Pentair, Inc.
5500 Wayzata Boulevard
Suite 800
Golden Valley, MN 55416-1259
763 545 1730 Tel
763 656 5400 Fax

LETTER OF COMMENT NO. 63

January 9, 2007

Mr. Robert H. Herz
Chairman, Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Chairman Herz:

On behalf of Pentair, Inc., I strongly urge the Financial Accounting Standards Board to delay the effective date of FIN 48 on *Accounting for Uncertainty in Income Taxes* to allow companies sufficient time to address the substantive, procedural, and documentation challenges posed by the new interpretation. Specifically, I recommend that the effective date of FIN 48 be deferred to fiscal years beginning after December 15, 2007. The challenges of implementing FIN 48 were articulated by Tax Executives Institute (TEI) in a letter it sent to you on December 12, 2006.

As stated by TEI, FIN 48 alters the financial statement treatment of accounting for uncertainty regarding income tax positions claimed and unclaimed in every tax jurisdiction, for every taxing authority, and for every open tax year. This is particularly significant for multinational corporations such as Pentair who are required to analyze tax positions under (1) the Internal Revenue Code and other federal tax authorities, (2) state tax regulations, cases and other tax authorities in all fifty states, (3) local tax regulations for cities and other municipalities, and (4) the taxing regimes of countries throughout the world in which we operate. The coordination and execution of this effort requires significant internal and external resources and time.

To assist in our efforts to analyze tax positions in jurisdictions outside the United States, we are engaging local country tax experts. We have found that the unanswered questions surrounding procedures, documentation and scope make the FIN 48 analysis of tax positions outside of the United States especially difficult. In addition, it is clear to us that there may not have been time to adequately train the tax experts in the local countries on the application of FIN 48. This requires more domestic internal and external Pentair resources to complete effective reviews of the non-U.S. jurisdictions.

Significant open questions regarding the scope of review and documentation remain unclear. Based on our own experiences at Pentair and discussions with other taxpayers, the extent of analysis and documentation concerning state tax issues and other common taxpayer issues varies greatly. Also, the extent of review and documentation of highly certain tax positions remains under debate among taxpayers and the independent auditors who will be reviewing this work during the next several months. I believe that without further consideration of FIN 48 by

taxpayers and the public accounting firms, diversity in practice will not be reduced, but instead will increase.

In summary, extending the deadline for implementing FIN 48 will permit companies and their independent auditors to resolve unanswered questions and thus reduce the likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance.

Respectfully,

Brett Boutwell
Senior Manager, Corporate Tax
Pentair, Inc.