



Franklin Electric

Shareowners' Meeting

April 24, 2009



Topics

- 2008 Financial Highlights
- Growth Strategy Overview
- 2009 Outlook

2008 Financial Highlights

	<u>2008</u>	
Sales	\$745.6 M	+24%
Earnings per share	\$1.90	+56%
Water sales	\$557.0 M	+19%
Water operating earnings	\$67.6 M	+19%
Fueling sales	\$188.6 M	+40%
Fueling operating earnings	\$49.4 M	+100%
Interest coverage ratio ¹	9.3X	+4%
Dividends per share	\$0.50 per year	+6%

1) EBITDA ÷ INTEREST

Franklin Financial Performance vs. Global Competitors 2008

	% Sales Growth	% Op. Income Growth	% OI/Avg Assets
Pentair (Water)	-1.1%	-8.8%	9.4%
ITT (Fluid Technologies)	9.4%	9.7%	12.1%
Grundfos	13.1%	-17.2%	7.8%
Ebara (Fluid Machinery)	5.1%	25.6%	1.1%
AO Smith (Electrical)	-4.0%	4.1%	7.5%
Danaher (Pro. Instrumentation)	37.4%	31.9%	11.0%
Peer Group Average	10.0%	7.6%	8.2%
Franklin Electric	23.9%	48.7%	11.0%

Operating income is before restructuring and other adjustments

OI/total assets calculated from total company data using a 5-quarter average

Pentair, ITT, AO Smith, Danaher, and Franklin Electric are full-year 2008

Grundfos is based on total company

Selected by Forbes Magazine for 6 years as one of the
“200 Best Run Small Companies in America”





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Strategic Focus

**Residential, Agricultural &
Commercial Water Systems**
\$5.2 B global market potential



Petroleum Equipment
\$1.0 B global market potential



- **Brand equity**
- **Leadership position**
- **Growing globally**
- **Fragmented customer base**
- **Fragmented supply base**

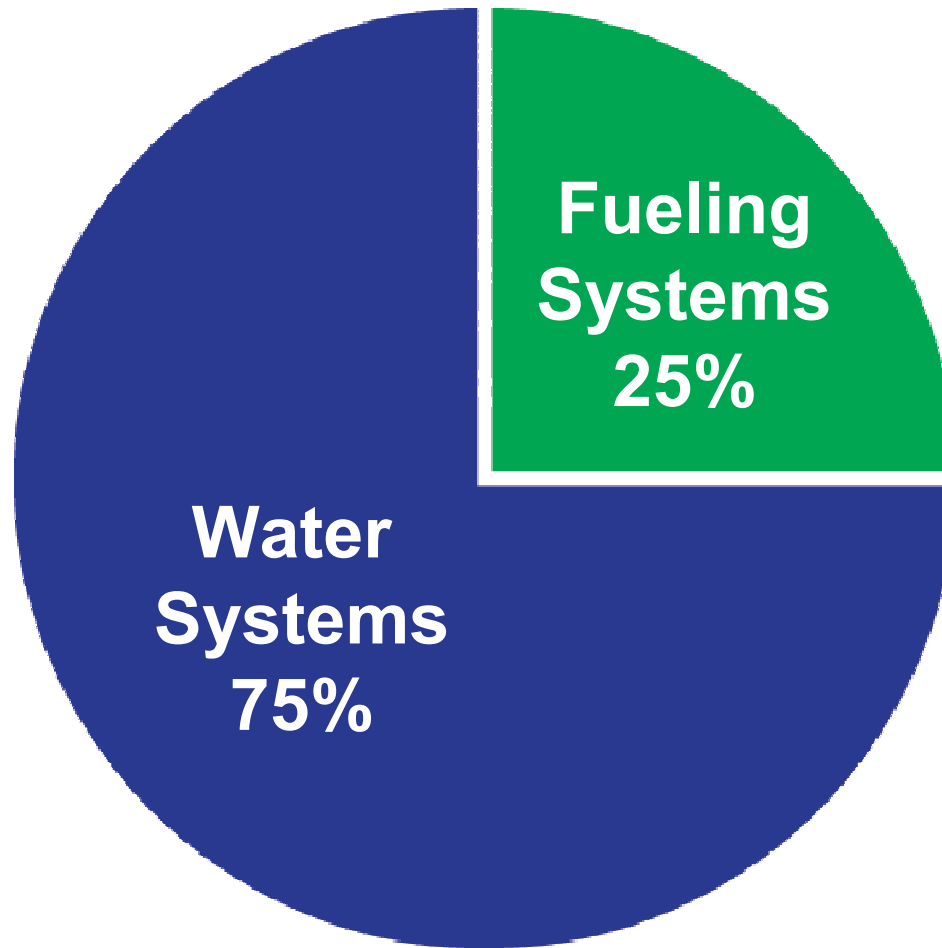
* Current Franklin management estimates



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Product/Market Sales Mix

2008 Sales - \$745.6 M



Water Systems

Product Line Extensions and Geographic Expansion

1950s

Franklin Submersible Motor



1980s

Sub Motors, Controls and Drives



2005

Sub Motors, Controls, Drives and Cleanwater Pumps



2006

Sub Motors, Controls, Drives, Cleanwater and Wastewater Pumps



Today

Ongoing Product Line Extension and Global Expansion



Water Sales

\$7 M
(1959)

Approx **\$160 M**
(1989)

\$340 M

\$466 M

\$557 M
(2008)

% Franklin Water Sales in International Markets

≈ 10%

≈ 20%

≈ 40%

≈ 40%


≈ 50%



US Residential, Agricultural & Commercial Pumping Systems Product Line Extensions (2004-2008)

<u>Product Categories</u>	<u>Market Size¹</u>	<u>Year of Franklin Entry</u>				
		<u>Before 2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Submersible Motors, Drives & Controls	\$240 M	X	X	X	X	X
4" Submersible Pumps	\$220 M		X	X	X	X
6-8" Pump Ends	\$80 M		X	X	X	X
Jet Pumps	\$100 M		X	X	X	X
Small Centrifugals	\$90 M		X	X	X	X
Large Centrifugals	\$60 M			X	X	X
Sump & Sewage Pumps	\$400 M			X	X	X
Condensate Pumps	\$80 M			X	X	X
Franklin "Steady State" Market Potential		\$240 M	\$730 M	\$1,270 M	\$1,270 M	\$1,270 M

Franklin Share 24%

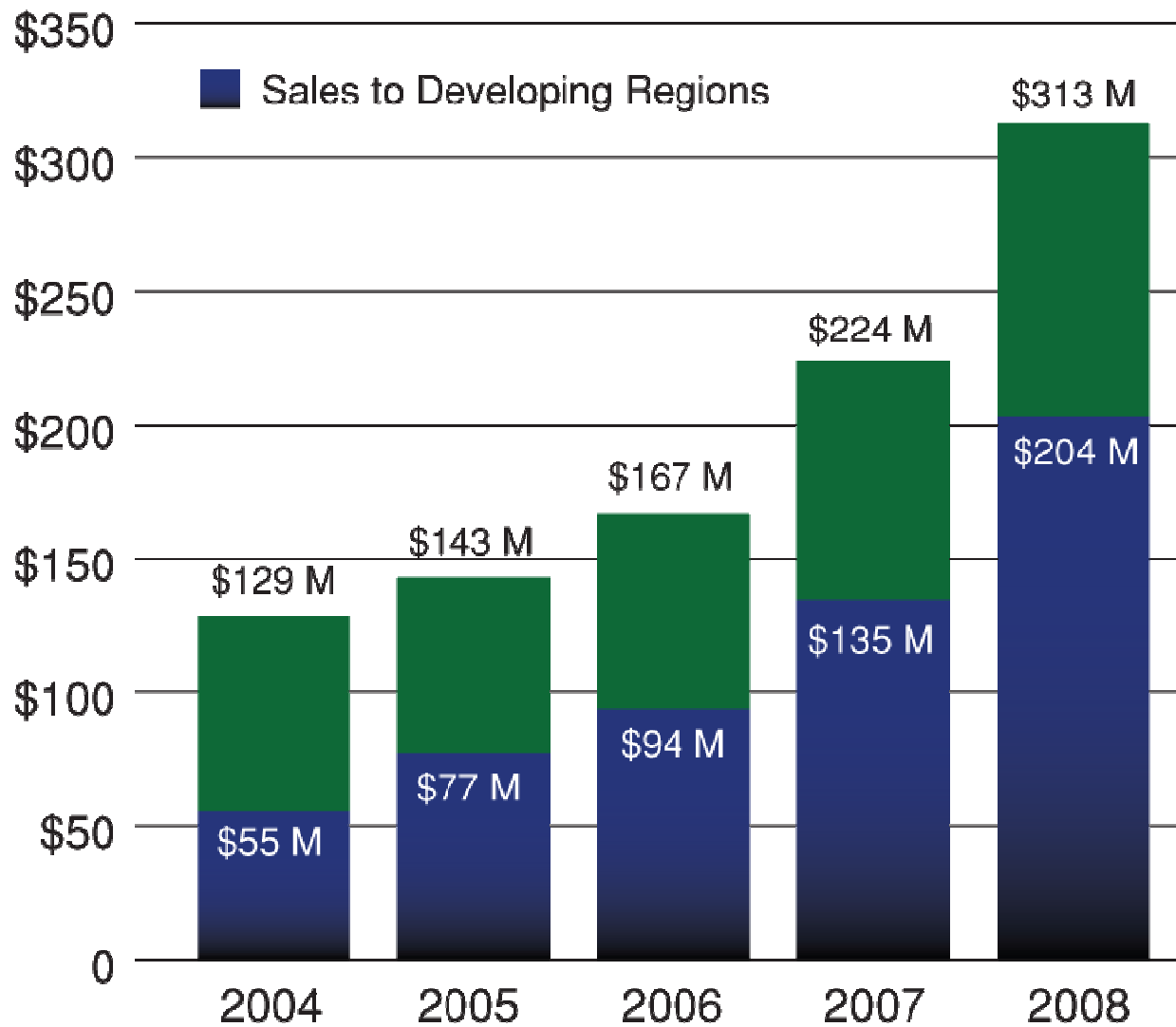
 Product line meets Franklin quality and performance standards

 Product line requires update to meet Franklin standards

1) Franklin estimates

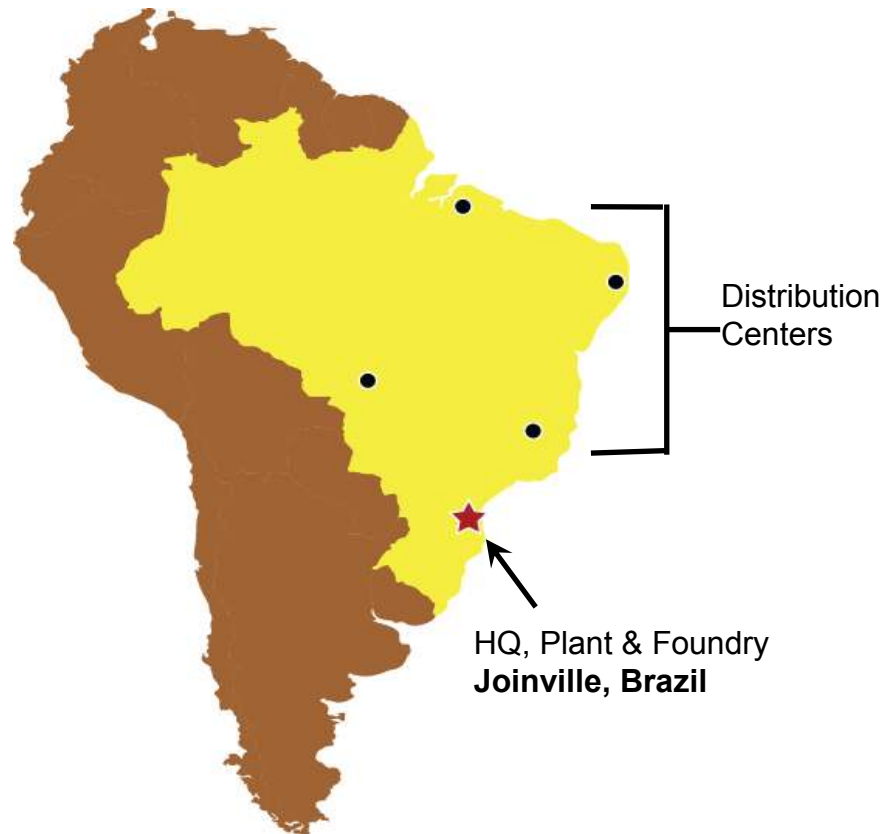


Water Systems International Sales Growth



Franklin Motobombas (Schneider)

- Brazil's leading producer of residential, agricultural, and commercial pumping systems
- 2008 sales of \$47 M





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Franklin Motobombas (Schneider)

- Brazil's leading producer of residential, agricultural, and commercial pumping systems
- 2008 sales of \$47 M

Plant



Foundry



Franklin Motobombas (Schneider)

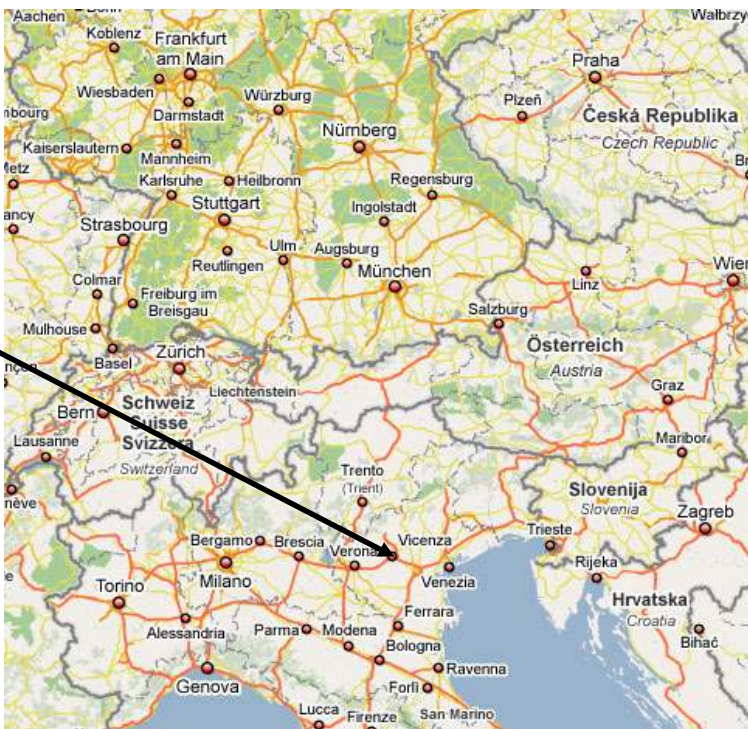
- Brazil's leading producer of residential, agricultural, and commercial pumping systems
- 2008 sales of \$47 M

**Launching Franklin
Submersible Pumps
and Motors**



Vertical S.p.A.

- Leading producer of fabricated stainless steel water pumps
- \$25 M sales





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Vertical S.p.A.





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Vertical S.p.A.



Vertical S.p.A.



Vertical S.p.A.

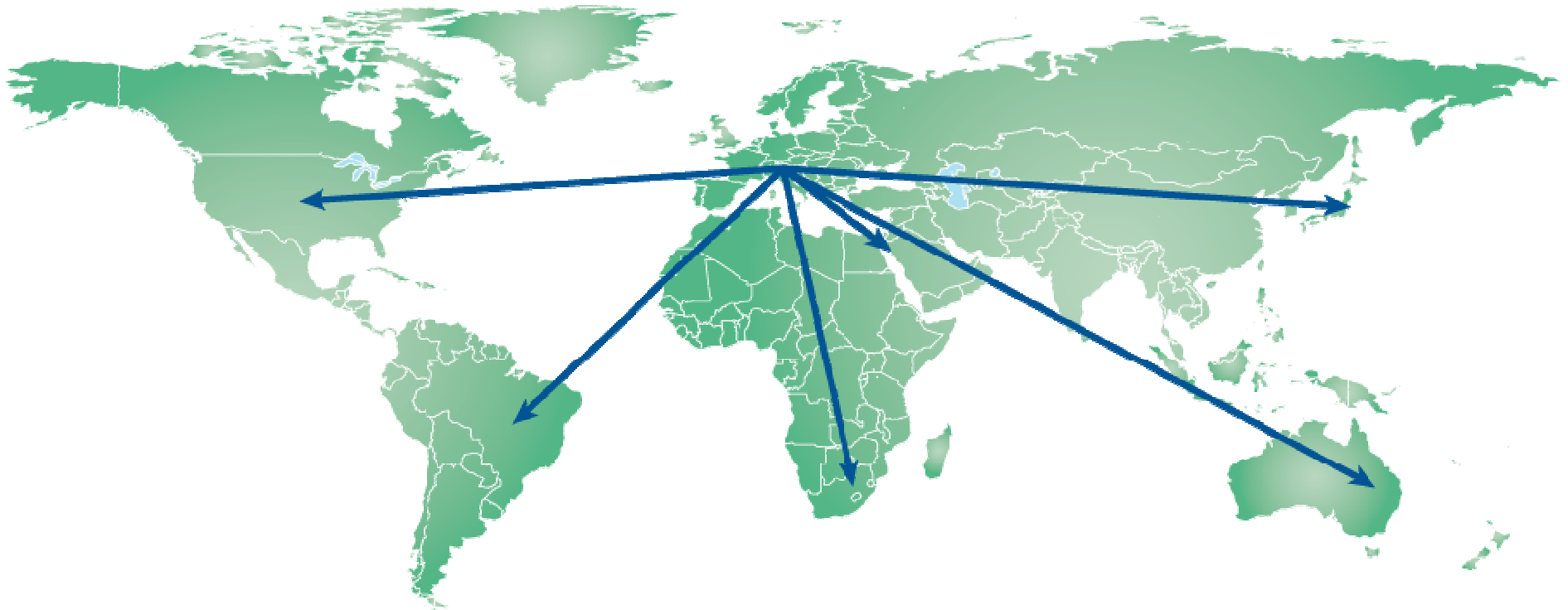




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Vertical S.p.A.

Cross Selling Opportunities



Inline Booster Pump Development



- Target homeowners with lower than desired incoming pressure
- Provides boosted and constant pressure over a wide range of flow demands
- Low cost and silent
- Franklin drive technology and Vertical pump technology
- First year US/Canadian sales potential \$3.0 - \$4.5 M

Fueling Systems

Product Line Extensions and Geographic Expansion

1960s

Franklin Explosion-Proof
Submersible Motor



1980s

FEPetro Pumps



1990s

FEPetro Pumps
and Drives



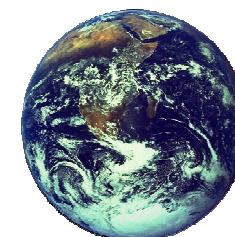
2000s

Adjacent Products



Today

Ongoing Product Line
Extension and
Geographic Expansion



**Franklin
Fueling
Sales**

\$0.5 M
(1969)

\$1 M
(1989)

\$21 M
(1999)

\$92 M
(2006)

\$189 M
(2008)

Fueling Systems

Recent Product Line Extensions

- Vapor control systems – 2006 (Healy acquisition)
- Vapor monitoring systems – 2006 (internal development)

California Vapor Control Mandate



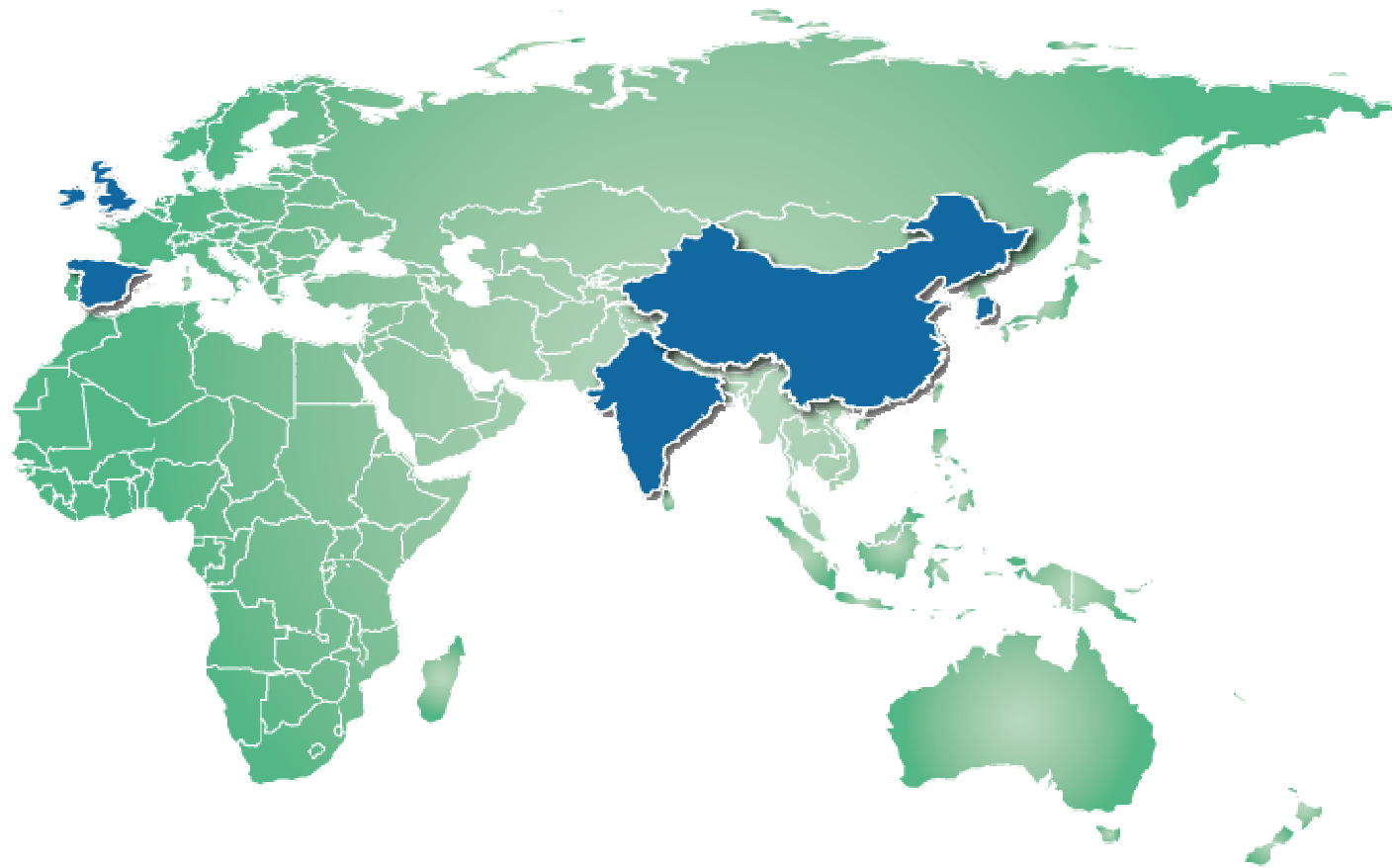
- 11,200 filling stations in California
- \$26,000/station (\$300 M opportunity)
- Franklin is one of two authorized suppliers
- Conversion approx. 65% complete (4/1/09)



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Sales Growth Outside California

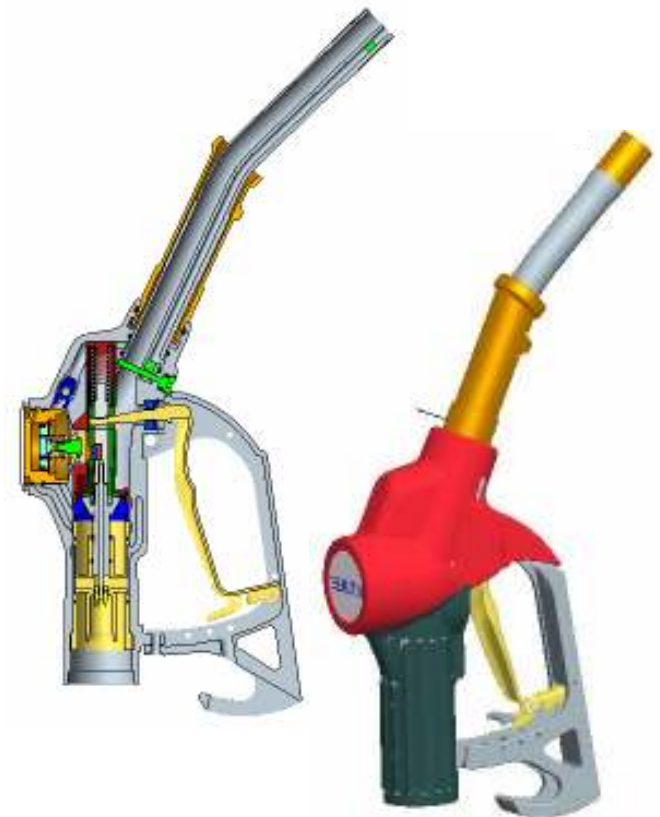
Vapor Control Initiatives by Environmental Authorities in International Markets





European Nozzle Development

- Franklin vapor control technology
- Introduce in 2010
- Conventional and diesel nozzles





Replacement Business

- Nozzles and hanging hardware
- Limited product life due to wear and tear
- \$10-\$20 M sales by 2010 and growing as installed base increases and ages



Colibri Inventory Management System



- Low cost inventory management hardware and software
- Features for developing regions:
 1. Remote inventory monitoring/control
 2. Reconciliation (pay only for gallons delivered)
 3. Product adulteration monitoring (patented)

1st Quarter 2009 Results and Outlook

<u>Quarter</u>	<u>Sales</u>	<u>% ± Prior</u>	<u>EPS \$/Share</u>	<u>% ± Prior</u>
Q1 2008	\$176 M	+35%	\$0.35	+67%
Q2 2008	\$202 M	+32%	\$0.67	+136%
Q3 2008	\$216 M	+31%	\$0.75	+48%
Q4 2008	\$152 M	-1%	\$0.15	-35%
Q1 2009	\$150 M	-15%	\$0.17	-51%

Recession Impact on Industry Shipments

North American 4” Groundwater Pumping Systems Unit Shipments¹

First 9 Months 2008	-4.2%
Q4 2008	-17%
Q1 2009	-31%

Causes of Decline:

- Q1 single family housing starts down about 45% versus prior year
- Customer inventory reduction

Impact of Stronger Dollar on Reported Sales

	<u>Q1 2009</u>	<u>Q1 2008</u>	<u>Q1 2009 ± Q1 2008</u>	<u>Decline Due to Foreign Exchange Translation</u>
Sales	\$150 M	\$176 M	-\$26 M	-13 M



Response to Global Recession

- Focus on excellent quality and service for customers – BEST OVERALL VALUE
- Reduce costs

<u>Initiative</u>	<u>Cost Reduction vs. 2008 (full year)</u>	
Raw material costs	\$5 M to \$7 M	Vendor negotiations
Reduce labor costs	\$3 M to \$5 M	Linares expansion
Fixed spending ¹	\$15 M	Spending, headcount, wages & benefits
Total cost reduction	\$23 M to \$27 M	

1) Includes Vertical acquisition



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