

SECURITIES AND EXCHANGE COMMISSION

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
December 22, 1993

PENTAIR, INC.
(Exact name of Registrant as specified in its Charter)

MINNESOTA	0-4689	41-0907434
(State or other	(Commission	(IRS Employer
Jurisdiction of	File Number)	Identification
Incorporation)		Number)

1500 County Road B2 West Suite 400	
St. Paul, Minnesota	55113
(Address of Principal Executive Offices)	(Zip Code)

612-636-7920
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former name or former address, if changed since last
report)

Item 5. Other Events.

On December 22, 1993, the Registrant entered into a definitive agreement to acquire the Schroff Group from Fried. Krupp AG Hoesch-Krupp of Germany. The transaction will include the net assets and business of the Schroff Group (Schroff) including the stock of its international subsidiaries. The cash purchase price will be approximately \$150 million, including certain intercompany liabilities to be paid at closing. 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. The company has approximately 1,400 employees with operations in Germany, France, England, the United States, Japan, Sweden, Finland, Italy and Taiwan. Schroff is the largest manufacturer in Europe's electronic enclosure market and a world technical leader. The company's estimated sales are approximately \$160 million.

Item 7. Financial Statements and Exhibits.

c. Exhibits

- (2.1) Asset Purchase Agreement among EuroPentair GmbH, Pentair Deutschland GmbH, F.C. Holdings, Inc. USA, and Schroff GmbH dated December 22, 1993 (without Exhibits). The Registrant agrees to provide a copy of such Exhibits to the Commission upon request.
- (2.2) Agreement between Pentair, Inc. and Fried. AG Krupp Hoesch-Krupp dated December 22, 1993
- (2.3) Non-Competition Agreement dated December 22, 1993
- (2.4) Letter of Guarantee to Seller by Pentair, Inc. of Buyer's obligations under Asset Purchase Agreement
- (2.5) Letter of Guarantee to Buyer by Fried. Krupp AG Hoesch-Krupp of Seller's obligations under Asset Purchase Agreement
- (99) Press Release, dated December 22, 1993, concerning the definitive agreement to purchase Schroff.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PENTAIR, INC

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

Dated: January 10, 1994

ASSET PURCHASE AGREEMENT

AMONG

EUROPENTAIR GmbH
PENTAIR DEUTSCHLAND GmbH
F C HOLDINGS, INC.

and

SCHROFF GmbH

FOR ACQUISITION OF ASSETS OF SCHROFF GmbH

BY PENTAIR DEUTSCHLAND GmbH

AND

FOR ACQUISITION OF SUBSIDIARIES OF SCHROFF GmbH

BY EUROPENTAIR GmbH
AND F C HOLDINGS, INC.

DATED AS OF DECEMBER 22, 1993

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ASSET PURCHASE AGREEMENT

THIS AGREEMENT is entered into this 22 day of December, 1993, by and between

PARTIES:

1. Pentair Deutschland GmbH, a German limited liability company in formation under the laws of the Federal Republic of Germany, which has its offices at Straubenhardt, Germany and has filed for registration in the Handelsregister of the Amtsgericht Pforzheim, a copy of a certified extract of which is attached hereto as Exhibit A (hereinafter referred to as "Pentair Deutschland") and

2. EuroPentair GmbH, a German limited liability company in formation under the laws of the Federal Republic of Germany, which has its offices at Straubenhardt, Germany and has filed for registration in the Handelsregister of the Amtsgericht Pforzheim, a copy of a certified extract of which is attached hereto as Exhibit B (hereinafter referred to as "EuroPentair") and

3. F C Holdings, Inc., a Delaware business corporation, which has its principal place of business at Waters Edge Plaza, 1500 County Road B2 West, St. Paul, MN 55113-3105 (hereinafter referred to as "F C Holdings")

- collectively hereinafter referred to as "Buyers"
- -

4. Schroff GmbH, a German limited liability company duly organized and existing under the laws of the Federal Republic of Germany, which has its registered offices at Straubenhardt, Germany and is registered in the Handelsregister of the Amtsgericht Pforzheim under file no. HRB 2807, a copy of a certified extract of which is attached hereto as Exhibit C

- hereinafter referred to as "Seller" -

RECITALS:

A. Seller is a wholly-owned subsidiary of Fried. Krupp AG Hoesch-Krupp (hereinafter referred to as "Krupp") which is registered in the Handelsregister of the Amtsgericht Essen under file no. HRB 9633 and of the Amtsgericht Dortmund under file no. HRB 10455.

B. Krupp and Seller are parties to a profit and loss absorption and domination agreement dated May 18, 1972 and registered December 17, 1990.

C. Buyers are ultimately owned by Pentair, Inc. (hereinafter referred to as "Pentair"), a Minnesota business corporation, which has its principal place of business at Waters Edge Plaza, 1500 County Road B2 West, St. Paul, MN 55113-3105.

D. The Schroff Group is engaged in the business of the manufacture and sale of electronic enclosures, microprocessor packaging systems and related products throughout the world.

E. Seller desires to sell and Buyers desire to purchase the assets of the Business, including the Straubenhardt Facility, the shares of the Subsidiaries and any other assets of the Seller used in the Business.

AGREEMENT:

1. Definitions. The terms below shall have the following meanings under this Agreement unless the context clearly requires otherwise:

1.1 "Agreement" means this Asset Purchase Agreement and the Exhibits hereto and the other agreements attached hereto and made a part of this Agreement

1.2 "Applicable Law" means all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, permits, certificates, orders and licenses of any Governmental Authority, interpretations of any of the foregoing by a Governmental Authority having jurisdiction with respect thereto, and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other judicial or quasi-judicial tribunal (including without limitation those pertaining to health, safety and the environment).

1.3 "Assets" means the assets, properties and rights to be sold by Seller as described in Section 2.

1.4 "Business" means the research, development, engineering, fabrication, sale and marketing of electrical and electronic enclosures, microprocessor packaging systems and related products by Seller and the other members of the Schroff Group as presently or in the past conducted.

1.5 "Closing" means the actual transfer and delivery of the instruments of conveyance for the Assets, the exchange and delivery by the parties of such other documents and instruments contemplated by this Agreement.

1.6 "Closing Date" means the close of business on the later of (i) February 28, 1994 or (ii) the termination of any applicable waiting period imposed by the German Cartel Office, the Department of Justice or Federal Trade Commission, as applicable in the United States, and any other applicable antitrust authority, or such other date as the parties hereto mutually agree, on which date all conditions to Closing set forth in Sections 11 and 12 hereof shall have been satisfied or waived.

1.7 "Confidential Information" shall consist of information ordinarily known only to Seller's personnel involved in the Business, such as customer lists, supplier lists, trade secrets, pricing records, inventory records and such other information normally understood to be confidential or otherwise designated as such in writing by the Seller. "Confidential Information" shall not include information (i) which was known to Buyers prior to its receipt from Seller (ii) which was publicly divulged by Seller prior to its receipt by Buyers, (iii) which through no act in breach of this Agreement or the Confidentiality Agreement between Krupp and Pentair dated October 10, 1993 on the part of Buyers, becomes publicly divulged; or (iv) which was received in good faith by Buyers from any third party without breach by any party of any obligations of confidentiality.

1.8 "Contracts" means all agreements, contracts, commitments, unfilled purchase orders for raw materials and supplies, unfilled sales orders and leases of real and personal property relating to the Business.

1.9 "Economic Transfer Date" means 0:00 a. m. on January 1, 1994.

1.10 "Employee Benefits" means any and all pension or welfare benefit programs, plans, arrangements, agreements and understandings for employees, groups of employees or specific individual employees to which Seller or any member of the Schroff Group contributes or is a party, by which any of them may be bound or under which any of them may have liability, other than benefits required by Applicable Law, including without

limitation pension or retirement plans, deferred compensation plans, bonus or incentive plans, early retirement programs, severance pay policies, support funds, medical or dental insurance, payment or reimbursement plans.

1.11 "Financial Statements" means (i) the separate audited balance sheets and related statements of income of Seller, Schroff UK Ltd., Schroff Inc., Schroff S. A. and Schroff K. K., as at December 31, 1990 through 1992, inclusive, and of Schroff S. r. L. and Schroff Scandinavia AB, as of December 31, 1991 and 1992, and results of operations for the years then ended, including the audit report of which they are a part, in each case certified by their respective auditors and (ii) the unaudited consolidated balance sheet and related statement of income of the Schroff Group as a whole, as at December 31, 1992, and the results of operations for the year then ended, which consolidated statement shall, however, include the following subsidiaries accounted for solely on the cost method ("Anschaffungskosten"): Schroff Scandinavia AB, Schroff S.r.L. and Schroff Co. Ltd.

1.12 "Governmental Authority" means any supranational, national, federal, state, departmental, county, municipal, regional or other governmental authority, agency, board, body, instrumentality or court in whatever country having jurisdiction in whole or in part over the Schroff Group or the Business.

1.13 "Group Balance Sheet" means the consolidated balance sheet dated as of December 31, 1993 of the Schroff Group prepared in accordance with Section 3.1 hereof.

1.14 "Hazardous Substances" shall include any substance, material, or waste which is as of the Closing Date regulated or, on or before the Closing Date, is proposed to be regulated, by any Governmental Authority, including, but not limited to, any material or substance which is designated as a hazardous or polluting substance or subject to regulation as a hazardous or toxic substance pursuant to any Applicable Law.

1.15 "Intellectual Property" consists of patents ("Patente"), utility patents ("Gebrauchsmuster"), design patents ("Geschmacksmuster") and registrations and applications therefor; copyrights and copyright registrations and applications therefor; trademarks, brand names and tradenames and registrations and applications therefor; know-how; and licenses of any of the foregoing. "Relevant Intellectual Property" means Intellectual Property owned or licensed by the Schroff Group or otherwise used in the Business.

1.16 "Net Equity" means the sum of the amounts of the following separate accounts reflected on the Group Balance Sheet:

Subscribed Capital
Capital Reserves
Retained Earnings
Consolidation Items

1.17 "Operating Permits" means all of the permits, licenses, authorities or other franchises granted by any Governmental Authority or other third party required or appropriate for the continued operation of the Business in the manner heretofore operated by Schroff Group.

1.18 "Real Estate" means the land, buildings and all attached fixtures of the Straubenhardt Facility and any other real estate owned by Seller, all of which real property shall be listed in Exhibit 6.11.

1.19 "Schroff Group" means the Seller and its Subsidiaries, collectively.

1.20 "Seller's Balance Sheet" means the separate audited balance sheet of Seller as at December 31, 1993, as certified by its auditors.

1.21 "Straubenhardt Facility" means the office, warehousing and manufacturing complex of the Seller located at Straubenhardt, Germany which is the location of Seller's registered offices.

1.22 "Subsidiaries" means the following business organizations, located in and founded in the jurisdictions listed below, and "Subsidiary" shall mean any one of the following, as the context may require:

Name of Subsidiary	Primary Location	Jurisdiction of Incorporation
SCHROFF S.A.	Betschdorf	France
SCHROFF UK Ltd.	Hemel Hempstead, England	United Kingdom
SCHROFF Inc.	Warwick, Rhode Island	Rhode Island (US)
SCHROFF K.K.	Yokohama	Japan
SCHROFF Scandinavia AB	Enskede	Sweden
(formerly SCHROFF Svenska AB)		
SCHROFF S.r.L.	Gallarate	Italy
SCHROFF Co. Ltd.	Taipei	Taiwan

2. Sale and Transfer of Assets. Seller shall sell, transfer and deliver to Pentair Deutschland and Pentair Deutschland shall purchase from Seller at the Closing all of Seller's right, title and interest in all of the assets of the Seller as reflected in Seller's Balance Sheet (except for the shares of the Subsidiaries), and the assets and property described below owned by Seller on the Closing Date:

2.1 Permits. All Operating Permits relating to the Business, to the extent transferable by the Seller.

2.2 Contracts. All Contracts except those not assumed by Pentair Deutschland pursuant to Section 4 herein; provided, however, if the assignment of any such Contract requires the consent of the other party thereto, this Agreement shall not constitute an agreement to assign the same, if an attempted assignment will constitute a breach thereof, but Seller and Pentair Deutschland agree that they will use their best efforts to obtain the written consent of the other parties to such assignment; failing such consent, Seller will continue to execute any such Contract upon the direction for the risk and benefit of Pentair Deutschland.

2.3 Records. All books, records and procedural manuals, whether stored electronically or otherwise.

2.4 Intellectual Property.

2.4.1 Patents, utility patents, and design patents and registrations therefor as listed in Exhibit 2.4.1.

2.4.2 Trademarks, brand names, trade names and registrations therefor as listed on Exhibit 2.4.2.

2.4.3 Copyrights for computer software developed by Seller as listed in Exhibit 2.4.3.

Copyrights to other documents to the extent owned by Seller.

2.4.4 Right to use copyrights developed by current or former employees of Seller ("Urheberrechte") to the extent owned by Seller.

2.4.5 Subject to the approval of licensor, if required, rights to use industrial property granted under license agreements listed in Exhibit 2.4.5.

2.4.6 Subject to the approval of licensees, if required, licenses granted by Seller as listed in Exhibit 2.4.6.

2.4.7 Technical documentation reflecting the engineering and production data, design data, plans, specifications, drawings, technology, know-how, trade secrets, manufacturing processes, relating to the Business or to the maintenance of Assets and all documentary evidence thereof, including without limitation the technical knowledge incorporated in such documentation as more specifically categorized in Exhibit 2.4.7.

2.4.8 To the extent that Intellectual Property owned by Seller is entered in the pertinent patent and trade mark registers or offices, Seller shall, to the full extent permitted by law, deliver to Pentair Deutschland all related files in Seller's direct and indirect possession and all documents, certificates and declarations (hereinafter referred to as "Assignment Documents") necessary to enable Pentair Deutschland to register such Intellectual Property in its name.

If at a later date any competent Governmental Authority shall demand additional Assignment Documents from the previously registered owner, Seller shall prepare and submit them to Pentair Deutschland.

Seller and Pentair Deutschland shall use their best efforts to obtain the approval of licensors and licensees pursuant to Sections 2.4.5 and 2.4.6 above; the failure to so obtain required consents shall be deemed to constitute incapability of performance in accordance with Section 34 hereof.

2.5 Firm Name. The right to use the name "Schroff" and any derivation thereof.

2.6 Other Assets. All other assets used in the Business which are not capitalized and therefore not reflected in Seller's Balance Sheet.

Those assets, although reflected in the Seller's Balance Sheet, that were disposed of in the normal course of business between January 1, 1994 and Closing are not being sold or transferred hereunder. Those assets, although not reflected in Seller's Balance Sheet, that were acquired by Seller in the ordinary course of business between January 1, 1994 and Closing shall be sold and transferred hereunder.

2A. Sale and Transfer of Shares of Subsidiaries. Seller shall sell, transfer and deliver to EuroPentair and to F C Holdings, and they shall purchase from Seller, at the Closing all of Seller's right, title and interest in all of the shares of the Subsidiaries shown below:

2A.1 EuroPentair. EuroPentair shall acquire the shares of Schroff UK Ltd., Schroff S. A., Schroff S.r.L. and Schroff Scandinavia AB.

2A.2 F C Holdings. F C Holdings shall acquire the shares of Schroff Inc., Schroff K. K. and Schroff Co. Ltd.

2B. Noncompetition Agreement. Seller and Buyers conclude the attached Noncompetition Agreement in notarial form, which is made a part of this Agreement.

3. Purchase Price.

3.1 Group Balance Sheet. Seller shall prepare a consolidated balance sheet of the Schroff Group as of December 31, 1993, based on the audited financial statements of Seller and the Subsidiaries as at such

date, which statements shall be prepared in accordance with GOB (generally accepted accounting principles in Germany) and the principles of consolidation laid down in the 1992 Krupp annual report, applicable to the Business, consistently applied. Any permitted change in accounting methods or principles listed in Exhibit 6.6 since the date of the Financial Statements will be offset in the preparation of the Group Balance Sheet, in order to ensure such consistency.

The Group Balance Sheet shall be audited by C & L Treuhandvereinigung Deutsche Revision AG, Essen ("C & L"). Deloitte & Touche GmbH, Mannheim will conduct a review of the auditors' working papers of (i) the audited financial statements as of December 31, 1993 for Seller and for Schroff UK Ltd., Schroff S. A., Schroff Inc. and Schroff K. K. and (ii) the consolidation of the financial statements of the Schroff Group, for the purpose of verifying the consolidation and accounts of the Schroff Group on behalf of Buyers. The separate financial statements of Seller and its Subsidiaries as of December 31, 1993 shall have received an unqualified opinion of their respective auditors; the consolidated financial statements of the Schroff Group as of that date shall have received an unqualified opinion of C & L.

3.2 Calculation of Purchase Price. The purchase price for the Assets shall be the total of the following amounts:

- (i) DM 216.000.000; plus or minus
- (ii) the difference, if any, between Net Equity and DM 103.400.000; plus
- (iii) the amount of reserves reflected on the Group Balance Sheet for Seller's pension obligations related to retirees and former employees with vested pension rights; plus
- (iv) the amount, if any, of other reserves reflected on the Seller's Balance Sheet which are specifically destined to cover then-existing claims in tort for products liability, then-existing claims for environmental liabilities, claims for taxes owed by Seller and claims for compensation with respect to employee inventions ("Arbeitnehmererfindungen"); plus
- (v) any value added tax which becomes legally due or is triggered at the election of the Seller.

The purchase price shall be calculated as of December 31, 1993. The acquisition of the Assets shall take place with economic effect as of January 1, 1994. The above amounts (i) through (iv) shall bear interest at the rate of 6.8% per annum for the period from the Economic Transfer Date to the date of payment of each portion of the purchase price.

3.3 Payment. The amount of DM 216.000.000, constituting the portion of the purchase price set forth in Section 3.2(i) above and all amounts of indebtedness to Krupp and its affiliates reflected on the Seller's Balance Sheet, plus interest at 6.8% per annum thereon, shall be paid in cash or in immediately available funds by wire transfer on the Closing Date. If notice to Buyers of the amount of indebtedness to Krupp and its affiliates is not given on or prior to the tenth business day preceding Closing, payment thereof shall be made on the tenth business day following the date such notice is given. The balance of the purchase price, plus interest at 6.8% per annum thereon, shall be paid by Buyers at Closing, unless such amount has not then been finally calculated and agreed to by Closing, in which case such amount shall be paid when finally calculated pursuant to Section 3.2 above and agreed to by the Seller and Buyers. Any amount payable under Section 3.2(v) above shall be settled by immediate assignment by Buyers to Seller, or to its affiliates as directed by Seller, of any recoverable VAT claims ("abzugsfähige Vorsteuer") therefor, except for amounts set off against such recoverable amount by the competent Governmental Authority for VAT taxes payable by Buyers with respect

to its operations following the Economic Transfer Date. If there exists any dispute between the parties over any amount of the purchase price, under Section 3.2(ii) through (iv), Buyers shall promptly pay the undisputed portion thereof and the balance shall be subject to negotiation or arbitration.

4. Assumption of Liabilities.

4.1 Liabilities to be Assumed. At Closing, Pentair Deutschland shall assume, and agree to satisfy and perform, to the extent not satisfied or performed prior to the Closing Date, without any charge or cost to Seller, the liabilities reflected on the Seller's Balance Sheet, including indebtedness to Krupp and its affiliates, except (A) as specifically excluded pursuant to Section 3.2 (iii) and (iv) above, (B) those claims for product liability for injury to persons or property arising out of a defect in products of the Business, to the extent the injury which gives rise to such claim occurs before the Economic Transfer Date, (C) those claims for environmental damages or liabilities to the extent the actions which give rise to such claims occurred prior to the Economic Transfer Date, (D) claims for taxes owed by Seller and (E) claims for compensation with respect to employee inventions ("Arbeitnehmer-erfindungen"). If the assumption of any liabilities assumed by Pentair Deutschland under this Section 4.1 require the consent of any third party, Seller and Pentair Deutschland agree they will use their best efforts to obtain the written consent of such third parties to the assumption; failing such consent, Pentair Deutschland will indemnify Seller against any claim arising out of such assumed liabilities.

4.2 Liabilities Not Assumed. Pentair Deutschland shall not assume and shall not be responsible for any liabilities and obligations of Seller, other than as set forth in Section 4.1, regardless whether such liabilities are imposed by law upon Pentair Deutschland, including without limitation Section 419 of the German Civil Code, Section 25 of the Commercial Code ("HGB"), Section 75 of the Tax Procedure Act or otherwise. As between the parties, Seller agrees to indemnify Pentair Deutschland with respect thereto pursuant to Section 18 hereof, to the extent Pentair Deutschland is liable to pay or perform any such liability. Seller and Pentair Deutschland shall cooperate in the entry in the Handelsregister of an appropriate notice under Section 25 of the HGB of the limitation on Pentair Deutschland's liability provided for herein.

5. Closing. The Closing shall take place on the Closing Date at the offices of Krupp in Essen, Germany or at such other time and place as may be mutually agreed upon. All transfers and assignments shall become effective and all documents shall be deemed to have been delivered simultaneously by the parties upon receipt by Seller of payment by Buyers in cash or by wire transfer of that portion of the purchase price and indebtedness of Seller to Krupp and its affiliates set forth in Section 3.3 above due on the Closing Date.

5.1 Pentair Deutschland and Seller agree that title to all Assets sold hereunder shall pass to Pentair Deutschland at such time and that Pentair Deutschland shall take possession of the Assets on that date. With respect to Assets in the possession of third parties, Seller hereby assigns at Closing its recovery claims ("Herausgabeansprüche") to Pentair Deutschland.

5.2 At the Closing, Seller and Pentair Deutschland shall notify the notary hereof in writing that the notary may proceed with all appropriate actions to consummate the attached real estate agreement concluded by the parties in notarial form and made a part of this Agreement.

5.3 At the Closing, Seller shall deliver to EuroPentair and F C Holdings such stock certificates, stock powers and other instruments of conveyance necessary to transfer title to the shares of the Subsidiaries as provided in Section 2A hereof, in a manner consistent with the law of the jurisdiction of incorporation of each Subsidiary.

5.4 At the Closing, Pentair Deutschland shall, to the extent obtained, deliver to Seller such undertakings and other instruments satisfactory in form and substance to Seller and its counsel as shall be effective to cause Pentair Deutschland to assume the liabilities of Seller assumed pursuant to Section 4 hereof.

5.5 At the later of Closing or the date fifteen (15) business days following delivery of a list of all financial guarantees of Seller, Krupp and its affiliates theretofore provided in favour of any member of the Schroff Group, Buyers shall secure the discharge of each of them from such guaranties, effective on such date.

6. Seller's Representations. Seller represents as follows, and acknowledges that, (i) notwithstanding any investigation Buyers may undertake, Buyers are relying on the following representations and (ii) the same shall be true on the date hereof and as of the Closing Date and shall survive the Closing of this transaction in accordance with Section 24 of this Agreement:

6.1 Organization. Seller is a limited liability company organized, validly existing and in good standing under the laws of the Federal Republic of Germany and has full power and authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns. To the extent Seller does business outside its jurisdiction of incorporation, it is qualified or licensed to do business in such jurisdiction. Exhibit 6.1 hereto contains a complete and correct copy of the Seller's Articles of Association as presently in effect.

6.2 Valid and Enforceable Agreement. This Agreement constitutes a valid and binding agreement of the Seller enforceable in accordance with its terms, except insofar as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally under any Applicable Law. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby violates or conflicts with, results in a breach of, or constitutes a default under (i) any law, regulation, judgment or order, decree, award or ruling to which Seller or the Assets are subject, (ii) the Articles of Association of Seller or (iii) subject to obtaining necessary consents, under material guaranties, contracts, agreements or leases or other restrictions of any kind or character, to which Seller is a party, by which Seller is bound or to which any of its property is subject.

6.3 Title. Seller has good and marketable title to all of the Assets and the Assets are free and clear of all liens, claims, charges, encumbrances and restrictions, except those defects in title and liens, charges and encumbrances arising out of customary retention of title ("Eigentumsvorbehalt") or those listed in Exhibits 6.8 or 6.9 hereto, if any, which do not detract from the value or otherwise impair the operations of the Business. Seller has the complete and unrestricted right, power and authority to sell, transfer and assign the Assets pursuant to this Agreement. Seller is explicitly entitled to transfer the firm name "Schroff" without restriction.

6.4 Locations, Subsidiaries and Investments. Set

forth on Exhibit 6.4 hereto is a list of all branches, offices and warehouses of each member of the Schroff Group.

(a) Each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all requisite corporate power to own its property and to carry on its business as now being conducted. To the extent any Subsidiary does business outside its jurisdiction of incorporation, it is qualified or licensed to do business in such jurisdiction.

(b) All of the outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued, are fully paid and nonassessable, and are owned, of record or beneficially, by Seller, and except as set forth in Exhibit 6.4, free and clear of all liens, encumbrances, equities, options or claims whatsoever. No shares of capital stock of, or other ownership interest in, any Subsidiary are reserved for issuance and there are no outstanding options, warrants, rights, subscriptions, claims of any character, agreements, obligations, convertible or exchangeable securities, or other commitments, contingent or otherwise, relating to the capital stock of, or other ownership interest in, such Subsidiary, pursuant to which such Subsidiary is or may become obligated to issue or exchange any shares of capital stock of, or other ownership interest in, such Subsidiary.

(c) Except as set forth in Exhibit 6.4, neither Seller nor any Subsidiary owns, directly or indirectly, any capital stock or other equity or ownership or proprietary interest in any other corporation, partnership, association, trust, joint venture or other entity.

6.5 Financial Statements. Buyers have received true, complete and accurate copies of the Financial Statements. The Financial Statements, including the notes thereto, have been prepared in accordance with generally accepted accounting principles adopted in the jurisdictions of incorporation of the members of the Schroff Group consistently applied throughout the periods indicated, and present fairly the financial condition of such members of the Schroff Group as at the dates indicated and for the periods indicated in the Financial Statements. The financial statements of the members of the Schroff Group dated as of December 31, 1993, including the notes thereto, have been prepared in accordance with generally accepted accounting principles adopted in their respective jurisdictions of incorporation consistently applied throughout the fiscal year indicated, and present fairly their respective financial condition as at the date indicated and for the periods indicated therein.

6.6 No Material Change. Except as set forth in Exhibit 6.6 hereto or as contemplated in Section 8 hereof, since December 31, 1992 there has not been:

(a) any material adverse change in the business, financial condition, operations or results of operations of the Schroff Group;

(b) any damage, destruction or loss, whether covered by insurance or not, materially and adversely affecting the properties or businesses of the Schroff Group;

(c) any declaration, setting aside or payment of any dividend (whether in cash, stock or property) in respect of the share capital of any member of the Schroff Group, or any redemption or other acquisition of any of its shares by Seller;

(d) any increase in the compensation or granting of bonuses payable or to become payable by any member of the Schroff Group to its shareholders, directors,

officers or employees except increases or grants occurring in the ordinary course of business and in accordance with past practice;

(e) any sale or transfer by any member of the Schroff Group of any tangible or intangible asset, any mortgage or pledge or creation of any security interest, lien or encumbrance of or in any such asset, any lease of real property or equipment, or any cancellation of any debt or claim, all except in the ordinary course of business or as disclosed in or reflected on the Financial Statements;

(f) any other transaction not in the ordinary course of business; or

(g) any change in accounting methods or principles.

6.7 Inventory. Except as set forth on Exhibit 6.7, since December 31, 1992, the members of the Schroff Group have maintained their respective inventories of raw materials, work in process, finished goods, merchandise, supplies and packaging materials in a normal and customary manner consistent with the prior practice of the Business. Exhibit 6.7 sets forth a listing of each location at which Inventory of the Schroff Group is, or is customarily, maintained.

6.8 Tangible Personal Property. To the extent not covered by reserves therefor in the Group Balance Sheet, the machinery and equipment (including without limitation office equipment and the like), as defined in Section 266(2) A II 2 and 3 of the HGB, reflected in the Group Balance Sheet is in good operating condition and repair and there is no extraordinary wear and tear to such property, or any other deterioration, damage or defect, which would prohibit or materially impair the continued use of such property for the purposes for which they are presently employed by the Schroff Group, or which would require any material expenditure for repair or replacement for such use. Except as set forth on Exhibit 6.8, all such property has been maintained in accordance with maintenance procedures generally accepted in the industry. Exhibit 6.8 shall also disclose the existence of any liens, claims, charges, encumbrances and restrictions imposed upon or relating to all such property or to which such property is subject.

6.9 Real Property.

(a) Exhibit 6.9 hereto contains an accurate and complete list of all real property owned by any member of the Schroff Group and includes the name of the registered title holder thereof and a list of all indebtedness secured by a lien, mortgage, charge, encumbrance or restriction thereon. Excerpts from the entries in the Land Register, where applicable, are attached to Exhibit 6.9. To the extent not covered by reserves therefor in the Group Balance Sheet, the land and buildings as defined in Section 266(2) A II 1 of the HGB, reflected in the Group Balance Sheet are in good condition and repair and there is no material defect or extraordinary wear and tear to any such property, or any other deterioration, damage or defect, which would prohibit or materially impair the continued use of such property for the purposes for which they are presently employed by the Schroff Group, or which would require any material expenditure for repair or replacement for such use. Except as set forth on Exhibit 6.9, all of such property has been maintained in accordance with maintenance procedures generally accepted in the industry. Except as set forth on Exhibit 6.9, no portion of such real property is subject to any lease or leasehold interest contract or agreement for use thereof by third parties.

(b) Seller's present use of the Real Estate, and each Subsidiary's present use of their respective real property, and the improvements thereon, complies with all Applicable Laws and private restrictions which are

applicable to such real property and the improvements thereon. To the knowledge of Seller, there are no pending, proposed or threatened changes in any Applicable Law which would apply to such real property. There are no pending or, to the best of Seller's knowledge, threatened proceedings contesting the use by any member of the Schroff Group of such real property; nor has any notice been given to any such member of any use thereof which is nonconforming.

(c) There are no existing or, to the best of Seller's knowledge, pending special assessments ("Erschliessungsgebühren") affecting such real property and there are no current public improvements (water, sewer, sidewalk, street, alley, curbing, etc.) or condemnation actions affecting such real property or improvements thereon for which assessments may be levied after Closing other than as disclosed in the Exhibit 6.9. Seller has no knowledge of any planned improvements which may result in assessments or condemnation actions.

(d) All utilities, including without limitation telephone, sewer system, water, electricity, gas and any other utilities necessary for the operation of such real property and the Business, are available, connected and operational.

6.10 Leases. Exhibit 6.10 hereto contains an accurate and complete list of all leases to which any member of the Schroff Group is a party (as lessee or lessor) where the remaining rental, as of December 31, 1993, under the lease (to the earliest termination date) exceeds DM 100.000, copies of which leases have been delivered to Pentair Deutschland prior to Closing. Except as set forth on Exhibit 6.10: each such lease is in full force and effect; all rents due to date on each such lease have been paid or accrued; in each case the lessee has been in peaceable possession since the commencement of the original term of the lease and is not in default thereunder. Except as set forth in Exhibit 6.10, the property leased by the Schroff Group under such leases has been maintained in accordance with maintenance procedures generally accepted in the industry.

6.11 Intellectual Property.

(a) To the knowledge of Seller, after due and proper examination as of December 1, 1993, all Intellectual Property listed on the Exhibits provided for in Section 2.4 hereof is owned by Seller. The same applies to the licenses granted or acquired by Seller which were still in force at Closing. If contrary to expectations it should emerge that at Closing there exist further Intellectual Property or further licenses granted or acquired by Seller which were still in force at Closing, those rights and licenses shall also be treated as if they were listed in Exhibits relating to Section 2.4 and Seller shall undertake such further action to transfer such Intellectual Property in accordance with Section 2.4.8.

(b) The Relevant Intellectual Property is free of any liens or encumbrances. To the knowledge of Seller, no one is infringing upon any rights of the Schroff Group with respect to any Relevant Intellectual Property.

(c) Seller declares that as of December 1, 1993 according to the patent roll of the German Patent Office or the European Patent Office, no objections of third parties other than those listed in Exhibit 6.11 hereto have been made to such applications in Germany and to applications made under the European Patent Convention. Seller declares further that to the best of its knowledge, no such objections have been made up to the Closing Date.

(d) In addition, Seller declares that according to the best of its knowledge no actions for

annulment or cancellation are either pending or have been threatened against the Intellectual Property so listed and that to the extent according to the best of its knowledge actions for recovery have neither been made nor threatened.

(e) Seller is not aware that in its current business activities it is infringing on Intellectual Property rights of third parties or that it has been accused of doing so by a third party. Finally, Seller is aware of no circumstance, having made due and proper examination, which may entitle a licensor included in Exhibit 2.4.5 hereto to terminate such license.

(f) No shareholder, director, officer, or employee of any member of the Schroff Group owns, directly or indirectly, in whole or in part, any Intellectual Property rights which the Schroff Group uses, has used or the use of which is necessary for the conduct of the Business as presently conducted, except as listed or described in the Exhibits to Section 2.4. Rights to compensation belonging to former and current employees of Seller for inventions used by Seller in the conduct of its business ("Arbeitnehmererfindungen") will have been fully settled by Seller out of the purchase price without undue delay.

6.12 Material Contracts.

(a) Exhibit 6.12 sets forth a list of all of the following Contracts or arrangements by which any member of the Schroff Group is bound:

(i) any agreement which by its terms involves the future payment by or to the Schroff Group of DM 250.000 or more, as of the dates listed on such Exhibit;

(ii) any Contract limiting the freedom of the Schroff Group to engage in any line of business or to compete with any other person;

(iii) any Contract for the purchase of raw materials or supplies for, or the furnishing of services to, the Business, determined as of the date listed on such Exhibit,

(A) for which, to the knowledge of Seller, comparable goods or services are not readily available in the ordinary course of business, at prices at or similar to those which the Schroff Group has agreed to pay under such Contract, or

(B) the quantities of which are in excess of the normal operating requirements of the Business for the Schroff Group; or

(iv) any distributor, sales representative or agency agreements to which any member of the Schroff Group is a party, regardless of amounts involved.

(b) Except as set forth therein, each Contract listed on Exhibit 6.12 is in full force and effect and there exists no default nor to the knowledge of Seller, no event, occurrence, condition or act exists (including the sale of the Assets or the assignment of the Contracts in accordance herewith) which, with the giving of notice or the lapse of time, would become a default thereunder.

6.13 Employee Matters. Except as set forth in Exhibit 6.13, there has been no complaint filed with any Governmental Authority or other body alleging unfair labor practices, human rights violations, employment discrimination charges, or the like, and there are no existing facts known to the Seller which would lead to any such charge. Exhibit 6.13 lists all collective bargaining agreements or agreements with a works council or similar body. For the past three years, there has not occurred any work stoppages, walkouts or strikes. No notice has been received of any pending claim asserting any failure to comply with any Applicable Law relating to employment of labor,

wages, hours, collective bargaining, withholding taxes on employee compensation, or employee health and benefits. The representations contained in this Section 6.13 shall be made only with respect to Seller, Schroff S. A., Schroff UK Ltd., Schroff Inc. and Schroff K. K.

6.14 Litigation. Except as set forth on Exhibit 6.14 hereto, there are no legal actions, suits, arbitrations or other legal, administrative or other governmental proceedings or investigations pending or, known to the Seller, threatened against the Schroff Group, arising out of the Business. Routine litigation relating to the collection of receivables shall only be listed if the aggregate amount involved is in excess of DM 5 million. No member of the Schroff Group is subject to a judgment, order or decree entered in a lawsuit or proceeding which might have a material adverse effect on the Business or render it unable in any material respect to acquire any property or conduct business (in the manner presently conducted) in any jurisdiction.

6.15 Compliance with Laws. Except as set forth on Exhibit 6.15 and except for environmental and similar laws addressed in Section 6.17, the Schroff Group is in compliance in all material respects with all Applicable Laws.

6.16 Permits, Certifications and Licenses. Exhibit 6.16 lists all of the Operating Permits of the Seller. Each such permit, certification and license is in full force and effect. The Schroff Group is without notice of any threatened or pending action which would result in any revocation of any Operating Permits which would materially and adversely affect the operation of the Business as presently conducted.

6.17 Environmental Laws. Except as set forth on Exhibit 6.17, the Schroff Group is in compliance in all material respects with all Applicable Laws with respect to the environment. Seller is not aware of any pending or threatened environmental investigation or proceeding with respect to the operation of the Business. Except as set forth on Exhibit 6.17, there is and has been no current or past usage or practice of the Business with respect to any Hazardous Substances which may support a claim or cause of action against the Schroff Group under Applicable Law.

6.18 Insurance. Exhibit 6.18 hereto contains an accurate and complete list of insurance policies which the Schroff Group maintains with respect to the Business or their properties or employees. Except as set forth on Exhibit 6.18, all such policies are in full force and effect and shall survive the Closing. Since December 31, 1992 there has not been any material adverse change in the Schroff Group's relationship with its insurers or on their premiums payable pursuant to such policies.

6.19 Employee Benefits.

(a) Exhibit 6.19 contains a complete listing of the benefits to employees granted by the Schroff Group beyond what is provided for by Applicable Law or collective bargaining agreements previously supplied to Buyers. Except as set forth in Exhibit 6.19, the costs of such Employee Benefits which are paid currently by the Schroff Group are reflected as expenses in the statements of income contained in the Financial Statements of the members of the Schroff Group. Except as set forth in Exhibit 6.19, the costs of such Employee Benefits which are, in whole or in part, not paid currently are reserved for in the balance sheets contained in the Financial Statements of the members of the Schroff Group.

(b) Except as described in Exhibit 6.19 no member of the Schroff Group has, since December 31, 1992, instituted or increased the benefit levels of any

benefit programs or specific benefits or changed the material terms thereof or conditions for participation therein or vesting thereof beyond the ordinary course of business or contrary to prior practice.

(c) Except as set forth on Exhibit 6.19,

(i) each member of the Schroff Group has performed all material obligations required to be performed by it under the Employee Benefits;

(ii) no member of the Schroff Group is in material default under or in material violation of, or has any knowledge of any default or violation by any other party to any of the Employee Benefits;

(iii) there are no requests for documents, investigations, proceedings or claims pending, or to Seller's knowledge, threatened (other than routine claims for benefits) or which could reasonably be expected to be asserted, with respect to any Employee Benefit, against any member of the Schroff Group, any of the assets of any such member or against the assets of any funded Employee Benefit;

(iv) Schroff Inc. does not maintain or contribute to, nor at any time in the past has it maintained or contributed to, any Employee Benefit subject to Section 302 of Title IV of the U. S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 412 of the U. S. Internal Revenue Code of 1986, as amended; and

(v) Schroff Inc. is not and has not been obligated to contribute to any "multiemployer plan" as defined in Section 4001 (a) (3) of ERISA.

6.20 Accounts Receivable. Handling of accounts receivable with customers has been undertaken in a normal and customary manner consistent with the prior practice of the Business.

6.21 Books and Records.

(a) The respective minute books of the Subsidiaries, as previously made available to Buyers, contain full and complete minutes of all annual, special and other shareholders' meetings (or written consents in lieu thereof) of each of them; the signature on such minutes and written consents are the true signatures of the persons purporting to have signed them.

(b) The Seller has maintained its records in strict compliance with Applicable Law. The Schroff Group does not have any of its respective records, systems, controls, data or information recorded, stored, maintained, operated or otherwise dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the direct control of the Schroff Group.

6.22 Transactions with Related Parties. Except as set forth on Exhibit 6.22 hereto, the Schroff Group is not a party to any transaction or proposed transaction, including, without limitation, the leasing of the property, the purchase or sale of raw materials or finished goods, or the furnishing of services, with Krupp or any person who is related to or affiliated with Krupp involving payments or accruals of more than DM 100.000 in fiscal years 1992 or 1993.

6.23 Bank Accounts. Exhibit 6.23 hereto sets forth a true and complete list of all banks in which any member of the Schroff Group has an account, safe deposit box or line of credit and the names and titles of all persons authorized to draw thereon or to have

access thereto.

6.24 No Undisclosed Liabilities. Neither the Schroff Group nor any of its properties is subject to any known liability or obligation (absolute, accrued, contingent or otherwise), including without limitation any Contract, except:

(i) as disclosed in the Exhibits hereto or reflected in the Group Balance Sheet or in the notes to Seller's Balance Sheet; and

(ii) liabilities or obligations arising or incurred in the ordinary course of operation of the Business since December 31, 1993 and then only as consistent with the past practice of the Schroff Group.

6.25 Product Warranty. Warranty claims have been handled in a normal and customary manner consistent with the prior practice of the Business.

6.26 Major Customers and Suppliers.

a) Exhibit 6.26 contains a list of the twenty (20) largest customers of the Schroff Group, showing the total DM amount of net sales to each such customer during the period from January 1 through October 31, 1993. Seller has no reason to believe that any of the customers listed on Exhibit 6.26 will not continue to be a customer of the Schroff Group after the Closing at substantially the same level of purchases as heretofore.

b) Exhibit 6.26 contains a list of the ten (10) largest suppliers to the Schroff Group, showing the total DM amount of purchases from each such supplier during the period from January 1 through October 31, 1993. Seller has no reason to believe that any of the suppliers listed on Exhibit 6.26 will not continue to be a supplier to the Schroff Group after the Closing and will not continue to supply substantially the same quantity and quality of goods at competitive prices.

6.27 Prospective Changes. Except as described in Exhibit 6.27 hereto, there are no impending changes in the Business or in the relationships of the Schroff Group with its customers or suppliers, or in any governmental actions or relations affecting the Business, which if one or more should occur, could have a material adverse effect on the Business.

6.28 All Assets. The Assets constitute all of the assets necessary to conduct the Business as it has been conducted by Seller since its acquisition of the assets of the former Schroff GmbH.

6.29 Material Omissions. No representation or warranty by Seller in this Agreement nor any statement, certificate or exhibit furnished to or to be furnished by Seller pursuant to this Agreement or any document or certificate delivered to Buyers pursuant to the Agreement or in connection with the transactions contemplated herein contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained therein not misleading.

7. Buyers' Representations. Buyers represent and warrant to the Seller as follows and acknowledge that the same shall be true as of the date hereof and of the Closing Date and shall survive the Closing of this transaction in accordance with Section 24 of this Agreement:

7.1 Organization of Pentair Deutschland. Pentair Deutschland is a limited liability company in formation (notarial deed of December 15, 1993 no. 190 of the notary Dieter Heitbaum, attached hereto as Exhibit 7.1) organized and validly existing under the laws of the Federal Republic of Germany and has full power and

authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns. Pentair Deutschland has filed for registration with the competent Commercial Register in Pforzheim. Exhibit 7.1 hereto contains a complete and correct copy of its Articles of Association as presently in effect and the application to the Commercial Register for registration of Pentair Deutschland, or in the case that Pentair Deutschland has been entered in the Commercial Register, a copy of the certified extract of the entry of Pentair Deutschland therein, as the case may be.

7.2 Organization of EuroPentair. EuroPentair is a limited liability company in formation (notarial deed of December 14, 1993, no. 189 of the notary Dieter Heitbaum, attached hereto as Exhibit 7.2) organized and validly existing under the laws of the Federal Republic of Germany and has full power and authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns. EuroPentair has filed for registration with the competent Commercial Register in Pforzheim. Exhibit 7.2 hereto contains a complete and correct copy of its Articles of Association as presently in effect and the application to the Commercial Register for registration of EuroPentair, or in the case that EuroPentair has been entered in the Commercial Register, a copy of the certified extract of the entry of EuroPentair therein, as the case may be.

7.3 Organization of F C Holdings. F C Holdings is duly and validly organized and existing under the laws of the State of Delaware and has full power and authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns. Exhibit 7.3 hereto contains a complete and correct copy of F C Holdings' Certificate of Incorporation and By-Laws as presently in effect.

7.4 Valid and Enforceable Agreement. This Agreement constitutes a valid and binding agreement of each of the Buyers enforceable in accordance with its terms, except insofar as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally under any Applicable Law. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby violates or conflicts with, results in a breach of, or constitutes a default under (i) any law, regulation, judgment or order, decree award or ruling to which the Buyers are subject, (ii) the Articles of Association or Certificate of Incorporation, as the case may be, of Buyers or (iii) subject to obtaining necessary consents, under material guaranties, contracts, agreements or leases or other restrictions of any kind or character, to which Buyers are parties, by which Buyers are bound or to which any of their property is subject.

8. Actions Following Execution. The parties hereto agree that from the date hereof to the Closing Date or, if no Closing shall take place, to the date of termination of this Agreement:

8.1 Operations. Without the consent of the Buyers' representatives:

(i) Seller will conduct, and shall cause its Subsidiaries to conduct, the Business in the ordinary course and in accordance with the Schroff Group's operational and capital plans as revised from time to time.

(ii) Seller will not enter into any transaction or perform any act which could constitute a breach of the representations, warranties or covenants contained herein, or which would be outside the ordinary course of business or inconsistent with prior practice of the

Business.

(iii) Seller will pay, and shall cause the Subsidiaries to pay, creditors of the Business consistent with its and their prior practice and course of dealing with such creditors.

(iv) The Schroff Group shall not grant any bonus or increase in pay to employees other than bonuses or increases consistent with the past practice of the Business.

(v) Seller shall use its best efforts to preserve the business organization of the Schroff Group intact and to keep available to Pentair Deutschland the services of Seller's present employees.

The Buyers and their designated representatives will promptly respond to all notifications by Seller hereunder and shall not unreasonably withhold their consent under this Section 8, so long as such actions do not adversely affect the conduct of the Business as presently carried on by the Schroff Group, its profitability, operations, financing or the value of the Assets.

8.2 Additional Restrictions Following Economic Transfer Date. Following the Economic Transfer Date, Seller shall not, except as otherwise contemplated in this Agreement:

- (i) pay any dividend in cash or make any distribution in cash with respect to its shares,
- (ii) redeem any shares,
- (iii) other than in the ordinary course of business, make any loans, borrow any funds (except pursuant to Section 8.8 below) or guarantee any obligation of any party,
- (iv) pay any management fee or corporate office charge to any affiliated person, or
- (v) materially revise its capital and operational plans,

without the consent of the Buyer's designated representatives.

8.3 Maintenance of Assets. Seller shall maintain the Assets in good operating condition. Seller shall not remove, retire or sell any of the Assets, without the consent of Pentair Deutschland's designated representatives, outside the ordinary course of business or inconsistent with prior practice of the Business.

8.4 Access to Records and Facilities. The Schroff Group will make available to Buyers and their designated representatives, all of the books and records relating to the Business and the Assets. Buyers, their designated representatives and employees, shall be given full access during regular business hours to the Schroff Group's physical plants upon 2 days notice in writing to the designated representatives of the Schroff Group at such locations, and the Schroff Group and its employees shall cooperate fully with Buyers in their examination and inspection of the same.

8.5 Requirements with Respect to Subsidiaries. Buyers and Seller agree that promptly following execution of this Agreement, they shall actively cooperate in making all requests, filings and applications for all consents, approvals or other actions necessary to permit on the Closing Date the transfer to EuroPentair and F C Holdings of all shares of stock in the Subsidiaries.

8.6 Requirements with Respect to Other Assets. Pentair Deutschland and Seller agree that promptly following clearance by the German Cartel Office of the transactions contemplated herein, they shall actively cooperate in making all requests, filings and

applications for transfer or assignment of, or consents to the transfer or assignment of, all Contracts, Operating Permits, Vehicles and other Assets which may not be transferred or assigned without the consent, approval or other action of third parties.

8.7 Krupp Cash Clearing System. On the Economic Transfer Date, the Schroff Group shall be separated from participation in the Krupp cash clearing system.

8.8 Interim Financing. From the Economic Transfer Date to the Closing Date, Krupp shall secure for the Schroff Group financing for working capital, either directly or through one or more banking institutions, on a short-term basis on customary banking terms at prevailing market interest rates for such financing (or at a rate of 6.8% per annum, if such financing is provided directly by Krupp). At Closing, Buyers shall assume any such third-party financing, and shall secure the discharge of Krupp from any continuing obligations with respect to such financing. Buyers and Seller shall settle all amounts owing with respect to interim financing provided by Krupp or its affiliates on the later of the Closing Date or the date ten (10) business days following the rendering to the other of an accounting for such amount.

8.9 Subsidiary Dividends. Prior to the Economic Transfer Date, Seller may cause Schroff S. A. to pay to Seller a dividend not greater than the equivalent of DM 12.000.000 and may further cause Schroff UK Ltd. to pay to Seller a dividend not greater than the equivalent of DM 5.000.000, to the extent that such dividends are legally available under Applicable Law.

9. Covenants of Seller. In connection with the transactions contemplated in this Agreement, Seller agrees to perform the following actions or to enter into the following agreements:

9.1 Further Documents and Assurances. At any time and from time to time after the Closing Date, Seller shall, upon request of Buyers, execute, acknowledge and deliver all such further and other assurances and documents, and will take such action consistent with the terms of this Agreement, as may be reasonably requested to carry out the transactions contemplated herein and to permit Buyers to enjoy their rights and benefits hereunder. If requested by Buyers, Seller further agrees to prosecute or otherwise enforce in its own name for the benefit of Pentair Deutschland, any claim, right or benefit transferred by this Agreement that may require prosecution or enforcement in Seller's name.

9.2 No Impairment of Transaction. Seller shall take no action which would impair or prevent the consummation of the transactions contemplated by this Agreement.

10. Covenants of Buyers. In connection with the transactions contemplated in this Agreement, Buyers agree to perform the following actions or to enter into the following agreements:

10.1 Further Documents and Assurances. At any time and from time to time after the Closing Date, Buyers shall, upon request of Seller, execute, acknowledge and deliver all such further and other assurances and documents, and will take such action consistent with the terms of this Agreement, as may be reasonably requested to carry out the transactions contemplated herein and to permit Seller to enjoy its rights and benefits hereunder.

10.2 No Impairment of Transaction. Buyers shall take no action which would impair or prevent the consummation of the transactions contemplated by this Agreement. In addition, EuroPentair agrees that it shall not transfer, pledge or otherwise dispose of any of the shares of stock of Pentair Deutschland prior to

the Closing.

10.3 Operating Permits. Pentair Deutschland shall promptly undertake to apply for and to take all other actions to obtain at or prior to Closing all Operating Permits required to operate the Straubenhardt Facility in a normal and customary manner consistent with Seller's prior practice.

10.4 Maintenance of Records and Access. Buyers agree to maintain their books and records, including without limitation relevant tax documents relating to periods prior to the Economic Transfer Date, for the statutorily mandated period and to provide access thereto and to provide reasonable support to Seller and Krupp upon reasonable prior notice to the extent they might need access thereto for all normal and customary purposes.

11. Conditions Precedent to Obligation of Buyers. The obligations of Buyers hereunder are subject to fulfillment prior to or at Closing of each of the following conditions:

11.1 Representations and Covenants. The representations of Seller herein shall be true and correct in all respects and Seller shall have performed all of the obligations to be performed by it prior to Closing in the time and manner herein stated.

11.2 Certified Copy of Resolutions. Seller shall deliver to Buyers a certified copy of the resolutions adopted by Krupp's Supervisory Board authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated herein.

11.3 Injunctions. No injunctions shall have been issued restricting or prohibiting the transactions contemplated by this Agreement.

11.4 Opinion of Counsel. Seller shall have delivered to Buyers the opinion of its counsel, dated the Closing Date, in form and substance satisfactory to Buyers and their counsel to the effect that:

(a) Seller is a limited liability company organized, validly existing and in good standing under the laws of the Federal Republic of Germany and has full power and authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns. To the extent Seller does business outside its jurisdiction of incorporation, it is qualified or licensed to do business in such jurisdiction;

(b) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby violates or conflicts with, results in a breach of, or constitutes a default under (i) any law, regulation, judgment or order, decree, award or ruling to which Seller or the Assets are subject, (ii) the Articles of Association of Seller or (iii) subject to obtaining necessary consents, under material guaranties, contracts, agreements or leases or other restrictions of any kind or character known to counsel, to which Seller is a party, by which Seller is bound or to which any of its property is subject;

(c) all requisite corporate action has been taken by Seller for the due authorization, execution and delivery and performance of this Agreement by Seller and this Agreement constitutes a legal and binding obligation of Seller, enforceable in accordance with its terms, except insofar as enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally under any Applicable Law; provided further, however, no opinion is given that any particular provision will be enforced by specific performance;

(d) to counsel's knowledge, without investigation, Seller is not in default under any material contract to be assumed by Pentair Deutschland hereunder and there are no legal, administrative, or other governmental proceedings pending or threatened which materially and adversely affect the Business or the Assets except as disclosed in the Exhibits;

(e) each Subsidiary is a corporation organized, validly existing and in good standing under the laws of jurisdiction of its incorporation as set forth in Exhibit 6.5 and has full power and authority (corporate and other) to carry on the business in which it is engaged as it is now being conducted and to own the properties and assets it now owns. To the extent any Subsidiary does business outside its jurisdiction of incorporation, it is qualified or licensed to do business in such jurisdiction.

11.5 Environmental Assessments. Buyers shall have caused to be undertaken by independent consultants on its behalf and shall have received an environmental assessment of the locations of all manufacturing or warehousing sites of the Schroff Group, with findings thereof acceptable to the Buyers and, if appropriate based on such assessments, any further environmental studies, reports or other information necessary to permit Buyers to adequately investigate any existing environmental issues. If any action is recommended to be undertaken by any such assessment with respect to any potential problem not described in Exhibit 6.17, appropriate actions shall have been undertaken, or provision therefor satisfactory to Buyers, at Seller's cost, shall have been implemented; provided, however, that Seller shall not be obligated to Buyers hereunder to perform any such action; rather the failure or refusal by Seller to undertake any such implementation shall entitle Buyers to refuse to close the transactions contemplated herein.

11.6 Real Estate. A preliminary registration ("Auflassungsvormerkung") of the Real Estate shall have been received in accordance with Exhibit 5.2.

11.7 Transfer of Assets. Buyer shall have received all Operating Permits necessary for it to operate the Straubenhardt Facility.

11.8 Certain Approvals. All governmental and other consents and approvals, if any, necessary to permit the consummation of the transactions contemplated under the Agreement shall have been received; provided, however, Seller agrees to use its best efforts to obtain such consents and approvals prior to Closing. The waiting period required by the German Cartel Office or, in the United States, pursuant to Section 7A of the Clayton Act and the rules and regulations promulgated thereunder, or any other relevant antitrust authority, if applicable, shall have expired or been terminated.

11.9 Guaranty. At the Closing, Krupp shall have provided to Buyers its Guaranty in the form attached as Exhibit 11.9 hereto, promising to pay or to cause the Seller to pay to Buyers all indemnification amounts which may be owing to Buyers on the Closing Date or arising thereafter.

11.10 Approval by Board of Directors. The Board of Directors of Pentair shall have approved Buyers' execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

12. Conditions Precedent to Obligations of Seller. The obligations of Seller are subject to fulfillment prior to or at Closing of each of the following conditions:

12.1 Representations and Covenants. The representations of Buyers herein shall be true and correct in all respects and Buyers shall have performed

all of the obligations to be performed by Buyers prior to Closing in the time and manner herein stated.

12.2 Certified Copy of Resolutions. Buyers shall have delivered to Seller a certified copy of resolutions adopted by Buyers' shareholders or Board of Directors and the Board of Directors of Pentair authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

12.3 Injunctions. No injunctions shall have been issued restricting or prohibiting the transactions contemplated by this Agreement.

12.4 Opinion of Counsel. Buyers shall have delivered to Seller the opinion of their counsel, dated the Closing Date, in form and substance satisfactory to Seller and its counsel to the effect that:

(a) Pentair Deutschland is, as the case may be, either (i) a limited liability company in formation (notarial deed of December 15, 1993 no. 190 of the notary Dieter Heitbaum,) which has been filed for registration with the competent Commercial Register in Pforzheim, Germany and is organized and validly existing under the laws of the Federal Republic of Germany or (ii) has been entered in the competent Commercial Register Pforzheim, Germany and is a limited liability company duly organized, validly existing and in good standing under the laws of the Federal Republic of Germany and has full power and authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns;

(b) EuroPentair is, as the case may be, either (i) a limited liability company in formation (notarial deed of December 14, 1993, no. 189 of the notary Dieter Heitbaum,) which has been filed for registration with the competent Commercial Register in Pforzheim, Germany and is organized and validly existing under the laws of the Federal Republic of Germany or (ii) has been entered in the competent Commercial Register Pforzheim, Germany and is a limited liability company duly organized, validly existing and in good standing under the laws of the Federal Republic of Germany and has full power and authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns;

(c) F C Holdings is duly and validly organized and existing under the laws of the State of Delaware and has full power and authority (corporate and other) to carry on its business as it is now being conducted and to own the properties and assets it now owns. F C Holdings is in good standing in the states of Delaware and Minnesota, as evidenced by Certificates of Good Standing issued thereby as of dates not earlier than ten days prior to the Closing Date;

(d) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby violates or conflicts with, results in a breach of, or constitutes a default under (i) any law, regulation, judgment or order, decree award or ruling to which the Buyers are subject, (ii) the Articles of Association or Certificate of Incorporation, as the case may be, of Buyers or (iii) subject to obtaining necessary consents, under material guaranties, contracts, agreements or leases or other restrictions of any kind or character known to counsel, to which Buyers are parties, by which Buyers are bound or to which any of their property is subject;

(e) all requisite corporate action has been taken by Buyers for the due authorization, execution and delivery and performance of this Agreement by Buyers and this Agreement constitutes legal and binding obligations of Buyers, enforceable in accordance with its terms, except insofar as enforceability may be

limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally under Applicable Law; provided further, however, no opinion is given that any particular provision will be enforced by specific performance;

(f) to counsel's knowledge, without investigation, there are no legal, administrative, or other governmental proceedings pending or threatened which materially and adversely affect the business or assets of any of the Buyers.

12.5 Certain Approvals. All governmental and other consents and approvals, if any, necessary to permit the consummation of the transactions contemplated under the Agreement shall have been received; provided, however, Buyers agree to use its best efforts to obtain such consents and approvals prior to Closing. The waiting period required by the German Cartel Office or, in the United States, pursuant to Section 7A of the Clayton Act and the rules and regulations promulgated thereunder, or any other relevant antitrust authority, if applicable, shall have expired or been terminated.

12.6 Guaranty. At the Closing, Pentair shall have provided to Seller its Guaranty in the form attached as Exhibit 12.6 hereto, promising to pay or to cause the Buyers to pay to Seller all indemnification amounts which may be owing to Seller on the Closing Date or arising thereafter.

12.7 Approval by Supervisory Board. The Supervisory Board of Krupp shall have approved Seller's execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

13. Allocation of Purchase Price. The purchase price applicable to the purchase of the Assets shall be allocated among the Assets as reflected on Exhibit 13.

14. Broker. Seller represents and warrants to Buyers that it has dealt with no broker in connection with the sale of the Business. Seller will defend, indemnify and hold Buyers harmless from and against any claim for commissions and all liability, costs and expenses in connection therewith, by reason of the assertion of any agreement, understanding or other arrangement with Seller with respect to the transactions contemplated herein.

Buyers represent and warrant to Seller that they have dealt with no broker in connection with the purchase of the Business. Buyers will defend, indemnify and hold Seller harmless from and against any claim for commission, and all liability, costs and expenses in connection therewith, by reason of the assertion of any agreement, understanding or other arrangement with Buyers with respect to the transactions contemplated herein.

15. Expenses and Taxes.

15.1 Seller's Expenses. Seller shall pay, out of the purchase price payable to it under this Agreement (if paid subsequent to December 31, 1993), all expenses incurred by, and all taxes imposed upon, it or any other member of the Schroff Group relating to the transactions contemplated by this Agreement, including without limitation, the fees and expenses of their respective legal, accounting and financial advisors.

15.2 Buyers' Expenses. Buyers shall pay all expenses incurred by, and all taxes imposed upon, each of them relating to the transactions contemplated by this Agreement, including without limitation, the fees and expenses of their respective legal, accounting and financial advisors. Pentair Deutschland agrees to pay the real estate transfer tax relating to the transfer

of title to the Real Estate. Buyers agree to pay the notarial fees for the notarization of this Agreement.

15.3 Indemnity for Subsidiary Taxes. All taxes, all liability for taxes and all tax claims, whether income taxes, trade taxes, value added taxes, sales and use taxes, property taxes, real estate taxes, employment-related taxes and charges and withholding taxes on employee compensation, including without limitation interest, penalties, surcharges and the like (collectively, "Taxes") for, or payable with respect to, any period ending on or before December 31, 1993 (the "Indemnity Period"), for each of the Subsidiaries, shall be the responsibility of, and shall be borne solely by, Seller. The Subsidiaries have established appropriate reserves for such tax liabilities.

15.3.1 The liability for all Taxes of the Subsidiaries for the Indemnity Period by law remains with each Subsidiary, who shall also retain the associated reserves and no special calculation shall be made at Closing with respect to reserves for Taxes of Subsidiaries for the purpose of determining the value of the Net Equity under the provisions of Section 3.2 hereof.

15.3.2 The term "Assessment Period" shall mean, as to each separate Tax for each separate Subsidiary, the period from the Closing Date to the date which is the later of (i) the expiration of the time for assessment by the competent Governmental Authority or (ii) the date on which all tax audits, if any, for the Indemnity Period, or any portion thereof, shall have become final and subject to no further appeal and the relevant Tax liability with respect thereto shall have become fixed.

15.3.3 To the extent that the associated tax reserves reflected on the December 31, 1993 financial statements of each separate Subsidiary are greater than actual Taxes payable with respect thereto, as determined in accordance with this Section 15.3, the amount of such excess reserves, as an addition to Net Equity of the Seller, will be promptly paid, with interest thereon from the Economic Transfer Date to the date of payment compounded annually at the rate of 6.8% per annum, by Pentair Deutschland to Seller, once the Assessment Period, as defined above in Section 15.3.2, has ended.

15.3.4 To the extent that the associated tax reserves reflected on the December 31, 1993 financial statements of each Subsidiary are less than actual Taxes payable with respect thereto, as determined in accordance with this Section 15.3, the amount of such shortfall or reserves for Taxes, as an reduction in the purchase price of the Seller, will be promptly paid, with interest thereon from the Economic Transfer Date to the date of payment compounded annually at the rate of 6.8% per annum, to Pentair Deutschland by Seller, once the Assessment Period has ended.

15.3.5 If any filing or return for Taxes for any portion of the Indemnity Period has not been made on or before the Closing Date, the respective Subsidiaries shall timely make such filing or return in accordance with the past practice of the Schroff Group.

15.3.6 EuroPentair and F C Holdings agree that they shall provide to Seller copies of all returns for Taxes filed with the respective Governmental Authorities and prompt notice of all communications regarding Tax audits, assessments or inquiries to and from such Governmental Authorities.

15.3.7 Seller or Krupp may, in accordance with Section 18.3 hereof, assume the direction and control of some or all audits, assessments or inquiries with regard to Taxes imposed or sought to be imposed upon any Subsidiary for any portion of the Indemnity Period. Should Seller or Krupp assume direction and control of any such audit, assessment or inquiry, EuroPentair and

F C Holdings agree that they shall cause the appropriate Subsidiary to support Seller or Krupp in the prosecution of such audits, assessments or inquiries to the extent reasonably necessary and mutually agreed. Seller and Krupp hereby agree that all out-of-pocket expenses of each Subsidiary incurred in the conduct of such support shall be promptly reimbursed.

15.3.8 The provisions of Section 18 relating to indemnification generally shall apply to all audits, assessments or inquiries regarding Taxes, to the extent not inconsistent with the express provisions of this Section 15.3.

16. Reduction in Purchase Price.

16.1 Claim for Reduction. Notwithstanding

(i) the right of the Buyers to refuse to close the purchase of the Assets in the event of any misrepresentation as provided by Section 11.1 of this Agreement,

(ii) that such misrepresentation was made either knowingly, recklessly, negligently or innocently, and

(iii) that Buyers could have known of such misrepresentation as a result of Buyers' investigation of the Schroff Group in connection with the transactions contemplated herein,

in the event of any misrepresentation contained in Sections 6.3, 6.4, 6.5, 6.7, 6.8, 6.9, 6.10, 6.16, 6.20 and 6.25 of this Agreement, Buyers shall be entitled to a reduction of the purchase price for the Assets in an amount equal to the difference between (A) the purchase price of the Business, as calculated pursuant to Section 3.2 hereof and (B) what the purchase price of the Business would have been, if the Group Balance Sheet had accurately reflected the economic value of the misrepresented item, subject to any limitation of liability contained in this Agreement.

16.2 Notice of Claim. Promptly upon discovery of any misrepresentation contained in any of the Sections of this Agreement listed in Section 16.1 above, Buyers shall give Seller written notice of such claim, subject to the provisions of Section 24 hereof, along with the proposed adjustment of the purchase price and a full statement of the reasons therefor. Within 30 days following dispatch of such claim, Seller shall either pay the amount of the claim to Buyers (subject, however, to the limitation on payment of claims provided for in Section 19 hereof) or advise Buyers of Seller's intent to dispute such claim, along with a full statement of the reasons therefor.

17. Damages for Breach of Agreement.

17.1 Claim for Damages. Notwithstanding

(i) the right of the Buyers to refuse to close the purchase of the Assets in the event of any misrepresentation as provided by Section 11.1 of this Agreement,

(ii) that such misrepresentation was made either knowingly, recklessly, negligently or innocently, and

(iii) that Buyers could have known of such misrepresentation as a result of Buyers' investigation of the Schroff Group in connection with the transactions contemplated herein,

in the event of any misrepresentation contained in Sections 6.6, 6.11, 6.12, 6.14, 6.15, 6.17, 6.22, 6.24, 6.27 and 6.28 of this Agreement, Buyer shall be entitled to recover any and all liabilities, losses,

damages, claims, costs and expenses, including all legal fees, incurred by Buyers, by reason of, arising out of or relating in any way to such misrepresentation, subject to any limitation of liability contained in this Agreement.

17.2 Notice of Claim. Promptly upon discovery of any misrepresentation contained in any of the Sections of this Agreement listed in Section 17.1 above, Buyers shall give Seller written notice of such claim, along with the proposed calculation of damages and a full statement of the reasons therefor. Within 30 days following dispatch of such claim, subject to the provisions of Section 24 hereof, Seller shall either pay the amount of the claim to Buyers (subject, however, to the limitation on payment of claims provided for in Section 19 hereof) or advise Buyers of Seller's intent to dispute such claim, along with a full statement of the reasons therefor.

18. Indemnification of Parties.

18.1 Indemnification by Seller. Without limiting any other substantive remedy Buyers may expressly have hereunder, including without limitation those provided in Sections 16 and 17 hereof, Seller hereby agrees to indemnify, defend and hold Buyers harmless from and against and in respect of any and all liabilities, losses, damages, claims, costs and expenses, including reasonable attorneys fees, from the assertion against Buyers of any liabilities of Seller not assumed by Buyers hereunder or any claim or demand for payment therefor.

18.2 Indemnification by Buyers. Without limiting any other substantive remedy Seller may expressly have hereunder, including without limitation those provided in Sections 16 and 17 hereof, Buyers hereby agree to indemnify, defend, and hold Seller harmless from and against in respect of all and any liabilities, losses, damages, claims, costs and expenses, including reasonable attorneys fees, from the failure of Buyers to pay, discharge, or perform any liability assumed by Buyers hereunder.

18.3 Procedure for Claiming Indemnification.

(a) The party seeking indemnification (the "Indemnatee") shall give the party from whom indemnification is sought (the "Indemnitor") notice of any claim or the commencement of action or proceeding promptly after the Indemnatee receives notice thereof; provided, however, that the failure of the Indemnatee to give notice shall not relieve the Indemnitor of its obligations hereunder, except to the extent the Indemnitor is actually prejudiced or harmed by such failure to give notice. The Indemnitor shall be permitted to participate in or to assume the defense of any such claim or litigation resulting from such claim, with counsel reasonably satisfactory to the Indemnatee. Indemnitor must provide Indemnatee written notice of such assumption of defense within thirty (30) days of receipt of Indemnitor of notice of the proceeding.

(b) If the Indemnitor assumes the defense of any such claim or litigation resulting therefrom, the Indemnitor shall take all steps necessary in the defense or settlement of such claim or litigation resulting therefrom and hold the Indemnatee harmless from and against any and all losses, damages and liabilities caused by or arising out of any settlement approved by the Indemnitor or any judgment in connection with such claim of litigation resulting therefrom. The Indemnatee may participate, at its expense, in the defense of any such claim or litigation, provided that the Indemnitor shall direct and control the defense of such claim or litigation. Except with the written consent of the Indemnatee, the Indemnitor shall not, in the defense of such claim or any litigation resulting therefrom, consent to entry of

any judgment or enter into any settlement which does not include as an unconditional term thereof, the giving by the claimant or the plaintiff to the Indemnitee of a release from a liability with respect to the claim or litigation.

(c) If the Indemnitor shall not assume the defense of any such claim or litigation resulting therefrom, the Indemnitee may defend against such claim or litigation in such manner as it may deem appropriate and, unless the Indemnitor shall deposit with the Indemnitee a sum equivalent to the total amount demanded in such claim or litigation, or shall deliver to Indemnitee a surety bond in form and substance reasonably satisfactory to Indemnitee, Indemnitee may settle such claim or litigation on such terms as it may reasonably deem appropriate, and the Indemnitor shall promptly reimburse Indemnitee for the amount of all expenses, legal or otherwise, reasonably incurred by the Indemnitee in connection with the defense against or settlement of such claims or litigation. If no settlement of such claim or litigation is made, the Indemnitor shall promptly reimburse the Indemnitee for the amount of any final judgment rendered with respect to such claim or in such litigation and for all reasonable expenses, legal or otherwise, incurred by the Indemnitee in the defense against such claim or litigation, but only to the extent that such amounts are actually paid.

19. Limitation on Monetary Remedy of Buyer. The first DM 1.000.000 (the "basket amount") of (i) reduction in the purchase price pursuant to Section 16 hereof, and (ii) damages payable to Buyers pursuant to Section 17 hereof, in the aggregate, shall be borne by Buyers and shall not be refundable or payable by Seller; provided, however, that if all amounts of monetary relief in favour of Buyers pursuant to Sections 16 and 17 exceed the basket amount, then all such sums in excess of the basket amount shall be paid by Seller to Buyers.

20. Seller's Confidential Information. Buyers acknowledge that pursuant to their right to inspect Seller's records and facilities, Buyers may become privy to Confidential Information. Buyers agree that in the event the transaction contemplated by this Agreement is not completed, all Confidential Information disclosed to Buyers shall remain confidential, shall not be used for the benefit of Buyers or disclosed to outside sources and all recorded evidence thereof shall be delivered to Seller together with certificate to the effect that no copies thereof remain in possession of Buyers, or Buyers' agents, affiliates, counsel or auditors. All parties hereto agree that they shall be bound by the terms of the Confidentiality Agreement between Pentair and Krupp dated October 10, 1993 as if they were signatories thereto.

21. Termination of Agreement. This Agreement may be terminated upon ten (10) business days prior written notice at any time prior to Closing without liability of either party to the other:

- (i) by mutual consent of the Seller and Buyers;
- (ii) by Buyers, if Closing has not occurred on or before June 30, 1994 as a result of the nonfulfillment of any of the conditions to Buyers' obligation to perform contained in Section 11 of this Agreement;
- (iii) by Seller, if Closing has not occurred on or before June 30, 1994 as a result of the nonfulfillment of any of the conditions to Seller's obligation to perform contained in Section 12 of this Agreement.

This Agreement may also be terminated by any party upon ten (10) business days prior written notice if a non-terminating party has breached any covenant to be

performed by it pursuant to Section 3, 4, 8, 9 or 10 hereof. In such event, the terminating party shall have the right to receive, as damages for such breach, reimbursement of all expenses incurred by it in connection with the transactions contemplated in this Agreement. Neither party shall be liable for, and no party may recover, consequential damages as a result of the termination of this Agreement. Termination of this Agreement shall not affect in any way the continuing obligations of the parties hereto pursuant to Section 14 hereof relating to brokers and Section 20 hereof relating to the treatment of Confidential Information.

22. Consequential Damages. Seller is not responsible for and Buyers may not recover from Seller any amount of consequential damages, e. g., lost profits or the like. Notwithstanding this exclusion of consequential damages sustained by Buyers, to the extent Buyers sustain any loss or incur any expense compensable under this Agreement which contains or includes any measure of consequential damages sustained by a third party, for which Buyers are held responsible, then such losses or expenses shall be recoverable from Seller.

23. Announcements. Buyer and Seller shall cooperate in the preparation of any announcements regarding the transaction contemplated by this Agreement. Except as required by Applicable Law (in which case such announcing party shall prior thereto advise the other parties), no party shall issue any announcement regarding the transactions contemplated hereby without the prior consent of the others, which consents shall not be unreasonably withheld.

24. Survival of Representations. Notwithstanding any statutory limitations to the contrary, all representations herein shall survive the Closing hereof for a period of two (2) years, except for the representations set forth in Section 6.17 hereof, which shall survive the Closing for a period of four (4) years. The parties hereto each agree that Section 377 of the HGB shall not apply to this Agreement.

25. Amendments. This Agreement may only be amended or modified by written instrument executed by the parties hereto.

26. Notices. Any notice or communication required or permitted to be given hereunder shall be in writing and shall be deemed given, if personally delivered, upon delivery, or if mailed, upon deposit in German or United States mail, first class airmail, postage prepaid, certified mail and addressed as follows:

(a) If to Seller: Vermögensverwaltung Straubenhardt
GmbH
Altendorferstrasse 103
45143 Essen, Germany
Fax: (0201) 1882328
Attn: Mr. Reineke

with a copy to: Fried. Krupp AG Hoesch-Krupp
Altendorferstrasse 103
45143 Essen, Germany
Fax: (0201) 1882233
Attn: Mr. Ringleb

(b) If to Buyers: Pentair Deutschland GmbH or
EuroPentair GmbH
P. O. Box 3
D-75332 Straubenhardt, Germany
Fax: (07082) 794670
Attn: Mr. Gengenbach

F C Holdings, Inc.

Waters Edge Plaza
1500 County Road B2 West
St. Paul, MN 55113-3105
Fax: (612) 639-5251
Attn: Gerald C. Kitch

with copies to:

Pentair, Inc. Waters Edge Plaza 1500 County Road B2 West St. Paul, MN 55113-3105 Fax: (612) 639-5203 Attn: Richard W. Ingman	Henson & Efron, P.A. 1200 Title Insurance Building 400 Second Avenue South Minneapolis, MN 55401 Fax: (612) 339-6364 Attn: Louis L. Ainsworth, Esq.
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27. Waiver. No waiver by either party hereto of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be deemed or construed as a further or continuing waiver of such condition or breach or waiver of any other or subsequent condition or the breach of any other term, covenant, representation or warranty contained in this Agreement.

28. Counterparts. Any number of counterparts of this Agreement may be executed and each such executed counterpart shall be deemed to be an original.

29. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the covenant contained in Section 10.2 hereof.

30. Entire Agreement. This Agreement, the agreements made a part hereof, the Exhibits hereto and the instruments delivered pursuant hereto constitute the entire agreement between the parties hereto and supersede all prior written agreements and understandings, oral or written, between the parties relating to the subject matter hereof. The Confidentiality Agreement between Pentair and Krupp dated October 10, 1993 shall continue in full force and effect following execution hereof.

31. English Language. The English version of this Agreement, regardless of whether a translation into any other language is or will be made, will be the only authentic version. All Exhibits to be delivered hereunder may be in their original language without translation.

32. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the Federal Republic of Germany.

33. Arbitration of Disputes.

(a) Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity, interpretation or termination, that can not be resolved amicably by the parties shall be referred to and finally resolved by arbitration under the then applicable rules of the International Chamber of Commerce, as hereinafter modified or supplemented.

(b) The arbitration proceeding shall be presided over by a panel of three arbitrators, one arbitrator each appointed by Buyers as a group and Seller and a chairman appointed by the two party-appointed

arbitrators. Any communication between a party and any arbitrator shall be directed to the arbitration panel. The parties expressly agree that the arbitrators may call and question any witness, including any expert witness and may require a party to produce any relevant documents or evidence prior to or at any hearing. The parties expressly agree that the arbitrators will be empowered to grant injunctive relief in the form of interim orders pending the outcome of the arbitration and in the final arbitral award.

(c) The location of the arbitration shall be London, England, and the language of the arbitration shall be English.

(d) The arbitral award will be the exclusive remedy for all claims, counterclaims, issues or accountings presented or pled to the arbitrators. The award will be granted and paid in Deutschmarks and may, in the discretion of the arbitrators, include interest from the date of breach or other violation of the Agreement until the award is fully paid. Judgment upon the arbitral award may be entered in any court that has jurisdiction thereover. Any additional costs, fees or expenses incurred in enforcing the arbitral award will be charged against the party that resists its enforcement.

34. Severability. Should any provision of this Agreement be or become invalid in whole or in part or be incapable of performance for whatever reason or should a relevant provision have been omitted, then the validity of the remaining provisions of this Agreement shall not be affected thereby. In such an event, the parties hereby undertake to substitute for any such invalid provision or for any provision incapable of performance or for any omitted provision, a provision which corresponds to the spirit and purpose of such invalid, unperformable or omitted provision as far as permitted under Applicable Law with a view to the economic purpose of this Agreement.

AGREEMENT

Date: December 22, 1993

Parties: Pentair, Inc., a Minnesota corporation
("Pentair")
Fried. Krupp AG Hoesch-Krupp, a German
stock corporation ("Krupp")

Re: Asset Purchase Agreement between Pentair
Deutschland GmbH, EuroPentair GmbH and F C
Holdings, a Delaware corporation ("Buyers")
and Schroff GmbH ("Seller") dated of even
date herewith (the "Purchase Agreement")

Recitals:

A. Pentair is, directly or indirectly, the
sole shareholder of the Buyers.

B. Krupp is, directly or indirectly, the
sole shareholder of the Seller.

C. Buyers and Seller have entered into the
Purchase Agreement simultaneously with the execution of
this Agreement, whereby all of the assets of Seller will
be sold at Closing (as defined therein) to Buyers on the
terms and conditions provided for therein (the "Sale").

D. Pentair and Krupp are entering into this
Agreement to confirm their mutual understandings with
respect to each other's obligations in connection with
the transactions contemplated in the Purchase Agreement.

Agreement:

1. Guaranties. The Purchase Agreement provides in
Sections 11.9 and 12.6 respectively that, as conditions
precedent to the obligations of the Buyers and the Seller
to consummate the Sale, each of Krupp and Pentair shall
provide their guaranties of the obligations of their
respective subsidiaries contained in the Purchase
Agreement.

1.1 Krupp Guaranty. At the Closing, Krupp shall
provide to Buyers its Guaranty in the form attached to
the Purchase Agreement as Exhibit 11.9.

1.2 Pentair Guaranty. At the Closing, Pentair shall
provide to Seller its Guaranty in the form attached to
the Purchase Agreement as Exhibit 12.6.

2. Noncompetition Agreement. The Purchase Agreement
provides in Section 2B that Seller is entering into a
Noncompetition Agreement with Buyers on the date hereof
in the form of Exhibit 2 to this Agreement.

2.1 Krupp Noncompetition Agreement. Krupp hereby
agrees that, upon Closing of the Sale, by its execution
of this Agreement and without further action or execution
of any further instrument or agreement, it shall accede
to and be bound by the terms of the Noncompetition
Agreement executed by Seller as if such agreement had
been fully executed by Krupp. All of the terms and
conditions of the Noncompetition Agreement shall be
incorporated herein fully by this reference and Pentair
and all or any of the Buyers shall be entitled to enforce
the obligations of Krupp with respect to the
Noncompetition Agreement in the same manner as set forth
therein with respect to Seller. Nothing contained in
this Agreement shall preclude the members of the Krupp
Konzern from the carrying out and developing their
business as existing on the Closing Date.

2.2 Pentair Indemnification. In consideration of
Krupp's agreement to accede to the terms of the
Noncompetition Agreement, Pentair agrees that,
notwithstanding any partial or total invalidity or
unenforceability of the provisions of the Noncompetition
Agreement or the terms of Section 2.1 hereof, it shall

not take, and shall not permit Buyers or any other person affiliated with Pentair to take, any action to seek, claim, sue or use any legal process to recover or have returned any portion of the purchase price payable under the Purchase Agreement allocated to the value of the Noncompetition Agreement in Exhibit 13 thereto. In addition, Pentair agrees to indemnify Krupp from and against any and all such claims or proceedings for return or recovery of any portion of such purchase price. The provisions of Section 18 of the Purchase Agreement regarding indemnification shall be incorporated herein fully by this reference and Krupp shall be entitled to enforce the obligations of Pentair contained in this Section 2.2 in the same manner as set forth in such provision.

3. No Solicitation of Other Offers. Krupp agrees that it will not, and will not cause or permit Seller nor any of Krupp's or Seller's representatives or affiliates to, enter into any negotiations with or solicit any offer, inquiry or proposal from any other person with respect to the sale, merger or other acquisition of Seller or any or all of its assets or of the Business (as defined in the Purchase Agreement) unless and until the Purchase Agreement is terminated in accordance with the provisions of Section 21 thereof.

4. Covenants of Krupp and Pentair.

4.1 Actions Following Execution. Krupp agrees that it shall take all actions necessary to perform directly or cause the performance (by Seller or by any other party) of the provisions of Sections 8.7 and 8.8 of the Purchase Agreement.

4.2 Change in Name of Seller. In the notarial deed no. 1714/93 of the notary Ursel Hubmann Deinert in Essen, Krupp has reached a shareholders' resolution to change Sellers' Articles of Association as to the firm name from "Schroff GmbH" to "Vermögensverwaltung Straubenhardt GmbH". Seller has signed an application to the Commercial Register for registration of the name change and the notary has certified such signature. Copies of both documents are attached hereto as Exhibit 4.2. The notary Ursel Hubmann Deinert shall be obligated to file the original notarial deed on the name change together with the original application with the Commercial Register in Pforzheim within five days following closing in order that Buyer may adopt as its firm name "Schroff GmbH" and as its registered address, the address of the Straubenhardt Facility. Krupp agrees that it shall not use or permit the use of the name "Schroff" in any form in Seller's new firm name or as the name or part of the name of any other company affiliated with Krupp in Germany.

4.3 Assurance of Performance. So long as any obligations of Seller under the Purchase Agreement, or in any document or instrument which is an Exhibit thereto or entered into in furtherance or consummation of the transactions contemplated therein, remain in effect (other than payment of liabilities not assumed or other monetary obligations guaranteed by Krupp under the Guaranty to be executed at Closing pursuant to Section 1.1 hereof), Krupp agrees not to liquidate Schroff or otherwise take any action which would prevent or materially impair the ability of Schroff to perform such obligations, unless or until Krupp shall notify Pentair of any such action and Krupp shall have entered into an arrangement or agreement satisfactory to Pentair in its reasonable business judgment by which Krupp will have assumed such obligations or will otherwise have made adequate provision therefor.

4.4 Assurance of Performance. So long as any obligations of Buyers under the Purchase Agreement, or in any document or instrument which is an Exhibit thereto or entered into in furtherance or consummation of the transactions contemplated therein, remain in effect (other than payment of liabilities assumed or other monetary obligations guaranteed by Pentair under the

Guaranty to be executed at Closing pursuant to Section 1.2 hereof), Pentair agrees not to take any action which would prevent or materially impair the ability of Buyers to perform such obligations, unless or until Pentair shall notify Krupp of any such action and Pentair shall have entered into an arrangement or agreement satisfactory to Krupp in its reasonable business judgment by which Pentair will have assumed such obligations or will otherwise have made adequate provision therefor. Pentair agrees not to sell or otherwise transfer the shares of EuroPentair prior to the Closing Date.

5. Premerger Notification Filings. Krupp and Pentair, as ultimate parent entities of Seller and Buyer, hereby agree to promptly prepare and file a complete and accurate Premerger Notification Form with the Department of Justice and the Federal Trade Commission under the Antitrust Improvements Act of 1976 and with the German Federal Cartel Office pursuant to applicable regulations.

6. Termination of Agreement. This Agreement shall be automatically terminated upon termination of the Purchase Agreement pursuant to the terms of Section 21 of the Purchase Agreement. Termination of this Agreement shall not affect in any way the continuing obligations of Pentair pursuant to the Confidentiality Agreement between Pentair and Krupp dated October 10, 1993.

7. Amendments. This Agreement may only be amended or modified by written instrument executed by the parties hereto.

8. Notices. Any notice or communication required or permitted to be given hereunder shall be in writing and shall be deemed given, if personally delivered, upon delivery, or if mailed, upon deposit in German or United States mail, first class airmail, postage prepaid, certified mail and addressed as follows:

(a) If to Krupp: Fried. Krupp AG Hoesch-Krupp
Altendorferstrasse 103
45143 Essen, Germany
Fax: (0201) 1882233
Attn: Mr. Ringleb

(b) If to Pentair:

Pentair, Inc.	Henson & Efron, P.A.
Waters Edge Plaza	1200 Title Insurance
1500 County Road B2 West	Building
St. Paul, MN 55113-3105	400 Second Avenue South
Fax: (612) 639-5203	Minneapolis, MN 55401
Attn: Richard W. Ingman	Fax: (612) 339-6364
	Attn: Louis L.
	Ainsworth, Esq.

9. Waiver. No waiver by either party hereto of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be deemed or construed as a further or continuing waiver of such condition or breach or waiver of any other or subsequent condition or the breach of any other term, covenant, representation or warranty contained in this Agreement.

10. Counterparts. Any number of counterparts of this Agreement may be executed and each such executed counterpart shall be deemed to be an original.

11. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12. Entire Agreement. This Agreement, the agreements made a part hereof, the Exhibits hereto and the instruments delivered pursuant hereto constitute the entire agreement between the parties hereto and supersede all prior written agreements and understandings, oral or written, between the parties relating to the subject matter hereof. The Confidentiality Agreement between Pentair and Krupp dated October 10, 1993 shall continue

in full force and effect following execution hereof.

13. English Language. The English version of this Agreement, regardless of whether a translation into any other language is or will be made, will be the only authentic version.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the Federal Republic of Germany.

15. Arbitration of Disputes.

(a) Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity, interpretation or termination, that can not be resolved amicably by the parties shall be referred to and finally resolved by arbitration under the then applicable rules of the International Chamber of Commerce, as hereinafter modified or supplemented.

(b) The arbitration proceeding shall be presided over by a panel of three arbitrators, one arbitrator each appointed by Buyers as a group and Seller and a chairman appointed by the two party-appointed arbitrators. Any communication between a party and any arbitrator shall be directed to the arbitration panel. The parties expressly agree that the arbitrators may call and question any witness, including any expert witness and may require a party to produce any relevant documents or evidence prior to or at any hearing. The parties expressly agree that the arbitrators will be empowered to grant injunctive relief in the form of interim orders pending the outcome of the arbitration and in the final arbitral award.

(c) The location of the arbitration shall be London, England, and the language of the arbitration shall be English.

(d) The arbitral award will be the exclusive remedy for all claims, counterclaims, issues or accountings presented or pled to the arbitrators. The award will be granted and paid in Deutschmarks and may, in the discretion of the arbitrators, include interest from the date of breach or other violation of the Agreement until the award is fully paid. Judgment upon the arbitral award may be entered in any court that has jurisdiction thereover. Any additional costs, fees or expenses incurred in enforcing the arbitral award will be charged against the party that resists its enforcement.

16. Severability. Should any provision of this Agreement be or become invalid in whole or in part or be incapable of performance for whatever reason or should a relevant provision have been omitted, then the validity of the remaining provisions of this Agreement shall not be affected thereby. In such an event, the parties hereby undertake to substitute for any such invalid provision or for any provision incapable of performance or for any omitted provision, a provision which corresponds to the spirit and purpose of such invalid, unperformable or omitted provision as far as permitted under Applicable Law with a view to the economic purpose of this Agreement.

Noncompetition Agreement

Date: December 22, 1993

Parties: 1. Pentair Deutschland GmbH iG, a German limited liability company in formation under the laws of the Federal Republic of Germany, which has its offices at Straubenhardt, Germany and has filed for registration in the Handelsregister of the Amtsgericht Pforzheim, and

2. EuroPentair GmbH iG, a German limited liability company in formation under the laws of the Federal Republic of Germany, which has its offices at Straubenhardt, Germany and has filed for registration in the Handelsregister of the Amtsgericht Pforzheim, and

3. F C Holdings, Inc., a Delaware business corporation, which has its principal place of business at Waters Edge Plaza, 1500 County Road B2 West, St. Paul, MN 55113-3105

- - collectively hereinafter referred to as "Buyers" -

4. Schroff GmbH, a German limited liability company duly organized and existing under the laws of the Federal Republic of Germany, which has its registered offices at Straubenhardt, Germany and is registered in the Handelsregister of the Amtsgericht Pforzheim under file no. HRB 2807,

- - hereinafter referred to as "Seller" -

Recitals: A. Seller and Buyers entered into an Asset Purchase Agreement on December 22, 1993 (the "Asset Agreement"), whereby Seller sold to Buyers substantially all of its assets and all of its good will, which have been used by Seller in the research, development, engineering, fabrication, sale and marketing of electrical and electronic enclosures, microprocessor packaging systems and related products by Seller and the other members of the Schroff Group as presently or in the past conducted (the "Business").

B. Buyers have acquired all of the goodwill of the Seller gained through its exploitation of the Business throughout the world.

C. A form copy of this Noncompetition Agreement is contemplated by Section 2B of the Asset Agreement and is entered into as an integral part of the transaction by which the assets of the Business were sold to Buyers.

D. The restrictions contained herein are necessary to protect the legitimate continuing interests of Buyers in acquiring the Business through the purchase of the assets of the Seller and the assumption of the liabilities assumed pursuant to the Asset Agreement.

Agreement:

1. Noncompetition Agreement. For a period of five (5) years following the Closing Date (as defined in the Asset Agreement), neither Seller nor any party affiliated by ownership or control with Seller, will directly or indirectly engage in the manufacture for resale or marketing of individual products competitive with those manufactured or marketed by the Schroff Group within the three (3) years preceding the date hereof in the Territory, as defined in Section 2.

2. Geographic Scope. The Territory, which consists of those countries in which Seller manufactured or sold products of the Business within the last three years, is defined as the European Community, Sweden, Norway, Finland, Austria, Switzerland, United States of America, Canada, Mexico, Israel, South Africa, Australia, New Zealand, Japan, Taiwan, Singapore, the People's Republic of China and South Korea.

3. Value of Noncompetition Agreement. In connection with the sale of the Business by Seller pursuant to the Asset Agreement, the parties have agreed that the value to Buyers of this Agreement, and therefore the amount of the purchase price allocated to this Agreement in Exhibit 13 to the Asset Agreement, is DM 20.000.000.

4. Remedies.

(a) Each of the Buyers affected by competition from Seller in contravention of this Agreement shall be entitled to injunctive or other relief restraining the continued violation or breach and to such further relief as may be ordered by any arbitral judgment or court of competent jurisdiction after considering the intent of this Noncompetition Agreement.

(b) In addition, each of the Buyers so affected shall have the right to seek compensation for actual damages, if any, suffered by it or them or any of the subsidiaries of any of them or any affiliate of any of the foregoing as a result of any such violation. No claim by Buyers to recover damages shall affect in any way the right of Buyers or any of them to seek injunctive relief restraining continued violation of the provisions of this Noncompetition Agreement.

5. Amendments. This Agreement may only be amended or modified by written instrument executed by the parties hereto.

6. Notices. Any notice or communication required or permitted to be given hereunder shall be in writing and shall be deemed given, if personally delivered, upon delivery, or if mailed, upon deposit in German or United States mail, first class airmail, postage prepaid, certified mail and addressed as follows:

If to Seller:	with a copy to:
Vermögensverwaltung Straubenhardt GmbH Altendorferstrasse 103 45143 Essen, Germany Fax: (0201) 1882328 Attn: Mr. Reineke	Fried. Krupp AG Hoesch-Krupp Altendorferstrasse 103 45143 Essen, Germany Fax: (0201) 1882233 Attn: Mr. Ringleb

If to Buyers:	
Pentair Deutschland GmbH or EuroPentair GmbH P. O. Box 3 D-75332 Straubenhardt, Germany Fax: (07082) 794670 Attn: Mr. Gengenbach	F C Holdings, Inc. Waters Edge Plaza 1500 County Road B2 West St. Paul, MN 55113-3105 Fax: (612) 639-5251 Attn: Gerald C. Kitch

with copies to:

Pentair, Inc. Waters Edge Plaza 1500 County Road B2 West St. Paul, MN 55113-3105 Fax: (612) 639-5203 Attn: Richard W. Ingman	Henson & Efron, P.A. 1200 Title Insurance Building 400 Second Avenue South Minneapolis, MN 55401 Fax: (612) 339-6364 Attn: Louis L. Ainsworth, Esq.
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7. Waiver. No waiver by either party hereto of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be deemed or construed as a further or continuing waiver of such condition or breach or waiver of any other or subsequent condition or the breach of any other term, covenant, representation or warranty contained in this Agreement.

8. Counterparts. Any number of counterparts of this Agreement may be executed and each such executed counterpart shall be deemed to be an original.

9. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

10. Entire Agreement. This Agreement, the agreements made a part hereof, the Exhibits hereto and the instruments delivered pursuant hereto constitute the entire agreement between the parties hereto and supersede all prior written agreements and understandings, oral or written, between the parties relating to the subject matter hereof. The Confidentiality Agreement between Pentair and Krupp dated October 10, 1993 shall continue in full force and effect following execution hereof.

11. English Language. The English version of this Agreement, regardless of whether a translation into any other language is or will be made, will be the only authentic version.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the Federal Republic of Germany.

13. Arbitration of Disputes.

(a) Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity, interpretation or termination, that can not be resolved amicably by the parties shall be referred to and finally resolved by arbitration under the then applicable rules of the International Chamber of Commerce, as hereinafter modified or supplemented.

(b) The arbitration proceeding shall be presided over by a panel of three arbitrators, one arbitrator each appointed by Buyers as a group and Seller and a chairman appointed by the two party-appointed arbitrators. Any communication between a party and any arbitrator shall be directed to the arbitration panel. The parties expressly agree that the arbitrators may call and question any witness, including any expert witness and may require a party to produce any relevant documents or evidence prior to or at any hearing. The parties expressly agree that the arbitrators will be empowered to grant injunctive relief in the form of interim orders pending the outcome of the arbitration and in the final arbitral award.

(c) The location of the arbitration shall be London, England, and the language of the arbitration shall be English.

(d) The arbitral award will be the exclusive remedy for all claims, counterclaims, issues or accountings presented or pled to the arbitrators. The award will be granted and paid in Deutschmarks and may, in the discretion of the arbitrators, include interest from the date of breach or other violation of the Agreement until the award is fully paid. Judgment upon the arbitral award may be entered in any court that has jurisdiction thereover. Any additional costs, fees or expenses incurred in enforcing the arbitral award will be charged against the party that resists its enforcement.

(e) Notwithstanding the foregoing, Buyers may seek in any competent court injunctive or other equitable relief restraining Seller from taking any action in contravention of this Agreement, until arbitration of the issues raised in such court proceeding is resolved.

14. Severability. Should any provision of this Agreement be or become invalid in whole or in part or be incapable of performance for whatever reason or should a relevant provision have been omitted, then the validity of the remaining provisions of this Agreement shall not be affected thereby. In such an event, the parties hereby undertake to substitute for any such invalid provision or for any provision incapable of performance or for any omitted provision, a provision which corresponds to the spirit and purpose of such invalid, unperformable or omitted provision as far as permitted

under Applicable Law with a view to the economic purpose of this Agreement.

Letter of Guarantee

Pentair Deutschland GmbH has purchased by Asset Purchase Agreement dated as of December 21, 1993 (the "Purchase Agreement") the assets of

Schroff GmbH
Langenalber Strasse 96-100
75334 Straubenhardt ("Seller")

EuroPentair GmbH has purchased the shares of the Schroff subsidiaries Schroff S. A., France, Schroff UK Ltd., Great Britain, Schroff S.r.l., Italy, and Schroff Scandinavia AB, Sweden and

F C Holdings Inc., USA, has purchased the shares of the Schroff subsidiaries Schroff Inc., USA, Schroff K. K., Japan, and Schroff Co., Ltd., Taiwan

Pentair Deutschland GmbH, EuroPentair GmbH and F C Holdings Inc. (collectively referred to as "Buyers") are directly or indirectly wholly-owned subsidiaries of Pentair, Inc., USA.

Pursuant to Section 12.6 of the Purchase Agreement Buyers have to submit to Seller a guarantee of Pentair, Inc. to secure Seller for the amounts owed to it by Buyers on the Closing Date or thereafter. This premised, we hereby unconditionally and irrevocably undertake and agree to pay or to cause the Buyers to pay to Seller the purchase price, all amounts of indebtedness of Seller to Krupp and its affiliates plus interest according to Section 3.2 of the Purchase Agreement, and all indemnification amounts which may be owing to Seller with respect to the Purchase Agreement on the Closing Date or arising thereafter.

This Letter of Guarantee becomes valid from its date of issuance and will remain in force until two years from Closing Date and thereafter it shall become null and void, whether being returned to us or not.

This Letter of Guarantee shall be governed by German law. Place of jurisdiction shall be Essen, Germany.

Pentair, Inc.

By _____
Its _____

St. Paul, Minnesota

PENTAIR
WATERS EDGE PLAZA
1500 COUNTY ROAD B2 WEST
SAINT PAUL, MN 55113-3105
612.636.7920

NEWS RELEASE

DATE: DECEMBER 22, 1993

FOR RELEASE: IMMEDIATELY

CONTACT: MARK CAIN (612) 636-7920

PENTAIR TO ACQUIRE EUROPEAN ENCLOSURE MANUFACTURER
Purchase makes Pentair the work's leading enclosure
manufacturer; furthers acquisition and international
expansion strategies

ST. PAUL, Minn. -- Pentair, Inc. (NASDAQ/NMS:PNTA), the
St. Paul-based manufacturer of industrial products and
paper, today announced it has reached a definitive
agreement to acquire the Schroff Group, Straubenhardt,
Germany, from Fried. Krupp AG Hoesch-Krupp, subject to
the approval of appropriate governmental authorities.
the transaction will include the net assets and business
of the Schroff Group, including its international
subsidiaries. The purchase price will be approximately
\$150 million.

Schroff designs, manufactures and markets cabinets,
cases, subracks and accessories for the electronics
industry. The company has approximately 1,400 employees
with operations in Germany, France, England, the United
States, Japan, Sweden, Finland, Italy and Taiwan.
Schroff is the largest manufacturer in Europe's
electronic enclosure market and a world technical leader.
The company's estimated sales are approximately \$160
million.

Pentair's Hoffman Engineering subsidiary is the leading
North American manufacturer of electrical enclosures and
related products. Pentair acquired the Hoffman business
in December, 1988.

"This friendly transaction furthers our dual strategy of
building the industrial side of our business through a
major acquisition and providing Pentair a more
significant global presence." said Pentair Chairman and
Chief Executive Officer Winslow H. Buxton. "Pentair's
ownership of Schroff and Hoffman will represent
leadership in the world-wide enclosure market. The
combination of electronic enclosures from Schroff and
electrical enclosures from Hoffman provides the most
comprehensive product offering in the world."

Schroff and Hoffman will continue to operate as separate
businesses within Pentair, providing uninterrupted
service to their customers. Buxton said there are
significant opportunities to add value to both businesses
through joint efforts in specific product lines, markets
and geographic locations.

"We have been searching for a major acquisition for some
time, but I believe our patience and resolve over the
last three years have been rewarded in this opportunity
to acquire Schroff," Buxton said. "With its strong brand
name, leading market position and extensive product line,
Schroff is an ideal fit with Pentair's strategic
objectives. We are very enthusiastic about the growth
potential this acquisition offers Schroff, Hoffman
Engineering and Pentair."

Pentair, Inc. is a St. Paul, Minnesota-based company with
1992 sales of \$1.23 billion and approximately 8,300
employees. The company is currently comprised of 10
businesses which manufacture electrical enclosures;
woodworking equipment; power tools; sporting ammunition;

automotive service equipment; industrial lubrication systems and material dispensing equipment; pumps; and paper. Pentair common stock is quoted on the NASDAQ National Market System under the symbol: PNTA.

FRIED KRUPP AG HOESCH-KRUPP

LETTER OF GUARANTEE

SCHROFF GMBH
Langenalber Strabe 96-100
75334 Straubenhardt ("Seller")

a wholly-owned subsidiary of Fried. Krupp AG Hoesch-Krupp, has sold

- - its assets by Purchase Agreement as of December 22, 1993 to Pentair Deutschland GmbH,
- - its shares of its subsidiaries Schroff S. A., France, Schroff UK Ltd., Great Britain, Schroff S.r.l., Italy and Schroff Scandinavia A.B., Sweden to EuroPentair, and
- - its shares of its subsidiaries Schroff Inc., USA, Schroff K.K., Japan and Schroff Co. Ltd., Taiwan to F.C. Holdings Inc., USA.

Pentair Deutschland GmbH, EuroPentair GmbH and F.C. Holdings Inc. (collectively hereinafter referred to as "Buyers"), are directly or indirectly wholly-owned subsidiaries of Pentair Inc., USA.

Pursuant to Sec. 11.9 of the Purchase Agreement, Fried. Krupp AG Hoesch-Krupp has to submit to Buyers a guarantee to secure Buyers for the amounts owed to them by Seller on the Closing Date or thereafter. This premised, we hereby unconditionally and irrevocably undertake and agree to guarantee to pay or to cause the Seller to pay to Buyers all indemnification amounts which Seller may be owing to Buyers on the Closing Date or arising thereafter.

This Letter of Guarantee becomes valid from its date of issuance and will remain in force until four years after Closing Date and thereafter it shall become null and void, whether being returned to us or not.

This Letter of Guarantee shall be governed by German Law. Place of jurisdiction shall be Essen, Germany.

Fried. Krupp AG Hoesch-Krupp
Essen, Germany