



Franklin Electric

Robert W. Baird Industrial Conference
November 8, 2006



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Any forward looking statements contained herein involve risks and uncertainties, including but not limited to, general economic and currency conditions, various conditions specific to the Company’s business and industry, market demand, competitive factors, supply constraints, technology factors, litigation, government and regulatory actions, the Company’s accounting policies, future trends, and other risks which are detailed in the Company’s Securities and Exchange Commission filings. These risks and uncertainties may cause actual results to differ materially from those indicated by the forward-looking statements.

Topics

- Overview
- Water Systems Review
- Fueling Systems Review
- Financial Performance
- Q & A

Financial Summary

Last 12 Months (September 2006)

NASDAQ	FELE
Equity Market Capitalization <small>(11/1/06)</small>	\$1.2 Bil
Sales Revenue	\$553 Mil + 28%
EPS (diluted)	\$2.42 + 29%
EBIT / Capital Employed	27%
Net Debt / EBITDA*	0.4X

* Debt	\$73 Mil
Cash	<u>\$30 Mil</u>
Net Debt	<u>\$43 Mil</u>

Earnings before
interest & taxes \$90 Mil

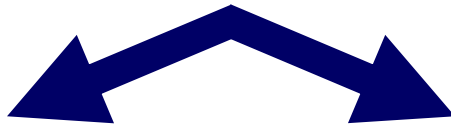
Depreciation & amortization	<u>\$17 Mil</u>
EBITDA	<u>\$107 Mil</u>

Net Debt / EBITDA 0.4

Strategic Focus

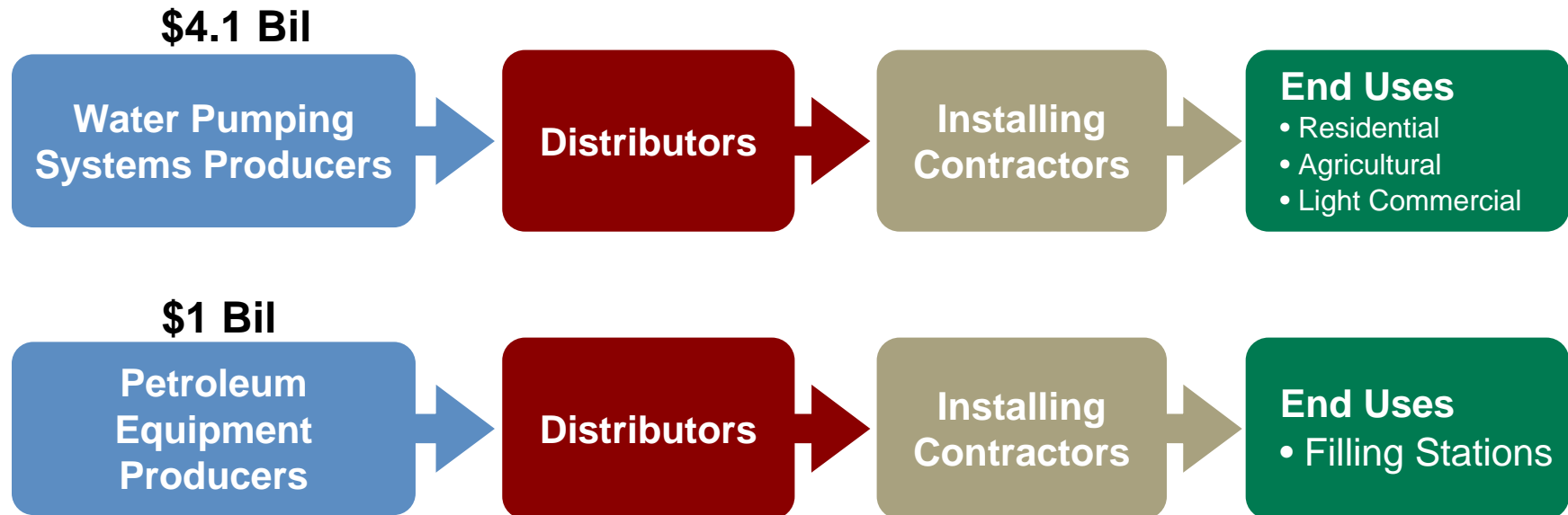
Global Water Systems and Petroleum Equipment Distribution Channels

Process Control Company



Strategic Focus

Water Systems & Petroleum Equipment Distribution Channels



- Growing Global Demand
- Fragmented Customer Base
- Installing Contractors – Value Reliability
- Franklin Brand Equity

Strategic Overview

Growth Within the Water Systems and
Petroleum Equipment Distribution Channels

Product Line Extensions Increase Sales Revenue per Installation



Motors

\$150



Motor &
Pump

\$300

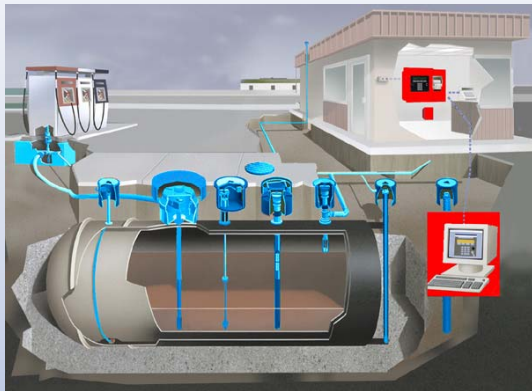


Motor, Pump
Drive & Controls

\$900

Adjacent Products

Fueling Systems



Underground System
Components and Controls

\$70,000

Water Systems



Residential
Pumps

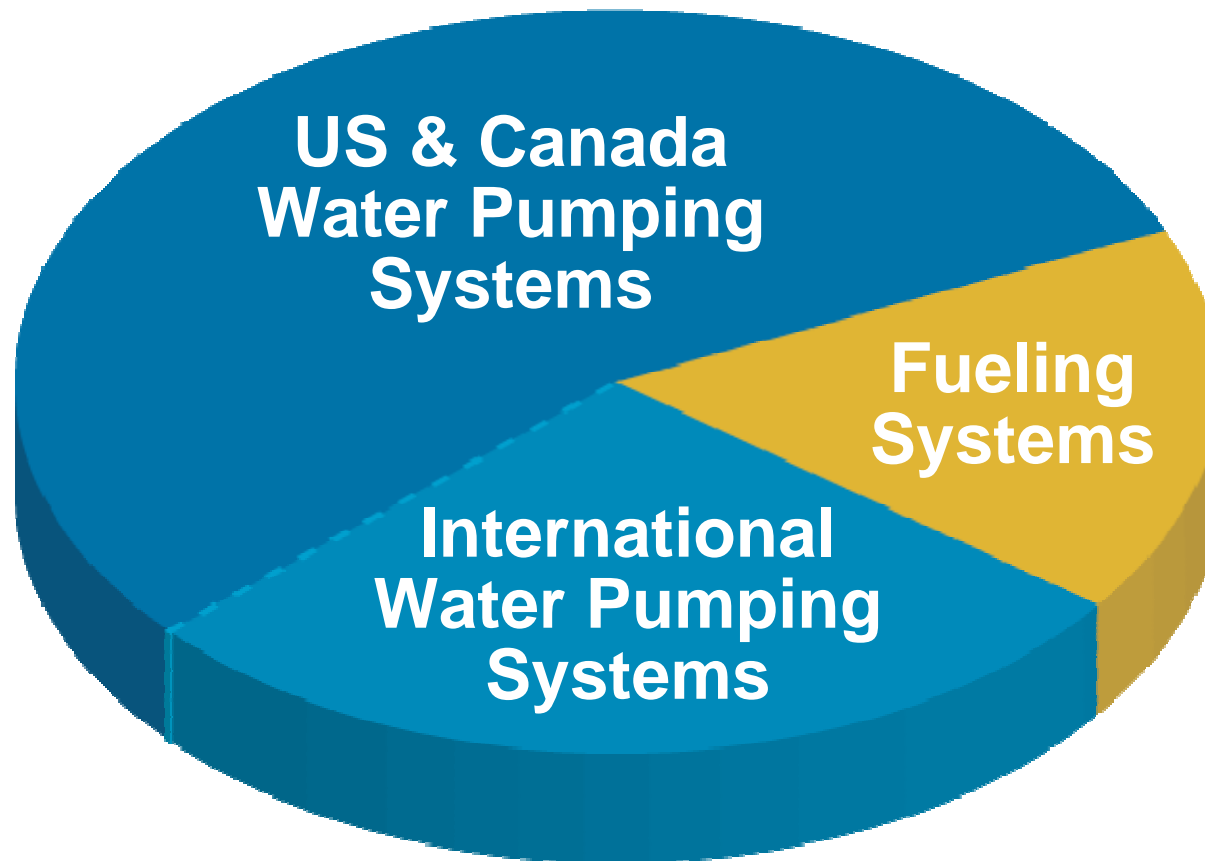


Irrigation
Pumps



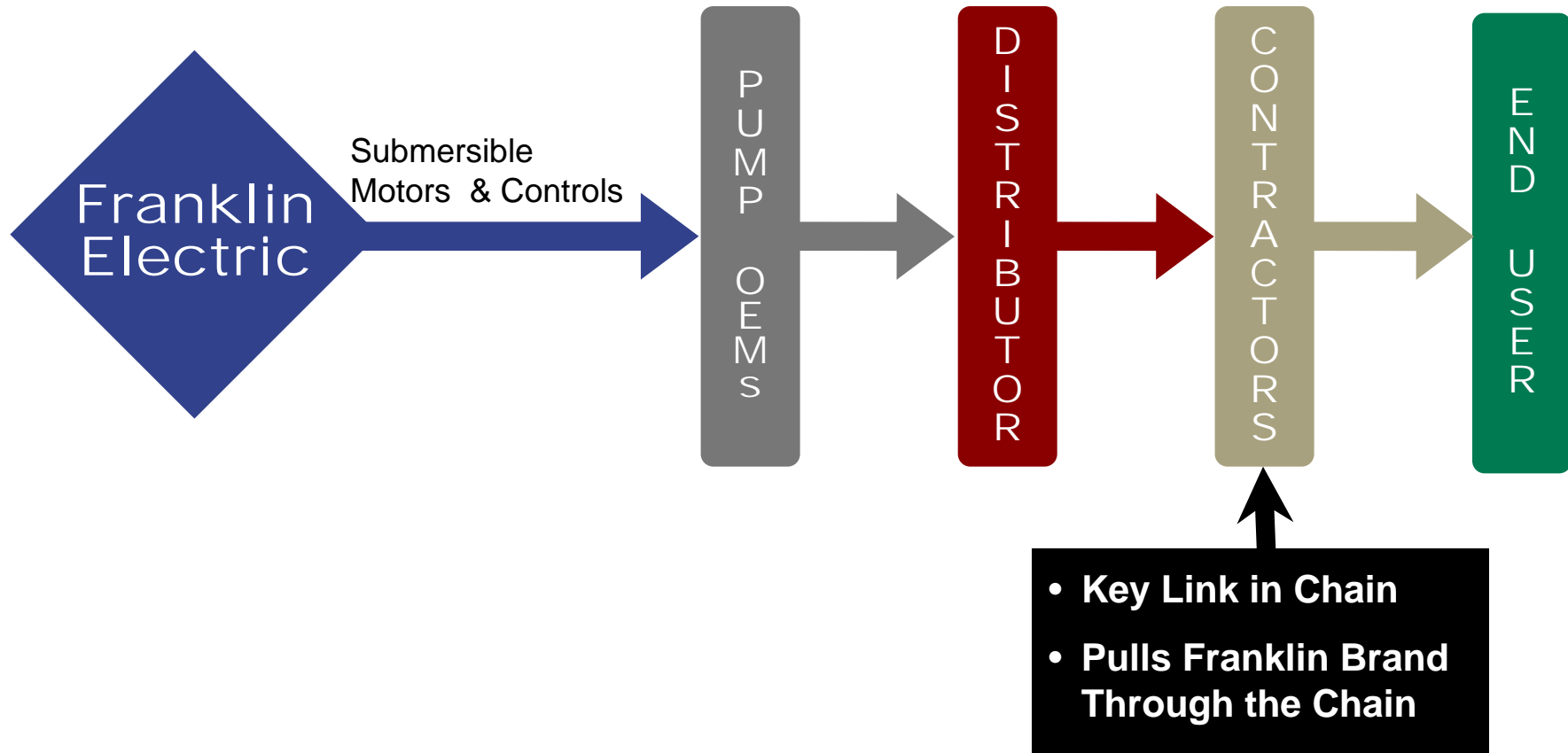
Wastewater
Pumps

Sales by Product Line



Water Pumping Systems

Business Model Before 2004



Water Pumping Systems

Contractor Pull – Franklin Motors



Example:

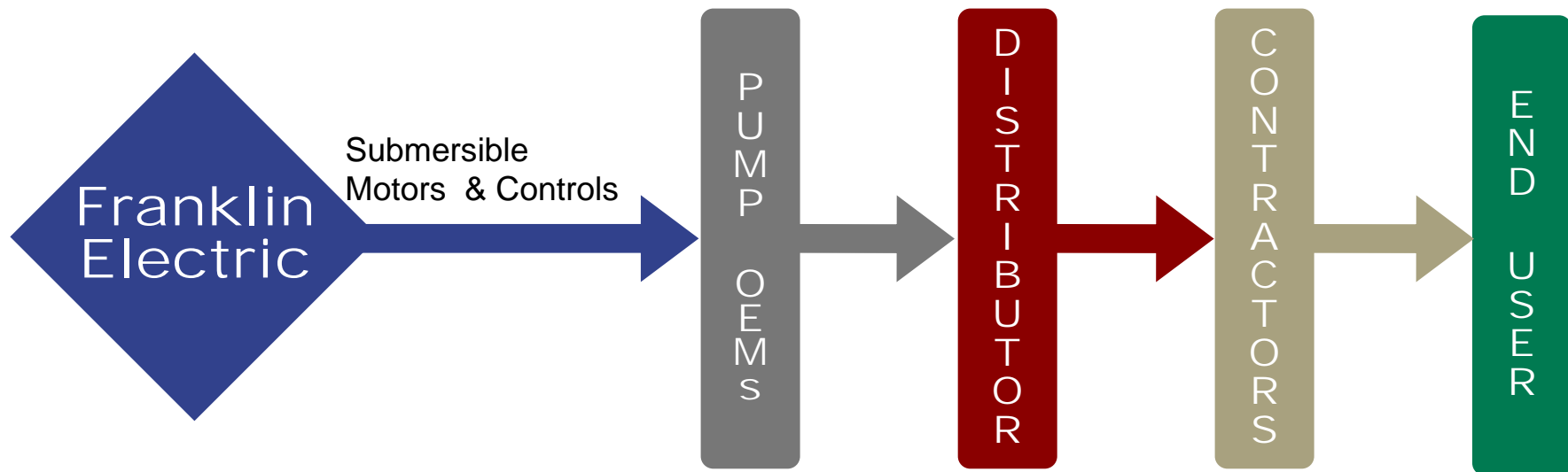
Total 4" Groundwater Installation: \$6,000

Submersible Motor: \$150

Franklin Motors and Controls Contain Features Which Make Them the Most Reliable Motors in the World

Water Pumping Systems

Business Model Before 2004

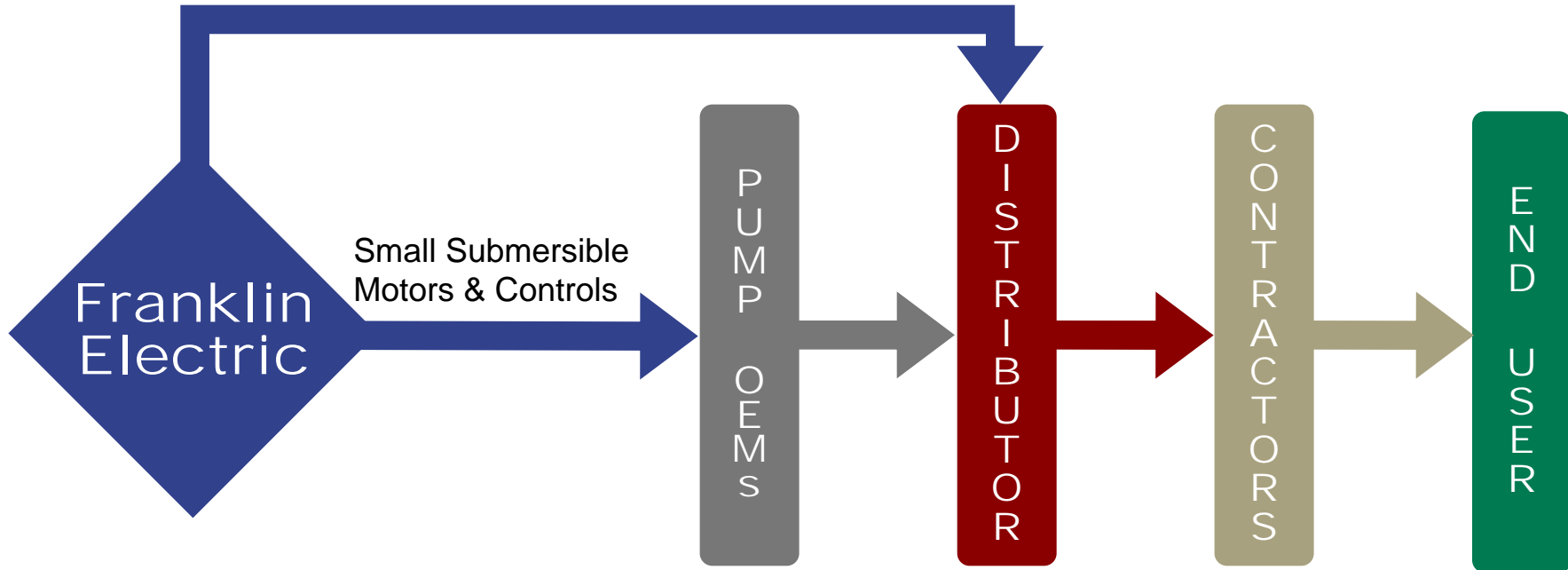


Strategic Issues:

- Limited Sales Growth Potential
- Growing Customer Concentration
- OEMs Threatening to Displace Franklin

Water Pumping Systems

Submersible Motors, Controls, Drives, & Pumps Business Model After 2004



Strategic Issues:

- Limited Sales Growth Potential
 Total Addressable Market = \$1 Bil → \$4.1 Bil
- Growing Customer Concentration
 Two Pump OEMs = 40% of Sales → Less than 10% of Sales

Business Plan

Global Leadership in Groundwater Pumping

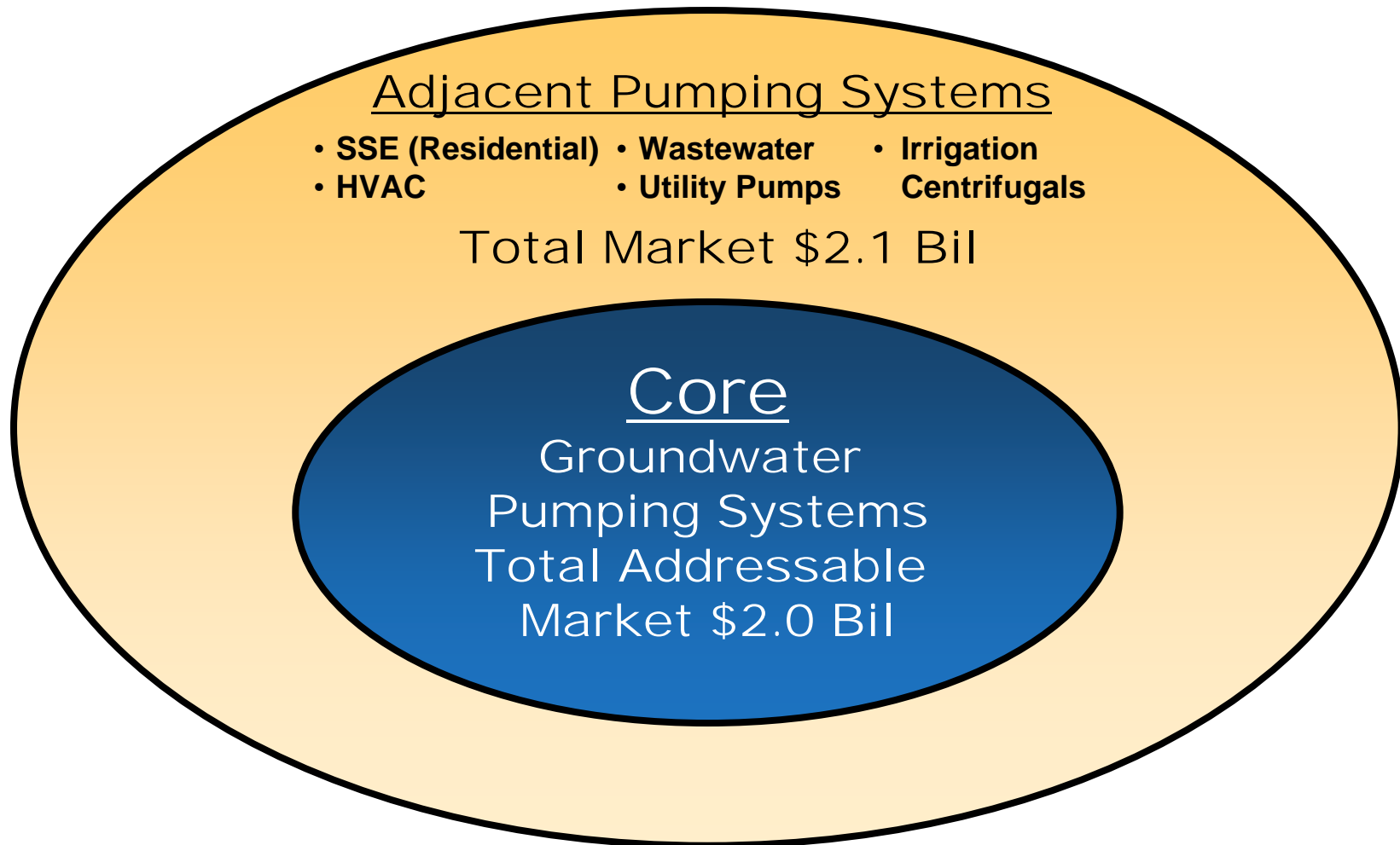
<u>Supplier</u>	<u>Estimated Global Groundwater Pumping Sales*</u>
Franklin Electric	\$400 Mil
Competitor A	\$270 Mil
Competitor B	\$250 Mil
Competitor C	\$210 Mil
Competitor D	\$70 Mil
All Others/Eliminations	<u>\$800 Mil</u>
Total	\$2,000 Mil

Grow Rapidly by Adding Pumps, Drives and Packaged Systems to the Product Line while Expanding Distribution Globally

* Franklin Estimates

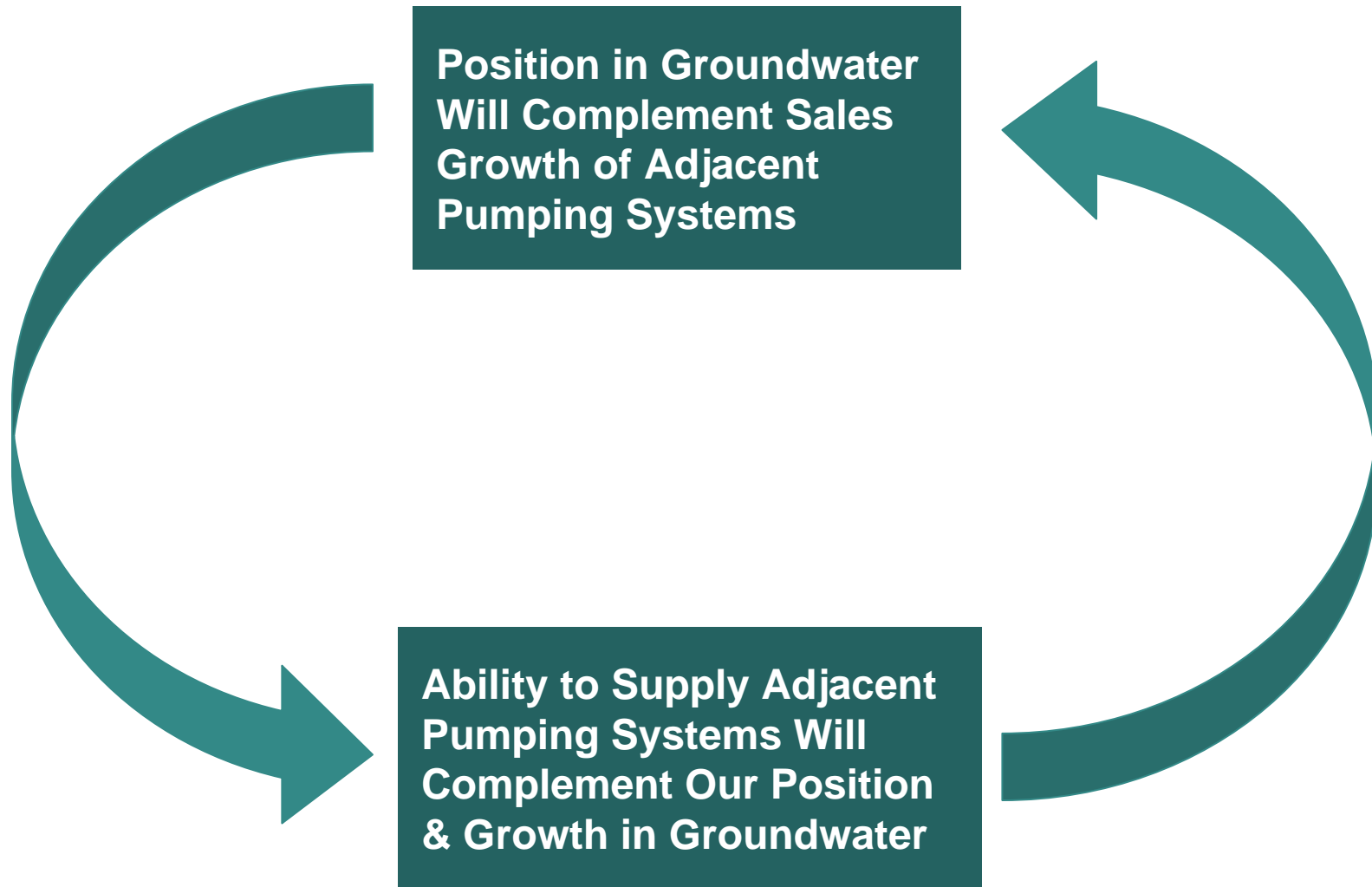
Business Plan

Water Systems Core Market & Total Addressable Market

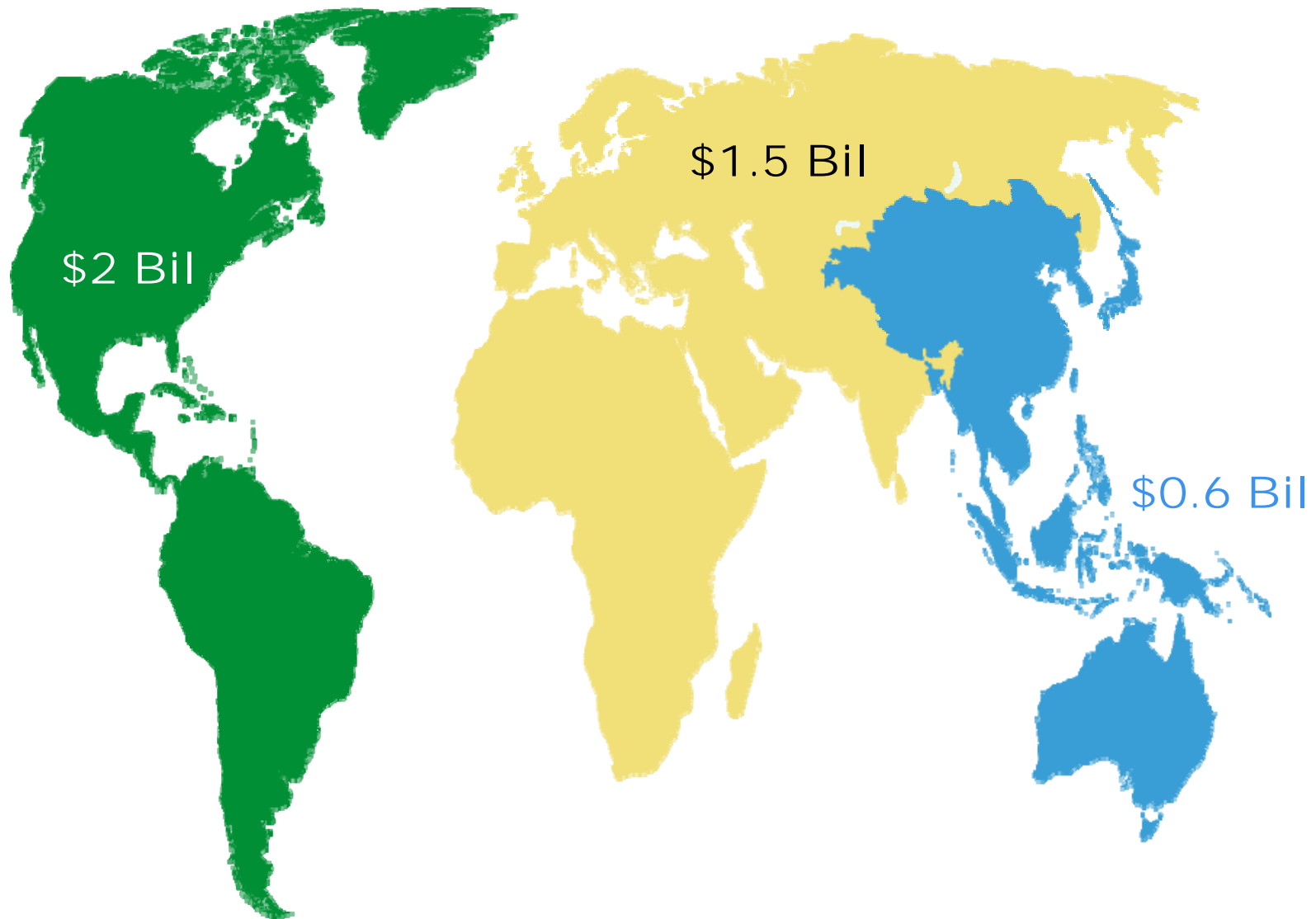


Business Dynamic

Groundwater Capability Facilitates Sales of Adjacent Pumping Systems and Vice Versa



Building the International Platform



Western Hemisphere Water Supply Systems

JBD Acquisition – 4th QTR 2004



- Full Line Residential Water Supply Systems Product Catalog
- Solid Quality Reputation
- 250,000 Sq. Ft. Manufacturing Facility
- Experienced Team

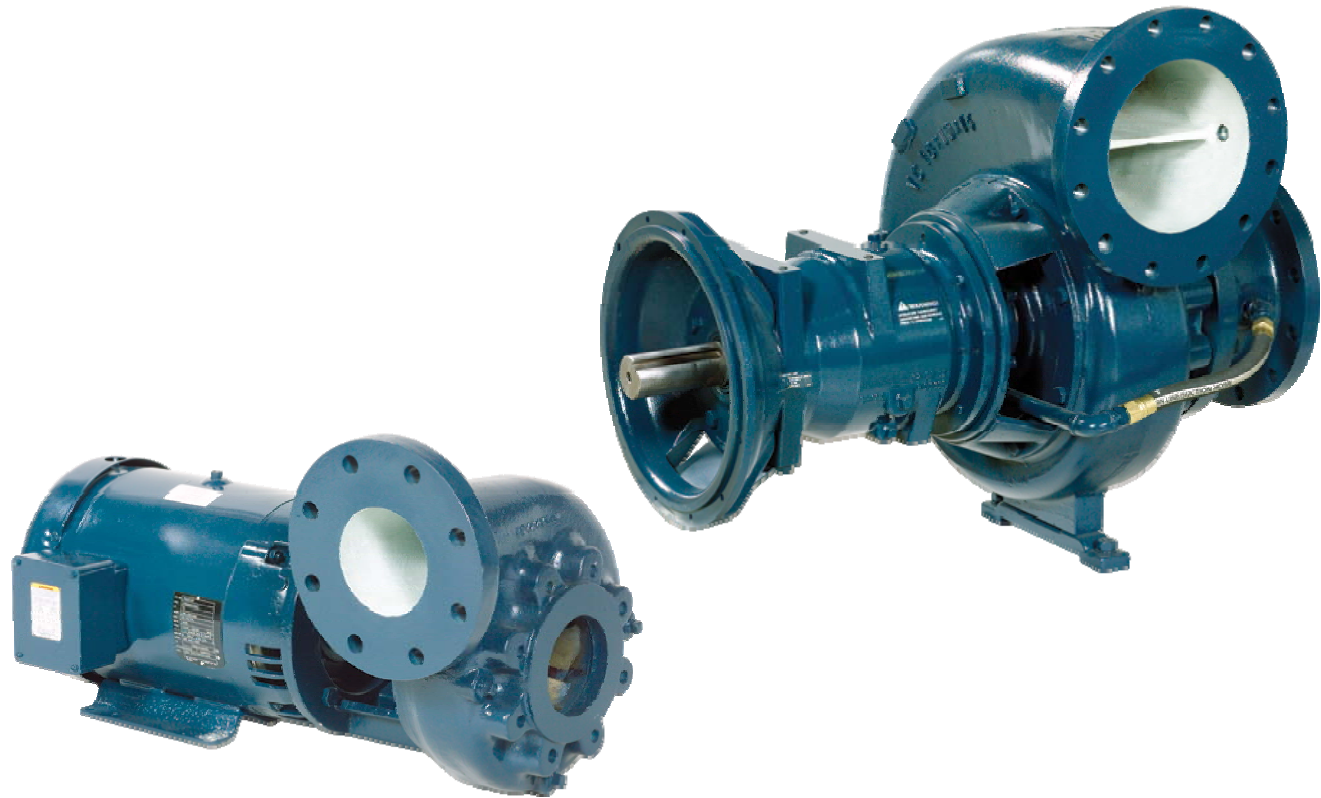
Western Hemisphere Water Supply Systems

JBD Acquisition – 4th QTR 2004
(Product Catalog Includes 900 SKUs)



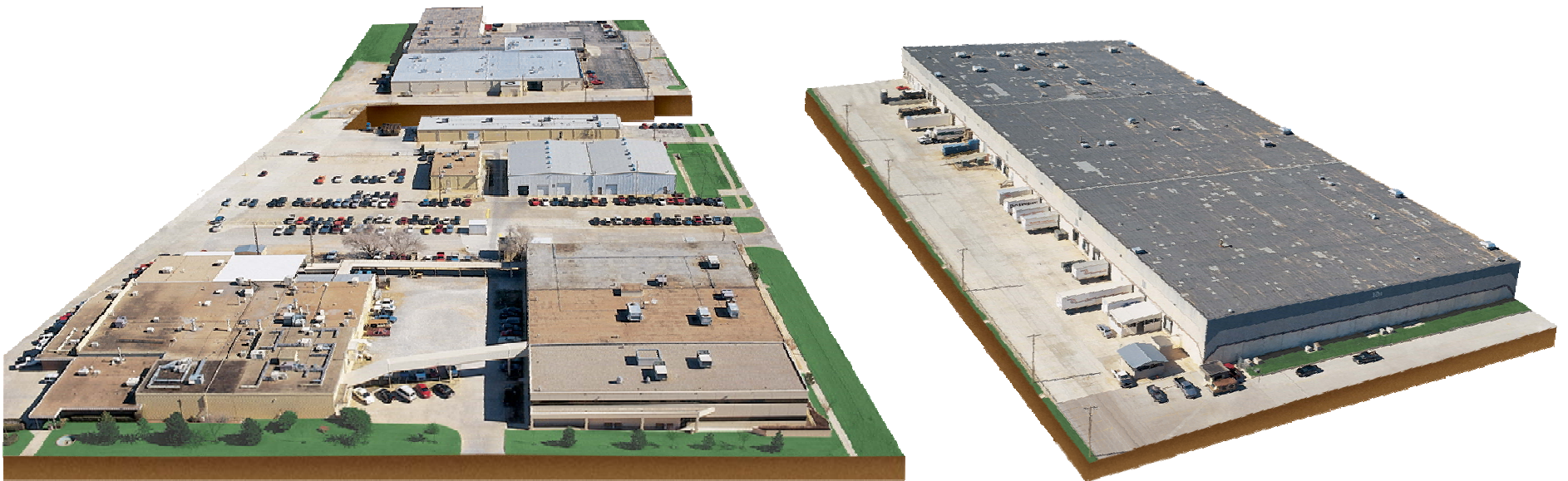
Western Hemisphere Water Supply Systems

Pioneer Pump Investment – 3rd QTR 2005
(Irrigation Product Catalog Includes 500 SKUs)



Western Hemisphere Wastewater Transfer Systems

Little Giant Acquisition – 2nd QTR 2006



- 2005 Sales \$106 Million
- 400,000 SQ. FT. of Manufacturing, Distribution & Office Space

Western Hemisphere Wastewater Systems

Little Giant Acquisition (Product Catalog Includes 1500 SKUs)

Sump, Sewage & Effluent



HVAC Pumps

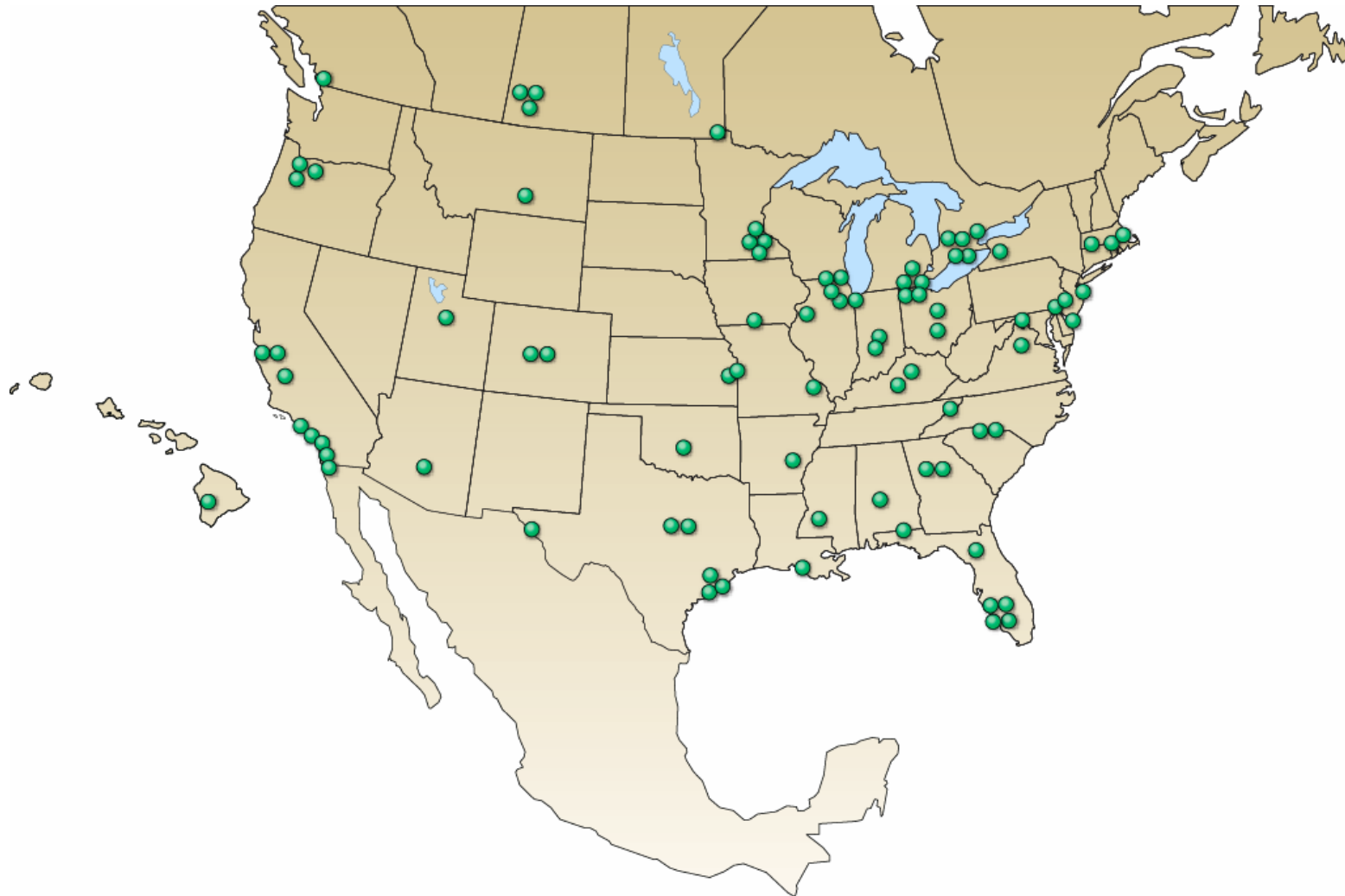


Utility Pumps



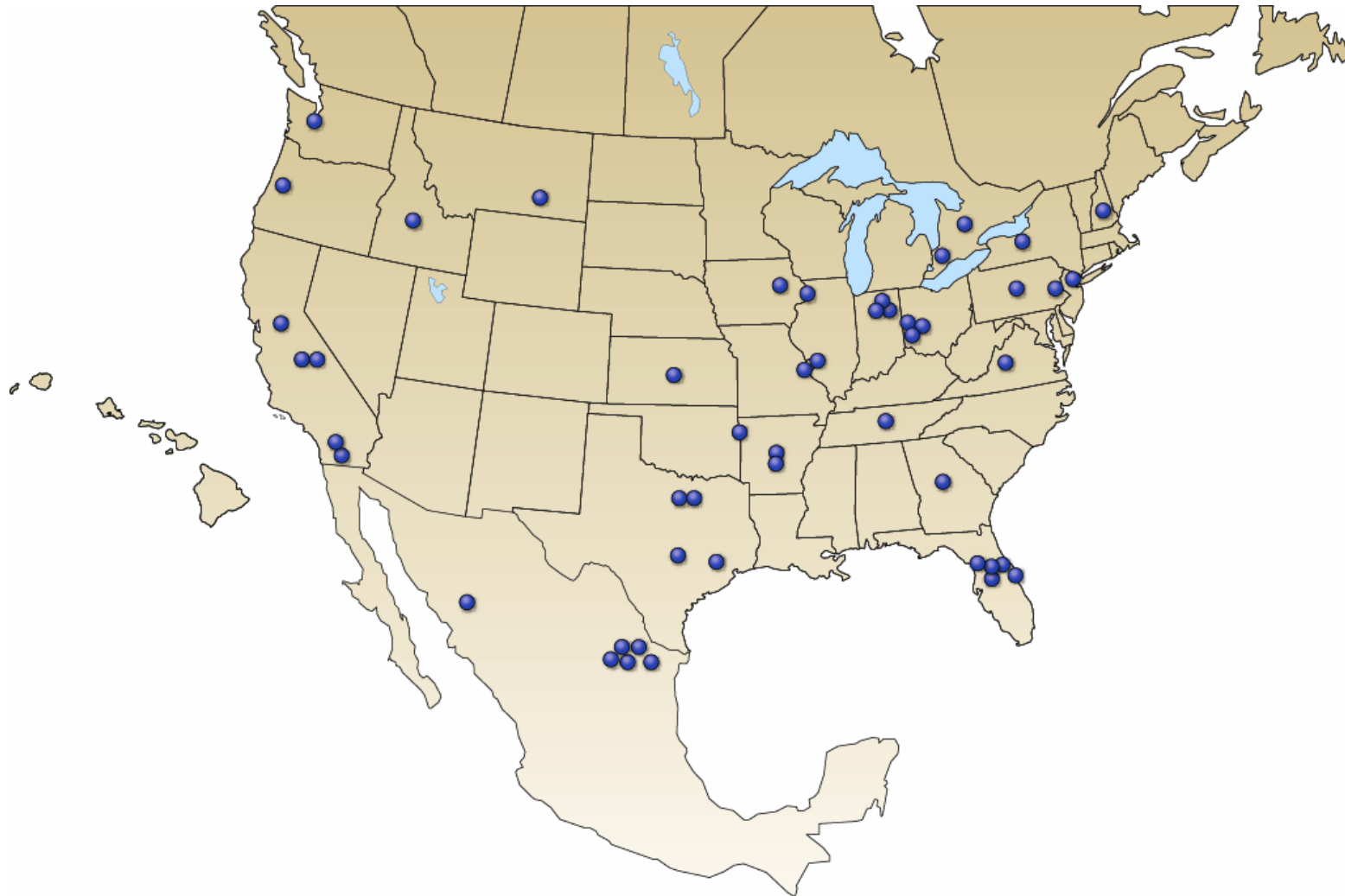
Little Giant Wastewater Transfer

Field Sales Organization



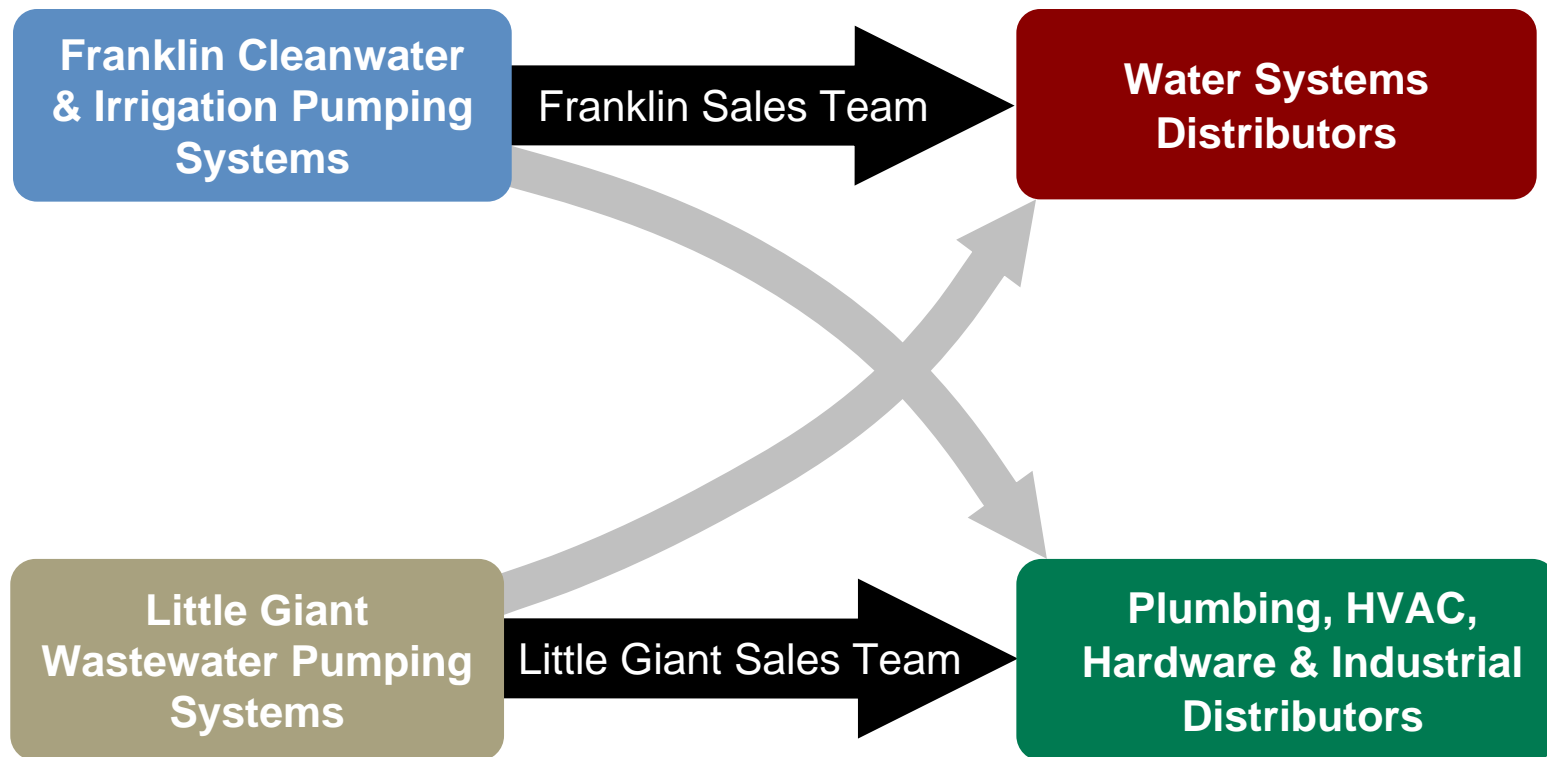
Franklin Electric Water Supply

Field Sales Organization



Water & Wastewater

Cross Selling Opportunities



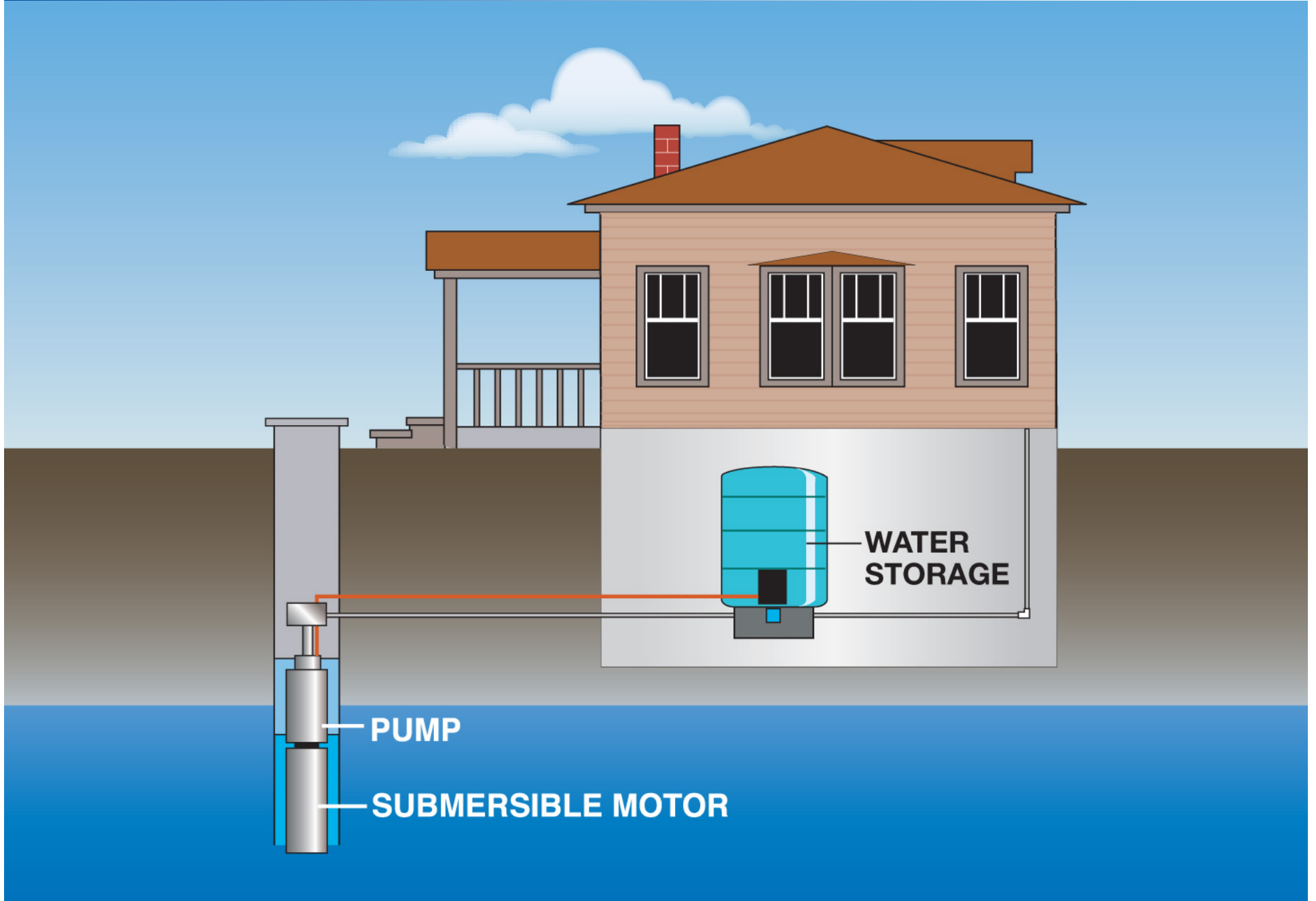
Direct Sales Relationships

Top 20 North American Water Systems Distributors



SubDrive Constant Pressure Systems





Three New Franklin Factories Constructed Since 2003 in Low Cost Regions

Linares, Mexico



Brno,
Czech Rep.



Suzhou, China



Global Manufacturing Strategy

Low Cost Regions

	<u>2003</u>	Estimated Year End <u>2006</u>
% of Submersible Motor Manufacturing Personnel in Low Cost Regions	12%	39%

Expanding Production in Mexico, Czech Republic & China

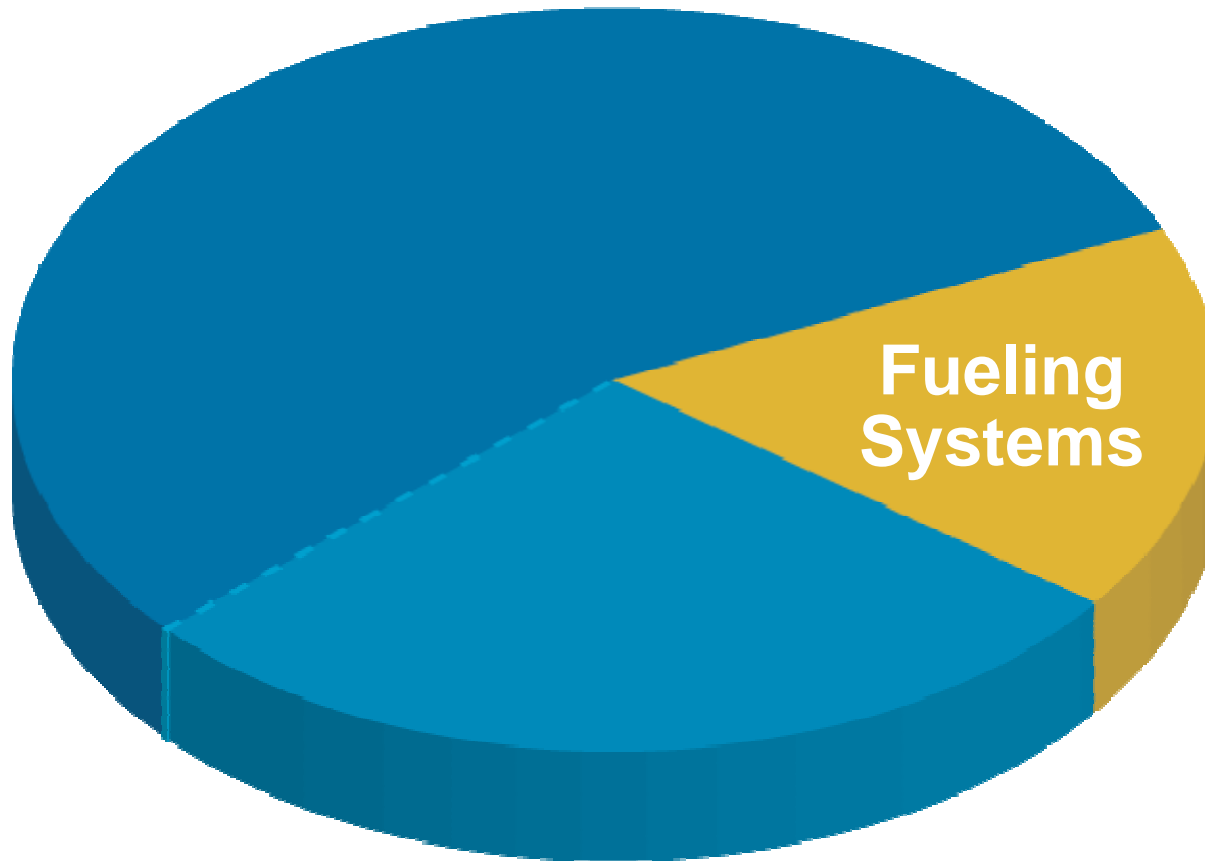
Water Systems Sales Growth

	<u>2003</u>	<u>2004</u>	<u>2005</u>	Proforma Little Giant <u>2006 LTM (Sept)</u>
Franklin Electric Water Systems Sales	\$292 Mil	\$334 Mil	\$367 Mil	\$519 Mil

Status:

- Growing Distributor Relationships
- Groundwater Pump Sales Growing Rapidly
- Strong Portfolio of New Products
- Global Acquisition Opportunities

Fueling Systems



Fueling Systems

Sales

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	Proforma Healy <u>2006 LTM (Sept)</u>
Fueling Systems Sales	\$ 59 Mil	\$68 Mil	\$71 Mil	\$73 Mil	\$115 Mil

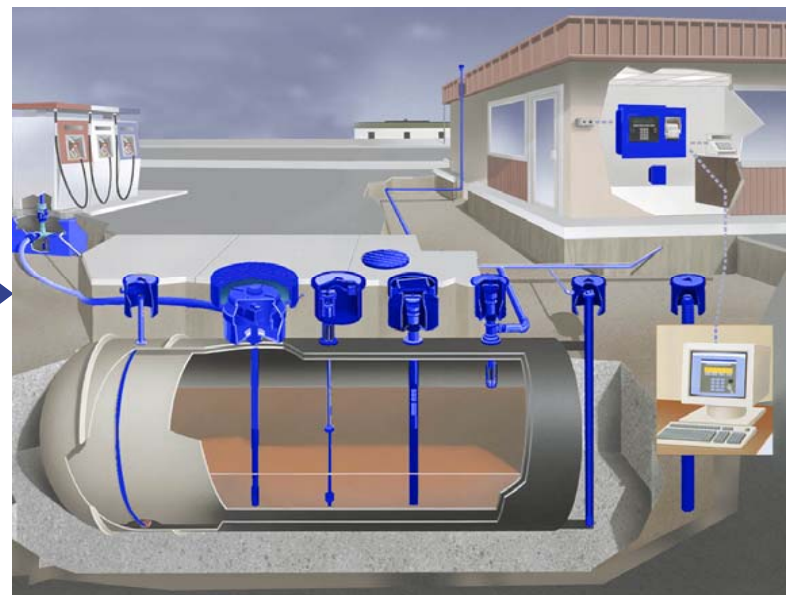
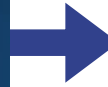
Fueling Systems

Business Development History

1960's - Franklin Explosion Proof, Submersible Gasoline Motor

1980's - Franklin FE PETRO Brand Submersible Motor and Pump

2000's - Franklin Integrated Underground System for Filling Stations



Fueling Systems

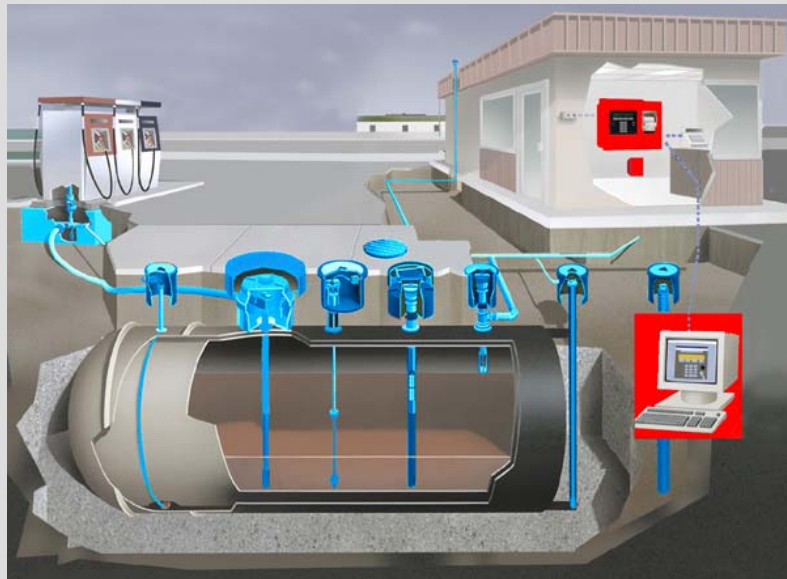
Addressable Market & Franklin Share

	<u>Market</u>	<u>Share</u>
Fuel Management Systems (Motors, Pumps, Drives, Controls, Nozzles, Valves & Hardware)	\$600 Mil	10%-15%
Containment Products (Piping, Sumps & Connections)	<u>\$400 Mil</u>	<u>5%-10%</u>
Total	\$1,000 Mil	10%-15%

#2 Global Supplier

Fueling Management Systems

Description of Electronic Fuel
Management System



System Modules:

- High Speed Pumping
- Inventory Management
- Product Quality Monitoring
- Leak Detection
- Vapor Containment *

* Healy Acquisition

Fueling Systems

Environmental Legislation - California Vapor Control Regulations



- **Installation Must Occur Prior to Mid 2009**
- **10,000 Stations**
- **Vapor Control Systems - \$17,000 per Station**
Monitoring Systems - \$8,000 per Station
- **\$250 Mil Opportunity**
- **Franklin/Healy is the Only Approved Vapor Control System at This Time**
- **Other States/Municipalities May Follow**

Fueling Systems

Growth Drivers



Summary

- Clear Focus – Growth Within Water Systems and Petroleum Equipment Distribution Channels
- Attractive Brand Franchise
- The Global Leader in Key Pumping Systems Technologies
- Expanding Manufacturing Base in Low Cost Countries
- Expanding Product Line and Distributor Base (Globally)
- Attractive Backlog of Innovative New Products
- 27% Return on Capital (LTM)
- Strong Balance Sheet

Financial Summary

3rd Quarter 2006

Net Sales	\$166 Mil	+ 39%
Operating Income	\$26 Mil	+ 31%
EPS	\$0.72	+ 26%

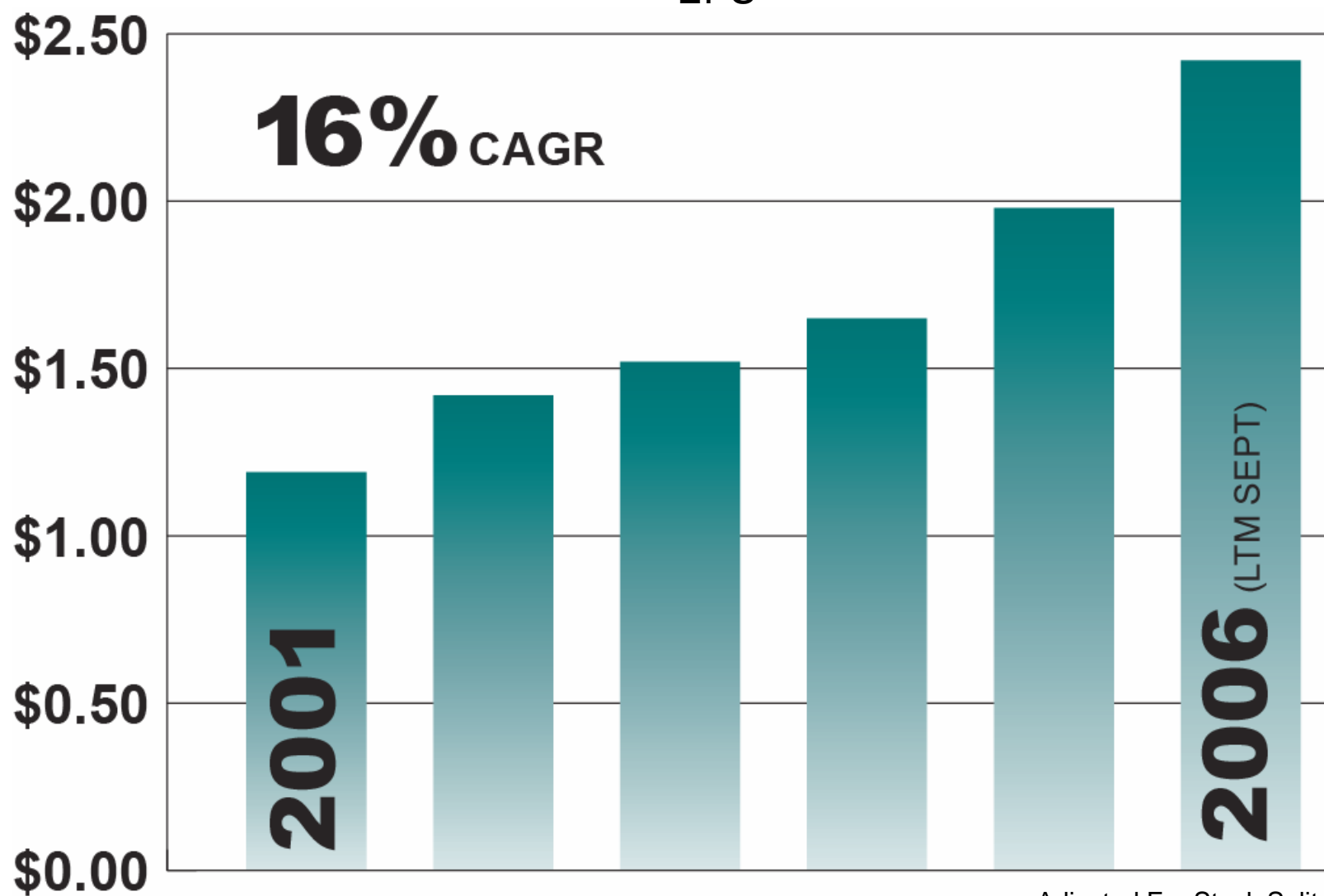
Financial Summary

2006 Year-to-Date (Sept)

Net Sales	\$439 Mil	+ 35%
Operating Income	\$68 Mil	+ 35%
EPS	\$1.84	+ 30%

Financial Summary

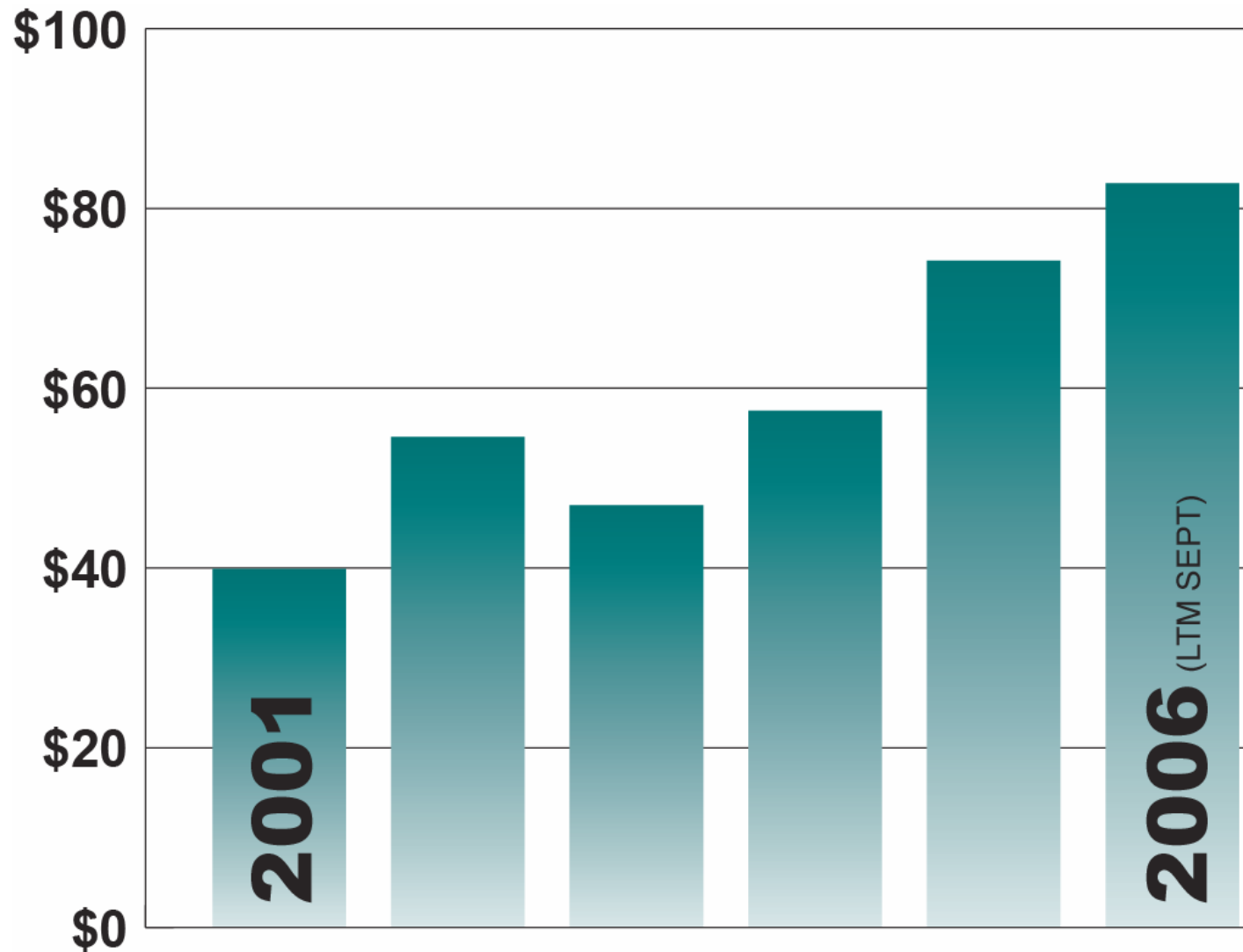
EPS



Adjusted For Stock Splits

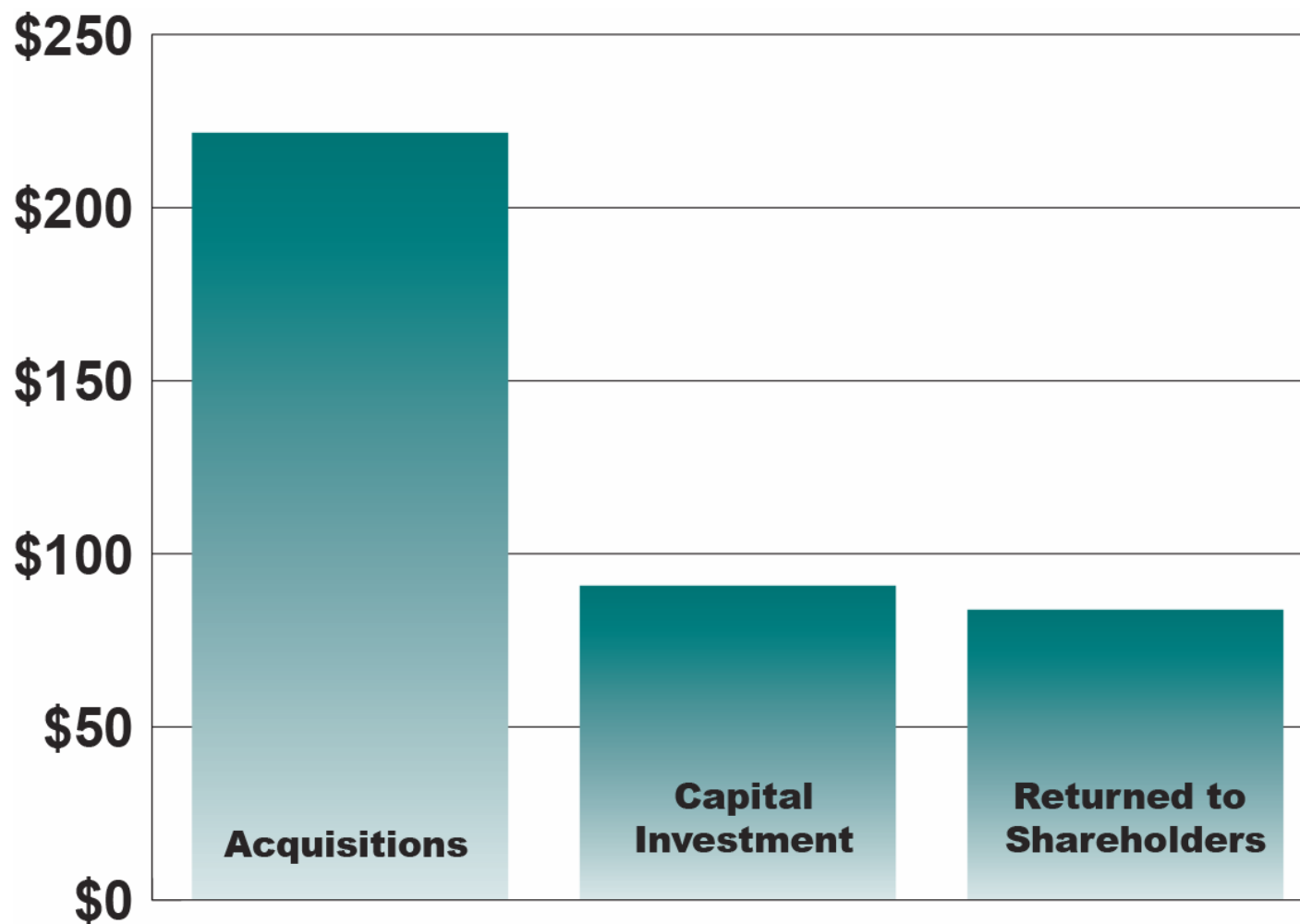
Financial Summary

Operating Cash Flow (in Millions)



Financial Summary

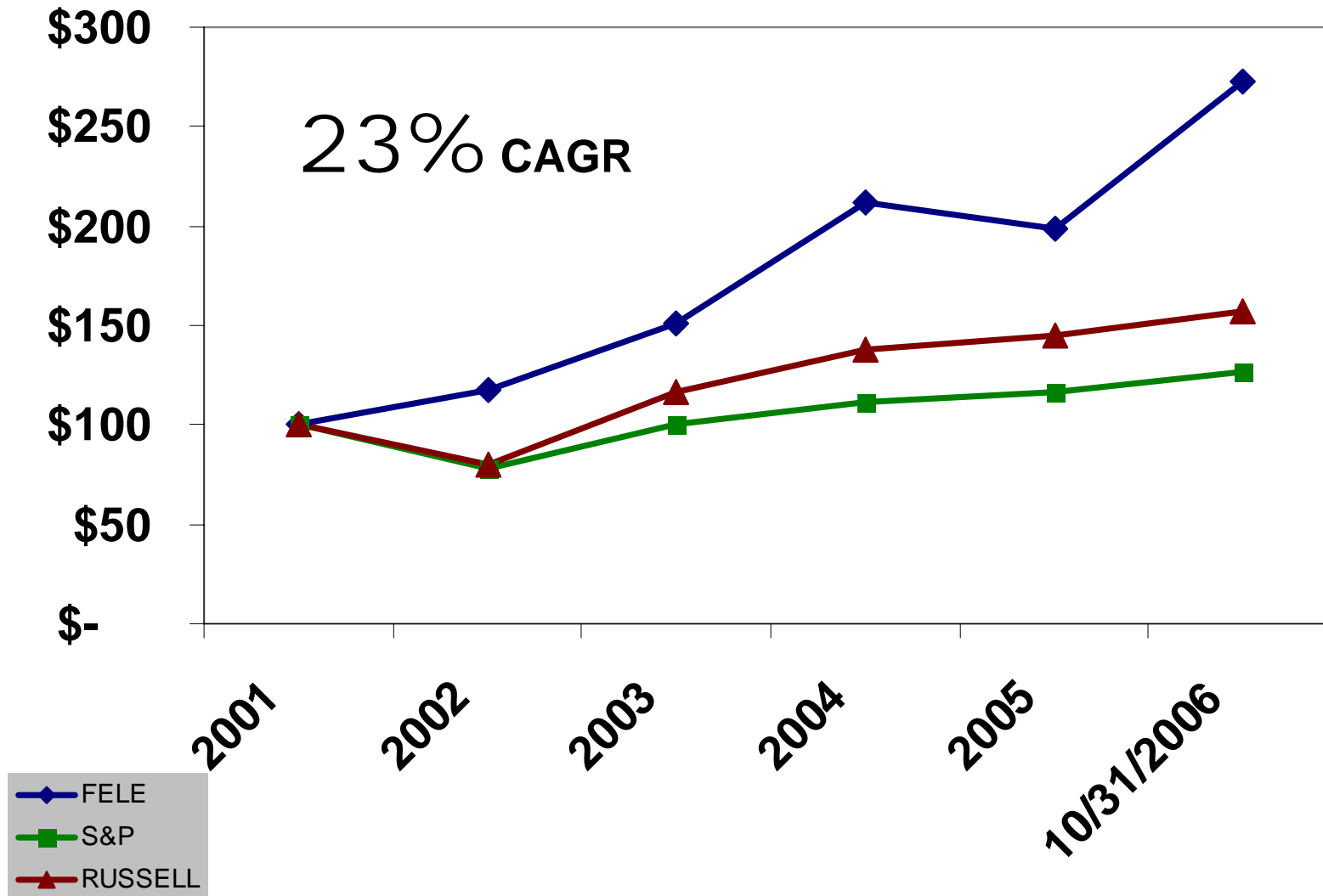
Distribution of Financial Resources 2001 - Sept 2006
(in Millions)



Financial Resources = Cumulative Operating Cash Flow + Net Borrowings

Financial Summary

Total Return to Shareholders as of 10/31/2006





Franklin Electric

