

July 22, 2010

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

Re: **Amendment No. 3 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 and that certain Amendment No. 2 dated as of February 26, 2008 among the Company, PIM, PICA and certain Prudential Affiliates, the "Note Agreement". 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. Amendment.** From and after the Effective Date (as defined in Section 3 hereof), the Note Agreement is amended as follows:

1.1 The cover page to the Note Agreement, paragraph 1A and paragraph 1B of the Note Agreement are each hereby amended to delete in its entirety each occurrence of the amount "\$175,000,000" appearing therein and to substitute therefor the amount "\$50,000,000".

1.2 The first sentence of paragraph 2A(2) of the Note Agreement is amended to delete in its entirety clause (i) thereof and to substitute therefor the following: "(i) July 22, 2013 (or if such date is not a Business Day, the Business Day next preceding such date) and".

1.3 The Company and Prudential expressly agree and acknowledge that as of the date hereof, the Available Facility Amount is \$50,000,000. **NOTWITHSTANDING THE FOREGOING, THIS AMENDMENT AND THE NOTE AGREEMENT HAVE BEEN ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PRUDENTIAL NOR ANY PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE SHELF NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC PURCHASES OF PRIVATE SHELF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A COMMITMENT BY PRUDENTIAL OR ANY PRUDENTIAL AFFILIATE.**

1.4 Paragraph 10C of the Note Agreement is amended by adding a sentence at the end of such paragraph as follows:

“Solely for purposes of determining compliance with the financial covenants contained herein, the Company shall not measure any item of “Indebtedness” at less than the then outstanding principal amount thereof (as may be permitted by Statement of Financial Accounting Standard 159 or any similar accounting standard); provided that the Company may include in the determination or calculation of such then outstanding principal amount the impact of any swap, hedge or other derivative instrument associated with or connected to any such Indebtedness.”

**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 the return by the Company to Prudential Capital Group (Attention: Scott B. Barnett) 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”). Upon the satisfaction of the foregoing condition, this letter shall become a binding agreement among the Company, PIM, PICA and such Other Holders.

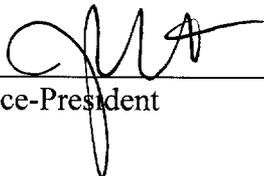
**SECTION 4. Reference to and Effect on Agreement.** Upon the Effective Date, each reference to the Note Agreement in any other document, instrument or agreement shall mean and be a reference to the Note Agreement as modified by this letter. Except as specifically set forth in Section 1 hereof, the Note 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).**

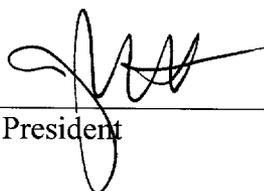
**SECTION 6. Counterparts; Section Titles.** This letter may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. The section titles contained in this 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:  \_\_\_\_\_ JBB  
Vice-President

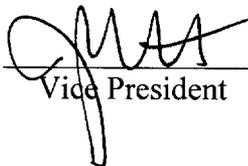
**THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA**

By:  \_\_\_\_\_ JBB  
Vice President

**MUTUAL OF OMAHA INSURANCE  
COMPANY**

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

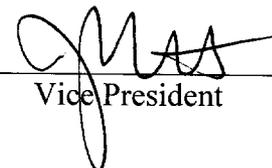
By: Prudential Private Placement Investors, Inc.  
(as its General Partner)

By:  \_\_\_\_\_ JAB  
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:  \_\_\_\_\_ JCB  
Vice President

Agreed and accepted:

**FRANKLIN ELECTRIC CO., INC.**

By: \_\_\_\_\_  
John Haines,  
Chief Financial Officer