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# News Release

For release at 5:00 A.M. CDT

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**Pentair's EPS Rises 14%, Free Cash Flow Exceeds $100 Million in Third Quarter 2002; Company Updates 2002 EPS Expectations**

ST. PAUL, Minn. — October 15, 2002 — Pentair (NYSE: PNR) today announced that it generated third quarter 2002 earnings per share (EPS) of $0.75, a 13.6 percent gain over EPS of $0.66 -- without goodwill amortization -- in the same period last year. The Company's third quarter free cash flow totaled $110.1 million or $197.2 million on a year-to-date basis. This represents an 80 percent increase over 2001 year-to-date cash flow, or 194 percent conversion of 2002 net income, and year-to-date cash EPS of $3.96.

"Supply management, lean enterprise, cash flow, and growth initiatives in our businesses offset the effects of a tough global economy in the third quarter," said Randall J. Hogan, Pentair chairman and CEO. "We're making good progress in gaining new customers, improving profits, and maintaining our cash flow discipline. We are particularly pleased with the latter, which has more than paid for the two complementary acquisitions we made in the fourth quarter."

Pentair's third quarter net sales totaled $629.3 million, down slightly compared to $636.2 million in the same period a year ago. Operating income for the third quarter 2002 totaled $61.6 million, 2.4 percent greater than the $60.1 million, before goodwill amortization, reported in the third quarter 2001. Despite slightly lower sales, operating income margins improved 30 basis points.

In the Tools Group, third quarter 2002 sales of $265.7 million were 10 percent higher than in the same period last year, while operating income of $26.0 million improved 31 percent on the same comparison. Third quarter operating income margins in the Group were 9.8 percent, representing an increase of 160 basis points over the third quarter 2001. Pentair attributed the improved sales results to significantly higher shipments of Delta products and pressure washers. Gains in operating income were due primarily to benefits generated by supply chain, lean enterprise, and cost reduction initiatives, offset by product mix and costs related to promotional activities.

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In the Water Technologies Group, third quarter sales of $223.6 million declined three percent versus the same period last year, operating income of $30.0 million was nine percent lower, and margins declined 90 basis points to 13.4 percent. The Group's sales performance was adversely affected by fluctuations in the seasonality of pool and spa equipment sales. This was due primarily to timing of orders and was partially offset by strong pump sales during the quarter. The decline in operating income was due to lower pool product sales and unfavorable product mix, specifically significantly higher sales of retail pumps, which carry a lower margin, and lower productivity in the pump and tank businesses.

In the Enclosures segment, sales of $139.9 million and operating income of $8.9 million in the third quarter of 2002 were 15 and 18 percent lower, respectively, than year-ago levels due to continued slow capital spending and weak global technology markets. Enclosures Group sales have been essentially flat during this year, but margins improved sequentially by 90 basis points in the first quarter of 2002, 170 basis points in the second quarter, and another 130 basis points in the third quarter. Pentair expects its Enclosures Group to generate continued margin improvement in the fourth quarter.

"We are pleased that margins in Enclosures have continued to improve, that our Tools sales are growing, and that our ongoing cash flow discipline delivered excellent results in the quarter," Hogan said. "Despite these accomplishments, we face a constrained growth environment overall, more aggressive pricing pressures, and promotional activities in Tools, as well as slower cost productivity improvements in our Water Technologies Group.

"Given these conditions, and particularly the economic concerns that exist in many of our businesses, we are expecting to deliver 2002 EPS of between $2.60 and $2.65, versus previous guidance of between $2.80 and $2.90 per share," Hogan added. "Even if the current economic conditions continue and allow only modest sales growth in 2003, our initiatives will still drive EPS growth in the mid-teens."

A Pentair conference call scheduled for 9:00 a.m. CDT today will be webcast live via http://www.pentair.com. The conference call, which can be found on the site's "Financial Information" page, will be archived at the same location.

Pentair is a St. Paul-based manufacturer whose core businesses compete in tools, water technologies, and enclosures markets. The company employs 12,000 people in more than 50 locations around the world.

Any statements made about the company's anticipated financial results are forward-looking statements subject to risks and uncertainties. Forward-looking statements included herein are made as of the date hereof and the company undertakes no obligation to update publicly such statements to reflect subsequent events or circumstances. Actual results could differ materially from anticipated results.

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**Pentair, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Income (Unaudited)**

| *In thousands, except per-share data* | Three months ended September 28 2002 | Three months ended September 29 2001 | Nine months ended September 28 2002 | Nine months ended September 29 2001 |
|---|---|---|---|---|
| Net sales [2] | $ 629,301 | $ 636,174 | $ 1,940,480 | $ 1,989,770 |
| Cost of goods sold | 478,708 | 487,033 | 1,476,896 | 1,525,723 |
| Gross profit | 150,593 | 149,141 | 463,584 | 464,047 |
| *% of net sales* | *23.9%* | *23.4%* | *23.9%* | *23.3%* |
| Selling, general and administrative [1] [2] | 80,074 | 90,152 | 255,361 | 276,864 |
| *% of net sales* | *12.7%* | *14.2%* | *13.2%* | *13.9%* |
| Research and development | 8,904 | 7,805 | 26,289 | 22,794 |
| *% of net sales* | *1.4%* | *1.2%* | *1.4%* | *1.1%* |
| Operating income | 61,615 | 51,184 | 181,934 | 164,389 |
| *% of net sales* | *9.8%* | *8.0%* | *9.4%* | *8.3%* |
| Net interest expense | 8,205 | 14,409 | 32,411 | 48,366 |
| *% of net sales* | *1.3%* | *2.3%* | *1.7%* | *2.4%* |
| Other expense, write-off of investment | — | — | — | 2,500 |
| *% of net sales* | *n/a* | *n/a* | *n/a* | *0.1%* |
| Income before income taxes | 53,410 | 36,775 | 149,523 | 113,523 |
| *% of net sales* | *8.5%* | *5.8%* | *7.7%* | *5.7%* |
| Provision for income taxes | 16,148 | 12,104 | 47,847 | 39,733 |
| *Effective tax rate* | *30.2%* | *32.9%* | *32.0%* | *35.0%* |
| Net income | $ 37,262 | $ 24,671 | $ 101,676 | $ 73,790 |
| *% of net sales* | *5.9%* | *3.9%* | *5.2%* | *3.7%* |
| **Earnings per common share** | | | | |
| Basic | $ 0.76 | $ 0.50 | $ 2.07 | $ 1.50 |
| Diluted | $ 0.75 | $ 0.50 | $ 2.04 | $ 1.50 |
| **Weighted average common shares outstanding** | | | | |
| Basic | 49,235 | 49,082 | 49,212 | 49,040 |
| Diluted | 49,804 | 49,410 | 49,809 | 49,270 |
| **Cash dividends declared per common share** | $ 0.19 | $ 0.18 | $ 0.55 | $ 0.52 |
| **Goodwill amortization disclosure** | | | | |
| Reported net income | $ 37,262 | $ 24,671 | $ 101,676 | $ 73,790 |
| Add back goodwill amortization, net of tax | — | 7,953 | — | 24,153 |
| Adjusted net income | $ 37,262 | $ 32,624 | $ 101,676 | $ 97,943 |
| Reported earnings per share - basic | $ 0.76 | $ 0.50 | $ 2.07 | $ 1.50 |
| Goodwill amortization | — | 0.16 | — | 0.49 |
| Adjusted net earnings per share - basic | $ 0.76 | $ 0.66 | $ 2.07 | $ 1.99 |
| Reported earnings per share - diluted | $ 0.75 | $ 0.50 | $ 2.04 | $ 1.50 |
| Goodwill amortization | — | 0.16 | — | 0.49 |
| Adjusted net earnings per share - diluted | $ 0.75 | $ 0.66 | $ 2.04 | $ 1.99 |

[1] During the first quarter of 2002, we adopted SFAS 142, which requires that goodwill no longer be amortized. Selling, general and administrative (SG&A) expense for the three and nine month periods of 2001 include $8,959 and $27,211 of goodwill amortization, respectively ($7,953 and $24,153 net of tax, or $0.16 and $0.49 per diluted share, respectively). SG&A expense for the three and nine month periods of 2001 excluding the impact of goodwill amortization was $81,193 and $249,653, or 12.8% and 12.5% of sales, respectively.

[2] We adopted Emerging Issues Task Force (EITF) Issue No. 01-9, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products. This new guidance was effective for Pentair beginning January 1, 2002. EITF 01-9 requires that certain payments to our customers for cooperative advertising and certain sales incentive offers that were historically classified in selling, general and administrative expense be reclassified and shown as a reduction in net sales. EITF 01-9 also requires the reclassification of previously reported results of operations for periods prior to the adoption to conform to the current presentation.

**Pentair, Inc. and Subsidiaries**
**Condensed Consolidated Balance Sheets (Unaudited)**

| *In thousands* | September 28 2002 | December 31 2001 | September 29 2001 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | $ 39,591 | $ 39,844 | $ 32,816 |
| Accounts and notes receivable, net | 417,021 | 398,579 | 460,732 |
| Inventories | 291,308 | 300,923 | 343,127 |
| Deferred income taxes | 66,527 | 69,953 | 73,675 |
| Prepaid expenses and other current assets | 20,735 | 20,979 | 28,551 |
| Net assets of discontinued operations | 1,771 | 5,325 | 106,683 |
| Total current assets | 836,953 | 835,603 | 1,045,584 |
| Property, plant and equipment, net | 306,102 | 329,500 | 340,187 |
| Goodwill, net | 1,098,141 | 1,088,206 | 1,111,992 |
| Other assets | 115,704 | 118,889 | 93,814 |
| Total assets | $ 2,356,900 | $ 2,372,198 | $ 2,591,577 |
| **Liabilities and Shareholders' Equity** | | | |
| **Current liabilities** | | | |
| Short-term borrowings | $ — | $ — | $ 61,890 |
| Current maturities of long-term debt | 7,284 | 8,729 | 4,371 |
| Accounts and notes payable | 188,872 | 179,149 | 207,721 |
| Employee compensation and benefits | 83,361 | 74,888 | 75,645 |
| Accrued product claims and warranties | 37,632 | 37,590 | 40,221 |
| Income taxes | 30,724 | 6,252 | 16,066 |
| Other current liabilities | 124,417 | 121,825 | 125,333 |
| Total current liabilities | 472,290 | 428,433 | 531,247 |
| Long-term debt | 559,218 | 714,977 | 781,885 |
| Pension and other retirement compensation | 82,683 | 74,263 | 69,733 |
| Post-retirement medical and other benefits | 42,762 | 43,583 | 33,317 |
| Deferred income taxes | 35,390 | 34,128 | 41,956 |
| Other noncurrent liabilities | 64,423 | 61,812 | 66,643 |
| Total liabilities | 1,256,766 | 1,357,196 | 1,524,781 |
| Shareholders' equity | 1,100,134 | 1,015,002 | 1,066,796 |
| Total liabilities and shareholders' equity | $ 2,356,900 | $ 2,372,198 | $ 2,591,577 |
| Days sales in accounts receivable (13 month moving average) | 62 | 65 | 66 |
| Days inventory on hand (13 month moving average) | 66 | 75 | 77 |
| Days in accounts payable (13 month moving average) | 55 | 59 | 60 |
| Debt/total capital | 34.0% | 41.6% | 44.3% |

**Pentair, Inc. and Subsidiaries**
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

| *In thousands* | Nine months ended September 28 2002 | Nine months ended September 29 2001 |
|---|---|---|
| **Operating activities** | | |
| Net income | $ 101,676 | $ 73,790 |
| Depreciation | 44,499 | 48,662 |
| Amortization of intangibles and unearned compensation | 2,592 | 30,966 |
| Deferred income taxes | 4,263 | 3,843 |
| Other expense, write-off of investment | — | 2,500 |
| **Changes in assets and liabilities, net of effects of business acquisitions** | | |
| Accounts and notes receivable | (11,238) | 4,723 |
| Inventories | 11,777 | 47,976 |
| Prepaid expenses and other current assets | 2,103 | (11,273) |
| Accounts payable | 8,813 | (40,417) |
| Employee compensation and benefits | 8,061 | (8,086) |
| Accrued product claims and warranties | (601) | (1,887) |
| Income taxes | 24,038 | 10,922 |
| Other current liabilities | 4,565 | (8,281) |
| Pension and post-retirement benefits | 5,664 | 7,561 |
| Other assets and liabilities [(1)] | 11,141 | (4,798) |
| Net cash provided by continuing operations | 217,353 | 156,201 |
| Net cash provided by (used for) discontinued operations | 3,555 | (8,944) |
| Net cash provided by operating activities | 220,908 | 147,257 |
| **Investing activities** | | |
| Capital expenditures | (23,674) | (37,639) |
| Proceeds from sale of businesses | 1,744 | — |
| Acquisitions, net of cash acquired | — | (1,937) |
| Equity investments | (9,448) | (20,564) |
| Other | (165) | — |
| Net cash used for investing activities | (31,543) | (60,140) |
| **Financing activities** | | |
| Net short-term borrowings (repayments) | — | (46,937) |
| Proceeds from long-term debt | 387 | 2,676 |
| Repayment of long-term debt | (168,695) | (22,582) |
| Proceeds from exercise of stock options | 2,683 | 1,492 |
| Repurchases of common stock | — | (1,458) |
| Dividends paid | (27,067) | (25,499) |
| Net cash used for financing activities | (192,692) | (92,308) |
| **Effect of exchange rate changes on cash** | 3,074 | 3,063 |
| **Change in cash and cash equivalents** | (253) | (2,128) |
| **Cash and cash equivalents, beginning of period** | 39,844 | 34,944 |
| **Cash and cash equivalents, end of period** | $ 39,591 | $ 32,816 |
| **Free cash flow** | | |
| Net cash provided by operating activities | $ 220,908 | $ 147,257 |
| Less capital expenditures | (23,674) | (37,639) |
| **Free cash flow** | $ 197,234 | $ 109,618 |
| **Weighted average common shares outstanding - diluted** | 49,809 | 49,270 |
| **Free cash flow per share** | $ 3.96 | $ 2.22 |

[(1)] Includes $8.2 million cash received in September 2002 for the monetization of an interest rate swap agreement.

**Pentair, Inc. and Subsidiaries**
**Supplemental Condensed Consolidated Statements of Income (Unaudited)**

| *In thousands, except per-share data* | First Qtr 2001 | Second Qtr 2001 | Third Qtr 2001 | Fourth Qtr 2001 | Year 2001 |
|---|---|---|---|---|---|
| Net sales [(1)] | $ 664,169 | $ 689,427 | $ 636,174 | $ 584,310 | $ 2,574,080 |
| Cost of goods sold | 507,396 | 531,294 | 487,033 | 442,222 | 1,967,945 |
| Gross profit | 156,773 | 158,133 | 149,141 | 142,088 | 606,135 |
| *% of net sales* | *23.6%* | *22.9%* | *23.4%* | *24.3%* | *23.5%* |
| Selling, general and administrative [(1)] | 96,178 | 90,534 | 90,152 | 100,234 | 377,098 |
| *% of net sales* | *14.5%* | *13.1%* | *14.2%* | *17.2%* | *14.6%* |
| Research and development | 7,739 | 7,250 | 7,805 | 8,377 | 31,171 |
| *% of net sales* | *1.2%* | *1.1%* | *1.2%* | *1.4%* | *1.2%* |
| Restructuring charge | — | — | — | 40,105 | 40,105 |
| *% of net sales* | *n/a* | *n/a* | *n/a* | *6.9%* | *1.6%* |
| Operating income (loss) | 52,856 | 60,349 | 51,184 | (6,628) | 157,761 |
| *% of net sales* | *8.0%* | *8.8%* | *8.0%* | *(1.1%)* | *6.1%* |
| Net interest expense | 17,716 | 16,241 | 14,409 | 13,122 | 61,488 |
| *% of net sales* | *2.7%* | *2.4%* | *2.3%* | *2.2%* | *2.4%* |
| Other expense, write-off of investment | 2,500 | — | — | 485 | 2,985 |
| *% of net sales* | *0.4%* | *n/a* | *n/a* | *0.1%* | *0.1%* |
| Income (loss) from continuing operations before income taxes | 32,640 | 44,108 | 36,775 | (20,235) | 93,288 |
| *% of net sales* | *4.9%* | *6.4%* | *5.8%* | *(3.5%)* | *3.6%* |
| Provision for income taxes | 12,077 | 15,552 | 12,104 | (3,961) | 35,772 |
| *Effective tax rate* | *37.0%* | *35.3%* | *32.9%* | *19.6%* | *38.3%* |
| Income (loss) from continuing operations | 20,563 | 28,556 | 24,671 | (16,274) | 57,516 |
| *% of net sales* | *3.1%* | *4.1%* | *3.9%* | *(2.8%)* | *2.2%* |
| Loss on disposal of discontinued operations, net of tax | — | — | — | (24,647) | (24,647) |
| Net income (loss) | $ 20,563 | $ 28,556 | $ 24,671 | $ (40,921) | $ 32,869 |
| | | | | | |
| **Earnings per common share** | | | | | |
| ***Basic*** | | | | | |
| Continuing operations | $ 0.42 | $ 0.58 | $ 0.50 | $ (0.33) | $ 1.17 |
| Discontinued operations | — | — | — | (0.50) | (0.50) |
| Basic earnings per common share | $ 0.42 | $ 0.58 | $ 0.50 | $ (0.83) | $ 0.67 |
| | | | | | |
| Diluted | | | | | |
| Continuing operations | $ 0.42 | $ 0.58 | $ 0.50 | $ (0.33) | $ 1.17 |
| Discontinued operations | — | — | — | (0.50) | (0.50) |
| Diluted earnings per common share | $ 0.42 | $ 0.58 | $ 0.50 | $ (0.83) | $ 0.67 |
| | | | | | |
| **Weighted average common shares outstanding** | | | | | |
| Basic | 49,006 | 49,032 | 49,082 | 49,070 | 49,047 |
| Diluted | 49,127 | 49,274 | 49,410 | 49,376 | 49,297 |
| | | | | | |
| **Cash dividends declared per common share** | $ 0.17 | $ 0.17 | $ 0.18 | $ 0.18 | $ 0.70 |
| | | | | | |
| **Goodwill amortization disclosure (continuing operations)** | | | | | |
| Reported net income | $ 20,563 | $ 28,556 | $ 24,671 | $ (16,274) | $ 57,516 |
| Add back goodwill amortization, net of tax | 8,000 | 8,200 | 7,953 | 7,890 | 32,043 |
| Adjusted net income | $ 28,563 | $ 36,756 | $ 32,624 | $ (8,384) | $ 89,559 |
| | | | | | |
| Reported earnings per share - basic | $ 0.42 | $ 0.58 | $ 0.50 | $ (0.33) | $ 1.17 |
| Goodwill amortization | 0.16 | 0.17 | 0.16 | 0.16 | 0.65 |
| Adjusted net earnings per share - basic | $ 0.58 | $ 0.75 | $ 0.66 | $ (0.17) | $ 1.82 |
| | | | | | |
| Reported earnings per share - diluted | $ 0.42 | $ 0.58 | $ 0.50 | $ (0.33) | $ 1.17 |
| Goodwill amortization | 0.16 | 0.17 | 0.16 | 0.16 | 0.65 |
| Adjusted net earnings per share - diluted | $ 0.58 | $ 0.75 | $ 0.66 | $ (0.17) | $ 1.82 |

[(1)] Adjusted to give effect to the adoption of EITF 01-9.

**Pentair, Inc. and Subsidiaries**
**Supplemental Financial Information by Reportable Business Segment (Unaudited)**

| *In thousands* | | First Qtr 2002 | | Second Qtr 2002 | | Third Qtr 2002 | | Nine Months 2002 |
|---|---|---|---|---|---|---|---|---|
| ***Net sales to external customers*** [1] | | | | | | | | |
| Tools | $ | 252,092 | $ | 303,771 | $ | 265,732 | $ | 821,595 |
| Water | | 211,411 | | 265,531 | | 223,637 | | 700,579 |
| Enclosures | | 139,560 | | 138,814 | | 139,932 | | 418,306 |
| **Consolidated** | $ | 603,063 | $ | 708,116 | $ | 629,301 | $ | 1,940,480 |
| ***Operating income (loss) as reported*** | | | | | | | | |
| Tools | $ | 16,686 | $ | 30,837 | $ | 25,972 | $ | 73,495 |
| Water | | 29,747 | | 43,708 | | 29,969 | | 103,424 |
| Enclosures | | 4,608 | | 6,995 | | 8,884 | | 20,487 |
| Other | | (5,314) | | (6,948) | | (3,210) | | (15,472) |
| **Consolidated** | $ | 45,727 | $ | 74,592 | $ | 61,615 | $ | 181,934 |
| ***Restructuring charge (income)*** | | | | | | | | |
| Tools | $ | — | $ | — | $ | — | $ | — |
| Water | | — | | — | | — | | — |
| Enclosures | | — | | — | | — | | — |
| Other | | — | | — | | — | | — |
| **Consolidated** [2] | $ | — | $ | — | $ | — | $ | — |
| ***Goodwill amortization*** | | | | | | | | |
| Tools | $ | — | $ | — | $ | — | $ | — |
| Water | | — | | — | | — | | — |
| Enclosures | | — | | — | | — | | — |
| **Total goodwill amortization** | | — | | — | | — | | — |
| Amortization of unearned compensation | | 864 | | 864 | | 864 | | 2,592 |
| **Total amortization** | $ | 864 | $ | 864 | $ | 864 | $ | 2,592 |
| ***Operating income (loss) excluding restructuring charge and goodwill amortization*** | | | | | | | | |
| Tools | $ | 16,686 | $ | 30,837 | $ | 25,972 | $ | 73,495 |
| Water | | 29,747 | | 43,708 | | 29,969 | | 103,424 |
| Enclosures | | 4,608 | | 6,995 | | 8,884 | | 20,487 |
| Other | | (5,314) | | (6,948) | | (3,210) | | (15,472) |
| **Consolidated** | $ | 45,727 | $ | 74,592 | $ | 61,615 | $ | 181,934 |
| ***Operating income (loss) before restructuring charge and goodwill amortization as a percent of net sales*** | | | | | | | | |
| Tools | | 6.6% | | 10.2% | | 9.8% | | 8.9% |
| Water | | 14.1% | | 16.5% | | 13.4% | | 14.8% |
| Enclosures | | 3.3% | | 5.0% | | 6.3% | | 4.9% |
| **Consolidated** | | 7.6% | | 10.5% | | 9.8% | | 9.4% |

[1] Adjusted to give effect to the adoption of EITF 01-9.

**Pentair, Inc. and Subsidiaries**
**Supplemental Financial Information by Reportable Business Segment (Unaudited)**

| *In thousands* | First Qtr 2001 | Second Qtr 2001 | Third Qtr 2001 | Nine Months 2001 | Fourth Qtr 2001 | Year 2001 |
|---|---|---|---|---|---|---|
| ***Net sales to external customers*** [(1)] | | | | | | |
| Tools | $ 234,404 | $ 274,419 | $ 241,487 | $ 750,310 | $ 251,335 | $ 1,001,645 |
| Water | 219,626 | 239,854 | 230,370 | 689,850 | 192,765 | 882,615 |
| Enclosures | 210,139 | 175,154 | 164,317 | 549,610 | 140,210 | 689,820 |
| Corporate/other | — | — | — | — | — | — |
| **Consolidated** | $ 664,169 | $ 689,427 | $ 636,174 | $ 1,989,770 | $ 584,310 | $ 2,574,080 |
| ***Operating income (loss) as reported*** | | | | | | |
| Tools | $ 7,863 | $ 18,218 | $ 17,524 | $ 43,605 | $ 19,627 | $ 63,232 |
| Water | 28,193 | 35,650 | 28,427 | 92,270 | 17,522 | 109,792 |
| Enclosures | 21,237 | 9,834 | 8,740 | 39,811 | (37,954) | 1,857 |
| Other | (4,437) | (3,353) | (3,507) | (11,297) | (5,823) | (17,120) |
| **Consolidated** | $ 52,856 | $ 60,349 | $ 51,184 | $ 164,389 | $ (6,628) | $ 157,761 |
| ***Restructuring charge (income)*** | | | | | | |
| Tools | $ — | $ — | $ — | $ — | $ — | $ — |
| Water | — | — | — | — | — | — |
| Enclosures | — | — | — | — | 39,382 | 39,382 |
| Other | — | — | — | — | 1,678 | 1,678 |
| **Consolidated** [(2)] | $ — | $ — | $ — | $ — | $ 41,060 | $ 41,060 |
| ***Goodwill amortization*** | | | | | | |
| Tools | $ 2,319 | $ 2,319 | $ 2,318 | $ 6,956 | $ 2,318 | $ 9,274 |
| Water | 4,549 | 4,859 | 4,575 | 13,983 | 4,577 | 18,560 |
| Enclosures | 2,146 | 2,060 | 2,066 | 6,272 | 2,001 | 8,273 |
| **Total goodwill amortization** | 9,014 | 9,238 | 8,959 | 27,211 | 8,896 | 36,107 |
| Amortization of unearned compensation | 870 | 1,443 | 1,442 | 3,755 | 1,813 | 5,568 |
| **Total amortization** | $ 9,884 | $ 10,681 | $ 10,401 | $ 30,966 | $ 10,709 | $ 41,675 |
| ***Operating income (loss) excluding restructuring charge and goodwill amortization*** | | | | | | |
| Tools | $ 10,182 | $ 20,537 | $ 19,842 | $ 50,561 | $ 21,945 | $ 72,506 |
| Water | 32,742 | 40,509 | 33,002 | 106,253 | 22,099 | 128,352 |
| Enclosures | 23,383 | 11,894 | 10,806 | 46,083 | 3,429 | 49,512 |
| Other | (4,437) | (3,353) | (3,507) | (11,297) | (4,145) | (15,442) |
| **Consolidated** | $ 61,870 | $ 69,587 | $ 60,143 | $ 191,600 | $ 43,328 | $ 234,928 |
| ***Operating income (loss) before restructuring charge and goodwill amortization as a percent of net sales*** | | | | | | |
| Tools | 4.3% | 7.5% | 8.2% | 6.7% | 8.7% | 7.2% |
| Water | 14.9% | 16.9% | 14.3% | 15.4% | 11.5% | 14.5% |
| Enclosures | 11.1% | 6.8% | 6.6% | 8.4% | 2.4% | 7.2% |
| **Consolidated** | 9.3% | 10.1% | 9.5% | 9.6% | 7.4% | 9.1% |

[(1)] Adjusted to give effect to the adoption of EITF 01-9.

[(2)] $955 thousand of the fourth quarter 2001 restructuring charge is included in cost of goods sold on the consolidated income statements for the write-down of inventory on certain product lines that were discontinued as a result of plant closures.

**Pentair, Inc. and Subsidiaries**
**Additional Supplemental Financial Information (Unaudited)**

| *In thousands* | **2000** | **1999** | **1998** | **1997** | **1996** |
|---|---|---|---|---|---|
| ***Net sales to external customers*** [1] | | | | | |
| Tools | $ 1,029,658 | $ 850,327 | $ 644,226 | $ 559,907 | $ 467,464 |
| Water | 898,247 | 579,236 | 438,810 | 304,647 | 216,769 |
| Enclosures | 777,725 | 657,500 | 586,829 | 600,491 | 566,919 |
| Other | — | — | — | 128,136 | 133,360 |
| **Consolidated** | $ 2,705,630 | $ 2,087,063 | $ 1,669,865 | $ 1,593,181 | $ 1,384,512 |
| ***Goodwill amortization*** | | | | | |
| Tools | $ 9,285 | $ 3,282 | $ 287 | $ 214 | $ 306 |
| Water | 18,074 | 12,714 | 7,793 | 7,363 | 4,920 |
| Enclosures | 9,097 | 8,413 | 5,832 | 5,576 | 5,667 |
| Other | — | — | — | 418 | 502 |
| **Total goodwill amortization** | 36,456 | 24,409 | 13,912 | 13,571 | 11,395 |
| Amortization of unearned compensation | 2,675 | 1,578 | 1,571 | 1,669 | 1,400 |
| **Total amortization** | $ 39,131 | $ 25,987 | $ 15,483 | $ 15,240 | $ 12,795 |
| ***SG&A*** [1] | $ 396,105 | $ 310,700 | $ 261,302 | $ 241,062 | $ 216,775 |

[1] Adjusted to give effect to the adoption of EITF 01-9.