

what's behind the name?



Acquisition know-how. We acquired three strategic businesses in 1999 that will boost our revenues by 50 percent, making us a \$3 billion company in the year 2000.

Manufacturing excellence. The mind-set in our plants is for continuous improvement. Customer-focused work teams, with clear productivity goals and a commitment to quality, help us deliver superior products on time and at competitive prices.

Consistent, strong performance. We have been profitable since our second year in business. Our 14,000 employees give us our competitive edge.

Rapid growth. We're making it happen throughout the Company, in each business segment, geographically, and financially.

Innovation across the board. From products to processes to services, we're finding new and better ways of doing business.

Pentair is a diversified manufacturer serving customers worldwide in three core businesses: professional tools and equipment, water and fluid technologies, and electrical and electronic enclosures. Pentair brands are recognized market leaders in their categories. Pentair's manufacturing and marketing competencies enable the company to deliver high-value products to customers and consistent earnings to investors. Pentair stock is traded on the New York Stock Exchange under the symbol PNR.

operating groups

financial highlights

Delta
Porter-Cable
DeVilbiss
Air Power
Century

professional tools
and equipment group

Pentair Pump
and Pool
Lincoln Industrial
Pentair Water
Treatment

water and fluid
technologies group

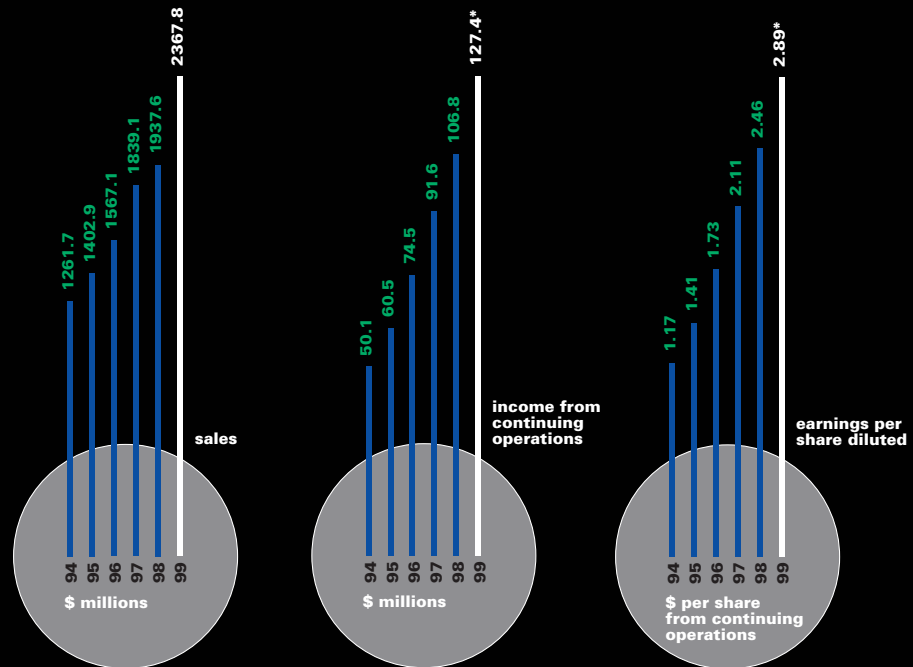
Hoffman
Pentair Electronic
Packaging
Pentair
Enclosures
Europe

electrical and electronic
enclosures group

Years ended December 31

In thousands, except per share data and percentages	1999	1998	Change
Net sales	\$2,367,753	\$1,937,578	22.2%
Operating income	\$ 252,331*	\$ 193,192	30.6%
Net income	\$ 127,439*	\$ 106,840	19.3%
Diluted earnings per share	\$ 2.89*	\$ 2.46	17.5%
Cash dividends per common share	\$.64	\$.60	
Return on average common shareholders' equity	15.2%*	16.6%	
Common shares outstanding at year-end	48,317	38,504	
Stock price at year-end	\$ 38½	\$ 39¼ ₁₆	
Capital expenditures	\$ 60,629	\$ 53,843	
Total debt to capital ratio	51%	33%	
Number of employees	13,900	10,500	

*excludes restructuring charge of \$38.0 million pre-tax, \$24.13 million after-tax, or \$0.56 per share.



to our shareholders

Of the many fine qualities behind the Pentair name, the one that has always been a trademark is consistent, strong financial performance. In 1999, for the eighth consecutive year, we achieved record sales and pre-charge earnings from continuing businesses. In addition, we continued our growth momentum, strengthened our senior management team, and engineered increased productivity at all of our operations.

We managed more aggressively in 1999, taking substantial actions to ensure the vigorous growth and long-term success of Pentair. We built critical mass in our three business segments through a combination of organic growth and major acquisitions; enhanced our financial structure through new debt and equity offerings; and took a one-time charge against earnings to accelerate the restructuring programs necessary to support our rapid growth.

We continued to increase our global reach, penetrate new markets, introduce new products, win new customers, achieve internal economies of scale, and hone the core competencies befitting an organization of our size and potential.

Our sales in 1999 were up 22 percent to \$2.37 billion, and our pre-charge operating income was up 31 percent to \$252.3 million. Pre-charge earnings per share (EPS) for 1999 reached \$2.89 – 18 percent ahead of 1998 EPS. Cash EPS, defined as regular EPS plus the after-tax impact of goodwill amortization, was \$3.38 in 1999 versus \$2.75 in 1998, an improvement of 23 percent. Operating margins for the year improved by 70 basis points, while margins excluding the impact of acquisitions improved by 160 basis points. The fourth quarter of 1999 was our 25th consecutive quarter of achieving year-to-year earnings growth. And we are doing all we can to continue this record.

1999 was a great year for Pentair, with one exception. Stock market fluctuations made headline news regularly throughout the year, and we rode the roller coaster along with most everyone else. In light of our unwavering commitment to building shareholder value, we are disappointed that our record financial performance in 1999 was not reflected in the price of our stock.



Winslow H. Buxton
Chairman and CEO



Joseph R. Collins
Vice Chairman



Randall J. Hogan
President and COO

to our shareholders

However, we are confident that the downturn was due primarily to the market's prevailing interest in technology stocks, and we believe that as our performance and market position strengthen, investors will ultimately recognize Pentair's consistently excellent performance and prospects. We are certain that the bold steps we took to build the business in 1999 will generate considerable value for all Pentair stakeholders in the near future and the coming years.

Revenues projected at \$3 billion in 2000

We reached a major milestone in 1999 on the road to achieving our long-term growth goals. The successful completion of our two largest acquisitions ever—Essef Corporation and DeVilbiss Air Power Company—built critical mass in two of our chosen market segments and assured us of generating more than \$3 billion in revenues in 2000.

On August 10, 1999, we acquired Essef Corporation of Chardon, Ohio, for \$18.97 per share, or \$310 million, and the assumption of approximately \$120 million of debt. Essef manufactures products used in moving, treating, and storing water — including pumps, tanks, filtration systems, and pool and spa equipment. Essef is expected to drive sales in our Water and Fluid Technologies Group to nearly \$900 million in 2000. Water is a strong growth market that will provide us with infinite opportunities.

**Pentair's
manufacturing
excellence
was publicly
recognized in
October 1999
when Porter-Cable
was named one
of the top 10
manufacturing
plants in
North America.**

Pentair excels at manufacturing by focusing on the people who do the work. Since the Company was founded in 1966, Pentair has empowered the people closest to the tasks to get the job done. Today, plant employees are the "experts on the floor," determining work processes, setting goals, and even selecting the equipment they use. They run their areas as if they were their own businesses; and when they exceed their goals, they share in the profits. This way of working gives employees a heightened sense of responsibility for the success of the products they produce and the company they represent.

Pentair's manufacturing excellence was publicly recognized in October 1999 when *IndustryWeek* magazine selected the Porter-Cable facility in Jackson, Tennessee, as one of the top 10 manufacturing plants in North America. Porter-Cable was chosen from more than 400 plants nominated for the award.

IndustryWeek credited Porter-Cable's American Integrated Manufacturing System—or AIMS program—for the plant's success. AIMS focuses on employee involvement, a commitment

In early September, we acquired DeVilbiss Air Power Company of Jackson, Tennessee, for approximately \$460 million. With this acquisition, we gained new product lines and significant market share in product categories new to us. DeVilbiss Air Power Company is number one in retail air compressors, number one in cold water pressure washers, and a strong number three in retail generators. We expect the addition of DeVilbiss Air Power Company will drive sales in our Professional Tools and Equipment Group to more than \$1.5 billion in the year 2000. This acquisition positions us for future growth in North American markets.

We continue to make smaller strategic acquisitions to support growth in our three business segments. In April 1999, we increased our penetration of the fast-growing global electronic packaging market with the acquisition of WEB Tool and Manufacturing of Chicago, Illinois. WEB, a high-volume manufacturer of stamped enclosures and assemblies for computer applications, increased our custom enclosure capabilities and strengthened our ability to serve datacom and telecom markets.

To fund our unusually high degree of acquisition activity in 1999, we issued new debt and equity. In early October, we successfully completed parallel offerings of 5.5 million new shares of common stock and \$250 million of long-term public debt; both offerings were oversubscribed by investors. The offerings enabled us to bring

to quality, and a virtual war against waste. The program's slogan is People, Productivity, Quality.

AIMS was implemented in 1992 after Porter-Cable made a strategic decision to sell its professional-quality power tools through home centers. Anticipating considerably higher production volumes, the factory reorganized into cells, formed work teams, and opened communication lines between the plant floor and management. Through these initiatives, the operation was transformed.

The AIMS effort allowed Porter-Cable to successfully compete with and become one of the giants of the power tool industry, meet the volume and order-fill requirements of home centers, and take good care of all customers. During the last seven years, Porter-Cable sales have increased 300 percent, driven by manufacturing and distribution excellence.

Naturally, when the *IndustryWeek* award was presented in Jackson, the employees of Porter-Cable, like Darell Wilson, pictured at right, were the guests of honor.



to our shareholders

our total debt to capital ratio to the 50 percent range by year-end, and to return Pentair to a strong financial structure that supports strategic future growth.

With acquisitions like DeVilbiss Air Power, Essef, and WEB, we continue to solidify our business interests in tools and equipment, water, and enclosures. In October 1999, in a move to further tighten this focus, we announced our intent to explore strategic alternatives for Lincoln Industrial. A Pentair business since 1986, Lincoln Industrial is the global market leader in automated grease lubrication. At this time, we are exploring options to ensure that Lincoln Industrial is optimally positioned to grow in the lubrication and pump markets it serves.

Initiatives target customer access and service

In 1999, we undertook many separate initiatives designed to reduce costs and increase our abilities to access and serve our customers more efficiently. Our global expansion is being accelerated so that we can accommodate the needs of large, multinational customers. E-business capabilities are being developed so that we can provide customers with faster, smoother transactions and service. We also are implementing new enterprise systems to better manage activities within our operating units, and to consolidate and improve services.

Much of our success can be attributed to our well-developed core competencies. Operating expertise, acquisition and integration know-how,

Motivated, enthusiastic people working together to achieve common goals are the driving force in the top performance of Pentair businesses.

Pentair looks at its strategies and growth plans in terms of the leadership that will be required to bring those plans to fruition. In 1999, a new, more aggressive talent management process was launched to deliver more consistent talent identification and development. Personal competencies necessary for successful leadership were defined, with an emphasis on ethics, problem-solving skills, people skills, business skills, and self-management skills—qualities that reflect the tenets of Pentair’s Code of Business Conduct.

Pentair business units determined their talent needs; promising employees within those business units were identified; and development-planning discussions were held. As part of the overall talent management process, a two-year Executive Development Program was established, with a new class beginning each year.

The first class of 22 high-potential middle managers was organized in 1999. Participants received personal competency-based development guidance, 360-degree feedback, and training that gave them tools to increase their effectiveness in their jobs. Training included sessions on

product innovation, excellent channel management, and people-powered performance keep our businesses and brands in leadership positions in their markets. We continue to strengthen these core competencies and develop other skill sets necessary to support Pentair's projected growth in size and scope.

Meeting the demands of the future

The acquisitions, stock offering, and restructuring activities we undertook in 1999 were necessary phases in our corporate evolution. Pentair's future business plan is based on fewer, larger business units and consolidated world-class services. Our current initiatives will result in a streamlined organization that is better able to focus on the critical competencies of manufacturing and operating excellence, product innovation, acquisition and integration, talent management, e-business, and customer service.

Our corporate evolution has dictated changes in every area of our business. In a move to fine-tune our senior management team, Enclosures Group President and Pentair Executive Vice President Randall J. Hogan was promoted to president and chief operating officer of Pentair, effective December 1, 1999. Randy has 23 years of experience in strategy development and implementation, operations and fiscal management, global market growth, acquisitions, and marketing. His broad background, strong

personal effectiveness, leadership techniques, finance, marketing, strategic planning, and global business practices.

Six members of the first Executive Development class are pictured at Pentair's corporate headquarters following a training session in Minneapolis.

Front row, left to right: Jochen Enderle, Pentair Enclosures Europe; Roma Anderson, Pentair Water Treatment; and Lori Stiegmann, Porter-Cable.

Back row, left to right: Scott Kiefer, Porter-Cable; JoEllen Lawler, Pentair Corporate; and Gene Caston, Hoffman.

An important feature of the talent management process is the assignments that take employees across business and group lines. Ultimately, this cross-training initiative will result in a more collaborative and unified organization. In implementing the first phase of the talent management process, development efforts targeted management-level employees. Pentair plans to expand this initiative over the next several years to include other employee groups.



to our shareholders

leadership skills, and depth of talent make him well suited to the tasks ahead of Pentair.

David D. Harrison rejoined Pentair in February 2000 as executive vice president and chief financial officer, succeeding retiring CFO Richard Ingman. Dave was a strong participant in Pentair’s mid-1990s reengineering strategy, and his return to the Company gives us considerable depth in financial management and investor relations.

Simplified and focused

Our leadership team is more focused than ever before. Over the last five years, we have acquired and divested to concentrate all our assets in three areas of enterprise – tools and equipment, water, and enclosures. Each of these three areas has long legs, meaning each offers opportunities for added value in the short-term, as well as attractive returns in the long-term. Our tools and equipment businesses help meet the basic requirements of shelter and transportation. Our water businesses serve the fundamental human need for safe, clean water. Our enclosure businesses play a critical role in advancing industry and technology by housing and protecting sensitive electronic equipment. From this perspective, Pentair’s business mix and operating strategies are clear-cut and easy to understand.

**Pentair’s
commitment to
its communities
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partnership with
Habitat for
Humanity
International.**

Pentair has long been giving back to the communities in which it operates. In 1998, the Company’s philanthropic activities were formalized with the establishment of The Pentair Foundation.

The Foundation has two major areas of focus: Education and Community. Funding is directed to educational programs and community-based organizations that serve socially and economically disadvantaged people, with the goal of creating positive change in their lives.

The Foundation provided \$2.09 million in grants to 163 organizations in 1999.

Pentair’s commitment to its communities took on new scope and meaning in June 1999 when the Foundation launched its first company-wide initiative. The Foundation entered into a partnership with Habitat for Humanity International to build ten houses in two years. Under the banner of “Businesses Building Homes,” nearly 400 Pentair employee volunteers in five locations participated in the construction projects in 1999.

Pentair’s corporate office staff kicked off the national program by helping to build a Habitat home in Columbia Heights, Minnesota. Then, employee volunteers from Pentair businesses—

We are uniquely equipped to serve our three growth markets, and as a result, to meet the expectations of our shareholders. Across the board, Pentair has top-performing businesses, extraordinary people, broad financial strength, and the know-how to succeed.

Advantage: top-performing businesses

Our businesses are first or second in their markets, managing their brands so that they maintain leadership positions in their distribution channels. They've made product innovation a key strategy across the board and introduced integrated product offerings that provide complete, ready-to-go solutions and the convenience of one-stop shopping. They continue to broaden their scope to provide new products and services to existing customers, and to refine their processes so that innovation, product performance, and transaction excellence are integral parts of their offerings. Working to achieve manufacturing excellence, Pentair businesses are transforming their facilities into operations that rank among the world's best.

Advantage: extraordinary people

Motivated, enthusiastic people working together to achieve common goals are the driving force in the top performance of Pentair businesses. In a work environment where communications

Porter-Cable in Jackson, Tennessee; Lincoln Industrial in St. Louis, Missouri; Fairbanks Morse in Kansas City, Kansas; and Hoffman Enclosures in Anoka, Minnesota—followed suit by building Habitat houses in their own communities.

Greg Linder, who coordinated the volunteer effort at Hoffman Enclosures and acted as the site crew leader, is pictured using a Delta saw to cut temporary supports for a front porch. At every build, Pentair provided Delta/Porter-Cable power tool packages to the Habitat for Humanity local affiliate.

Five additional Foundation-sponsored Habitat homes are scheduled to be built in 2000 by Delta International Machinery Corporation in Tupelo, Mississippi; Pentair Water Treatment in Milwaukee, Wisconsin; Century Manufacturing in Bloomington, Minnesota; Pentair Pump and Pool in Ashland, Ohio; and Pentair Electronic Packaging in Warwick, Rhode Island. The Foundation's total contribution for the two-year Habitat program will be \$464,500.



to our shareholders

are open and informal, we attempt to use to the fullest the diverse strengths and abilities of our people by encouraging fresh thinking and new ways of doing things. We help employees increase their knowledge and skills by offering developmental opportunities, management experience, and chances to make significant contributions to the organization. Pentair employees also have the opportunity to contribute to their communities through voluntarism and service on community councils within Pentair businesses. Through community councils, The Pentair Foundation donates a portion of Pentair profits to charitable programs in plant communities. In 1999, The Pentair Foundation invested \$2.09 million in education and community-based programs nationwide.

Advantage: broad financial strengths

Pentair's excellent financial results enable us to serve the best interests of our stakeholders, and still build the business for tomorrow. To continue meeting expectations, Pentair is striving to achieve benchmark financial performance defined as:

Though our one-year jump from \$2 billion to \$3 billion in annualized sales is significant, we have set even more aggressive growth goals over the next five years.

- ▶ 15%+ revenue growth
- ▶ 20% return on equity
- ▶ 30-40% total debt to capital

We continue to benchmark against other top-performing industrial companies in categories including return on sales, free cash flow, and earnings per share.

Advantage: the know-how to succeed

We believe we have the leadership, businesses, and resources to double our revenues to \$6 billion by the year 2005. We are on track to achieving our performance and growth goals by remaining close to our businesses, staying prudent and practical in our outlook, and practicing our proven competencies. Our future is more assured by our efforts to expand geographically, build new enterprise systems and services, and extend our reach through new e-business and e-commerce initiatives.

We believe that e-commerce and e-business are key to securing strategic market position, and we have a number of active projects in the works to develop our abilities in these areas. We see our e-commerce and e-business initiatives as opportunities to gain quick access to our markets, improve the speed and accuracy of our transactions, better meet the needs of our customers, and improve relationships with our suppliers.

We are also working to increase the visibility of the Pentair name. While continuing to build our business brands in their own markets, we have begun positioning the Pentair name as an enterprise umbrella in appropriate new business-to-business markets to build recognition and support for the Company as a whole.

Pentair is developing into a great company. By designing, manufacturing, and marketing innovative products on a global basis, we are building recognition and respect for our performance, market leadership, and values. We continue to be guided by our Code of Business Conduct, which sets the standard for the way we do business. Of course, nothing happens without people, and we gratefully acknowledge the support of all our stakeholders, who collectively make Pentair the exceptional company it is. We are optimistic that 2000 will be another in a long string of great years.

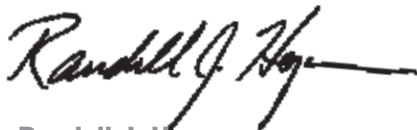
On behalf of Pentair,



Winslow H. Buxton
Chairman and CEO



Joseph R. Collins
Vice Chairman

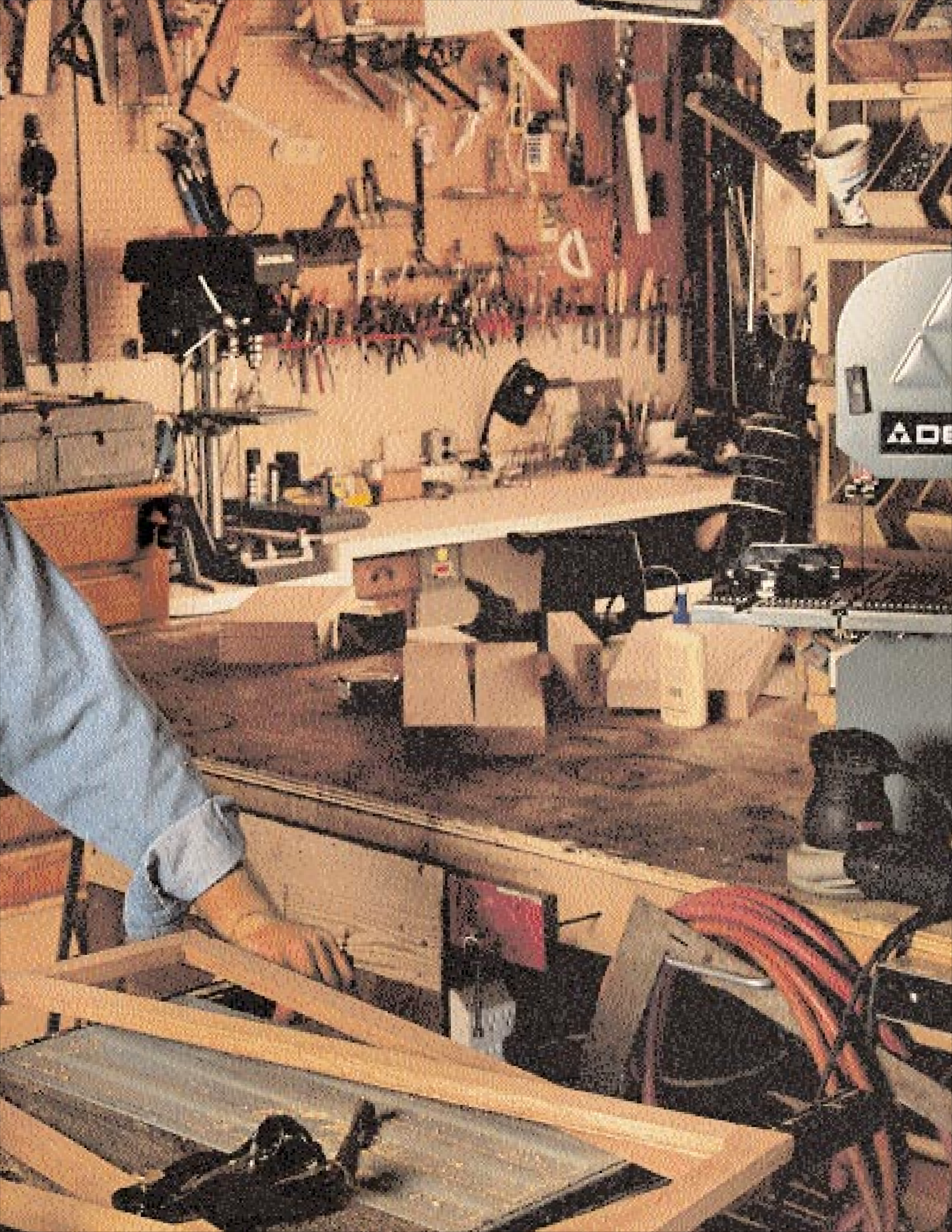


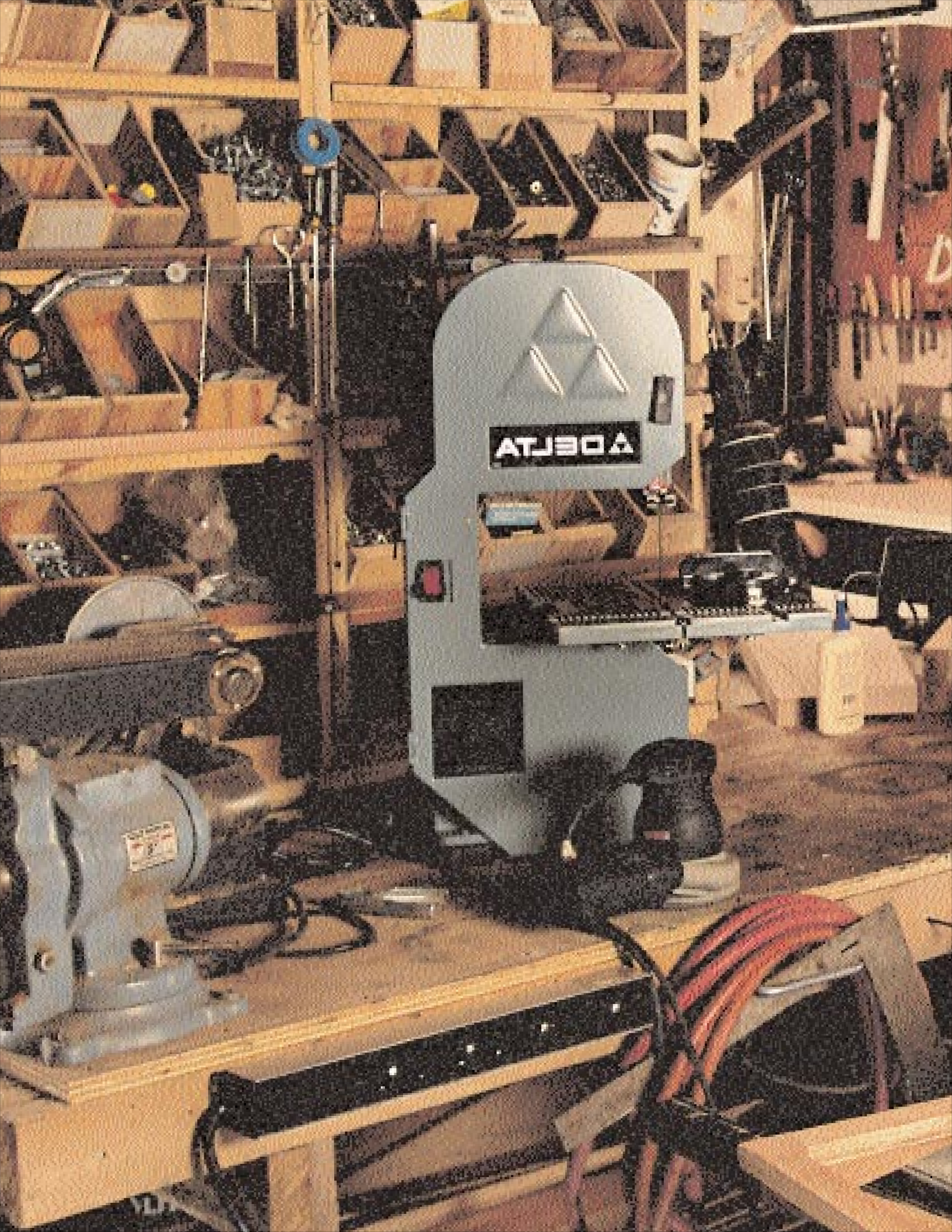
Randall J. Hogan
President and COO

**We believe
we have the
leadership,
businesses,
and resources
to double our
revenues to
\$6 billion by
the year 2005.**

what's behind the craftsmanship?



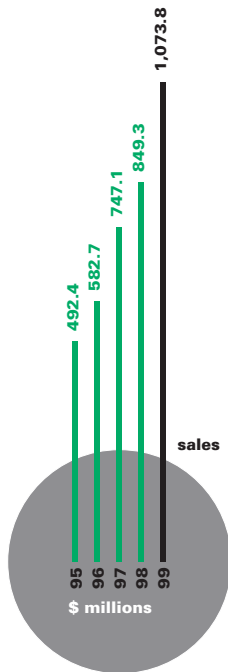




What do an intricate wood inlay, a newly shingled roof, and a jumpstart have in common? They're all made possible by Pentair products. The pros you trust with your most important projects probably use Delta table saws; the crew that's building your new garage may have Porter-Cable power tools on site; and the mechanic who maintains your car most likely has a shop equipped with Lincoln lubricating and lifting equipment, a Charge Air Pro air compressor, and more than one Century battery charger. You may own a few Pentair tools yourself. **Pentair tools help discriminating professionals and do-it-yourselfers produce the best in craftsmanship and service.**



professional tools and equipment group

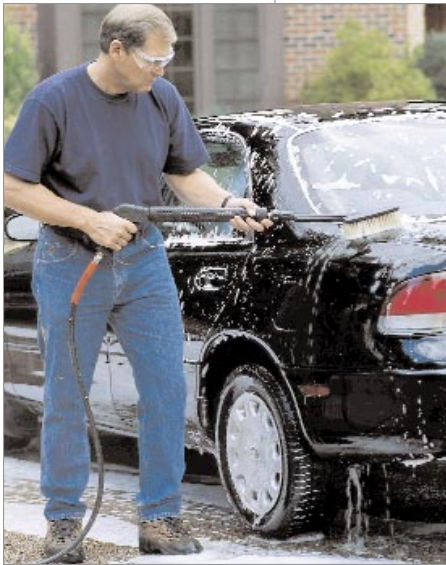


The Professional Tools and Equipment Group serves professionals who rely upon tools to make their living, as well as discriminating do-it-yourselfers who prefer professional-grade products. Comprising the Group are four businesses operating in two industries. Porter-Cable and Delta supply products to portable power tool and woodworking machinery markets, respectively. Century and DeVilbiss Air Power Company provide products to equipment markets.

In 1999, the Group upheld a performance record that included four consecutive years of double-digit sales growth and six consecutive years of double-digit operating income growth. Sales for the Group totaled \$1.074 billion in 1999, a 26 percent gain over the previous year. Operating income for the Group before the restructuring charge was \$122.2 million, up 23 percent from 1998.

The acquisition of DeVilbiss Air Power Company for approximately \$460 million strengthened Pentair's product offerings, provided leading market share in new product categories, and presented opportunities for increasing the Group's overall effectiveness in the areas of manufacturing, sales, distribution, and customer service. The acquisition is expected to drive Group sales to more than \$1.5 billion in 2000.

The Group restructured certain aspects of its tool businesses in 1999 and early 2000. Delta's main office was relocated from Pittsburgh, Pennsylvania, to Jackson, Tennessee, to



DeVilbiss Air Power Company is the North American market leader in cold water pressure washers.

share headquarters with Porter-Cable. A state-of-the-art 675,000-square-foot Delta/Porter-Cable distribution center was built in Jackson to improve fulfillment capabilities. And the companies' retail sales forces were consolidated to provide better coverage and service to customers.

With the acquisition of DeVilbiss Air Power Company on September 3, 1999, Jackson, Tennessee, became an increasingly important strategic location for Pentair. At the time of the acquisition, both DeVilbiss Air Power and Pentair's Porter-Cable tool business had headquarters, manufacturing, and distribution centers there. Then, in the first quarter of 2000, they were joined by Pentair's Delta International Machinery Corp. Delta, formerly based in Pittsburgh, combined its headquarters with Porter-Cable in Jackson in a move to heighten the competitiveness of Pentair's Tools businesses.

In addition, a state-of-the-art 675,000-square-foot distribution center was constructed in Jackson to consolidate and streamline order fulfillment and customer service for Delta and Porter-Cable. Consequently, the Delta distribution center in Memphis was closed. Operating these three businesses from one city increases Pentair's ability to take advantage of distribution, manufacturing, and administrative synergies, while better serving customers and managing costs.

Similarly, the Group took steps to streamline its equipment businesses by combining Lincoln Automotive with Century. Lincoln Automotive's headquarters in St. Louis, Missouri, and manufacturing plant in Jonesboro, Arkansas, were folded into the Century operation in Bloomington, Minnesota. The realignment created one large business unit with a strong sales force and extensive product lines.

Known for innovation, the Group continues to introduce new products that have wide consumer appeal. Porter-Cable's 19.2-Volt cordless tools and Delta's new "Platinum Edition" woodworking tools sold particularly well in 1999. Century introduced a new product that has no equivalent in the marketplace; the Electri Pac provides hours of reliable AC energy that allows users to power just about anything that requires 110-Volt electricity. Lincoln Automotive received *Motor Magazine's* Tool Innovation Award for the Power-Luber, a cordless, rechargeable grease gun that provides a continuous flow of grease at uniform pressure. Products developed in the last five years account for approximately 50 percent of the Group's tool sales.

Pentair businesses continue to win customer recognition. In 1999, for the fourth consecutive year, Porter-Cable received Home Depot's Vendor of the Year award in the Hardware category. Porter-Cable also was named Vendor of the Year by Lowe's.

Holding the first or second position in all served tool and equipment markets is the objective of the Professional Tools and Equipment Group. Leveraging their position in all channels in 1999, the businesses in this Group strengthened their reputations and built consumer preference for their brands.

With the acquisition of DeVilbiss Air Power, Pentair gained new product lines and significant market share in product categories new to the Company. Pentair became the market leader in retail air compressors and cold water pressure washers, and a strong third in retail generators. DeVilbiss Air Power products are sold under several brand names including Ex-Cell, Air America, and Charge Air Pro. The company also private labels its products for customers such as Sears, W.W. Grainger, and Snap-On. These respected product lines not only expand the Group's product offerings, but increase its ability to meet customer needs and leverage its distribution strengths.

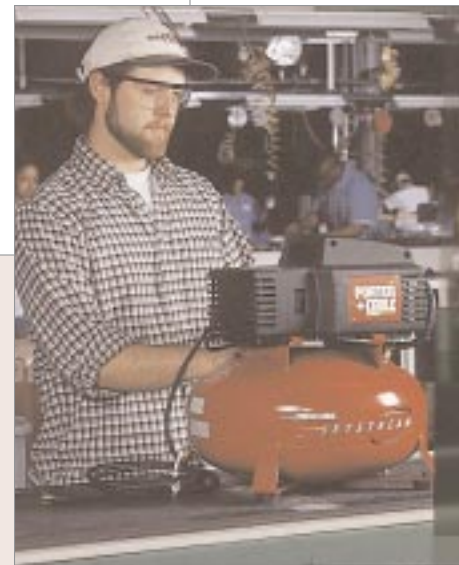
Beyond the retail market, Pentair believes DeVilbiss Air Power products can produce growth in the Group's industrial tool and equipment channels. With some focused product development, generators, pressure washers, and compressors can all be sold into industrial tool channels by Porter-Cable, and into service channels by the equipment sales force.

brands

Delta, Biesemeyer, Porter-Cable, FLEX, Century, Lincoln, Blackhawk, Guardian, Marquette, Pro-Arc, Solar, Booster Pac, Truck Pac, Rescue Pac, Viper, T-Tech, Electri Pac, Air America, Ex-Cell, Power Back, Charge Air Pro, 2 by 4.

locations

Jackson, Tennessee; Tupelo, Mississippi; Mesa, Arizona; Bloomington, Minnesota; Decatur, Arkansas; Guelph, Ontario, Canada; Steinheim, Germany; Taichung, Taiwan.



Porter-Cable branded air compressors are manufactured by DeVilbiss Air Power Company in Jackson, Tennessee.

what's behind the smiles?



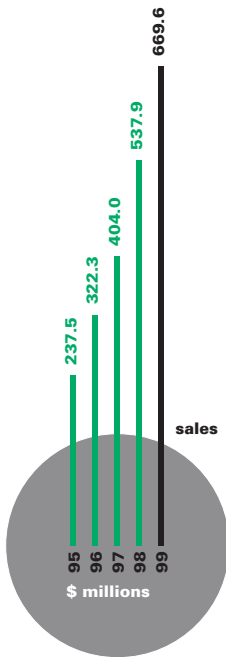




The enjoyment of safe, clean water—swimming in a pool, lingering in a warm shower, or quenching your thirst with ice-cold lemonade—is a benefit of Pentair water products. So is a quickly extinguished office building fire, and a dry basement after a rain storm. **Our pumps, valves, controls, tanks, and filters are used in a myriad of processes including water pressure boosting, water softening, water purifying, and transport. You'll find our water products in components and systems worldwide, ensuring safe, abundant supplies of water. Next time you turn on a faucet, remember the name that's behind the flow, the purity, and the quality of your water: Pentair.**



water and fluid technologies group



Providing the equipment and expertise for moving, treating, storing, and enjoying water is the focus of the Water and Fluid Technologies Group. The Group consists of three global businesses: Pentair Pump and Pool, Pentair Water Treatment, and Lincoln Industrial. These businesses manufacture products and systems sold into residential, commercial, industrial, municipal, and recreational markets.

Pentair Pump and Pool is one of the top ten pump businesses in the world, and one of the top five in North America. It is the second largest water and wastewater pump business in North America. Its product offerings range from light-duty household utility pumps to massive, high-flow turbine pumps designed for municipal water applications. In 1999, Pentair Pump and Pool became a leader among pool and spa equipment providers when it gained a complete line of pool and spa accessories through the acquisition of Essef.

Pentair Water Treatment holds the number one position in the worldwide water treatment control valve market. It manufactures a wide range of control valves for residential, commercial, and industrial water conditioning systems. With the acquisition of Essef, Pentair Water Treatment added a complete line of composite pressure vessels and storage tanks to its product offerings. These tanks make it possible to provide customers with complete water treatment systems.

The Water and Fluid Technologies Group reported 1999 sales of \$669.6 million, a 25 percent gain over 1998. The Group's operating income before the restructuring charge

totaled \$85.7 million, up 30 percent from 1998. The Group's performance benefited from supply management initiatives, higher labor productivity,



Structural brand water pressure vessels are used in a variety of industrial and commercial applications.

The acquisition of Essef Corporation of Chardon, Ohio, on August 10, 1999, expanded Pentair's considerable position in global water markets. The addition of Essef's market-leading water storage tank products reinforced Pentair's number one position in water conditioning control valves. Similarly, Pentair's strong position in pumps and water systems for residential applications was enhanced by Essef's residential pressure tanks, which are key components of household well water systems.

The acquisition also gave Pentair a strong position in the swimming pool and spa equipment industry. Swimming pool and spa equipment is a new, but very attractive, area of focus for Pentair. Studies of this market indicate that "Baby Boomer" demographics, combined with trends toward greater use of hydrotherapy, and a preference for stay-at-home recreation and fitness, will drive growth in the pool and spa equipment market far into the future.

and continued good sales in water treatment markets. Steps taken to optimize plant capacities and rationalize product lines also paid off.

In late 1999, Essef's Codeline pressure tank operation in Escondido, California, was closed, and product manufacturing was transferred to an existing facility in Chardon, Ohio. The transfer makes better use of the capacity at the Chardon facility and streamlines manufacturing within the water group businesses. The transition was completed in early 2000. Concurrently, a product rationalization project at the Chardon facility resulted in new efficiencies in manufacturing and improved delivery times at this operation.

In August 1999, the Pentair water businesses were structured into global geographic regions, delineating the Group's expansion in North American, Asian, European, Middle Eastern, and Indian markets. The new organizations that support these regions are intended to streamline and coordinate manufacturing, sales, distribution, customer service, and technical support worldwide for our pump, pool, and water treatment customers.

Clean, safe water is a basic human need that transcends all cultures and geographic boundaries. The vision of the Water and Fluid Technologies Group is to be the leading global supplier of products and systems used in the transportation, treatment, storage, and enjoyment of water. Pentair continues to pursue aggressive growth strategies to enhance the strong brand names, reputable products, and worldwide distribution capabilities of its Water and Fluid Technologies businesses.

Once the acquisition was finalized, Pentair reorganized Essef to take advantage of synergies with existing Pentair businesses. Essef's PacFab pool and spa equipment business was combined with the Pentair Pump Group to form a new business unit called Pentair Pump and Pool. Essef's Structural pressure tank business was combined with Pentair's Fleck Controls unit to form Pentair Water Treatment.

In the short term, Essef creates opportunities for the Group to: boost sales by leveraging existing distribution channels, extract value from economies of scale and synergies that exist among the water businesses, and offer new products to water treatment customers. Essef's broad geographic presence, and its unique filtration and resin tank technologies offer considerable potential in domestic and global water markets. Essef provides a platform for growth in developing markets, while accelerating the Group's sales to nearly \$900 million in 2000.

brands

Myers, Water Ace, Shur-Dri, Aplex, Fairbanks Morse, Layne & Bowler, Aurora, Hydromatic, Verti-Line, WellMate, PacFab, Purex Triton, National Pool Tile, Rainbow Lifeguard, Paragon Aquatics, American Products, Compool, Kreepy Krauly, Fleck, SIATA, Structural, CodeLine, Lincoln, ORSCO.

locations

Ashland and Chardon, Ohio; North Aurora, Illinois; Kansas City, Kansas; Sanford, North Carolina; Moorpark, El Monte, Mountain View, and Anaheim, California; Brookfield, Wisconsin; St. Louis, Missouri; Buc, France; Florence and Milan, Italy; Herentals, Belgium; Walldorf, Germany; New Delhi and Goa, India.



CodeLine pressure vessels serve as the heart of a municipal water filtration facility in Spain.

what's behind the technology?



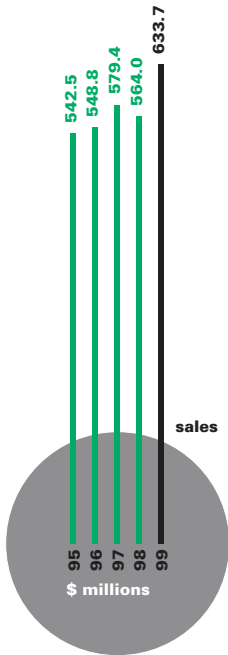




Advancements in electronic technology are making voice, video, and data communications accessible to an ever-changing, ever-growing population. The intricate components and equipment that make up the infrastructure of the fast-growing telecom and datacom markets are housed in Pentair enclosures and systems. So are the sophisticated electronics that serve the industrial and electrical industries. On the factory floor or in remote outdoor environments, Pentair enclosure products provide complete protection against every imaginable hazard: heat, cold, water, and earthquakes, to name a few. Because of Pentair's standard and custom packaging solutions, the electronic systems that keep our world humming are safe and reliable.



electrical and electronic enclosures group



The Electrical and Electronic Enclosures Group is made up of Hoffman Enclosures, Pentair Enclosures Europe, and Pentair Electronic Packaging. Its premier brands are Schroff and Hoffman. Primary products manufactured by the Group are metal and composite enclosures that house and protect sensitive controls and components.

The Group has a solid leadership position in global enclosure markets. Hoffman, the leading North American producer of electrical enclosures, sells through a distributor network to original equipment manufacturers (OEMs) as well as construction, petrochemical, and general manufacturing industries. Pentair Enclosures, a leader in European and Asian electronic enclosure markets, sells direct to electronics, datacom, and telecom manufacturers. Pentair Electronic Packaging is a North American organization that provides custom and off-the-shelf enclosure packaging solutions to datacom and telecom OEMs via sales representatives and direct sales people.

The Group prides itself in having the best design and manufacturing capabilities in the industry, and a full spectrum of products ranging from standard to modified to tailor-made solutions. The enclosure businesses also provide integration services for their customers, and manage the outsourcing of non-core operations. Pentair has a worldwide presence, with enclosure facilities in the U.S., in all key European markets, and in Japan.

The Electrical and Electronic Enclosures Group achieved 1999 sales of \$633.7 million, a 12 percent gain over 1998 levels. Operating income before the restructuring charge rose to \$63.1 million, a 37 percent improvement over the previous year, and return on sales for the Group



The enclosures group provides precision metal stampings and assemblies for telecom, aerospace, and computer customers.

The Enclosures Group achieved a dramatic performance turnaround in 1999 in part because of a Group-wide initiative targeting high-growth markets and customers. Hoffman strengthened its leading position in industrial enclosure markets, aided by the segmentation of its 1,400 stocking distributors. This process not only helped focus distribution on high-potential segments of industrial markets, but added more than 200 new distributors to the base. Meanwhile, Hoffman targeted key high-volume original equipment manufacturers and further expanded its position in fast-growing Networking markets.

In Europe and Asia, Pentair Enclosures Europe worked to solidify its position in its traditional markets while aggressively pursuing business opportunities in Information and Communication Technology markets.

Pentair Enclosures supported this thrust by reinforcing its capabilities as a full service integrator of electronic packaging.

was 10 percent in 1999. Growth initiatives in industrial, data communications, and telecommunications markets, and the restructuring of the European enclosure operations contributed to the Group's much-improved performance.

Hoffman profited from segmented distribution, diligent cost management, and enhanced relations with original equipment manufacturers and customers in the networking market. Pentair Enclosures Europe rebounded strongly in 1999, recording its best performance in three years. A new leadership structure, a total revamping of the sales and marketing approach, higher levels of productivity, and improved economic conditions in Europe were factors in the improved performance of the European enclosure businesses. The formation of Pentair Electronic Packaging gave new impetus to the Group's efforts to capture greater market share in technology markets, and resulted in increased growth momentum.

The Group gained even greater penetration of technology markets in April 1999 when it acquired WEB Tool and Manufacturing of Chicago, Illinois. WEB increased the Group's product offerings and reinforced its design, manufacturing, assembly, and integration capabilities. WEB is now part of Pentair Electronic Packaging.

Pentair was the first consolidator in the global enclosure business and the first provider of a full range of enclosure products in the Americas, Europe, and Japan. The Electrical and Electronic Enclosures Group continues to capture the business—and the imagination—of major customers around the world. The Group is building its position in industrial, electronic, datacom, and telecom markets and establishing itself as the global leader in enclosure technology and service.

To better capture electronic packaging design, production, and integration opportunities, Pentair combined five North American enclosure operations in July 1999 to form Pentair Electronic Packaging. Working with Pentair Enclosures Europe and Asia, this new entity provides a wide array of custom and off-the-shelf enclosure packaging solutions for customers in the fast-growing data communications and telecommunications markets. Pentair Electronic Packaging products and services include Schroff-brand subracks, cases and cabinets; high volume, stamped components and assemblies; custom cabinets and consoles; outdoor aluminum enclosures; and a complete range of design and integration services.

The goal of the Group is to be the world's largest enclosures organization offering the broadest selection of enclosure solutions from multiple facilities throughout the world. Customers are already benefiting from the Group's broad strengths in design, manufacturing, and integration; its unified, customer-focused sales team; and its extensive range of packaging capabilities.

brand names
Hoffman, Schroff, Transrack, Pentair Electronic Packaging, Pentair Enclosures.

locations
Anoka, Brooklyn Center, and Plymouth, Minnesota; Mt. Sterling, Kentucky; Warwick, Rhode Island; El Segundo, California; Pennsauken, New Jersey; Chicago, Illinois; Houston, Texas; Reynosa, Mexico; Scarborough, Ontario, Canada; Straubenhart, Germany; Betschdorf and Bonneuil-sur-Marne, France; Skarpnäck, Sweden; Gallarate (Varese), Italy; Edinburgh, Scotland; Hemel Hempstead, England; Yokohama and Meiwa-Cho, Japan; Singapore.



Integrating electronic components into protective enclosures is a core competency of Pentair's enclosures businesses.

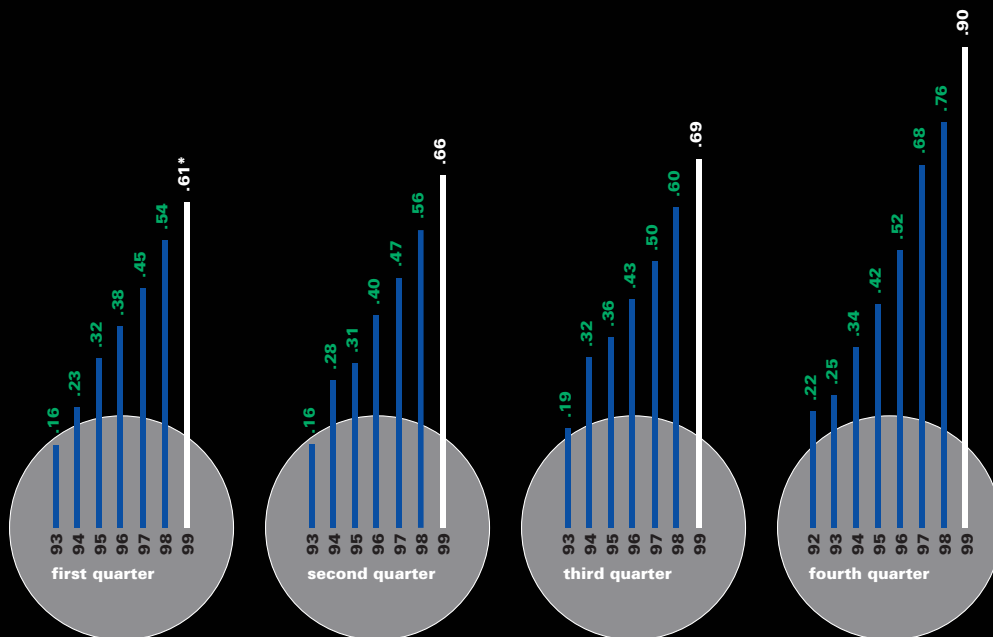
Operating Activities. We generated record levels of cash due to improved profitability and working capital management.

Investing Activities. We refocused capital expenditures to fuel growth and support company-wide investments in technology, and successfully completed \$1 billion of acquisitions that strategically advanced each of our three chosen segments.

Financing Activities. We orchestrated the expansion of Pentair's financial structure, including \$250 million of new bonds and an equity offering of 5.5 million shares.

25 consecutive quarters of year-to-year earnings growth

diluted earnings per share from continuing operations
 *excludes restructuring charge of \$0.56 per share



financial review

Pentair's objective is to maintain and enhance its position as an independent, top-performing, consistently growing, diversified industrial company. Pentair has adopted a strategic plan to focus on three business areas and to build, both internally and through acquisition, those businesses into recognized market leaders.

Pentair's goals include the following financial performance objectives: 15%+ revenue growth, 20% return on equity, and 30%-40% total debt to capital.

Pentair achieved excellent financial results in 1999. Sales of \$2.4 billion were 22.2% over the previous year. Operating income in 1999 after the restructuring charge (\$38.0 million) was \$214.3 million, up 10.9% over 1998; operating income as a percent of sales decreased from 10.0% to 9.1%. Operating income before the restructuring charge was \$252.3 million in 1999, up 30.6% over 1998, and as a percent of sales, improved from 10.0% in 1998 to 10.7% in 1999. Diluted earnings per share for 1999 after the restructuring charge declined from \$2.46 to \$2.33, a decrease of 5.3% from 1998; diluted earnings per share before the restructuring charge was \$2.89, an increase of 17.5% over 1998. The Company's ROE was 12.5% in 1999; ROE before the restructuring charge was 15.2%. Free cash flow (cash from operations less capital expenditures) was \$85.4 million in 1999 compared to \$81.5 million in 1998.

Total Return to Shareholders

The Company continued its strong track record, attaining a 14.0% annual compounded return to shareholders for the five-year period ended December 31, 1999. Pentair stock had a negative 1.7% total return to shareholders for 1999.

This summary annual report contains abbreviated financial data for the fiscal year 1999. The complete text of Management's Discussion and Analysis, and the consolidated financial statements and footnotes, are presented in Pentair's Annual Report on Form 10-K, which also incorporates the 2000 Proxy Statement. Copies of Form 10-K and the 2000 Proxy Statement are available from Pentair's Investor Relations Department.

operations review

Pentair has adopted a standard "4-4-5 week" accounting quarter for reporting in 1999. Pentair's fiscal year will continue to end on December 31. Also, operating profits of the segments are now reported net of all their administrative and related costs. The prior year segment data was restated for such reporting change.

Pentair has three segments: Professional Tools and Equipment (PTE), Water and Fluid Technologies (WFT), and Electrical and Electronic Enclosures (EEE).

(In millions)	Professional Tools and Equipment	Water and Fluid Technologies	Electrical and Electronic Enclosures	Other*	Total
Net Sales					
1999	\$1,073.8	\$669.6	\$633.7	\$ (9.3)	\$2,367.8
1998	849.3	537.9	564.0	(13.6)	1,937.6
1997	747.1	404.0	579.4	108.6	1,839.1
Operating Income					
1999	\$ 105.4	\$ 81.3	\$ 46.3	\$(18.7)	\$ 214.3
1998	99.6	66.0	46.0	(18.4)	193.2
1997	76.8	41.9	47.3	3.8	169.8
Operating Margin %					
1999	9.8	12.1	7.3		9.1
1998	11.7	12.3	8.2		10.0
1997	10.3	10.4	8.2		9.2

*Other includes corporate leadership expenses, captive insurance company, intermediate financial companies, charges that do not relate to current operations, divested operations (Federal) and intercompany eliminations.

Sales in the Professional Tools and Equipment segment totaled \$1,073.8 million in 1999, a 26.4 percent gain over the previous year. Operating income for the segment was \$105.4 million, up 5.8 percent from 1998. Operating income before the restructuring charge was \$122.2 million, up 22.6 percent from 1998, with 1999 return on sales of 11.4 percent.

The Water and Fluid Technologies segment reported 1999 sales of \$669.6 million, a 24.5 percent gain over 1998. Operating income for the segment totaled \$81.3 million, up 23.2 percent from 1998. Operating income before the restructuring charge was \$85.7 million, up 29.9 percent from 1998, with 1999 return on sales of 12.8 percent.

The Electrical and Electronic Enclosures segment's sales totaled \$633.7 million in 1999, a 12.3 percent gain over 1998, while operating income totaled \$46.3 million, up 0.7 percent from 1998. Operating income before the restructuring charge was \$63.1 million, up 37.1 percent from 1998, with 1999 return on sales of 10.0 percent.

Management's Responsibility for Financial Reporting

The consolidated financial statements of Pentair, Inc. have been prepared by Company management who are responsible for their integrity and objectivity. These statements have been prepared in accordance with generally accepted accounting principles and, where appropriate, reflect estimates based on judgments of management. The financial statements have been audited in accordance with generally accepted auditing standards and reported upon by our independent auditors, Deloitte & Touche LLP, who were given free access to all financial records and related data. We believe the representations made to the independent auditors were valid and appropriate.

Pentair maintains a system of internal controls. Our systems provide reasonable assurance that assets are protected, transactions are appropriately reported, and established procedures are followed.

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



Winslow H. Buxton
Chairman of the Board
and Chief Executive Officer



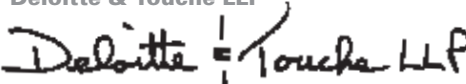
David D. Harrison
Executive Vice President
and Chief Financial Officer

Independent Auditors' Report on Condensed Financial Information

To the Board of Directors and Shareholders of Pentair, Inc.:

We have audited the consolidated balance sheets of Pentair, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, cash flows and comprehensive income for the years ended December 31, 1999, 1998 and 1997. Such consolidated financial statements and our report thereon dated February 2, 2000, expressing an unqualified opinion (which are not included herein), are included in the Annual Report on Form 10-K of Pentair, Inc. for the year ended December 31, 1999. The accompanying condensed consolidated financial statements are the responsibility of Pentair's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements of Pentair, Inc. is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

Minneapolis, Minnesota
February 2, 2000

condensed consolidated statements of income

(In millions, except share and per share amounts)	Years Ended December 31		
	1999	1998	1997
Net sales	\$2,367.8	\$1,937.6	\$1,839.1
Operating costs			
Cost of goods sold	1,632.7	1,330.3	1,290.8
Selling, general and administrative	455.7	391.1	357.1
Restructuring charge	38.0	—	—
Research and development	27.1	23.0	21.4
Total operating costs	2,153.5	1,744.4	1,669.3
Operating income	214.3	193.2	169.8
Gain on sale of business	—	—	10.3
Interest expense	49.5	24.0	22.2
Interest income	1.7	1.7	.5
Income before income taxes	166.5	170.9	158.4
Provision for income taxes	63.2	64.1	66.8
Net income	103.3	106.8	91.6
Preferred dividend requirements	—	4.2	4.9
Income available to common shareholders	\$ 103.3	\$ 102.6	\$ 86.7
Basic earnings per common share	\$ 2.36	\$ 2.67	\$ 2.28
Diluted earnings per common share	\$ 2.33	\$ 2.46	\$ 2.11
Average common shares (in thousands)			
Outstanding	43,803	38,444	37,989
Outstanding assuming dilution	44,287	43,149	43,067

condensed consolidated balance sheets

	December 31	
(In millions)	1999	1998
Assets		
Current assets		
Cash and cash equivalents	\$ 66.2	\$ 32.0
Accounts and notes receivable	587.2	396.1
Inventories	425.9	278.6
Deferred income taxes	56.0	30.4
Other current assets	15.2	11.5
Total current assets	1,150.5	748.6
Property, plant and equipment	740.5	593.0
Less accumulated depreciation	336.7	284.7
Property, plant and equipment, net	403.8	308.3
Goodwill, net	1,187.5	474.5
Other assets	61.2	23.3
Total assets	\$2,803.0	\$1,554.7
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts and notes payable	\$ 262.8	\$ 156.0
Compensation and other benefits accruals	103.3	69.9
Income taxes	21.4	7.1
Accrued product claims and warranties	49.8	29.5
Accrued rebates	19.9	19.7
Accrued expenses and other liabilities	125.9	59.7
Current maturities of long-term debt	177.8	52.9
Total current liabilities	760.9	394.8
Long-term debt	857.3	288.0
Pensions and other retirement compensation	67.2	60.6
Postretirement medical and other benefits	44.0	41.9
Reserves – insurance subsidiary	22.9	29.4
Deferred income taxes	6.9	.4
Other liabilities	50.6	30.2
Preferred stock – at liquidation value		
Outstanding: 0 shares in 1999 and 1,534,919 shares in 1998	—	53.6
Unearned ESOP compensation	—	—
Common stock – par value, \$.16%		
Outstanding: 48,317,068 in 1999 and 38,503,587 in 1998	8.1	6.4
Additional paid-in capital	456.5	184.2
Accumulated other comprehensive income	(15.6)	(4.0)
Retained earnings	544.2	469.2
Total shareholders' equity	993.2	709.4
Total liabilities and shareholders' equity	\$2,803.0	\$1,554.7

condensed consolidated statements of cash flows

(In millions)	Years Ended December 31		
	1999	1998	1997
Cash from operating activities	\$ 146.0	\$ 135.3	\$ 117.9
Investing activities			
Capital expenditures	(60.6)	(53.8)	(77.5)
Proceeds from sale of businesses	—	13.0	112.0
Payments for acquisition of businesses	(953.2)	(68.4)	(210.6)
Construction funds held in escrow	1.8	.7	7.1
Purchase of marketable securities	—	—	(2.0)
Proceeds from sale of marketable securities	—	—	48.7
Cash provided by (used for) investing activities	(1,012.0)	(108.5)	(122.3)
Financing activities			
Long-term borrowings	501.9	73.0	107.3
Payments of long-term debt	(60.0)	(65.4)	(70.3)
Proceeds from issuance of long-term bonds	250.0	—	—
Debt issuance costs	(2.4)	—	—
Bridge loan borrowings	450.0	—	—
Repayment of bridge loan borrowings	(450.0)	—	—
Unearned ESOP compensation decrease	—	6.3	8.1
Employee stock plans and other	9.9	4.3	5.5
Proceeds from issuance of common stock, net of expenses	214.5	—	—
Repurchase of stock	(4.0)	(12.4)	—
Dividends	(28.2)	(27.3)	(25.4)
Cash provided by (used for) financing activities	881.7	(21.5)	25.2
Effects of currency exchange rate changes	18.5	(7.6)	(9.5)
Increase (decrease) in cash and cash equivalents	34.2	(2.3)	11.3
Cash and cash equivalents – beginning of period	32.0	34.3	23.0
Cash and cash equivalents – end of period	\$ 66.2	\$ 32.0	\$ 34.3

selected financial data

(In millions, except per share data)	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Income Statement Data										
Net Sales										
Professional Tools and Equipment	1,073.8	849.3	747.1	582.7	492.4	453.5	408.1			
Water and Fluid Technologies	669.6	537.9	404.0	322.3	237.5	210.6	184.4			
Electrical and Electronic Enclosures	633.7	564.0	579.4	548.8	542.5	460.5	236.7			
Other	(9.3)	(13.6)	108.6	113.3	130.5	137.1	117.4			
Total	2,367.8	1,937.6	1,839.1	1,567.1	1,402.9	1,261.7	946.6	864.0	802.9	805.2
Operating Income										
Professional Tools and Equipment	105.4	99.6	76.8	54.7	44.2	39.5	33.7			
Water and Fluid Technologies	81.3	66.0	41.9	41.2	22.7	15.4	8.4			
Electrical and Electronic Enclosures	46.3	46.0	47.3	53.9	50.5	39.6	18.3			
Other	(18.7)	(18.4)	3.8	(6.9)	(1.2)	11.1	7.7			
Total	214.3	193.2	169.8	142.9	116.2	105.6	68.1	61.9	53.1	47.9
Earnings Before Income Taxes	166.5	170.9	158.4	124.6	101.7	83.5	55.1	47.7	38.4	31.6
Income From:										
Continuing Operations	103.3	106.8	91.6	74.5	60.5	50.1	32.7	27.2	18.8	16.9
Net Income (a)	103.3	106.8	91.6	74.5	77.2	53.6	46.6	42.8	41.1	33.0
Common Share Data										
EPS – Diluted (a) (b)	2.33	2.46	2.11	1.73	1.41	1.17	.76	.64	.47	.42
Cash Dividends	.64	.60	.54	.50	.40	.36	.34	.32	.30	.29
Stock Dividends %	—	—	—	100	—	—	50	—	—	—
Book Value	20.56	17.03	15.12	13.69	12.37	10.71	9.29	8.21	8.79	7.97
Stock Price	38½	39¼	35¼	32¼	24¾	21¾	16½	13¾	13¾	8¼
Market Capitalization	1,860	1,718	1,548	1,378	1,045	899	692	549	558	342
Balance Sheet Data										
Preferred Equity (net)	—	53.6	53.4	47.6	44.6	40.9	33.9	77.4	74.1	68.4
Common Equity	993.2	655.8	577.2	516.2	458.3	391.1	336.9	260.0	275.7	247.8
ROE %(a)	12.5	16.6	15.9	14.3	16.9	13.2	13.6	12.8	13.3	11.1
Capital Expenditures	60.6	53.8	77.5	71.6	63.8	57.8	28.1	28.0	26.5	28.0
Total Assets	2,803.0	1,554.7	1,472.9	1,289.0	1,252.5	1,161.1	863.1	769.5	698.4	696.5
Long-Term Debt	857.3	288.0	294.5	279.9	219.9	408.5	236.7	209.3	191.2	217.5
Total Debt	1,035.1	340.9	329.3	312.8	238.8	412.1	237.5	214.3	198.2	228.7
Long-Term Debt to Capital %	46	29	32	33	31	49	39	38	35	41
Total Debt to Capital %	51	33	34	36	32	49	39	39	36	42

All Share and Per Share Data adjusted for stock dividends.

(a) 1992 – before the cumulative effects of accounting changes.

(b) From continuing operations.

board of directors

seated, left to right:
Karen E. Welke and
William J. Cadogan

standing, left to right:
Quentin J. Hietpas,
Stuart Maitland,
Augusto Meozzi,
Barbara B. Grogan,
Harold V. Haverty,
Richard M. Schulze,
Randall J. Hogan,
Charles A. Haggerty,
Winslow H. Buxton,
and **Joseph R. Collins.**



David D. Harrison
Executive Vice President;
Chief Financial Officer



James A. White
Executive Vice President;
President, Professional Tools
and Equipment Group



Richard J. Cathcart
Executive Vice President;
President, Water and Fluid
Technologies Group

board of directors

Winslow H. Buxton (3, 5), 60
Chairman and Chief Executive Officer of Pentair, Inc.

William J. Cadogan (2, 3, 5, 6), 51
Chairman, President, and Chief Executive Officer of
ADC Telecommunications.

Joseph R. Collins (3, 8, 7), 58
Vice Chairman of Pentair, Inc.

Barbara B. Grogan (2, 7, 8), 52
Chairman and President of Western Industrial
Contractors, Inc.

Charles A. Haggerty (1, 3, 6, 8), 58
Chairman, President, and Chief Executive
Officer of Western Digital.

Harold V. Haverty (2, 3, 7), 69
Retired President and Chief Executive
Officer of Deluxe Corporation.

Quentin J. Hietpas (2, 5, 7), 69
Senior Vice President of External Affairs
at the University of St. Thomas.

Randall J. Hogan, 44
President and Chief Operating Officer of Pentair, Inc.

Stuart Maitland (1, 2), 54
Director of Manufacturing Operations
for Vehicle Operations, Ford Motor Company.

Augusto Meozzi (6, 8), 60
Chief Operating Officer of the German Isola Group.

Richard M. Schulze (1, 5, 8), 59
Founder, Chairman, and Chief Executive
Officer of Best Buy Company, Inc.

Karen E. Welke (1, 6, 7), 55
Group Vice President of 3M's Medical
Products Group.

(1) Audit Committee, (2) Compensation/HR Committee,
(3) Executive Committee, (4) Shareholder Affairs Committee,
(5) Nominating and Governance Committee, (6) Share Rights
Committee, (7) Public Policy Committee, (8) Finance/Investment
Policy Committee.

corporate officers

Winslow H. Buxton
Chairman and Chief Executive Officer

Joseph R. Collins
Vice Chairman

Randall J. Hogan
President; Chief Operating Officer;
President, Electrical and Electronic Enclosures Group

Richard J. Cathcart
Executive Vice President;
President, Water and Fluid Technologies Group

David D. Harrison
Executive Vice President and Chief Financial Officer

James A. White
Executive Vice President;
President, Professional Tools and Equipment Group

Louis L. Ainsworth
Senior Vice President and General Counsel

George M. Danko
Senior Vice President, Corporate Development
and Central Operating Services

Karen A. Durant
Vice President and Controller

Deb S. Knutson
Vice President, Human Resources

Roy T. Rueb
Vice President, Treasurer, and Secretary

business executives

John S. Abbott
Pentair Electronic Packaging

Steven R. Bentson
Pentair Equipment Businesses

Jorge Fernandez
Pentair Water Treatment

John H. Garlock
Pentair Tools Businesses

Ken Lewandowski
Pentair Enclosures Europe

Delton D. Nickel
Hoffman Enclosures

Michael V. Schrock
Pentair Pump and Pool

Mark T. Schroepfer
Lincoln Industrial



common stock data Pentair common stock is listed on the New York Stock Exchange under the symbol PNR. The price information below represents closing sale prices reported in the Dow Jones Historical Stock Quote Reporter Service for the calendar year 1999. There were 4,395 shareholder accounts on December 31, 1999.

price range and dividends of common stock

1999	High	Low	Dividend	Last	1998	High	Low	Dividend	Last
First Quarter	41 ¹³ / ₁₆	31 ⁵ / ₁₆	0.16	31 ⁵ / ₁₆	First Quarter	45 ⁹ / ₁₆	34 ³ / ₁₆	0.15	44 ³ / ₄
Second Quarter	48 ⁷ / ₈	30 ¹⁵ / ₁₆	0.16	45 ⁵ / ₁₆	Second Quarter	45 ³ / ₄	37 ¹ / ₄	0.15	42
Third Quarter	47 ¹³ / ₁₆	40 ¹ / ₈	0.16	41 ⁷ / ₁₆	Third Quarter	43	27 ⁷ / ₈	0.15	32 ¹ / ₄
Fourth Quarter	41 ¹ / ₈	32 ⁷ / ₁₆	0.16	38 ¹ / ₂	Fourth Quarter	41	30 ⁷ / ₁₆	0.15	39 ¹³ / ₁₆

common dividends 1999 Dividends are \$.16 per share quarterly for an indicated annual rate of \$.64 per share. Pentair has now paid 96 consecutive quarterly dividends. See Note 6 of Notes to Consolidated Financial Statements for certain dividend restrictions.

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

direct book entry registration Pentair offers its shareholders the opportunity to participate in the Company's Direct Book Entry Registration service. Direct Book Entry is an uncertificated form of stock ownership that provides protection against loss, theft, and inadvertent destruction of stock certificate(s), while reducing administrative costs. Plan brochures and enrollment forms are available from the Company or Norwest Bank Minnesota, N.A.

annual meeting The annual meeting of shareholders will be held in the Auditorium at the Lutheran Brotherhood Building, 625 Fourth Ave., Minneapolis, Minnesota, at 10:00 a.m. on April 26, 2000. Management and directors encourage all shareholders to attend the annual meeting.

form 10-K available A copy of the Company's annual report on Form 10-K, as filed with the Securities and Exchange Commission, will be provided on request. Written requests should be directed to Pentair Investor Relations.

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

forward-looking statements This summary annual report contains forward-looking statements which are based on current expectations, estimates, and projections. These statements are not guarantees of future performance and involve risks and uncertainties which are difficult to predict. For a discussion of these risks and uncertainties, please refer to Forms 10-Q and 10-K, which Pentair files with the Securities and Exchange Commission.

trademarks, copyrights, and trade names Certain trademarks, copyrights, and trade names are owned or licensed by Pentair, Inc. or its wholly owned subsidiaries. Other trademarks, copyrights, and trade names may also appear in this report. It is not Pentair's intent to imply that these are its own.

registrar and transfer agent Norwest Bank Minnesota, N.A., South St. Paul, MN 55075

certified public accountants Deloitte & Touche LLP, Minneapolis, MN 55402

Pentair, Inc. chooses to be an independent, publicly owned company, and this statement is to guide the development of its organization and the conduct of its business affairs. Our businesses are to be managed in keeping with the highest business, ethical, moral and patriotic standards applicable to a publicly owned corporation. Our businesses are to be operated so that we are respected for our actions by shareholders, employees, plant communities, customers, suppliers, investors and all other stakeholders. Our approach to business is intended to make Pentair, Inc. a top-performing company managed and operated to provide long-term benefits to all constituents.

operating guidelines

- ▶ Balanced consideration will be given to the interests of shareholders and employees in managing the corporation.
- ▶ The corporation staff will be kept to minimum size, and subsidiary operations will be as autonomous as practicable.
- ▶ A strong work ethic is expected of all constituents. Good performance will be freely recognized. Poor performance will not be condoned.
- ▶ We will strive to: operate with the highest regard for the environment; eliminate environmental risks from the workplace; and minimize emissions and waste.
- ▶ The dignity and self-worth of all persons involved with the Company will be respected.
- ▶ Safety in the workplace and in work practices shall be maximized.
- ▶ We will encourage, aid and promote the physical and mental health and wellness of employees and their families.
- ▶ Qualified employees will be given priority for internal employment opportunities.
- ▶ Standards of ethics, integrity and work practices shall apply equally to all employees.
- ▶ We will honor agreements, meet obligations timely, maintain the spirit and intent of our commitments, and value good relationships.
- ▶ Hiring emphasis will recognize ability, compatibility and integrity, and will not discriminate on the basis of sex, religion, race or age.
- ▶ We will promote open and candid communications with emphasis on informality and on conversational exchanges.

office locations**Pentair**

Waters Edge Plaza
1500 County Road B2 West
St. Paul, Minnesota 55113
Telephone (651) 636-7920
www.pentair.com

**professional tools
and equipment group****Porter-Cable Corporation**

4825 Highway 45 North
Jackson, Tennessee 38305
Tel (901) 668-8600
www.porter-cable.com
www.flex-tools.com

Delta International Machinery Corp.

4825 Highway 45 North
Jackson, Tennessee 38305
Tel (901) 668-8600
www.deltawoodworking.com
www.biesemeyer.com

Century Manufacturing Company

9231 Penn Avenue South
Bloomington, Minnesota 55431
Tel (952) 884-3211
www.centurymfgco.com
www.lincolnautomotive.com
www.solaronline.com
www.t-techonline.com
www.viperonline.com

DeVilbiss Air Power Company

213 Industrial Drive
Jackson, Tennessee 38301
Tel (901) 423-7000
www.devilbissairpower.com
www.devap.com

water and fluid technologies group**Pentair Pump and Pool**

1101 Myers Parkway
Ashland, OH 44805
Tel (419) 289-1144
www.pentairpump.com

Pentair Water Treatment

20580 Enterprise Avenue
Brookfield, Wisconsin 53008
Tel (414) 784-4490
www.fleckcontrols.com
www.pentairwater.com
www.pentairwatertreatment.com

Lincoln Industrial

One Lincoln Way
St. Louis, Missouri 63120
Tel (314) 679-4200
www.lincolnindustrial.com

**electrical and electronic
enclosures group****Hoffman Enclosures**

900 Ehlen Drive
Anoka, MN 55303
Tel (763) 421-2240
www.hoffmanonline.com

Pentair Electronic Packaging

170 Commerce Drive
Warwick, RI 02886
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www.pentair-ep.com

Schroff

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www.schroff.fr
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