

Prudential Capital Group

Two Prudential Plaza, Suite 5600, Chicago IL 60601
Tel 312 540-0931 Fax 312 540-4222

February 26, 2008

Franklin Electric Co., Inc.
400 East Spring Street
Bluffton, Indiana 46714
Attention: Secretary

Re: **Amendment No. 2 to Second Amended and Restated Note Purchase
and Private Shelf Agreement**

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Note Purchase and Private Shelf Agreement dated as of September 9, 2004 by and among Franklin Electric Co., Inc., an Indiana corporation (the "Company"), Prudential Investment Management, Inc. ("PIM"), The Prudential Insurance Company of America ("PICA" and together with PIM, "Prudential") as amended by that certain letter agreement dated as of April 9, 2007 by and among the Company, PIM and PICA (the "Note Agreement"), and each other Prudential Affiliate which from time to time becomes a party to the Note Agreement in accordance with the terms thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

Pursuant to the request of the Company and in accordance with the provisions of paragraph 11C of the Note Agreement, the parties hereto agree as follows:

SECTION 1. A mendment. From and after the Effective Date (as defined in Section 3 hereof), the Note Agreement is amended as follows:

1.1 Paragraph 6B(10) of the Note Agreement is hereby amended and restated in its entirety to read as follows:

6B(10). **Debt to EBITDA Ratio.** At the end of each Fiscal Quarter, the ratio of Consolidated Total Debt as at the end of such Fiscal Quarter to Consolidated EBITDA for the period of four consecutive Fiscal Quarters then ended shall not exceed: (i) for any Fiscal Quarter ending on March 31, 2002, through and including December 31, 2007, 3.00 to 1.00, (ii) for any Fiscal Quarter ending on March 29, 2008, through and including April 4, 2009, 3.50 to 1.00, and (iii) for any Fiscal Quarter ending on June 30, 2009 or thereafter, 3.00 to 1.00.

1.2 The definition of “Applicable Number” appearing in paragraph 5G of the Note Agreement is hereby amended and restated in its entirety to read as follows:

“**Applicable Number**” shall mean (i) .00075 if, with respect to such Fiscal Quarter, the ratio of Consolidated Total Debt to EBITDA, as calculated above, was equal to or greater than 2.00 to 1.00, but not greater than 2.50 to 1.00, (ii) .0015 if, with respect to such Fiscal Quarter, the ratio of Consolidated Total Debt to EBITDA, as calculated above, was greater than 2.50 to 1.00 but not greater than 3.00 to 1.00 or (iii) .0025 if, with respect to such Fiscal Quarter, the ratio of Consolidated Total Debt to EBITDA, as calculated above, was greater than 3.00 to 1.00.

SECTION 2. Representations and Warranties. The Company represents and warrants that, after giving effect hereto, each representation and warranty set forth in paragraph 8 of the Note Agreement, as amended hereby, is true on and as of the date of the execution and delivery of this letter by the Company with the same effect as if made on such date (except to the extent of changes caused by transactions contemplated under and permitted by the Note Agreement, as amended hereby).

SECTION 3. Conditions Precedent; Binding Agreement. This letter shall become effective as of the date hereof (the “Effective Date”) upon (i) the return by the Company to Prudential Capital Group (Attention: Wiley S. Adams) of an original counterpart to this letter, duly executed and delivered by the Company, PIM, PICA and each of the other noteholders signatory hereto (the “Other Holders”) and (ii) the receipt by Wiley S. Adams, counsel for PIM, PICA and the Other Holders, of an amendment to the Company’s primary bank facility in form and substance reasonably acceptable to the Required Holders amending such facility in substantially the same manner as Section 1.1 above. Upon the satisfaction of the foregoing conditions, this letter shall become a binding agreement among the Company, PIM, PICA and such Other Holders.



SECTION 4. Reference to and Effect on Agreement. Upon the Effective Date, each reference to the Note Agreement in any other document, instrument or agreement shall mean and be a reference to the Note Agreement as modified by this letter. Except as specifically set forth in Section 1 hereof, the Note Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

SECTION 5. Governing Law. THIS LETTER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF ILLINOIS (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS LETTER TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH, OR THE RIGHTS OF THE PARTIES TO BE GOVERNED BY, THE LAWS OF ANY OTHER JURISDICTION).



SECTION 6. Counterparts; Section Titles. This letter may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. The section titles contained in this letter are and shall be without substance, meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. Delivery of an executed counterpart of a signature page to this letter by facsimile shall be effective as delivery of a manually executed counterpart of this letter.

Very truly yours,

**PRUDENTIAL INVESTMENT MANAGEMENT,
INC.**

By:  
Vice-President

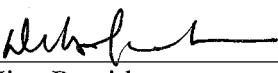

**THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA**

By:  
Vice President

**MUTUAL OF OMAHA INSURANCE
COMPANY**

By: Prudential Private Placement Investors,
L.P. (as Investment Advisor)

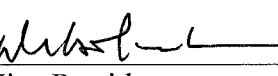

By: Prudential Private Placement Investors, Inc.
(as its General Partner)

By:  
Vice President

**UNITED OF OMAHA LIFE INSURANCE
COMPANY**

By: Prudential Private Placement Investors,
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.
(as its General Partner)

By:  
Vice President

Agreed and accepted:

FRANKLIN ELECTRIC CO., INC.

By: _____
Thomas J. Strupp,
Vice President, Chief Financial Officer
and Secretary

Wiley Adams/LAW/Pru
Law Department
Phone Number: 312-540-4204
Fax Number: 312-540-4245

Wed 02/20/2008 12:04 PM

To dandringa@schiffhardin.com
cc Brenda Houston-Rivers/LAW/Pru
bcc
Subject Fw: Franklin Electric Sig Pgs to Amendment No. 2

Dirk: Attached are the signature pages to the amendment which have been signed by Prudential. I am sending them to you in escrow pending our release. I will also send over two sets of originals which should also be held in escrow. As you know, we will be out so this so facilitate wrapping this up. Wiley



Franklin Electric sig pgs to Amendment No 2.pdf



"Andringa, Dirk"
<dandringa@schiffhardin.com>
m>

Wed 02/13/2008 12:16 AM

To "wiley.adams@prudential.com"
<wiley.adams@prudential.com>
"david.quackenbush@prudential.co"
cc <david.quackenbush@prudential.co>, "Butchko, Mike"
<mbutchko@fele.com>, "Hughes, Angela"
bcc
Subject RE: Franklin Electric -- Timing Update and Forwarding of the
Draft Credit Agreement Amendment

Wiley:

In follow up to Friday's email, attached please find the Amendment to the Credit Agreement drafted on behalf of JP Morgan as Agent under that credit facility. Franklin Electric is ok with this draft and JP Morgan is giving the other lenders in that facility a week or so to review and approve the Amendment and plans to effectuate the amendment on or about February 26th.

We would therefore like Prudential to be on that same time frame.

Please advise if there are any aspects of my comments on the draft Prudential Amendment that you would like to discuss.

Regards,

Dirk

-----Original Message-----

From: Andringa, Dirk
Sent: Friday, February 08, 2008 2:09 PM
To: 'wiley.adams@prudential.com'
Cc: 'david.quackenbush@prudential.co'; 'Butchko, Mike'; Hughes, Angela
Subject: RE: Franklin Electric -- Prudential Amendment

Hi Wiley:

Hope things have been well with you.

I have discussed the draft Amendment that was sent by Prudential with Franklin Electric and have just a few comments thereon as reflected in the attached hand markup.

I am available to discuss these comments with you if there are any questions with respect thereto.

Regards,

Dirk

Dirk Andringa
Schiff Hardin LLP
6600 Sears Tower
Chicago, IL 60606
Phone: 312-258-5807
Fax: 312-258-5600
Email: dandringa@schiffhardin.com

Tax Matters: To the extent this message or any attachment concerns tax matters, it is not intended or written to be used, and cannot

be used by a taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under law.

This message and any attachments may contain confidential information protected by the attorney-client or other privilege. If you believe that it has been sent to you in error, please reply to the sender that you received the message in error. Then delete it. Thank you.



- Franklin Electric_ Amendment No. 1 to Credit Agreement (2.8.08).DOC