isao Miyoshi
Managing Director, Schroff Japan
Udo O. Schroff
Managing Director, Schroff United States
Soren Kjell
Managing Director, Schroff Sweden
Enzio Tunesi
Managing Director, Schroff Italy
Hermann Heier
Director, Electronics Division
Wolfgang Schwind
Director, Purchasing
Ronald Weingartner
Director, Sales
Dr. Hans-Joachim Wunsche
Director, Electronic Packaging Division

Investor Information

PENTAIR STOCK DATA

The common stock of Pentair (Symbol: PNTA) is quoted on the NASDAQ National Market System. The price and dividend information below, which has been restated to reflect a June 11, 1993 stock dividend, represents closing sale prices reported in the NASDAQ/NMS Monthly Statistical Report. There were 3,370 shareholder accounts on December 31, 1993.

PRICE RANGE AND DIVIDENDS OF COMMON STOCK

1993	High	Low	Dividends Paid	Last Price
First Quarter	\$32 5/8	\$26 1/2	\$.17	\$32 5/8
Second Quarter	\$38 1/4	\$32 1/2	\$.17	\$38 1/4
Third Quarter	\$40 1/4	\$34 1/4	\$.17	\$34 3/4
Fourth Quarter	\$35 1/2	\$31	\$.17	\$33

1993	High	Low	Dividends Paid	Last Price
First Quarter	\$32	\$26 3/8	\$.163	\$27 1/8
Second Quarter	\$30 5/8	\$23 7/8	\$.163	\$24 1/8
Third Quarter	\$27	\$22 7/8	\$.163	\$24 5/8
Fourth Quarter	\$28 1/2	\$24 3/8	\$.163	\$26 3/8

Securities Market Makers

The following firms make markets for Pentair, Inc. stock:

Dain Bosworth, Inc., Minneapolis, MN
First Boston Corporation, New York, NY
Kirkpatrick, Pettis, Smith, Polian Inc., Omaha, NE
Lehman Bros., New York, NY
Mayer & Schweitzer, Inc., Jersey City, NJ
Merrill Lynch Pierce Fenner & Smith, Inc.,
New York, NY
Piper Jaffray & Hopwood, Minneapolis, MN
Prudential Securities, New York, NY
Sherwood Securities Corp., New York, NY
Troster Singer CP, Jersey City, NJ
Weeden & Co., New York, NY

Common Dividends In the first quarter of 1994, the board of directors increased the cash dividend to \$.18 per share quarterly for an indicated annual rate of \$.72 per share. Pentair has now paid 72 consecutive quarterly dividends. See Note 6 of Notes to Consolidated Financial Statements for certain dividend restrictions.

Annual Meeting The annual meeting of shareholders will be held at the Northland Inn, 7101 Northland Circle, Brooklyn Park, Minnesota, at 10:00 a.m. on April 20, 1994. Management and directors encourage all shareholders to attend the annual meeting.

Form 10-K Available A copy of the Company annual report on Form 10-K, as filed with the Securities and Exchange Commission, will be provided on request to shareholders. Written requests should be directed to the Corporate Secretary, Pentair, Inc., Waters Edge Plaza, 1500 County Road B2 West, St. Paul, Minnesota 55113.

Dividend Reinvestment Plan Pentair has established a Dividend Reinvestment Plan. This plan enables shareholders to automatically reinvest Pentair dividends and to invest up to an additional \$3,000 per quarter in Pentair common stock, with any costs of purchasing the shares paid by the Company. The plan brochure and enrollment cards are available from the Company or Norwest Bank Minnesota, N.A.

Takeover Defense Pentair is committed to protecting its stakeholders from harm by corporate raiders and unfriendly takeover actions. Information on our position may be obtained by writing to the Pentair, Inc. Corporate Secretary at the corporate office.

Registrar and Transfer Agent
Norwest Bank Minnesota, N.A.
South St. Paul, MN 55075-0738
Certified Public Accountants
Deloitte & Touche
St. Paul, MN 55101
General Counsel
Henson & Efron, P.A.
Minneapolis, MN 55401

pentair. inc. and subsidiaries
 Eleven-Year Financial Summary

(In millions, except Per Share Data)	93	92	91	90	89	88	87	86	85	84	83
Income Statement Data											
Net Sales											
Specialty Products	411.6	377.5	344.6	344.9	337.5	317.1	289.7	207.7	170.6	155.8	61.6
General Industrial	535.0	486.5	458.3	460.3	460.9	127.9	112.5	38.4	—	—	—
Paper Products	381.6	374.7	366.2	370.7	365.2	378.3	387.0	377.8	363.6	389.6	257.7
Total	1,328.2	1,238.7	1,169.1	1,175.9	1,163.6	823.3	789.2	623.9	534.2	545.4	319.3
Operating Income											
Specialty Products	42.0	40.2	33.6	28.1	29.5	30.6	31.2	20.1	16.9	11.6	4.5
General Industrial	42.2	38.6	35.9	34.5	32.6	9.9	11.1	2.7	—	—	—
Paper Products*	31.0	33.1	43.0	33.7	36.0	50.5	9.0	18.4	22.8	37.3	22.0
Corporate	(17.0)	(17.9)	(17.4)	(15.7)	(11.0)	(12.3)	(8.7)	(7.4)	(5.9)	(6.5)	—
(4.2) Total	98.2	94.0	95.1	80.6	87.1	78.7	42.6	33.8	33.8	42.4	22.3
Net Income (a)	46.6	42.8	41.1	33.0	36.4	39.8	21.9	15.2	20.1	21.2	11.9
Common Share Data											
EPS - Diluted (a)	2.20	2.03	2.01	1.62	1.90	2.23	1.30	1.03	1.35	1.50	—
1.00											
Cash Dividends	.68	.65	.61	.59	.53	.45	.42	.40	.37	.33	—
.29											
Stock Dividends	50	—	—	—	—	10	—	10	25	—	25
Book Value	18.58	16.43	17.58	15.94	14.85	13.35	11.06	10.19	9.49	8.46	—
7.29											
Stock Price	33	26 3/8	26 7/8	16 1/2	18 3/8	20 7/8	12 1/2	15 1/2	17 1/8	12 3/4	12
3/4											
Balance Sheet Data											
Preferred Equity (net)	33.9	77.4	74.1	68.4	65.9	67.6	50.0	—	—	—	9.4
Common Equity	336.9	260.0	275.7	247.8	241.0	214.2	158.6	145.4	134.6	119.3	92.2
Common Shares	18.1	15.9	15.7	15.6	16.2	16.1	13.1	12.9	11.7	9.3	8.4
ROE %(a)	14	13	13	11	14	20	13	11	16	19	16
Operating Cash	102.0	88.4	79.4	72.0	71.2	65.6	50.8	44.4	43.2	38.1	25.6
Capital Expenditures	73.4	67.2	49.4	61.3	83.4	45.7	53.9	45.1	61.6	35.6	19.6
Total Assets	958.8	869.4	790.6	768.9	781.4	744.7	440.4	445.0	305.8	282.5	209.4
Debt to Capital %	39	39	36	42	45	47	30	50	36	36	22

Includes Joint Ventures

All Share and Per Share Data adjusted for stock dividends.

(a) 1992 net income and earnings per share are before the cumulative effects of accounting changes.

See Note 3 of Notes to Consolidated Financial Statements.

PENTAIR CODE OF BUSINESS CONDUCT

Pentair, Inc. chooses to be an independent, publicly owned company, and this statement is to guide the development of its organization and the conduct of its business affairs.

Our businesses are to be managed in keeping with the highest business, ethical, moral and patriotic standards applicable to a publicly owned corporation.

Our businesses are to be operated so that we are respected for our actions by shareholders, employees, plant communities, customers, suppliers, investors and all other stakeholders.

Our approach to business is intended to make Pentair, Inc. a top-performing company managed and operated to provide long-term benefits to all constituents.

Operating Guidelines

Balanced consideration will be given to the interests of shareholders and employees in managing the corporation.

The corporate staff will be kept to minimum size, and subsidiary operations will be as autonomous as practicable.

A strong work ethic is expected of all constituents. Good performance will be freely recognized. Poor performance will not be condoned.

We will strive to: operate with the highest regard for the environment; eliminate environmental risks from the workplace; and minimize emissions and waste.

The dignity and self-worth of all persons involved with the Company will be respected.

Safety in the workplace and in work practices shall be maximized.

We will encourage, aid and promote the physical and mental health, and wellness of employees and their families.

Qualified employees will be given priority for internal employment opportunities.

Standards of ethics, integrity and work practices shall apply equally to all employees.

We will honor agreements, meet obligations timely, maintain the spirit and intent of our commitments, and value good relationships.

Hiring emphasis will recognize ability, compatibility and integrity, and will not discriminate on the basis of sex, religion, race or age.

We will promote open and candid communications with emphasis on informality and on conversational exchanges.

PENTAIR
Corporate Office
Pentair, Inc.
Waters Edge Plaza
1500 County Road B2 West
St. Paul, MN 55113-3105
612-636-7920

Cross Pointe Paper Corporation
1295 Bandana Boulevard North, Suite 335
St. Paul, MN 55108
612.644.3644

Delta International
Machinery Corp.
246 Alpha Drive
Pittsburgh, PA 15238
412.963.2400

Federal Cartridge Company
900 Ehlen Drive
Anoka, MN 55303
612.421.7100

SUBSIDIARY OFFICES

Hoffman Engineering Company
900 Ehlen Drive
Anoka, MN 55303
612.421.2240

Lincoln Industrial
One Lincoln Way
St. Louis, MO 63120-1578
314.679.4200

Lincoln Automotive
One Lincoln Way
St. Louis, MO 63120-1578
314.679.4300

F. E. Myers Co.
1101 Myers Parkway
Ashland, OH 44805-2285
419.289.1144

Niagara of Wisconsin
Paper Corporation
1101 Mill Street
Niagara, WI 54151
715.251.3151

Porter-Cable Corporation
4825 Highway 45 North
Jackson, TN 38302-2468
901.668.8600

Schroff
Langenalber Str. 96-100
D-75334 Straubenhardt, Germany
(7082)794.0
JOINT VENTURE COMPANY
Lake Superior Paper Industries
100 North Central Avenue
Duluth, MN 55807
218.628.5100

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

As of December 31, 1993, the following are wholly-owned subsidiaries of the Registrant except as noted:

Subsidiary	State or Other Jurisdiction of Incorporation or Organization
Specialty Products	
Delta International Machinery Corp.	Minnesota
Pentair Canada, Inc. 1	Ontario, Canada
Porter-Cable Corporation	Minnesota
McNeil (Ohio) Corporation	Minnesota
F. E. Myers Co., Division of McNeil (Ohio) Corporation	-
Pentair Canada, Inc. 1	Ontario, Canada
General Industrial Equipment	
McNeil (Ohio) Corporation	Minnesota
Lincoln Industrial, Division of McNeil (Ohio) Corporation	-
Lincoln Automotive, Division of McNeil (Ohio) Corporation	-
Pentair Canada, Inc. 1	Ontario, Canada
APNO, S.A. de C.V. 2	Mexico
Telestack Company 2	Ohio
FC Holdings Inc.	Delaware
Federal-Hoffman, Inc. 3	Minnesota
Federal Cartridge Company, Division of Federal-Hoffman, Inc.	-
Hoffman Engineering Company, Division of Federal-Hoffman, Inc.	-
Hoffman Engineering Company Limited 4	United Kingdom
Hoffman Engineering, S.A. de C.V.4	Mexico
Schroff Inc. 3	Rhode Island
Schroff Co. Ltd. 3	Taiwan
Schroff K.K. 3	Japan
EuroPentair, GmbH	Germany
Schroff, GmbH 5	Germany
Schroff U.K. Ltd. 5	United Kingdom
Schroff S.A. 5	France
Schroff S.r.L. 5	Italy
Schroff Scandinavia AB 5	Sweden
Lincoln GmbH 6	Germany
Lincoln Belgium N.V.	Belgium
Paper Products	
Cross Pointe Paper Corporation	Minnesota
Flambeau Paper Corp. 7	Wisconsin
Miami Paper Corporation 7	Minnesota
Dayton Paper Corporation 7	Minnesota
Niagara of Wisconsin Paper Corporation	Wisconsin

Pentair Duluth Corp. 8	Minnesota
Pentair Duluth Pulp Corp.9	Minnesota
Duluth Holdings (Paper) Corp.	Minnesota
General Corporate	
Federal-Hoffman International, Inc. 4	Guam
Pentair FSC Corporation 2	U.S. Virgin Islands
Penwald Insurance Company	Vermont

FOOTNOTES:

1 Wholly-owned by Delta International Machinery Corp. and McNeil (Ohio) Corporation, having the following divisions: Delta International Machinery, F. E. Myers Company, and Lincoln Canada.

2 A wholly-owned subsidiary of McNeil (Ohio) Corporation.

3 A wholly-owned subsidiary of FC Holdings Inc.

4 A wholly-owned subsidiary of Federal-Hoffman, Inc.

5 A wholly-owned subsidiary of EuroPentair, GmbH.

6 Wholly-owned by EuroPentair GmbH and Telestack Company, a subsidiary of McNeil (Ohio) Corporation.

7 A wholly-owned subsidiary of Cross Pointe Paper Corporation.

8 Pentair Duluth has a 50% interest in Lake Superior Paper Industries, a joint venture with Minnesota Paper Incorporated.

9 Pentair Duluth Pulp, a wholly-owned subsidiary of Duluth Holdings (Paper) Corp., has a 50% interest in LSPI Fiber Co., a joint venture with Minnesota Pulp Incorporated, which has a 24% interest in Superior Recycled Fiber Industries, a Minnesota joint venture, of which the 76% owner is Superior Recycled Fiber Corporation.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 2-83635, No. 2-88670, No. 33-36256, No. 33-38534, No. 33-42057, No. 33-42268, and No. 33-45012 of Pentair, Inc. on Form S-8 of our reports dated February 11, 1994, appearing in and incorporated by reference in this Annual Report on Form 10-K of Pentair, Inc. for the year ended December 31, 1993.

DELOITTE & TOUCHE

Saint Paul, Minnesota
March 28, 1994