

"There are a lot of options out there, and our goal is to offer our OEMs and distributors a real broad offering of products and technologies. The exact details are still being formulated because we're still asking our customers. We've collected an exciting and innovative mix of what they want to see, but we're going to keep getting feedback for the next couple of months. Our goal here is not to act quickly and make assumptions about what our customers want, it's to really figure out what it is they want and need to be successful."

Because this joint venture will offer both Pentair and GE product lines, OEM and distributors will now have more opportunities available to their businesses. "OEMs are looking for innovation too," Maskara said, "and they are starting to look abroad for this. With the joint venture, we can become stronger partners with OEMs by providing new opportunities from a global perspective. They will now be able to buy a greater variety of products because both GE and Pentair technology solutions are available to them. There now is a better supply chain because the new company increases the product offerings available—they can go to simply one company now."

As far as company branding goes, both Karge and Maskara agree that this is still in the works. "There are two ways to look at branding," Maskara said, "company branding and product branding. Pentair is in control of 80% and that will be the company name. For product branding—at this point—products can carry the GE brand if dealers and OEMs think it is a value to their business by using the GE name. We are getting input from dealers and OEMs, and we are open to feedback and would love to know how we can better serve the industry."

Room to Grow

One area of opportunity that this joint venture will put a lot of investment toward, according to Karge, is international growth to help meet the water quality improvement needs of consumers throughout the world. Within North America, the company would like to invest in next-generation technologies. "There hasn't been a real breakthrough technology in this industry in years," he said. "We've had what I call incremental product improvements, but no breakthrough technologies."

With two combined teams working together as one, the opportunity

for innovation now exists in a feasible way. "Now we can work on those new technologies and we can do it in a green sort of way," Karge said. "I'm extremely excited about this going forward—there's a real opportunity for Pentair Residential Filtration to have a positive impact

on the water quality improvement industry, benefiting both consumers and industry partners." *wqp*

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editor's emphasis

Sometimes two heads are better than one—and that's exactly what the newly created Pentair Residential Filtration plans to prove going forward. Pentair, Inc. and General Electric Co. (GE) announced in late-June the finalization of a joint venture between their residential water-treatment businesses, which in 2007 had combined sales of \$450 million.

Pentair, headquartered in Golden Valley, Minn., will have strategic control of the venture with 80% stake and GE with 20%. What will now be called Pentair Residential Filtration will be headquartered in the Milwaukee area and have a combined staff of roughly 1,100 in 15 facilities in the U.S., Europe and China.

Currently, Pentair has 1,460 employees at three locations in the Milwaukee, Wis., area, including 260 employees at its residential water filtration operations in Brookfield; 400 at its commercial filtration division in Sheboygan; and 800 at its pump division in Delavan.

GE's residential water purification business is based in Glendale, Wis., and has 120 employees.

Along with the joint venture will come restructuring on the part of both parent companies. For instance, Pentair announced it will close its Sheboygan plant in 2009 as well as a former GE residential filtration plant in Rockford, Ill., and will move that work to Milwaukee area facilities and to plants overseas during the next 12 to 18 months.

With GE's trusted product brand and Pentair's expansive distribution channels, these two parent companies bring synergies to the table that will

influence the water treatment industry and consumers alike.

"It's fabulous because [this joint venture] brings two strong players together to invest in new technologies to provide clean water to consumers," said Alok Maskara, president, Pentair Residential Filtration.

The Perfect Storm

In a residential market that is already down, news of the joint venture may have left some dealers, distributors and OEMs wondering if a move of this scale among two of the industry's largest manufacturers would have an affect on their business and in what ways. As it turns out, a move such as this may be exactly what this industry needs right now.

"We are in a place right now where we have the perfect storm brewing," said Samuel Karge, global director of marketing, Pentair Residential Filtration. "We have a down residential market in North America, new international competition coming in, and on top of it all, we have this need

to change technology—a need for more efficient, green technologies."

With all of these drivers coming together at once, it was becoming increasingly difficult for independent companies—such as GE Water & Process Technologies and Pentair—to weather the storm on their own. "We weren't big enough by ourselves to do what we need to do to address these issues across the board," Karge said.

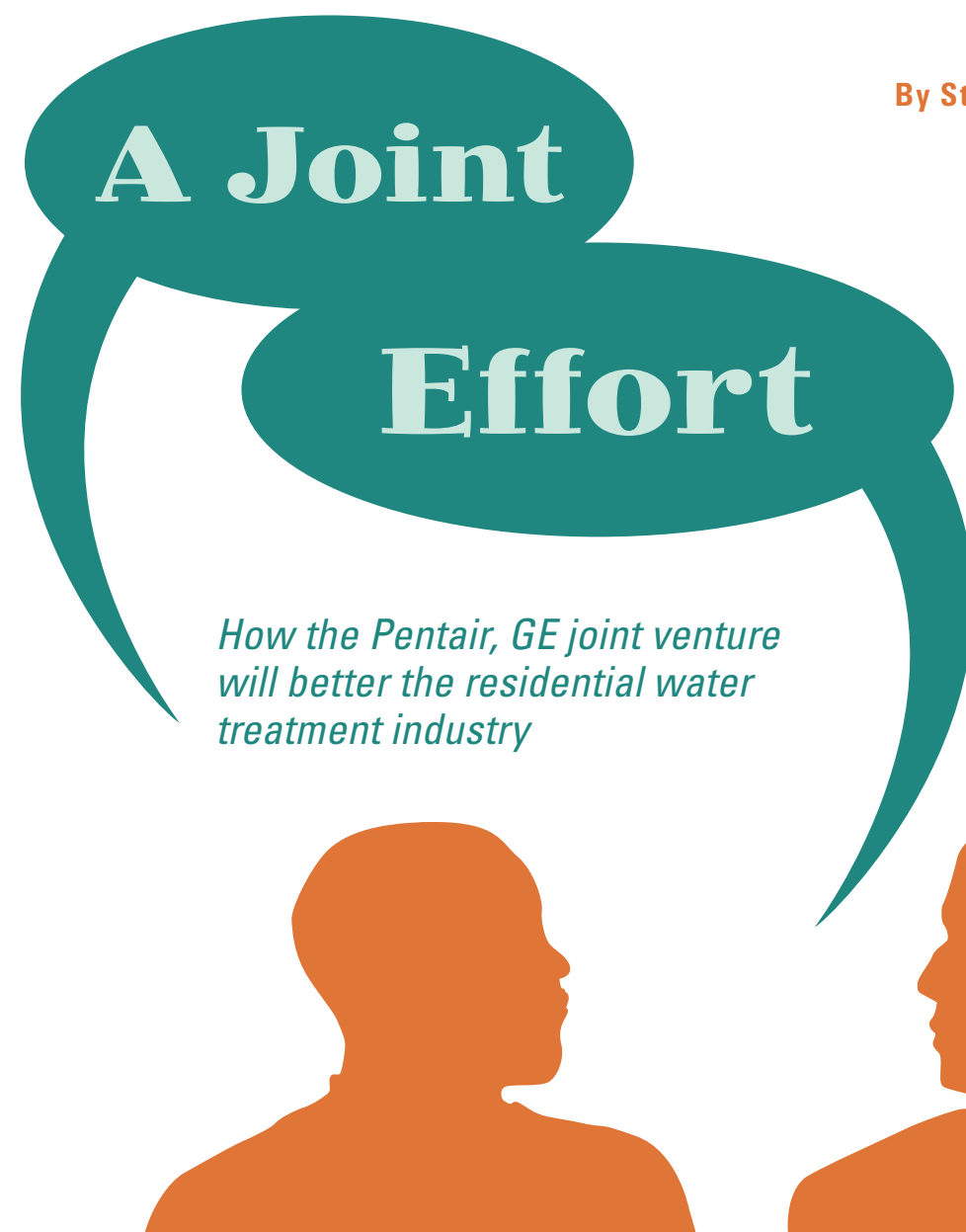
With a combined team of engineers and other staff members, these two companies working together now have the opportunity to develop new technologies that will address current industry challenges head-on. "We've put the resources together—all of the top minds from GE together with the top minds from Pentair—and instead of fighting over a little piece of the pie, we are saying 'what can we do together to help the market overall in the end?'" Karge said. "We're looking at new technologies, green technologies to address this residential downturn head-on."

Dealers & Distributors

While innovation and technology may be changing for the better, dealer programs associated with these two parent companies will remain the same for the time being. "Our intent going forward is to maintain both dealer programs," Karge said. "There are a number of dealers who have built their business around the Autotrol brand product line and those who built their business around the Fleck brand product line. Our goal here is to maintain both programs so we can continue to provide both dealer groups with the programs they need to be successful."

For dealers who are a part of either the GE Platinum Dealer Network or Pentair's Velocity program, the joint venture is sure to benefit their businesses. "This will be a significant benefit for dealers because it will give them a better sense of security knowing they are partnering with a company that has so much technology," Maskara said. "They will be able to sell better point-of-entry and point-of-use systems, get access to more technology and innovation, and get a better end-product as a result of the joint venture."

And as far as the OEMs and distributors are concerned, the company is currently in the process of working with and getting feedback from all of its customers. "We're talking with them right now to find out what it is we can do as a joint business that will positively impact them," Karge said.



By Stephanie Harris