FRANKLIN ELECTRIC CO INC
Form DEF 14A
March 22, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF

THE SECURITIES EXCHANGE ACT OF 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant ¨

Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Franklin Electric Co., Inc.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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FRANKLIN ELECTRIC CO., INC.

9255 Coverdale Road
Fort Wayne, Indiana 46809

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held

May 6, 2016 at 8:00 a.m., Eastern Time

To the Shareholders of
Franklin Electric Co., Inc.

The Annual Meeting of Shareholders of Franklin Electric Co., Inc. (the "Company"), an Indiana corporation, will be held at Franklin Electric Global Headquarters and Engineering Design Center, 9255 Coverdale Road, Fort Wayne, Indiana 46809 on Friday, May 6, 2016, at 8:00 a.m., Eastern Time. The purposes of the meeting are to:

1. Elect Renee J. Peterson and Jennifer L. Sherman as directors for terms expiring at the 2019 Annual Meeting of Shareholders;

2. Ratify the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the 2016 fiscal year;

3. Approve, on an advisory basis, the executive compensation of the Named Executive Officers as disclosed in the Proxy Statement; and

4. Transact any other business that may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 7, 2016 will be entitled to notice of and to vote at the Annual Meeting.

You are urged to vote your proxy whether or not you plan to attend the Annual Meeting. If you do attend, you may nevertheless vote in person which will revoke any previously executed proxy.

By order of the Board of Directors.

John J. Haines
Vice President, Chief Financial Officer and Secretary

Fort Wayne, Indiana
March 22, 2016

TABLE OF CONTENTS

	Page
General Information	3
Notice and Voting Instructions	4
Shareholders Entitled to Vote and Shares Outstanding	4
Security Ownership of Certain Beneficial Owners	5
Security Ownership of Management	6
Proposal 1: Election of Directors	7
Information Concerning Nominees and Continuing Directors	8
Information About the Board and Its Committees	11
Management Organization and Compensation Committee Report	14
Compensation Discussion and Analysis	15
Executive Compensation	28
Director Compensation	40
Securities Authorized for Issuance Under Equity Compensation Plans	41
Audit Committee Report	42
Proposal 2: Ratification of the Appointment of Deloitte & Touche LLP	43
Proposal 3: Advisory Vote on Executive Compensation	44
Section 16(a) Beneficial Ownership Reporting	45
Shareholder Proposals	45
Annual Report on Form 10-K	45
Other Business	45

FRANKLIN ELECTRIC CO., INC.

9255 Coverdale Road, Fort Wayne, Indiana 46809

PROXY STATEMENT

Annual Meeting of Shareholders to be Held on May 6, 2016

GENERAL INFORMATION

This Proxy Statement and the enclosed proxy are furnished to shareholders in connection with the solicitation of proxies by the Board of Directors of Franklin Electric Co., Inc. (the "Company"), 9255 Coverdale Road, Fort Wayne, Indiana, 46809 for use at the Annual Meeting of Shareholders to be held on May 6, 2016, or any adjournment or postponement thereof. Shareholders were sent Notice of the Annual Meeting, as well as information regarding how to access this Proxy Statement and the Company's 2015 Annual Report, including the financial statements contained therein, beginning on or about March 22, 2016.

The expenses of solicitation, including the cost of printing and mailing, will be paid by the Company. Officers and employees of the Company, without additional compensation, may solicit proxies personally, by telephone, email, or by facsimile. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of shares held of record by such persons, and the Company will reimburse such entities for reasonable out-of-pocket expenses incurred by them in connection therewith.

NOTICE AND VOTING INSTRUCTIONS

Shareholders will receive a Notice Card with information regarding the availability of proxy materials over the internet. Shareholders who wish to receive a paper or email copy of the proxy materials must request one by submitting the request to the Secretary of the Company at the Company's address listed on the first page of this Proxy Statement. There is no charge for requesting a copy. Requests can also be made at the voting website, via telephone, or via email, as described in the Notice Card.

Voting by Internet: Use the internet link and control number provided to you on your Proxy Card. You may vote until 11:59 p.m., Eastern Time, on May 5, 2016. You will need the control number provided on your Proxy Card to access the website.

Voting by Telephone: Call the toll-free telephone number provided to you on your Proxy Card. Telephone voting will be available until 11:59 p.m., Eastern Time, on May 5, 2016. Detailed instructions will be provided during the call. The procedures are designed to authenticate votes cast by using the last 4 digits of a shareholder’s social security/taxpayer I.D. number.

Voting by Mail: Request a hardcopy of the proxy materials by submitting your request to the Secretary of the Company at the Company's address listed on the first page of this Proxy Statement. Then complete the Proxy Card, date and sign it, and return it in the envelope provided. Shareholders may also vote their shares in person at the Annual Meeting.

Employees who are participants in the Company’s Retirement Program (401(k) plan) will receive a notice and instructions by email or other method that explains how to vote shares credited to their Retirement Program accounts.

If a shareholder does not specify the manner in which the proxy shall be voted, the shares represented thereby will be voted:

- FOR the election of the nominees for director as set forth in this Proxy Statement;
- FOR the ratification of the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the 2016 fiscal year;
- FOR approval of the compensation of the Company’s Named Executive Officers; and
- In accordance with the recommendations of management with respect to other matters that may properly come before the Annual Meeting.

A shareholder who has executed a proxy has the power to revoke it at any time before it is voted by (i) delivering written notice of such revocation to Mr. John J. Haines, Vice President, Chief Financial Officer and Secretary, 9255 Coverdale Road, Fort Wayne, Indiana, 46809, (ii) executing and delivering a subsequently dated proxy by mail, or voting by telephone or through the internet at a later date, or (iii) attending the Annual Meeting and voting in person.

SHAREHOLDERS ENTITLED TO VOTE AND SHARES OUTSTANDING

The Board of Directors of the Company fixed the close of business on March 7, 2016, as the record date (the "Record Date") for determining shareholders entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 65,000,000 shares of Common Stock, $.10 par value (the "Common Stock"), authorized, of which 46,146,818 shares of Common Stock were outstanding. Each share of Common Stock is entitled to one vote on each matter submitted to a vote of the shareholders of the Company. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspectors of election appointed for the Annual Meeting and will be counted as

present for purposes of determining whether a quorum is present. A majority of the outstanding shares of Common Stock, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes (which occur when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner) will be counted for purposes of determining the presence or absence of a quorum but will not be counted as votes cast on any matter submitted to shareholders. As a result, abstentions and broker non-votes will not have any effect on the voting results with respect to any of the matters scheduled to be submitted to shareholders at the Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table shows the persons known by the Company to be the beneficial owners of more than five percent of the Company's Common Stock as of March 7, 2016, unless otherwise noted. The nature of beneficial ownership is sole voting and dispositive power, unless otherwise noted.

Name and address of beneficial owner	Amount and nature of beneficial ownership		Percent of class	
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	4,059,394	(1)	8.80	%
Patricia Schaefer 5400 Deer Run Court Muncie, IN 47304	4,000,168	(2)	8.67	%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malver, PA 19355	3,272,892	(3)	7.09	%
Diane D. Humphrey 2279 East 250 North Road Bluffton, IN 46714	3,160,140	(4)	6.85	%
Earnest Partners, LLC 1180 Peachtree Street NE Suite 2300 Atlanta, GA 30309	2,463,765	(5)	5.34	%

(1) According to a Schedule 13G filed with the SEC, as of December 31, 2015, BlackRock. Inc. has sole voting power with respect to 3,958,925 shares.

(2) Pursuant to agreements with Ms. Schaefer, the Company has a right of first refusal with respect to 3,416,080 shares owned by Ms. Schaefer.

(3) According to a Schedule 13G filed with the SEC, as of December 31, 2015, The Vanguard Group, Inc. has sole voting power with respect to 96,572 shares, shared voting power with respect to 299,414 shares, sole dispositive power with respect to 3,175,220 shares and shared dispositive power with respect to 97,672 shares.

(4) Pursuant to agreements with Ms. Humphrey, the Company has a right of first refusal with respect to 2,843,436 shares owned by Ms. Humphrey.

(5) According to a Schedule 13G filed with the SEC, as of December, 31, 2015, Earnest Partners, LLC has sole voting power with respect to 624,845 shares, shared voting power with respect to 3,300 shares and sole dispositive power with respect to 2,463,765 shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table shows the number of shares of Common Stock beneficially owned by directors, nominees, each of the executive officers named in the "Summary Compensation Table" on page 28 of this Proxy Statement and all executive officers and directors as a group, as of March 7, 2016. The nature of beneficial ownership is sole voting and investment power, unless otherwise noted, except for restricted shares, with respect to which the holder has investment power only after the shares vest.

Name of beneficial owner	Amount and nature of beneficial ownership	Percent of class
David T. Brown	34,828[2]	*
Renee J. Peterson	0[2]	*
David A. Roberts	52,730[2][4][6]	*
Jennifer L. Sherman	0[2]	*
Thomas R. VerHage	2,000[2]	*
David M. Wathen	4,498[2]	*
Gregg C. Sengstack	508,563[1][5]	1.10
John J. Haines	134,128[1][3][4][5]	*
Robert J. Stone	204,959[1][3][4][7]	*
DeLancey W. Davis	35,947[1][3][4]	*
Donald P. Kenney	76,356[1][3][4][5]	*
All directors and executive officers as a group	1,232,279[1][2][3][4][5][6][7]	2.67

* Less than 1 percent of class

(1) Includes shares issuable pursuant to stock options exercisable within 60 days after March 7, 2016 as follows: Mr. Sengstack, 196,297; Mr. Haines, 89,783; Mr. Stone, 130,412; Mr. Davis, 14,497; and Mr. Kenney, 38,337. All directors and executive officers as a group, 585,474.

(2) Does not include stock units credited pursuant to the terms of the Non-Employee Directors' Deferred Compensation Plan described under "Director Compensation" to: Mr. Brown, 57,902; Ms. Peterson, 3,976; Mr. Roberts, 2,486; Ms. Sherman, 6,239; Mr. VerHage, 22,612; and Mr. Wathen, 66,333.

(3) Includes shares held by the 401(k) Plan Trustee as of March 7, 2016: Mr. Haines, 5,782; Mr. Stone, 24,256; Mr. Davis, 120; and Mr. Kenney, 29,435. All executive officers as a group, 59,593.

(4) Includes unvested restricted shares as follows: Mr. Roberts, 9,717; Mr. Haines, 14,869; Mr. Stone, 22,304; Mr. Davis 16,820; and Mr. Kenney, 5,588. All executive officers as a group, 86,531.

(5) Does not include unvested restricted stock units as follows: Mr. Sengstack, 60,020; Mr. Haines, 10,483; and Mr. Kenney, 12,423. All executive officers as a group, 100,888.

(6) Includes 15,854 shares owned by a trust and 18,730 shares owned by Grantor Retained Annuity Trust.

(7) Includes 21,728 shares indirectly owned.

PROPOSAL 1: ELECTION OF DIRECTORS

The Company's Amended and Restated By-laws provide that the Board of Directors shall consist of seven directors, divided into three classes of two or three directors each. The Board size decreased from nine to seven members following the retirements of Jerome D. Brady and Thomas L. Young on February 26, 2016. Each year, the directors of one of the three classes are elected to serve terms of three years and until their successors have been elected and qualified. Two directors will be elected at the Annual Meeting this year. Directors are elected by the affirmative vote of a majority of the shares voted, unless the number of nominees for director exceeds the number of directors to be elected, in which case directors shall be elected by a plurality of the shares voted (i.e., the two nominees who receive the most votes will be elected).

Renee J. Peterson and Jennifer L. Sherman have been nominated to serve as directors of the Company for terms expiring in 2019. Both nominees are current directors of the Company and have indicated their willingness to continue to serve as directors if elected. If, however, any nominee is unwilling or unable to serve as a director, shares represented by the proxies will be voted for the election of another nominee proposed by the Board of Directors or the Board may reduce the number of directors to be elected at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT YOU VOTE FOR THE ELECTION OF EACH NOMINEE.

INFORMATION CONCERNING NOMINEES AND CONTINUING DIRECTORS

Set forth below for the director nominees and continuing directors are their ages, year they first became a director, principal occupations and directorships for at least the past five years, and legal proceedings, if any, for the past ten years. With respect to each nominee or continuing director, we describe under the heading “Relevant Experience” the particular experience and other attributes that have led to the conclusion that the individual should serve on the Board of Directors of the Company.

Directors with terms expiring in 2016

Renee J. Peterson — Age: 54

Director of the Company — Director Since: 2015

Principal Occupation: Vice President, Treasurer and Chief Financial Officer of The Toro Company

Formerly: Vice President, Finance and Planning of Eaton Corporation from 2008 to 2011.

Relevant Experience: Ms. Peterson received her bachelor's degree in accounting from Saint Cloud State University and her MBA from the University of Minnesota. Ms. Peterson brings financial and operational experience at two large manufacturers that provides the Board with specific expertise and assists in its deliberations.

Jennifer L. Sherman — Age: 51

Director of the Company — Director Since: 2015

Principal Occupation: Chief Executive Officer of Federal Signal Corporation, makers of safety, signaling and communications equipment, environmental vehicles and machinery components.

Formerly: Chief Operating Officer of Federal Signal from 2014 to 2015; Chief Administrative Officer of Federal Signal from 2010 to 2014 and General Counsel of Federal Signal from 2004 to 2010.

Relevant Experience: Ms. Sherman received her bachelor's degree in business administration and her Juris Doctor from the University of Michigan. She is also a fellow of the Kellogg School of Management at Northwestern University. Ms. Sherman's background has provided her with a broad range of experiences that will complement the Board. Specifically, Ms. Sherman’s experience includes, but is not limited to, compliance, human resources, legal issues, governance and business operations. Consequently, Ms. Sherman has the background and capability to serve as an important member to the Management Organization and Compensation Committee.

Directors with terms expiring in 2017

David T. Brown — Age: 67

Director of the Company — Director Since: 2008

Principal Occupation: Retired in 2007.

Formerly: President and Chief Executive Officer of Owens Corning, a world leader in building materials systems and glass fiber composites, from 2002 until 2007; prior thereto, Executive Vice President and Chief Operating Officer, from 2001 through 2002; prior thereto, Vice President and President, Insulating Systems Business, from 1997 through 2000.

Directorships - Public Companies: BorgWarner, Inc. (2004 - 2014).

Relevant Experience: Mr. Brown received his bachelor's degree in business economics from Purdue University. Mr. Brown adds to the Board his experience in a long career at Owens Corning, where he moved through the ranks from salesman to regional sales manager to chief operating officer and ultimately CEO where he led the company out of an asbestos related bankruptcy. In addition to his perspective as a successful CEO of a global manufacturer, he brings his experience on the Board of Borg Warner, Inc. and RSC Holdings, Inc.

David A. Roberts — Age: 68

Director of the Company — Director Since: 2003

Principal Occupation: Chairman, President and Chief Executive Officer, Carlisle Companies Incorporated, a diversified global manufacturing company, since 2007.

Formerly: Chairman, President and Chief Executive Officer, Graco Inc., a manufacturer of fluid-handling equipment and systems, from 2001 to 2007.

Directorships – Public Companies: Carlisle Companies, Inc.; Polypore International, Inc.; Arctic Cat (2006-2009); ADC Telecommunications, Inc. (2008-2010).

Relevant Experience: Mr. Roberts received his bachelor's degree in technology from Purdue University and his MBA from Indiana University. He brings to the Board his experience as CEO of two substantial publicly-held manufacturing companies. His experience on the Board of the Company also helps give the Board a historical perspective in its deliberations.

Thomas R. VerHage — Age: 63

Director of the Company — Director Since: 2010

Principal Occupation: Retired in 2011.

Formerly: Vice President and Chief Financial Officer, Donaldson Company, Inc., a worldwide provider of filtration systems and replacement parts, from 2004 until 2011; prior thereto, Partner, Deloitte & Touche, LLP, a major international accounting and consulting firm, from 2002 to 2004; prior thereto, Partner, Arthur Andersen, LLP, a consulting and accounting firm, from 1976 to 2002.

Directorships – Public Companies: Hutchinson Technology, Inc.

Relevant Experience: Mr. VerHage received his bachelor's degree in business administration and his MBA from the University of Wisconsin. Mr. VerHage adds to the Board his financial and accounting expertise from his experience as CFO of Donaldson Company, Inc. and his prior experience with two major public accounting firms. His background enables him to serve as an "audit committee financial expert."

Directors with terms expiring in 2018

Gregg C. Sengstack — Age: 57

Director and Chief Executive Officer of the Company — Director Since: 2014

Principal Occupation: Chief Executive Officer of the Company since 2014.

Formerly: President and Chief Operating Officer of the Company from 2011-2014; prior thereto, Senior Vice President and President, Franklin Fueling Systems and International Water Group from 2008-2011; prior thereto, Chief Financial Officer of the Company from 1999-2008.

Directorships - Public Companies: Woodward, Inc.

Relevant Experience: Mr. Sengstack received his bachelor's degree in math and economics from Bucknell University and his MBA from the University of Chicago. Mr. Sengstack joined the Company in 1988 and has significant experience holding various positions in the Company, which provides the Board with a unique depth of understanding of the Company's markets and businesses that is beneficial to the Board in its deliberations. Mr. Sengstack's long tenure with the Company also helps give the Board a historical perspective of the Company.

David M. Wathen — Age: 63

Director of the Company — Director Since: 2005

Principal Occupation: President and Chief Executive Officer of TriMas Corporation, a manufacturer of engineered products, since 2009.

Formerly: President and Chief Executive Officer, Balfour Beatty, Inc. (U.S. Operations), an engineering, construction and building management services company, from 2002-2006; prior thereto, Group Executive/Corporate Officer, Eaton Corporation, a global technology leader in diversified power management solutions, from 1997-2000.

Relevant Experience: Mr. Wathen received his bachelor's degree in mechanical engineering from Purdue University and his MBA from Saint Francis College. Mr. Wathen brings to the Board his experience as CEO of two companies and leadership positions in others, including over twenty years direct technical and general management experience in the same industry as the Company and direct experience managing electrical businesses serving pump OEMs and distributor channels similar to those served by the Company. His background enables him to serve as an "audit committee financial expert". His experience on the Board of the Company also helps give the Board a historical perspective in its deliberations.

INFORMATION ABOUT THE BOARD AND ITS COMMITTEES

Director Independence

The Board of Directors of the Company has determined that each of the current directors, except for Gregg C. Sengstack, Chief Executive Officer, is an “independent director” in compliance with the independence standards set forth in the Company’s Corporate Governance Guidelines and under the applicable rules adopted by The NASDAQ Stock Market, Inc. (“NASDAQ”). In making its independence determinations, the Board concluded that no director, other than Mr. Sengstack, has any material relationship in the Company, except as a director and shareholder.

Board Leadership Structure and Risk Oversight

The Board is led by Mr. Sengstack, who has served as Chairman of the Board and Chief Executive Officer since 2015. The Board consists of Mr. Sengstack and six other directors. The Board has three standing committees - Audit, Management Organization and Compensation and Corporate Governance. The Audit Committee is primarily responsible for risk oversight and the full Board receives regular reports from the Audit Committee and from the Company's officers and other management personnel regarding risk management. Each of the other two committees also considers risk as it falls within its area of responsibility. The Company does not have a lead independent director but the non-management directors meet in executive session at each regularly scheduled board meeting with a rotating chair.

Although the Company has otherwise employed the same basic leadership structure of a combined Chairman and Chief Executive Officer role for over ten years, during 2014 the Company believed that a separate leadership structure was appropriate and effective for the Company following the retirement of Mr. R. Scott Trumbull, former Chairman of the Board and Chief Executive Officer of the Company from 2003 to 2014. In 2015, the Board of Directors determined that it should revert back to a combined Chairman/Chief Executive Officer role, which has the benefit of providing the Company with a unified leadership structure that allows it to carry out strategic initiatives with an understanding of the risks involved in the Company’s businesses and their interrelationships. The Board believes that the Chairman and Chief Executive Officer should consist of a single individual who is seen by the Company’s customers, business partners, investors, and shareholders as someone who provides strong leadership for the Company and is viewed as such in the industries in which the Company competes. The Company believes that the board committees, all of which are chaired by and consist of independent directors, and the full Board of Directors, provide effective oversight of the Company’s businesses and the risks involved in them.

Meetings

The Board held six meetings during 2015. Each director attended at least 75 percent of the aggregate meetings of the Board and Board committees of which he was a member during the period that each served as a director. All directors attended the 2015 Annual Meeting of Shareholders, except for Ms. Peterson who became a director after the 2015 Annual Meeting of Shareholders.

Committees

Audit Committee.

The members of the Audit Committee during 2015 were Thomas R. VerHage (Chairman), David M. Wathen, Jerome D. Brady and Renee J. Peterson (beginning with the October 29, 2015 meeting). Ms. Sherman was initially appointed to the Audit Committee beginning January 1, 2015. Effective February 10, 2015, she was appointed to the Management Organization and Compensation Committee instead of the Audit Committee. The Board of Directors has

determined that each member of the Audit Committee is an “independent director” in compliance with the independence standards set forth in the Company’s Corporate Governance Guidelines and under the applicable NASDAQ rules. The Board of Directors has adopted an Audit Committee charter, a copy of which is available on the Company’s website at www.franklin-electric.com under “Corporate Governance,” that sets forth the duties and responsibilities of the Audit Committee. Under its charter, the Audit Committee appoints the Company’s independent registered public accounting firm and assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the Company’s financial information, the Company’s system of internal control, the Company’s processes for monitoring compliance with laws and regulations and the Company’s audit and risk management processes. It is the general responsibility of the Audit Committee to advise and make recommendations to the Board of Directors in all matters regarding the Company’s accounting methods and internal control procedures. The Audit Committee held four meetings in 2015.

The Audit Committee is also responsible for the review, approval, or ratification of transactions between the Company and “related persons.” The Audit Committee reviews information compiled in response to the Directors' and Officers'

Questionnaires or otherwise developed by the Company with respect to any transactions with the Company in which any director, executive officer, 5% beneficial holders, or any member of his or her immediate family, has a direct or indirect material interest that would require disclosure under applicable SEC regulations. In 2015, there were no such transactions.

The Board of Directors has determined that all members of the Audit Committee are “audit committee financial experts” as defined by Item 407(d)(5)(ii) of Regulation S-K of the Exchange Act and are “independent” under the applicable NASDAQ rules.

Management Organization and Compensation Committee.

The members of the Management Organization and Compensation Committee (the "Compensation Committee") during 2015 were David T. Brown (Chairman), David A. Roberts, Thomas L. Young and Jennifer L. Sherman. Effective as of February 11, 2015, Mr. Brown was appointed Chairman (succeeding Mr. Roberts, who remains a member). The Board of Directors has determined that each member of the Compensation Committee is an “independent director” in compliance with the independence standards set forth in the Company’s Corporate Governance Guidelines and under applicable NASDAQ rules. The Board of Directors has adopted a Compensation Committee charter, a copy of which is available on the Company’s website at www.franklin-electric.com under “Corporate Governance,” that sets forth the duties and responsibilities of the Compensation Committee. Under its charter, the Compensation Committee recommends to the Board of Directors the annual salary and bonus for the Chief Executive Officer, determines and approves the equity awards for the Chief Executive Officer and the annual salary, bonus and equity awards of the other executive officers of the Company; reviews and submits to the Board of Directors recommendations concerning bonus and stock plans; periodically reviews the Company's policies in the area of management benefits; and oversees the Company's management development and organization structure. As part of its oversight responsibilities, the Compensation Committee evaluated the risks arising from the Company’s compensation policies and practices, with the assistance of Meridian Compensation Partners, LLC, an independent executive consulting firm. The Committee considered, among other factors, the design of the incentive compensation programs, which are closely linked to corporate performance and capped the mix of long- and short-term compensation, the distribution of compensation as between equity and cash, and other factors that mitigate risk. The Committee concluded that the Company’s compensation policies and practices do not involve undue risk. The Compensation Committee held five meetings in 2015.

Corporate Governance Committee.

The members of the Corporate Governance Committee during 2015 (the “Governance Committee”) were David M. Wathen, David T. Brown, David A. Roberts (Chairman), and Thomas L. Young. Effective as of February 11, 2015, Mr. Roberts was appointed Chairman of the Governance Committee (succeeding Mr. Wathen, who remains a member). The Board of Directors has determined that each member of the Governance Committee is an “independent director” in compliance with the independence standards set forth in the Company’s Corporate Governance Guidelines and under applicable NASDAQ rules. The Board of Directors has adopted a Governance Committee charter, a copy of which is available on the Company’s website at www.franklin-electric.com under “Corporate Governance,” that sets forth the duties and responsibilities of the Governance Committee. Under its charter, the Governance Committee reviews the size of the Company’s Board of Directors and committee structure and recommends appointments to the Board and the Board Committees; reviews and recommends to the Board of Directors the compensation of non-employee directors, including awards to non-employee directors under the Company’s equity-based and compensation plans; and develops and recommends to the Board corporate governance guidelines deemed necessary for the Company. The Governance Committee held three meetings in 2015.

Director Nomination Process

The Governance Committee is responsible for identifying and recommending to the Board candidates for director. The Governance Committee considers diversity when identifying candidates for directorships. Although the Company does not have a written policy regarding diversity, the Governance Committee seeks to identify persons from various backgrounds and with a variety of life experiences who have a reputation for, and a record of, integrity and good business judgment and the willingness to make an appropriate time commitment. The Governance Committee also considers whether a person has experience in a highly responsible position in a profession or industry relevant to the conduct of the Company's business. The Governance Committee takes into account the current composition of the Board and the extent to which a person's particular expertise, experience and ability will complement the expertise and experience of other directors. Candidates for director should also be free of conflicts of interest or relationships that may interfere with the performance of their duties. Based on its evaluation and consideration, the Governance Committee submits its recommendation for director candidates to the full Board of Directors, which is then responsible for selecting the candidates to be elected by the shareholders. The Governance Committee evaluates its success in achieving these goals for Board composition from time to time, particularly when considering Board succession and candidates to fill vacancies.

The Governance Committee will consider as candidates for director persons recommended or nominated by shareholders. Shareholders may recommend candidates for director by writing to the Secretary of the Company at the address listed below under “Other Corporate Governance Matters.” Nominations of directors may be made by any shareholder entitled to vote in the election of directors, provided that written notice of intent to make a nomination is given to the Secretary of the Company not later than 90 days prior to the anniversary date of the immediately preceding Annual Meeting of shareholders. The notice must set forth (i) information regarding the proposed nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC, and (ii) the consent of such nominee to serve as a director of the Company if so elected.

Other Corporate Governance Matters

The Board of Directors has adopted Corporate Governance Guidelines, a copy of which is available on the Company’s website at www.franklin-electric.com under “Corporate Governance,” that provide, among other things, that the Company’s independent directors will meet in executive session, outside the presence of the non-independent directors and management, at least twice a year. In 2015, the independent directors met in executive session five times.

Each Board committee, on an annual basis, conducts and reviews with the Board a performance evaluation of the committee, which evaluation compares the committee's performance against the requirements of the committee's charter and sets the committee's goals for the coming year.

Anyone may contact the Board of Directors, any Board Committee, any independent director or any other director by writing to the Secretary of the Company as follows:

Franklin Electric Co., Inc.
Attention: [Board of Directors], [Board Committee], [Board Member]
c/o Corporate Secretary
Franklin Electric Co., Inc.
9255 Coverdale Road
Fort Wayne, IN 46809

The independent directors of the Board have approved a process for collecting, organizing and responding to written shareholder communications addressed to the Board, Board Committees or individual directors.

Copies of the Company’s corporate governance documents, including the Board Committee charters and the Corporate Governance Guidelines are available upon written request to the Secretary of the Company at the address listed above or on the Company's website at www.franklin-electric.com under "Corporate Governance."

In compliance with Section 406 of the Sarbanes-Oxley Act of 2002, the Company has adopted a code of business conduct and ethics for its directors, principal financial officer, controller, principal executive officer, and other employees (the "Code"). The Company has posted the Code on the Company’s website at www.franklin-electric.com under " Governance". The Company will disclose any amendments to the Code and any waivers from the Code for directors and executive officers by posting such information on its website.

MANAGEMENT ORGANIZATION AND
COMPENSATION COMMITTEE REPORT

The Management Organization and Compensation Committee of the Board of Directors hereby furnishes the following report to the shareholders of the Company in accordance with rules adopted by the Securities and Exchange Commission.

The Management Organization and Compensation Committee has reviewed and discussed with management the Company's Compensation Discussion and Analysis contained in this Proxy Statement.

Based upon this review and discussion, the Management Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

This report is submitted on behalf of the 2015 members of the Management Organization and Compensation Committee.

David T. Brown (2015 Chairman)
David A. Roberts
Jennifer L. Sherman

COMPENSATION DISCUSSION AND ANALYSIS

This section of the proxy statement is intended to provide shareholders with information about the compensation awarded in fiscal 2015 to the Company's executives, including the "named executive officers." This information includes a discussion of the key elements of the Company's compensation program and the philosophy and rationale behind the Management Organization and Compensation Committee's executive compensation decisions. The named executive officers are those listed in the Summary Compensation Table of this proxy statement:

Gregg C. Sengstack:	Chairman of the Board and Chief Executive Officer
John J. Haines:	VP, Chief Financial Officer and Secretary
Robert J. Stone:	Senior VP and President, International Water Systems
DeLancey W. Davis:	VP and President, North America Water Systems
Donald P. Kenney:	VP and President, Energy Systems

You should review this Compensation, Discussion and Analysis section together with the tabular disclosures beginning on page 28.

Executive Summary

The Management Organization and Compensation Committee of the Board (the "Committee") believes that executive compensation should be tied to both Company performance and individual performance, which is why a significant portion of the total compensation opportunity is linked to performance. This summary contains a discussion of the 2015 executive compensation highlights, changes implemented during 2015, 2015 performance and the prior year say on pay results.

2015 Executive Compensation Overview

- Performance-based compensation represented between 49% and 61% of the named executive officers' total targeted compensation for fiscal 2015.
- The annual cash incentive awards are directly aligned with critical one-year operating results. No cash awards are earned unless a threshold level of performance is attained. Earned payouts cannot exceed 200% of the target opportunity.
- Long-term incentive awards are equity-based, and are designed to align management's interests with those of the Company's shareholders and to foster retention of key executives. The 2015 long-term incentive grants are predominantly performance-based, generally with 40% of the targeted value awarded as stock options and 30% of the targeted value awarded as performance-based share units (earned units cannot exceed 200% of the target number of units). The remaining 30% of the targeted value is awarded as time-based restricted stock or restricted stock units. These awards focus executives on delivering results that drive shareholder value.
- The Company generally does not provide perquisites to the named executive officers.
- The Company has stock ownership requirements in place to further align the interests of the Company's executives with those of the Company's shareholders.
- The Company has a recoupment policy that permits the recovery of incentive compensation paid to executives in instances where misconduct results in a restatement of financial statements or material harm to the Company.
- The Company has anti-hedging and anti-pledging provisions that prohibit executives and directors from hedging the value of Company securities or pledging Company securities held by them.

2015 Company Performance

The financial results achieved by the Company included an 11.7% decrease in sales, to $924.9 million from $1,047.8 million in 2014. The Company's annual organic sales decline was 5.2%, excluding acquisitions and the impact of foreign currency translation. The Company made significant progress with respect to its key strategic initiatives in 2015, including the following:

- The Company continued to increase its distribution footprint in high growth developing regions. Developing region sales were impacted by unfavorable foreign currency translation and decreased overall by 5% in 2015 and now represents 41% of consolidated sales. Excluding the impact of foreign currency translation in 2015, developing region sales would have increased by 9% compared to 2014 using constant foreign exchange rates.
- Earnings performance for the year for the Company's Fueling Systems business included adjusted operating income of $52.0 million, an increase of 1% on sales that declined a modest 3% compared to 2014.

- The Company expanded its product offering for submersible motors, progressive cavity pumps and electronic drives, which has enabled the development of a superior proprietary artificial lift system to address the oil and gas well deliquification global market.
- The Company continued to expand its footprint globally by bringing on new distribution partners in Asia, Latin America, the Middle East, Africa and Eastern Europe.
- Commencing with the 2014 launch of a new Diesel Exhaust Fluid (DEF) Pump, the global Fueling Systems business launched the final components to our complete DEF compatible system introducing the new DEF Recirculation System Software designed for the TS-550evoTM Fuel Management System. Fueling Systems has also introduced to the market a series of products compatible with Diesel Exhaust Fluid DEF compatible products launched recently: Submersible Turbine Pump Kits, Pump Motor Assemblies, Nozzle, Nozzle with Mis-Fill Spout, Hose, Break Away, Swivel Break Away, Flexible Connectors and Shear Valves.
- The global Water Systems business expanded its product offering in pressure boosting through introduction of the Inline 400 Pressure Boosting System that is a compact and economical solution to most water pressure improvement needs. In the Plumbing Wholesale channel, the new Pit+Plus® Sewage Basin Package product offering is an advanced, installation and service-friendly sewage basin option for plumbing contractors. Submersible motor technology advancements and motor protection support a new high-efficiency water pumping system which has demonstrated significant energy savings for municipal, mining, and agricultural customers. Finally, the new Little Giant® SPBS Series Battery Backup Systems allow contractors to provide homeowners with the peace of mind that their basement is protected from flooding when the electricity goes out.

Prior Year Say on Pay Results

At the May 8, 2015 shareholders meeting, the “Advisory Vote on Executive Compensation” proposal (the “say on pay” vote) received support from 96.1% of votes cast. The Committee considered these results and based on the overwhelming support from shareholders, determined that the results of the vote did not call for any significant changes to the executive compensation plans and programs already in place for 2015 or for the 2016 fiscal year.

Management Organization and Compensation Committee

The Committee, consisting entirely of independent directors, has the responsibility for establishing, implementing and monitoring adherence with the Company’s compensation program and providing input to the Board with respect to management development and succession planning. The role of the Committee is to oversee, on behalf of the Board, the Company’s compensation and benefit plans and policies, administer its stock plans (including reviewing and approving equity grants to the CEO and all other executive officers), review and approve all other compensation decisions relating to the executive officers of the Company other than the CEO, and recommend CEO non-equity compensation to the Board for its approval.

In addition, the Committee (i) reviews the Company’s organization structure, (ii) reviews the recruitment of key employees and management’s development plans for key employees, (iii) makes recommendations to the Board with respect to the CEO succession plan and (iv) reviews compensation risk to determine whether the compensation policies and practices are reasonably likely to have a material adverse effect on the Company. The Committee meets a minimum of three times annually to discharge its duties and held five meetings in 2015.

Compensation Philosophy and Pay Objectives

The Company and the Committee believe that compensation paid to executive officers, including the named executive officers, should be aligned with the strategy and performance of the Company on both a short-term and long-term basis, and that such compensation should assist the Company in attracting and retaining key executives critical to the Company’s success. Compensation is structured to ensure that a significant portion of the executive’s compensation opportunities will be directly related to Company performance and other factors that directly and indirectly influence shareholder value.

The Committee encourages superior short-term performance through the use of annual cash incentive awards and superior long-term performance through equity incentive awards. For the Company's CEO and CFO, the cash incentive compensation is designed to reward Company-wide performance by tying 100% of their target cash incentive opportunity to corporate financial goals, including return on invested capital, earnings per share, and in the case of the CFO, fixed cost management. For other named executive officers, the cash incentive compensation is weighted to reward the achievement of specific financial metrics within areas under their control, although Company-wide performance is still an important factor. Stock-based compensation consists of a combination of stock options, restricted stock (or restricted stock units for retirement-eligible executives) and performance share units. The Committee believes that all three equity-based vehicles create a strong link to shareholder value creation, with the majority of the awards in the form of stock options and performance share units.

Historically, the Committee generally has set executive pay opportunities based on a number of factors deemed appropriate by the Committee, including market competitive pay data, individual performance and the experience level of the executive. Subject to the factors set forth above, the Committee used the following pay objectives as a guide in assessing competitiveness of pay opportunities at a peer group of companies for 2015 pay decisions (the same levels were used in 2014). The higher targeted pay objectives for annual bonus and long-term incentive components reflect the Committee's belief that a significant portion of total compensation should be at risk and variable.

Pay Component	Targeted Pay Objectives
Base Salary	50th percentile
Annual Bonus Opportunity	65th percentile
Long-Term Incentives	65th percentile

Role of Management in Compensation Decisions

The Committee makes equity compensation decisions with respect to the CEO and all compensation decisions with respect to all other executive officers of the Company. The Committee recommends to the Board, for its review and approval, the annual salary and annual non-equity incentive compensation for the CEO.

The CEO reviews the performance of other executive officers, including the other named executive officers, and makes recommendations to the Committee with respect to their annual salary adjustments, annual cash incentive opportunities and payments, and grants of long-term incentive awards. The Committee approves the compensation of these executives after considering the CEO's input and recommendations and its own judgment of each executive's performance during the period.

The Committee and the CEO also review the financial metrics to be used to measure the performance of the Company and its business units, taking into account the strategic goals of the Company. For this purpose, the CEO provides information and commentary relevant to the Committee's review and ultimate determination. The CEO also describes the individual strategic initiatives he sets for each executive for the fiscal year. The Board sets the strategic individual initiatives for the CEO.

Although the CEO regularly attends Committee meetings, he is present only by invitation of the Committee and has no independent right to attend such meetings. In fiscal 2015, Mr. Sengstack attended all of the Committee meetings but did not participate in any of the executive sessions.

Role of Compensation Consultant and Advisers in Compensation Decisions

The Committee utilizes the Company's Human Resources department and has the authority under its charter to engage the services of outside consultants to assist the Committee. In accordance with this authority, the Committee has engaged the services of Meridian Compensation Partners, LLC ("Meridian"), an independent executive compensation consulting firm, to conduct reviews of its total compensation program for executive officers and to provide advice to the Committee in the design and implementation of its executive compensation program. Pursuant to its charter and NASDAQ listing standards, the Committee regularly reviews Meridian's independence relative to key factors, including whether: (i) Meridian provides any other services to the Company; (ii) the amount of fees paid to Meridian relative to the total revenue of the firm; (iii) policies in place to prevent conflicts of interest; (iv) any personal or business relationships with members of the Committee; (v) ownership of Company stock; and (vi) any personal or business relationships with executive officers.

A representative from Meridian is invited by the Committee to attend the relevant portions of its meetings. During 2015, Meridian participated in all five of the Committee meetings in person or by telephone. In the course of fulfilling its consulting responsibilities, representatives of Meridian frequently communicate with the Chairman of the

Committee outside of regular Committee meetings. A representative of Meridian meets with the Committee in executive session at most meetings. Meridian also meets with management from time to time to exchange information and to review proposals that management may present to the Committee.

A representative from the law firm of Schiff Hardin LLP is also invited to attend the Committee meetings. The Committee regularly reviews the independence of Schiff Hardin LLP based on the same factors that it applies to its analysis of Meridian’s independence.

Peer Group Benchmarking

In late 2014, the Committee reviewed the 2014 peer group to ensure that all included companies continued to be relevant comparators. As part of this process, the Committee considered revenue size and industry, as well as companies that compete with the Company for executive talent. Based on this review, and input from Meridian, AMCOL International was removed from the peer group solely as a result of being acquired. In addition, based on its review and input from Meridian, the following four companies were added as peer companies: Aegion Corp.; Briggs & Stratton Corporation; Chart Industries, Inc.; and Donaldson Company, Inc. As a result, the Committee approved the 30-company peer group listed below (the "2015 Peer Group") for purposes of updating the executive pay study to assist in 2015 pay decisions. (This group was the same as the 2014 peer group, with the changes noted above). The companies in the 2015 Peer Group are primarily engaged in manufacturing, are publicly traded and had annual 2013 fiscal year revenue between $334 million and $3.52 billion. Due to the differences in size among the companies in the 2015 Peer Group, Meridian used a form of regression analysis to adjust the pay study results based on Company revenue as compared to revenue of other companies in the 2015 Peer Group and each executive's level of responsibility as compared to executives in comparable positions in the 2015 Peer Group.

Aegion Corp.	Esterline Technologies Corporation	Orbital Sciences Corporation
Badger Meter, Inc.	Graco Inc.	Otter Tail Corporation
Briggs & Stratton Corporation	GrafTech International Ltd.	Pike Electric Corporation
Chart Industries, Inc.	H&E Equipment Services, Inc.	Simpson Manufacturing Co., Inc.
Clean Harbors, Inc.	IDEX Corporation	Tecumseh Products Company
Crane Co.	Kaman Corporation	Valmont Industries, Inc.
Curtiss-Wright Corporation	Matthews International Corporation	Waste Connections, Inc.
Donaldson Company, Inc.	Mueller Water Products, Inc.	Waters Corporation
Eagle Materials Inc.	Neenah Paper, Inc.	Watts Water Technologies, Inc.
ESCO Technologies Inc.	Nordson Corporation	Woodward, Inc.

Setting Executive Compensation

In General

The Company compensates its executives through programs that emphasize performance-based compensation. For the executive officers, including the named executive officers, the compensation package for 2015 included base salary, an annual cash incentive opportunity and an annual long-term incentive opportunity in the form of stock options, performance share units, and restricted stock/units. Base salary is intended to provide a certain level of fixed compensation commensurate with an executive's position, responsibilities and contributions to the Company. The Company has structured annual and long-term incentive compensation to motivate executives to achieve the strategic objectives set by the CEO and the Board, to tie executives' long-term interests to those of the Company's shareholders, to reward the executives for achieving such goals, and to provide a retention incentive.

The mix of compensation among base salary, annual bonus opportunity and long-term incentives is a result of the targeted pay objective for each component of pay. This approach results in a significant portion of the compensation of those senior management members having the greatest ability to influence the Company's performance being performance-based, which the Committee believes is appropriate. Additionally, after setting each separate component of pay, the Committee reviews the total compensation package of each named executive officer to assess the level of total target compensation opportunity provided in relation to the competitive range of market practice and may make adjustments to one or more components of pay based on this assessment.

The updated pay study from Meridian included 2014 compensation data for the companies in the 2015 Peer Group, with cash data "aged" to reflect expected 2015 compensation levels for the 2015 Peer Group. In February 2015, the

Committee set the specific components of the compensation of the named executive officers, with the overall goal of providing compensation opportunities at levels generally competitive with the 2015 pay study. Total targeted compensation for 2015 for the named executive officers ranged from 15.2% above to 9.6% below (4.5% below on an aggregate basis) the targeted level of total compensation in the 2015 Peer Group for similar executive positions.

The following table shows the 2015 total targeted compensation (the sum of base salary, target annual bonus opportunity and long-term incentives) for the named executive officers, using targets of the 50th percentile of the 2015 Peer Group for base salary and the 65th percentile of the 2015 Peer Group for annual bonus opportunity and long-term incentives:

Named Executive Officer	2015 Targeted Total Compensation[1] ($)
Gregg C. Sengstack	3,101,458
John J. Haines	1,197,281
Robert J. Stone	1,087,938
DeLancey W. Davis	946,363
Donald P. Kenney	718,413

(1) Based on annualized base salary rates plus target annual bonus opportunity (based on salary targeted to be paid for 2015) and economic value of long-term incentives.

The following sections discuss the individual elements of the Company's compensation program, including any changes made for fiscal 2015.

Base Salary

The Company pays its executives annual salaries, which provide a degree of financial stability and are intended to reflect the competitive marketplace and help attract and retain quality executives. In determining 2015 base salary for each executive, the Committee took into account the targeted annual salary objective for the position based on the results of the pay study for 2015 and assessed the responsibilities associated with the position, individual contribution and performance, skill set, prior experience and external pressures to attract and retain talent.

Based on these factors, the Committee made the base salary adjustments shown in the table below for the named executive officers. Base salary adjustments were effective for all named executive officers as of June 1, 2015. Based on the pay study, the resulting base salaries of the named executive officers ranged from 12.6% above to 7.3% below (1.2% below on an aggregate basis) the 50th percentile of salaries paid to executives in comparable positions at the companies in the 2015 Peer Group.

Named Executive Officer	2014 Base Salary Rate[1]($)	2015 Base Salary Rate[2]($)	% Change
Gregg C. Sengstack	650,000	682,500	5.0%
John J. Haines	355,500	373,000	4.9%
Robert J. Stone	355,500	366,500	3.1%
DeLancey W. Davis	331,000	341,000	3.0%
Donald P. Kenney	297,000	307,000	3.4%

(1)2014 base salary increases were effective June 1, 2014 (May 2, 2014 for Mr. Sengstack).
(2)2015 base salary increases were effective June 1, 2015.

Annual Cash Incentive Award

The executive officers of the Company are eligible to participate in the Executive Officer Annual Incentive Cash Bonus Program (the "Annual Bonus Plan"). The Annual Bonus Plan, which works in conjunction with the Management Incentive Plan ("MIP"), is designed to motivate and reward participants for achieving or exceeding financial goals that support the overall business objectives and strategic direction of the Company.

Under the MIP, the Committee sets a performance-based ceiling on the bonuses paid under the Annual Bonus Plan so that they meet the deductibility requirements of Section 162(m) of the Internal Revenue Code. For 2015, the MIP covered Messrs. Sengstack, Stone, Davis and Kenney (Mr. Haines is not subject to Code Section 162(m) because he is

CFO). The Committee established Company operating income before restructuring charges as a performance goal under the MIP and a bonus pool equal to 10% of operating income, with each named executive officer eligible for a bonus opportunity stated as a percentage of the bonus pool as follows:

Named Executive Officer	% of Bonus Pool[(1)]
Gregg C. Sengstack	40%
Robert J. Stone	15%
DeLancey W. Davis	15%
Donald P. Kenney	15%

(1) One other participant who is not a named executive officer was allocated 15% of the bonus pool.

As discussed below, the Committee also established performance criteria for each participant pursuant to the Annual Bonus Plan and exercised its negative discretion to adjust the bonus pool amounts on the basis of achievement of the Annual Bonus Plan criteria.

The table below shows the target annual bonus opportunities for each of the named executive officers for 2015. Target amounts for the named executive officers are based on their respective target bonus percentage multiplied by the amount of base salary targeted to be paid to the executive for the year (taking into account salary increases effective as of June 1, 2015). Based on the pay study for 2015, the target level of annual bonus opportunity for the named executive officers ranged from 25.3% above to 13.7% below (3.6% below on an aggregate basis) the 65th percentile of the annual bonus opportunity for executives in comparable positions in the 2015 Peer Group.

Named Executive Officer	2015 Target Bonus Opportunity (as a % of Base Salary)	2015 Target Bonus Opportunity ($)
Gregg C. Sengstack	100%	668,958
John J. Haines	75%	274,281
Robert J. Stone	75%	271,438
DeLancey W. Davis	67.5%	227,363
Donald P. Kenney	67.5%	204,413

In the first quarter of 2015, the Committee approved financial performance targets to be used under the Annual Bonus Plan for 2015. The corporate-wide financial performance targets for the named executive officers were return on invested capital (ROIC) and earnings per share (EPS). The Committee selected ROIC due to the belief that it is a primary and consistent measure that many of the Company's shareholders use to evaluate performance and compare the Company to its peer group. The Committee also believes that EPS is an important indicator of profitability that aligns the interests of the executive officers with those of the Company's shareholders. In addition, the CFO had a portion of his target annual bonus based on fixed cost management. For the business unit leaders (Messrs Stone, Davis and Kenney), financial performance targets for 2015 also included: (i) operating income after non-GAAP adjustments (Operating Income), and (ii) inventory turns, each for the relevant business units.

These corporate metrics were the same as those used in 2014, except the Committee reintroduced inventory turns as a performance measure for Messrs. Stone, Davis and Kenney as the inventory levels in 2015 were normalized after the Company substantially implemented changes to its distribution footprint. While the Committee continues to set individual goals for executives and assess their achievement for purposes of merit increases and promotions, individual performance will not impact the annual bonus outside of extraordinary circumstances.

With respect to each performance measure, the Committee set a threshold level of performance below which no bonus is earned for that performance measure. For each of the financial-based measures, the performance threshold was set at 80% of the target performance level. Payout for threshold level performance was set at 33% of target. For every 1% by which performance exceeds the threshold level, the actual payout level increases 3.35% up to the target level (i.e., 100% of target payout), and for every 1% by which performance exceeds the target level, up to 120% of the target, the actual payout increases 5% up to the maximum performance level (i.e., 200% of target payout).

The performance measures, and the relative percentage of the 2015 target bonus opportunity assigned to each performance measure, were as follows:

Performance Measure	Gregg C. Sengstack	John J. Haines	Robert J. Stone	DeLancey W. Davis	Donald P. Kenney
ROIC	50%	45%	25%	25%	25%
EPS	50%	45%	25%	25%	25%
Business Unit Operating Income			40%	40%	40%
Fixed Costs		10%			
Inventory Turns			10%	10%	10%

The chart below sets forth the threshold, target and maximum performance levels for 2015 and the actual level of attainment for ROIC, EPS, fixed costs, and inventory turns and for all five performance goals, the percentage at which target was attained. The performance goals were established assuming the goals would be adjusted for certain discrete items. Accordingly, with the approval of the Committee, the following items were excluded in calculating ROIC and EPS: restructuring charges, which decreased operating income by $3.0 million and EPS by $.04; acquisition related expenses, which decreased operating income by $0.2 million and EPS by $.003; expenses related to CEO transition compensation, which decreased operating income by $1.2 million and EPS by $.016; and expenses related to business realignment costs, which decreased operating income by $0.7 million and EPS by $.01. The “Actual” results shown in the table reflect these adjustments where appropriate.

The Company does not publicly report Operating Income by business units below the operating segment level given the size of the business units as compared to its competitors and the potential for competitive harm. The Operating Income goals were set at the beginning of 2015 and the Committee believed at the time that it would require a high degree of execution of the 2015 business plan in order to attain these goals.

Performance Goal Achievement	Threshold	Target	Maximum	Actual	% of Attainment of Target
ROIC	14.0%	17.5%	21.0%	12.9%	74%
EPS ($)	1.52	1.90	2.28	1.47	77%
Business Unit Operating Income	___	___	___	___	70% - 91%[1]
Fixed Costs (In millions $) - Haines	54.8	45.7	36.6	43.7	104%
Inventory Turns					
Stone	2.37	2.96	3.55	2.21	75%
Davis	2.90	3.62	4.34	3.85	106%
Kenney	3.85	4.81	5.77	4.76	99%

(1) The percentage of attainment of target results for the business unit Operating Income goals represents the range of results for the various business units.

Mr. Sengstack evaluated the extent to which the other named executive officers attained their individual strategic goals. The annual bonus plan has a discretionary adjustment component of a positive or negative 20%. The intended application of this discretionary adjustment component is reserved, in part, for “above and beyond” accomplishments based on individual achievements, or extraordinary events outside of the executive’s control despite exceptional performance. The Committee, based on its review of Mr. Sengstack’s assessment, approved a discretionary bonus payout of $33,000 for Mr. Stone due in part to his extraordinary performance in 2015. The Committee also approved a discretionary bonus payout of $80,000 for Mr. Sengstack due in part to his extraordinary performance in 2015. The Committee did not make any other changes to the bonus payouts to any other named executive officers, and, with respect to all of the other named executive officers, the entire payments were based on the corporate financial goals.

Based on the results summarized above, including the discretionary payouts to Messrs. Sengstack and Stone, the following table sets forth the actual bonus payouts for each named executive officer as a percentage of his target

opportunity.

Executive	Payout Percentage (% of Target)
Gregg C. Sengstack	12%
John J. Haines	12%
Robert J. Stone	12%
DeLancey W. Davis	13%
Donald P. Kenney	38%

For additional information about the specific awards made to the named executive officers for 2015 pursuant to the above criteria, see the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table on page 28.

Long-Term Incentive Compensation

The Committee grants equity incentives to its executive officers to more closely align the executives' compensation with the return received by the Company's shareholders, to offer an incentive for long-term performance, to provide a retention incentive and to encourage stock ownership. The regular cycle long-term incentive awards to executive officers generally include a combination of performance share units, stock options and restricted stock/units. (Retirement eligible executives, including Messrs. Sengstack, Haines and Kenney, receive restricted stock units instead of restricted stock because, unlike restricted stock units, restricted stock grants to a retirement eligible individual results in the early recognition of income even though the individual has not actually retired and received the stock subject to awards.)

LTI Award Target Values

In determining the size of equity grants made to the named executive officers, the Committee uses the pay study provided by Meridian as a guide. The Committee then considers other important factors such as experience level and individual performance to approve the long-term incentive value to be granted to each named executive officer.
The following table shows the 2015 targeted economic value for the named executive officers. Based on the pay study for 2015, total targeted long-term incentive compensation to the named executive officers for 2015 ranged from 10.2% above and 13.7% below (7.0% below on an aggregate basis) the targeted level of long-term incentive compensation for executives in comparable positions in the 2015 Peer Group.

Named Executive Officer	Targeted Economic Value for 2015 ($)
Gregg C. Sengstack	1,750,000
John J. Haines	550,000
Robert J. Stone	450,000
DeLancey W. David	378,000
Donald P. Kenney	207,000

LTI Award Mix

Based on a review of market data and input from Meridian, the Committee determined to deliver the targeted economic value of long-term incentives to the named executive officers as follows: 40% in the form of stock options; 30% in the form of restricted stock (or restricted stock units); and 30% in the form of performance share units. All three long-term incentive vehicles are used to align the interests of the named executive officers with those of shareholders. Stock options provide an element of risk to the executives in that value is created for the executive only when the stock price increases, while restricted stock and restricted stock units provide executives with outright value which supports their retention and helps manage the potential increased dilution that would result in using only options. Through the use of performance share units, the Committee can focus the executives on one or more select

performance metrics deemed to be critical to driving Company performance and, in turn, increasing shareholder value.

Performance Share Units

The performance share units vest based solely on the aggregate change in the Company's consolidated operating income (adjusted for certain non-recurring items) relative to the aggregate change in the consolidated operating income reported by companies in the S&P Small Cap 600® Industrials Index (adjusted for non-recurring items) over a three-year performance period.

For purposes of determining this aggregate increase, a target dollar increase in adjusted operating income is established for the Company for each year of the three-year performance period based on the annual percentage increase of the S&P 600® Industrials Index adjusted operating income from the base year. The annual target amounts are then aggregated to calculate the cumulative three-year target dollar increase. The actual cumulative growth of the Company's adjusted operating income (in dollars) over the performance period will be compared to the target level of cumulative growth in adjusted operating income based on the increases relative to the companies in the S&P Small Cap 600® Industrials Index over the performance period. The Committee believes that operating income is a relevant benchmark to gauge Company performance over time against a broad index of similarly situated manufacturing firms.

For performance share units granted in 2015, the applicable performance period is January 3, 2015 through December 30, 2017. Performance share units will be earned based on the following:

Performance Level (1)	Aggregate Actual Change for Company Relative to Targeted Change	Number of Performance Share Units Earned (as a % of Target)
Below Threshold	<75%	0%
Threshold	75%	50%
Target	100%	100%
Maximum	125% (or more)	200%

(1) Performance between threshold and target, and target and maximum will be interpolated on a straight-line basis. Earned performance share units will be paid out in shares of Company stock. Any dividends declared during the performance period will accrue and be paid out in cash at the end of the performance period based on the number of performance share units actually earned.

For additional information about the material terms of these awards, see the narrative disclosure under the Summary Compensation Table.

Performance Share Units Earned in Fiscal 2015

The three-year performance period for the performance share units awarded in 2013 ended on January 2, 2016. The base year for measuring the aggregate change in the adjusted operating income for both the Company and the S&P 600® Industrials Index in each year of the performance period was 2012. The annual change in adjusted operating income for each year in the performance period for the S&P 600® Industrials Index was 10.4%, 19.9% and 29.2%, which represents the respective annual target levels for the Company. The following table provides the threshold, target and maximum performance levels (based on the table above) for the performance period:

	Year 1 Target (Fiscal 2013)	Year 2 Target (Fiscal 2014)	Year 3 Target (Fiscal 2015)
Base Year Company Adjusted OI	$113.2 million	$113.2 million	$113.2 million
Target Change in Adjusted OI (over Base Year)	10.4% ($11.7 million)	19.9% ($22.5 million)	29.2% ($33.1 million)
Target Level of Adjusted OI for Relevant Period	$124.9 million	$135.7 million	$146.3 million

As a result, (i) the Company's target level of aggregate adjusted operating income over the performance period was $406.9 million ($124.9 million + $135.7 million + $146.3 million) and (ii) the threshold level was calculated as $305.3 million (75% of target) and (iii) the maximum level was calculated as $505.8 million (125% of target). The Company's actual aggregate adjusted operating income for the performance period was $337.6 million, resulting in an 83% attainment of target ($337.6 ÷ $406.9) and 65.9% of the targeted level of the performance share units were

earned.

LTI Award Grant Practices

Equity grants are typically made on an annual basis at the Committee's meeting following the public release of the Company's fiscal year-end results. Stock options are valued as of the date of grant using a modified Black-Scholes methodology. They have an exercise price equal to 100% of the fair market value of the Company's common stock on the date of grant and vest over four years, at 25% per year. Restricted stock, restricted stock units and performance share units are valued based on the closing price of the Company's common stock on the date of grant. The restricted stock and restricted stock units generally vest 100% on the fourth anniversary of the grant date. Performance share units are earned based on the level of performance attainment against the pre-established operating income goal (relative to the S&P Small Cap 600® Industrials Index) set by the Committee over a three-year performance period.

Stock Ownership Guidelines

The Company's stock ownership guidelines for its executives require executives to maintain direct ownership in the Company's common stock in amounts as follows:

- CEO: six times annual base salary;
- Senior Vice Presidents: three times annual base salary; and
- Corporate Vice Presidents: one times annual base salary.

Executives have five years from the date appointed to their position to comply with these guidelines. Stock options do not count toward these guidelines. All shares held directly or beneficially, including shares of restricted stock, restricted stock units, shares of stock acquired upon exercise of stock options and shares credited under the Retirement Program, count toward these guidelines. Performance share units do not count toward these guidelines until, and only to the extent, they are settled in actual shares. Until an executive attains the requisite stock ownership, the executive must retain 50% of all shares acquired under the Company's compensation plans. As of the end of 2015, all named executive officers met their respective stock ownership requirements.

Incentive Compensation Recoupment Policy

The Company's Incentive Compensation Recoupment Policy permits the Board to recoup from an executive cash or equity-based compensation granted on or after January 1, 2014 in the event that the executive engages in misconduct that results in a restatement of the Company's financial statements or a material loss or damage to the Company. Recoupment covers any incentive compensation that is awarded or paid or that vests within 36 months following the occurrence of the misconduct. Misconduct includes an act of fraud, dishonesty or recklessness, the material breach of a fiduciary duty, a knowing material violation of a Company policy, or a knowing material violation of a confidentiality, non-solicitation or non-competition covenant.

Retirement Plans

The Company has various retirement plans in which certain of the named executive officers currently participate. These plans reflect a redesign of the Company's retirement program in 2011, which was undertaken to increase standardization of retirement plans among salaried U.S. employees and to reduce funding volatility while retaining a competitive retirement program to attract and retain qualified employees. The redesign includes the transition from defined benefit pension plans to defined contribution pension plans and increases to the benefits provided under the defined contribution plans.

Pension Plan

Basic Retirement Portion

The Basic Retirement portion of the Pension Plan generally covers employees in the U.S. A participant retiring at age 65 is eligible to receive a monthly single life annuity equal to his credited service times a flat dollar amount ($25 for most U.S. salaried employees). Participants age 55 or older with 10 years of vesting service may retire prior to age 65 with a reduced benefit. Participants who were younger than 50 as of December 31, 2011 (which include Messrs. Stone and Davis) stopped accruing benefits as of such date, and participants 50 or older as of such date (which include Messrs. Sengstack and Kenney) will accrue benefits until December 31, 2016. Mr. Haines is not eligible to participate in this portion of the Pension Plan because he was hired after February 21, 2006 when it was closed to all new salaried employees.

Cash Balance Portion

The Cash Balance portion of the Pension Plan covers most salaried employees in the U.S. All participants stopped accruing benefits as of December 31, 2011. At termination of employment a participant is eligible to receive the amount credited to his account or a monthly single life annuity based on the amount credited to his account. The account consists of: (i) an opening balance for a participant at December 31, 1999 equal to the present value of the participant's accrued benefit earned at December 31, 1999 under the applicable prior pension plan; (ii) annual Company contributions through 2011 ranging from 3% to 12% of a participant's compensation and transitional credits for certain participants from 2000-2004 equal to 6% of compensation; and (iii) interest credits, which continue until distribution of the account, based on the 30-year Treasury rate (subject to a minimum of 4.5%). All named executive officers participated in the Cash Balance portion.

Pension Restoration Plan

In order to provide eligible executives with the portion of their retirement benefits that cannot be paid under the tax-qualified Pension Plan due to IRS limits on compensation, the Company maintains the Pension Restoration Plan. All participants other than Mr. Sengstack (which include Messrs. Haines, Stone and Davis) stopped accruing benefits as of December 31, 2011, and effective as of January 1, 2012, their benefits were transferred to the Supplemental Retirement and Deferred Compensation Plan. Mr. Kenney does not participate in the Pension Restoration Plan because it was frozen before he became an executive officer.

Retirement Program

The Retirement Program is a tax-qualified 401(k) plan that covers all U.S. employees, including the named executive officers. A participant can elect to defer 1-50% of his compensation on a pre-tax basis, up to a maximum in 2015 of $18,000, or $24,000 if age 50 or over, and the Company will make a matching contribution equal to 100% of the first 2% of the participant's deferral contributions plus 50% of the next 3% of the participant's deferral contributions, for a total of 3.5% of the participant's compensation.

Beginning in 2012, the Company also makes annual service-based contributions to most participants, ranging from 3% to 9% of a participant's compensation, depending on his or her years of service with the Company (3% in the case of hourly employees). The service-based contribution generally is made to all employees, other than hourly employees who still accrue benefits under the Basic Retirement portion of the Pension Plan. Compensation taken into account under the Retirement Program is limited by the Internal Revenue Code (the limit for 2015 was $265,000). The Retirement Program also holds employees' accounts that were held in the Company's Employee Stock Ownership Plan, which was merged into the Retirement Program in 2010.

Supplemental Retirement and Deferred Compensation Plan
The Company maintains the Supplemental Retirement and Deferred Compensation Plan (the "Supplemental Retirement Plan"), which provides an additional benefit to attract and retain key executives. The Supplemental Retirement Plan permits executive officers of the Company to elect each year to defer up to 90% of their bonus awards and up to 50% of their salary. Deferred amounts are credited to a bookkeeping account maintained on behalf of the participant.

The Company provides two types of contributions under the Supplemental Retirement Plan to executives other than Mr. Sengstack, who continues to participate in the Pension Restoration Plan. These contributions include: (i) the portion of the service-based contribution that could not be made under the Retirement Program due to IRS limitations; and (ii) a supplemental contribution of 2% to 4% of a participant's compensation depending on years of service. In addition, participants who stopped accruing benefits under the Pension Restoration Plan had their benefit transferred

to the Supplemental Retirement Plan as of January 1, 2012. A participant's deferral account, service contribution account and transferred Pension Restoration Account are credited with earnings and losses based on the investment funds made available under the Plan. Earnings on the supplemental contribution account will follow the methodology used in the now-frozen Cash Balance Plan, which credits earnings based on the 30-year Treasury rate, but not less than 4.5%.

A participant's accounts under the Supplemental Retirement Plan generally will be distributed to him in the seventh month following termination of employment. No named executive officer other than Mr. Sengstack elected to contribute to the Supplemental Retirement Plan in 2015, although Messrs. Haines, Stone, Davis and Kenney received Company contributions.

Perquisites, Other Personal Benefits, and Other Compensation

The Company does not provide the named executive officers with perquisites or other personal benefits such as Company vehicles, club memberships, financial planning assistance or tax preparation. The Company offers an executive annual physical program which is available to the named executive officers. The named executive officers receive a Medicare tax reimbursement relating to the annual increase in the Pension Restoration Plan benefit (in the case of Mr. Sengstack) and the annual Company contributions in the Supplemental Retirement Plan (in the case of Messrs. Haines, Stone, Davis and Kenney).

Employment Agreements

The Company has employment agreements with Messrs. Sengstack and Haines. The agreements are three-year agreements, which automatically extend for an additional year unless either party gives notice not to renew. The agreements provide the following:

- If the agreement is not renewed by the Company, and the executive terminates his employment, the executive is entitled to a payment equal to 12 months of salary and the target bonus, a bonus pro-rated for the time of employment in the current year, continued participation in the Company's health and welfare plans for 12 months, a lump sum payment equal to the additional benefits that would have accrued under the Company's retirement plans for 12 months, and immediate vesting of all stock options and pro-rata vesting of restricted stock, restricted stock units and performance share units (based on actual performance).

- If the executive's employment is terminated prior to a change in control without cause by the Company or for good reason by the executive (as defined in the agreements), Mr. Haines is entitled to the same benefits as described above, and Mr. Sengstack is entitled to severance based on 18 months of continued salary, 1-1/2 times the target bonus, and 18 months of health and welfare plan coverage and retirement plan payment.

- If the executive's employment is terminated without cause by the Company or for good reason by the executive within two years following a change in control of the Company, the executive is entitled to receive a payment equal to 36 months of continued salary, three times the target bonus (24 months of salary and two times bonus for Mr. Haines), a bonus pro-rated for the time of employment in the current year, continued participation in the Company's health and welfare plans for 36 months (24 for Mr. Haines) and a lump sum payment equal to the additional benefits that would have been accrued under the Company's retirement plans (other than the Pension Restoration Plan) for 36 months (24 months for Mr. Haines), and immediate vesting and cash-out of outstanding options and vesting of restricted stock, restricted stock units and performance share units (at target level). With respect to any 280G excise tax, each executive can elect to either (i) receive the full amount of severance benefits and be responsible for paying any excise tax or (ii) receive severance benefits that are reduced to the maximum amount that can be paid without triggering the excise tax.

The employment agreements contain a restrictive covenant that prohibits the executives from competing with the Company and soliciting the Company's customers and employees for 24 months following termination.

Employment Security Agreements

The Company has entered into employment security agreements ("ESAs") with Messrs. Stone, Davis and Kenney, as well as certain other executives that provide benefits upon a change in control of the Company, in order to extend these benefits to some executives who are not party to employment agreements.

Each ESA provides that if within two years after a change in control the Company terminates the executive's employment for any reason other than cause, or the executive terminates his employment with the Company for good reason (as defined in the ESA), the executive is entitled to the following:

- A lump sum payment equal to the sum of two times the executive's base salary, a pro-rata portion of the executive's target bonus for the current year (based on the termination date), and two times the executive's target bonus for the current year;

- A lump sum payment equal to the increase in benefits under the Company's tax-qualified and supplemental retirement plans that results from crediting the executive with additional service for 24 months;

- Immediate vesting of all stock-based awards and deemed satisfaction of performance goals at target levels;

- Continued coverage under the Company's health and welfare plans for 24 months following termination; and

- 12 months of executive outplacement services (not to exceed $50,000) with a professional outplacement firm selected by the Company.

The ESAs contain a restrictive covenant that prohibits the executive from soliciting employees of the Company for 18 months following termination.

The Company determined that these agreements serve the Company's goal of attracting and retaining key executives. By providing these agreements the executives are able to remain focused on the best interests of the shareholders in the event of a potential change-in-control situation. Additionally, these agreements provide benefits which strive to retain the executives during a transitional period.

Confidentiality and Non-Compete Agreements

Each named executive officer has signed a confidentiality and non-compete agreement with the Company. Under this agreement, they agree to maintain all confidential information of the Company, and for a period of 18 months after termination of employment from the Company they agree not to, directly or indirectly, participate in the design, development, manufacture, or distribution of electrical submersible motors or related products in competition with the Company. These agreements are in addition to the restrictive covenants set forth in the employment agreements and ESAs.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code limits the deductibility for federal income tax purposes of executive compensation paid to the CEO and the three other most highly compensated officers other than the chief financial officer of a public company to $1,000,000 per year, but contains an exception for certain performance-based compensation. While base salary, time-based restricted stock and restricted stock units, by their nature, do not qualify as performance-based compensation under Section 162(m), the Committee has structured the annual cash incentive awards under the Annual Bonus Plan and the grant of stock options to qualify as performance-based compensation under Section 162(m). Although the Committee attempts to establish and maintain compensation programs that optimize the tax deductibility of compensation, the Committee retains discretion to authorize payment of compensation that may not be fully tax deductible when it believes this would be in the best interests of the Company. For 2015, the Company expects that all of the compensation paid in 2015 will be deductible by the Company for federal income tax purposes.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth compensation information for the Company’s Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers ("Named Executive Officers") for the fiscal years ended January 2, 2016, January 3, 2015 and December 28, 2013.

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)[2]	Stock Awards ($)[3]	Option Awards ($)[4]	Non-Equity Incentive Plan Compensation ($)[5]	Change in Pension Value & Nonqualified Deferred Compensation Earnings ($)[6]	All Other Compensation ($)[7]	Total ($)
Gregg C. Sengstack, President & CEO	2015	668,958	80,000	1,050,009	816,098	—	589,151	48,061	3,252,277
	2014	574,138	—	795,566	571,311	402,223	900,408	40,225	3,283,871
	2013	419,589	—	394,784	250,086	394,078	441,607	61,157	1,961,301
John J. Haines VP, CFO & Secretary	2015	365,714	—	330,030	256,486	33,426	—	50,113	1,035,769
	2014	351,137	—	309,034	212,314	206,609	4,852	55,838	1,139,784
	2013	338,760	—	300,057	190,037	303,427	—	55,806	1,188,087
Robert J. Stone Senior VP and President, International Water Systems	2015	361,992	33,000	269,965	209,848	—	—	71,878	946,683
	2014	351,137	—	262,216	180,157	197,199	30,577	67,028	1,088,314
	2013	340,840	—	254,385	161,148	280,068	—	74,207	1,110,648
DeLancey W. Davis VP and President, North America Water Systems	2015	336,838	—	226,767	176,276	29,945	—	51,570	821,396
	2014	324,347	—	219,033	150,474	124,809	14,397	56,908	889,968
	2013	310,847	—	182,428	115,532	197,046	—	53,992	859,845
Donald P. Kenney VP and President, Energy Systems	2015	302,835	—	124,165	96,534	77,405	3,909	76,998	681,846
	2014	293,259	—	160,791	41,427	209,687	54,948	62,535	822,647

(1) Salary adjustments for 2015 were effective as of June 1, 2015.

(2) These amounts represent discretionary bonuses paid to Messrs. Sengstack and Stone. An explanation of these payments can be found in the "Compensation Discussion and Analysis" section of this Proxy Statement.

(3) These amounts represent the grant date fair value, computed in accordance with FASB Codification Topic 718, of the restricted stock and performance share unit awards granted in 2015 to the Named Executive Officers. The value of the performance share units is based upon the probable outcome of the performance conditions. The grant date value of the performance shares in 2015, assuming the performance conditions were met at the maximum level, was: Mr. Sengstack: $1,050,009; Mr. Haines: $330,030; Mr. Stone: $269,965; Mr. Davis: $226,767; and Mr.

Kenney: $124,165. See Note 15 of the Company's Annual Report to Shareholders for the fiscal year ending January 2, 2016 for a complete description of the assumptions used for these valuations.

(4) These amounts represent the grant date fair value, computed in accordance with FASB Codification Topic 718, of the stock options granted to the Named Executive Officers in 2015. See Note 15 of the Company's Annual Report to Shareholders for the fiscal year ending January 2, 2016 for a complete description of the assumptions used for these valuations.

(5) These amounts represent the bonuses paid to the Named Executive Officers under the Company's performance-based Executive Officer Annual Incentive Cash Bonus Program. A description of this program can be found in the "Compensation Discussion and Analysis" section of this Proxy Statement.

(6) These amounts represent the annual change in the present value of each Named Executive Officer's benefits under the Company's defined benefit pension plans, which calculations use the same assumptions required to be used for financial reporting purposes. Benefits under the pension plans were frozen as of December 31, 2011 for most participants, including Messrs. Haines, Stone and Davis.

(7) These amounts for 2015 represent (i) Company contributions under the Retirement Program: Mr. Sengstack: $33,125; Mr. Haines: $19,875; Mr. Stone: $27,825; Mr. Davis: $22,525; and Mr. Kenney: $33,125; (ii) Company contributions under the Supplemental Retirement and Deferred Compensation Plan: Mr. Haines: $29,463; Mr. Stone: $42,953; Mr. Davis: $28,298; and Mr. Kenney: $42,778; (iii) a Medicare tax reimbursement related to the non-qualified retirement plans: Mr. Sengstack: $14,870; Mr. Haines: $709; Mr. Stone: $1,034; Mr. Davis: $681; and Mr. Kenney: $1,029; and (iv) the Company's life insurance contributions of $66 for each Named Executive Officer.

Restricted Stock/Restricted Stock Unit/Performance Stock Unit Awards

The 2015 restricted awards granted on February 26, 2015 consisted of 14,317 restricted stock units and 14,317 performance share units awarded to Mr. Sengstack; 4,500 restricted stock units and 4,500 performance share units awarded to Mr. Haines; 3,681 restricted shares and 3,681 performance share units awarded to Mr. Stone; 3,092 restricted shares and 3,092 performance share units awarded to Mr. Davis; and 1,693 restricted stock units and 1,693 performance stock units awarded to Mr. Kenney.

The 2014 restricted awards granted on March 4, 2014 consisted of 4,562 restricted stock units and 4,562 performance share units awarded to Mr. Sengstack; 3,571 restricted shares and 3,571 performance share units awarded to Mr. Haines; 3,030 restricted shares and 3,030 performance share units awarded to Mr. Stone; 2,531 restricted shares and 2,531 performance share units awarded to Mr. Davis; and 3,716 restricted stock units awarded to Mr. Kenney. In connection with his promotion to CEO, Mr. Sengstack received an additional grant on May 6, 2014 consisting of 5,290 restricted stock units and 5,290 performance share units.

The 2013 restricted awards consisted of 6,068 restricted stock units and 6,068 performance share units awarded to Mr. Sengstack; 4,612 restricted shares and 4,612 performance share units awarded to Mr. Haines; 3,910 restricted shares and 3,910 performance share units awarded to Mr. Stone; and 2,804 restricted shares and 2,804 performance share units awarded to Mr. Davis.

Restricted stock and restricted stock unit awards vest on the fourth anniversary of the grant date (subject to accelerated pro rata vesting upon death, disability, or retirement and accelerated vesting on a change in control). Performance share units granted in 2015 vest at the end of the three-year performance period ending December 30, 2017, depending on the level of achievement of the performance goals (subject to pro rata vesting at the end of the performance period upon death, disability or retirement and accelerated vesting at target level upon a change in control). Dividends are paid on restricted stock awards and dividend equivalents are paid on restricted stock unit awards. Dividend equivalents are paid on performance share unit awards only to the extent the awards vest.

Option Awards

The 2015 grants to the Named Executive Officers consisted of options for 66,144 shares to Mr. Sengstack; 20,788 shares to Mr. Haines; 17,008 shares to Mr. Stone; 14,287 shares to Mr. Davis; and 7,824 shares to Mr. Kenney. These grants had an exercise price of $36.67.

The 2014 grants to the Named Executive Officers consisted of options for 17,555 shares to Mr. Sengstack; 13,740 shares to Mr. Haines; 11,659 shares to Mr. Stone; 9,738 shares to Mr. Davis; and 2,681 shares to Mr. Kenney. These grants had an exercise price of $43.27. In connection with his promotion to CEO, Mr. Sengstack received an

additional grant on May 6, 2014 for 22,050 shares, with an exercise price of $37.88

The 2013 grants to the Named Executive Officers consisted of options for 21,798 shares to Mr. Sengstack; 16,564 shares to Mr. Haines; 14,046 shares to Mr. Stone; and 10,070 shares to Mr. Davis. These grants had an exercise price of $32.53.

All of the stock options granted in 2015, 2014 and 2013 vest over four years at 25% per year (subject to accelerated vesting upon death, disability, retirement or a change in control) and expire after ten years.

Change in Pension Value and Nonqualified Deferred Compensation Earnings

In connection with the redesign of the Company's retirement program, effective as of December 31, 2011, all Named Executive Officers other than Messrs. Sengstack, and Kenney stopped accruing benefits under the Pension Plan and/or the Pension Restoration Plan. Descriptions of these retirement plans, as in effect before and after December 31, 2011, and the level of

participation by the Named Executive Officers, can be found in the 2015 Pension Benefits Table and accompanying narrative included in this Proxy Statement.

2015 Grant of Plan Based Awards Table

The following table sets forth the plan-based grants made during the fiscal year ended January 2, 2016.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Possible Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units (#)[3]	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh)[4]	Grant Date Fair Value of Stock and Option Awards ($)[5]
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Gregg C. Sengstack	2/26/2015	220,756	668,958	1,337,916							
	2/26/2015				7,159	14,317	28,634				
	2/26/2015							14,317	66,144	36.67	1,866,107
John J. Haines	2/26/2015	90,513	274,281	548,562							
	2/26/2015				2,250	4,500	9,000				
	2/26/2015							4,500	20,788	36.67	586,516
Robert J. Stone	2/26/2015	89,575	271,438	542,876							
	2/26/2015				1,841	3,681	7,362				
	2/26/2015							3,681	17,008	36.67	479,813
DeLancey W. Davis	2/26/2015	67,456	227,363	454,726							
	2/26/2015				1,546	3,092	6,184				
	2/26/2015							3,092	14,287	36.67	403,043
Donald P. Kenney	2/26/2015	75,030	204,413	408,826							
	2/26/2015				847	1,693	3,386				
	2/26/2015							1,693	7,824	36.67	220,699

(1) The amounts in these columns reflect estimated possible payouts for 2015 and were established under the Executive Officer Annual Incentive Bonus Program. The estimated payouts shown in the Table were based on performance in 2015, which has now occurred. Thus, the amounts shown in “threshold”, “target”, and “maximum” columns reflect the range of potential payouts when the performance goals were set in early 2015. Actual amounts paid for 2015 are reflected in the Summary Compensation Table. A description of this program can be found in the “Compensation Discussion and Analysis” section of this Proxy Statement.

(2) The amounts in these columns reflect the estimated possible payouts of shares of common stock that may be issued pursuant to the settlement of performance share units that were granted in 2015. Vesting occurs at the end of the three-year performance period (December 30, 2017), depending on the level of attainment of the performance goals. A pro rata portion is paid at the end of the performance period in the event of the executive's death, disability or retirement, and vesting is accelerated at target level upon a change in control. Dividend equivalents are paid to the extent the performance share units vest. A description of the performance share units can be found in the "Compensation, Discussion, and Analysis" section of this Proxy Statement.

(3) Restricted stock units were granted to Messrs. Sengstack, Haines, and Kenney because they are retirement eligible or will become retirement eligible within the vesting period, and restricted stock was granted to Messrs. Stone and Davis. The awards vest four years from the grant date if they are still employed with the Company on such date. Vesting is accelerated upon a change in control of the Company and a pro rata portion is accelerated upon death, disability or retirement.

(4)

The exercise price for grants of stock options is determined using the closing price of the Company's common stock on the date of grant. The option grants expire after ten years and vest over four years, at 25% per year. Vesting is accelerated upon a change in control of the Company, death, disability or retirement.

(5) The grant date fair value of the target performance share units, restricted stock, restricted stock units and option awards shown in the above table was computed in accordance with FASB Codification Topic 718.

2015 Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth the outstanding equity awards as of January 2, 2016.

	Option Awards[1]				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise price ($/sh)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[7]	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested ($)[7]
	7,200	0	24.44	2/19/2017				
	30,600	0	16.10	2/28/2018				
	24,108	0	8.67	3/5/2019				
	25,600	0	14.41	2/22/2020				
Gregg C.	21,460	0	21.72	3/2/2021				
Sengstack	25,980	8,660	24.10	5/4/2022	40,935[2]	1,106,473	24,169[8]	653,288
	10,900	10,898	32.53	3/6/2023				
	4,389	13,166	43.27	3/4/2024				
	5,513	16,537	37.88	5/6/2024				
	0	66,144	36.67	2/26/2025				
	23,600	0	14.41	2/22/2020				
	20,052	0	21.72	3/2/2021				
John J.	16,238	5,412	24.10	5/4/2022				
Haines	8,282	8,282	32.53	3/6/2023	19,369[3]	523,544	8,071[9]	218,159
	3,435	10,305	43.27	3/4/2024				
	0	20,788	36.67	2/26/2025				
	7,200	0	24.44	2/9/2017				
	30,600	0	16.10	2/28/2018				
	15,860	0	8.67	3/5/2019				
	12,800	0	14.41	2/22/2020				
Robert J.	21,038	0	21.72	3/2/2021				
Stone	16,722	5,574	24.10	5/4/2022	17,507[4]	473,214	6,711[10]	181,398
	7,024	7,022	32.53	3/6/2023				
	2,915	8,744	43.27	3/4/2024				
	0	17,008	36.67	2/26/2025				
	0	3,538	24.10	5/4/2022				
DeLancey	0	5,034	32.53	3/6/2023				
W. Davis	2,435	7,303	43.27	3/4/2024	12,797[5]	345,903	5,623[11]	151,990
	0	14,287	36.67	2/26/2025				
Donald P.	2,000	0	22.95	2/17/2016				
Kenney	5,800	0	24.44	2/9/2017	15,793[6]	426,885	1,693[12]	45,762

12,000	0	16.10	2/28/2018
6,374	0	8.67	3/5/2019
3,092	0	14.95	3/23/2020
2,334	0	21.72	3/2/2021
2,262	754	24.10	5/4/2022
1,616	1,614	32.53	3/6/2023
671	2,010	43.27	3/4/2024
0	7,824	36.67	2/26/2025

(1) Each option grant has a ten-year term and vests pro rata over four years beginning on the first anniversary of the grant date. Vesting is accelerated upon death, disability, retirement or a change in control of the Company. Exercise prices are determined using the closing price of the Company’s Common Stock on the date of grant.

(2) Of Mr. Sengstack's restricted awards, 14,317 shares vest after four years on February 26, 2019, 5,290 shares vest after four years on May 6, 2018, 4,562 shares vest after four years on March 4, 2018, 6,068 shares vest after four years on March 6, 2017, and 10,698 shares vest after four years on May 4, 2016.

(3) Of Mr. Haines's restricted awards, 4,500 shares vest after four years on February 26, 2019, 3,571 shares vest after four years on March 4, 2018, 4,612 shares vest after four years on March 6, 2017, and 6,686 shares vest after four years on May 4, 2016.

(4) Of Mr. Stone's restricted awards, 3,681 shares vest after four years on February 26, 2019, 3,030 shares vest after four years on March 4, 2018, 3,910 shares vest after four years on March 6, 2017, and 6,886 shares vest after four years on May 4, 2016.

(5) Of Mr. Davis's restricted awards, 3,092 shares vest after four years on February 26, 2019, 2,531 shares vest after four years on March 4, 2018, 2,804 shares vest after four years on March 6, 2017, and 4,370 shares vest after four years on May 4, 2016.

(6) Of Mr. Kenney's restricted awards, 1,693 shares vest after four years on February 26, 2019, 3,716 shares vest after four years on March 4, 2018, 4,796 shares vest after four years on March 6, 2017, and 5,588 shares vest after four years on May 4, 2016.

(7) The market value of the stock and stock unit awards was determined using the closing price of the Company’s common stock on January 2, 2016 ($27.03 per share).

(8) Of Mr. Sengstack’s target performance share awards, 9,852 will vest at the end of the performance period that ends on December 31, 2016, and 14,317 will vest at the end of the performance period that ends on December 30, 2017.

(9) Of Mr. Haines' target performance share awards, 3,571 will vest at the end of the performance period that ends on December 31, 2016, and 4,500 will vest at the end of the performance period that ends on December 30, 2017.

(10) Of Mr. Stone's target performance share awards, 3,030 will vest at the end of the performance period that ends on December 31, 2016, and 3,681 will vest at the end of the performance period that ends on December 30, 2017.

(11) Of Mr. Davis' target performance share awards, 2,531 will vest at the end of the performance period that ends on December 31, 2016, and 3,092 will vest at the end of the performance period that ends on December 30, 2017.

(12) Of Mr. Kenney's target performance share awards, 1,693 will vest at the end of the performance period that ends on December 30, 2017.

2015 Option Exercises and Stock Vested Table

The following table sets forth the exercised options and vested awards for the fiscal year ended January 2, 2016.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
Gregg C. Sengstack	7,800	91,104	5,264	154,341
John J. Haines	—	—	9,352	312,938
Robert J. Stone	7,800	72,150	9,199	311,757
DeLancey W. Davis	9,380	87,691	6,034	202,992
Donald P. Kenney	4,200	46,998	4,406	161,083

(1) Represents the difference between the closing price of the stock on the date of exercise and the exercise price, multiplied by the number of shares covered by the options.

(2) Represents the value realized by multiplying the closing price of the stock on the date of vesting by the number of shares that vested. Includes vesting of restricted stock/units granted in 2011 and performance share awards granted in 2013. See the "Compensation Discussion & Analysis" for a discussion of this vesting.

2015 Pension Benefits Table

The following table sets forth (i) the years of service currently credited to each Named Executive Officer under the Company's pension plans and (ii) the present value of the accumulated benefit payable under each pension plan to each of the Named Executive Officers upon retirement.

Named Executive Officer	Plan Name[1]	Number of Years of Credited Service #	Present Value of Accumulated Benefit ($)[2][3]	Payments During Last Fiscal Year ($)
	Basic Retirement Portion	27.0	$94,628	$0
Gregg C. Sengstack	Cash Balance Portion	23.1	$488,387	$0
	Pension Restoration Plan	27.1	$4,207,846	$0
	Basic Retirement Portion[6]	N/A	N/A[4]	N/A
John J. Haines	Cash Balance Portion	4.0	$35,766	$0
		N/A	$0	$0
	Basic Retirement Portion	19.3	$44,190	$0
Robert J. Stone	Cash Balance Portion	11.5	$138,512	$0
		N/A	$0	$0
	Basic Retirement Portion	6.6	$14,267	$0
DeLancey W. Davis	Cash Balance Portion	7.0	$71,456	$0
		N/A	$0	$0
Donald P. Kenney	Basic Retirement Portion	23.5	$65,125	$0

Cash Balance Portion	20.8	$339,137	$0
	N/A	$0	$0

(1) As of December 31, 2011, the Basic Retirement Plan and Cash Balance Pension Plan were merged and renamed the Pension Plan.

(2) As of December 31, 2011, the Named Executive Officers stopped accruing benefits under all plans, Mr. Sengstack, who continues to accrue benefits under the Basic Retirement portion of the Pension Plan and the Pension Restoration Plan.

(3) The amounts in this column are based on a retirement age of 65 for Messrs. Haines, Stone, Davis, and Kenney. For Mr. Sengstack, retirement age is 62 for the Basic Retirement portion of the Pension Plan and the Pension Restoration Plan, and age 65 for the Cash Balance portion of the Pension Plan.

(4) Mr. Haines is not eligible for the Basic Retirement portion of the Pension Plan.

Pension Plan

In 2011, the Company implemented a redesign of its retirement program. Its two tax-qualified defined benefit pension plans, the Basic Retirement Plan and the Cash Balance Pension Plan, were merged into a single plan called the Pension Plan. As discussed below, as of December 31, 2011, benefit accruals under the Basic Retirement portion of the Pension Plan ceased for all participants younger than age 50 and benefit accruals under the Cash Balance portion of the Pension Plan ceased for all participants. In addition, benefits under the non-qualified Pension Restoration Plan ceased for all participants other than Mr. Sengstack. Participants will instead receive additional benefits under the Company's defined contribution plans (see the discussion in the Compensation Discussion and Analysis and in the 2015 Nonqualified Deferred Compensation Table and narrative in this Proxy Statement).

Basic Retirement Plan

The Basic Retirement portion of the Pension Plan covers most U.S. employees of the Company and its affiliates, including the Named Executive Officers, who were hired before February 21, 2006. The Basic Retirement Plan provides each eligible Named Executive Officer with a monthly single life annuity commencing at normal retirement age (age 65) equal to the number of years of credited service times $25. Participants are eligible to receive benefits after completing five years of vesting service. Participants who terminate employment after age 55 with 10 years of vesting service are eligible to receive early retirement benefits that are reduced to reflect commencement prior to age 65. Participants who terminate employment on or after age 62 with 25 years of vesting service are eligible to receive early retirement benefits that are unreduced for commencement prior to age 65. Participants with five years of vesting service who terminate employment and are not eligible to receive early retirement benefits are eligible for benefits commencing at age 65. Mr. Sengstack and Mr. Kenney are currently eligible for early retirement benefits. Mr. Haines is not eligible to participate in the Plan because he was hired after February 21, 2006.

The benefit formula calculates the benefit payable in a single life annuity form, which is the normal form of benefit for unmarried participants. The normal form of benefit payment for married participants is a 50% joint and survivor annuity. Participants, with spousal consent, if applicable, can waive the normal form and elect to have benefits paid in various annuity forms, which are the actuarially equivalent of the single life annuity form.

The Basic Retirement Plan was amended in 2011 to provide that participants younger than age 50 as of December 31, 2011 (which includes Messrs. Stone and Davis) stopped earning benefits as of such date, and participants 50 or older as of December 31, 2011 (which includes Messrs. Sengstack and Kenney) will stop earning benefits on December 31, 2016 (or if earlier, their termination of employment).

Cash Balance Pension Plan

The Cash Balance portion of the Pension Plan is a tax-qualified pension plan that covers most U.S. employees of the Company and its affiliates who are classified as "exempt" and who are not covered by a collective bargaining agreement, which includes each Named Executive Officer. As of December 31, 2011, the Plan was closed to new participants and all participants stopped accruing further benefits. An account is maintained for each participant under the Plan, which consists of (i) an opening account balance equal to the then present value of the participant's accrued benefit, if any, earned as of December 31, 1999 under one of the Company's prior pension plans; (ii) annual contributions made by the Company as of the end of each calendar year through 2011 that ranged from 3% to 12% of the participant's compensation (based on the participant's credited service); (iii) annual transitional credits made by the Company from 2000-2004 equal to 6% of compensation of each participant whose age and years of vesting service as of December 31, 1999 totaled 45 or more; and (iv) until distribution of the account, annual interest credits made by the Company as of the end of each calendar year, based on the 30-year Treasury security rate for the November preceding each such year (subject to a minimum interest rate of 4.5%). Compensation included wages subject to

withholding, excluding income recognized in connection with the Company's stock based plans, reimbursements or other expense allowances, fringe benefits, moving expenses, deferred compensation, and welfare benefits (as limited by applicable Internal Revenue Code limits).

Participants are eligible to receive benefits after completing three years of service. They can elect to receive their benefits upon termination of employment or they can defer receipt of benefits until age 65. Any accounts remaining in the Cash Balance Plan will continue to be credited with interest until the account is paid. The normal form of benefit payment for unmarried participants is a single life annuity, and the normal form of benefit payment for married participants is a 50% joint and survivor annuity. Participants, with spousal consent, if applicable, can waive the normal form and elect to have benefits paid in various annuity forms, which are the actuarially equivalent of the normal form, or in a lump sum.

Pension Restoration Plan

The Pension Restoration Plan is an unfunded, non-qualified pension plan that is intended to provide an employee with the portion of his benefits that cannot be paid under the Pension Plan or the Contributory Retirement Plan (the predecessor to the Cash Balance portion of the Pension Plan) due to Internal Revenue Code limitations on the amount of compensation that can be taken into account in determining benefits under, and the amount of benefits that can be paid from, tax-qualified pension plans.

The benefits of Mr Sengstack are based on the formula in effect under the Contributory Retirement Plan on December 31, 1999, but without regard to the Internal Revenue Code limits. This formula is based on the employee's credited service and final three-year average compensation, with an offset for benefits provided by the Basic Retirement portion of the Pension Plan, the Cash Balance portion of the Pension Plan and Social Security. There is a minimum benefit whereby if the monthly benefit amount paid to the employee under the Pension Plan, Pension Restoration Plan and Social Security is less than a designated percentage of the employee's three-year final average compensation, the difference is paid from the Pension Restoration Plan. The current designated percentage (which is based on years of service at retirement) for Mr. Sengstack is 50% (assuming retirement at age 62).

The benefits of Messrs. Haines, Stone and Davis were determined by applying the formula in the Cash Balance portion of the Pension Plan for all eligible compensation (including compensation in excess of the Code limits), offset for the benefits provided by the Cash Balance portion of the Pension Plan. All participants other than Mr. Sengstack stopped earning benefits as of December 31, 2011 and instead participate in the Supplemental Retirement and Deferred Compensation Plan, under which they receive additional Company contributions. The value of their frozen benefit under the Pension Restoration Plan was transferred to the Supplemental Retirement and Deferred Compensation Plan as of January 1, 2012.

The benefit accrued under the Pension Restoration Plan is paid upon termination of employment as follows: (i) if the lump sum value is less than $1,000,000, it will be paid in a lump sum within 90 days following termination; (ii) if the lump sum value is more than $1,000,000 but less than $2,000,000, one-half of the benefit will be paid within 90 days following termination, the remaining benefit will be paid as a single life annuity over the first 12 months following termination, and the benefit remaining at the end of the 12-month period will be paid in a lump sum on the first anniversary of termination; (iii) if the lump sum value is $2,000,000 or more, one-third will be paid within 90 days following termination, the remaining benefit will be paid as a single life annuity over the first 12 months following termination, one-half of the benefit remaining at the end of the 12-month period will be paid in a lump sum on the first anniversary of termination, the remaining benefit will be paid as a single life annuity over the second 12-month period following termination and the benefit remaining at the end of the second 12-month period will be paid in a lump sum on the second anniversary of termination. If the participant is deemed to be a “key employee” as defined in Section 409A of the Internal Revenue Code, any distribution that is payable due to termination of employment will be delayed for six months following the date of such termination. Notwithstanding the foregoing, upon a change in control of the Company, all participants become fully vested in their benefits, all benefits will be paid in a lump sum within 60 days after the change in control and active participants will have three years of additional age and service credits in determining benefits.

Pension Plan Assumptions

The assumptions used in calculating the present value of the accumulated pension benefits are set forth in Footnote 8 of the audited financial statements contained in the Company's Annual Report to Shareholders for the year ended January 2, 2016. The Company does not grant additional years of credited service under its pension plans.

2015 Nonqualified Deferred Compensation

The following table sets forth (i) the contributions made by each Named Executive Officer and the Company in fiscal 2015, (ii) the earnings on the account balances as of January 2, 2016 and (iii) the account balances as of January 2, 2016 under the Company's Supplemental Retirement and Deferred Compensation Plan.

Name	Executive Contribution in Last Fiscal Year ($)[1]	Company Contribution in Last Fiscal Year ($)[2]	Aggregate Earnings in Last Fiscal Year ($)[3]	Aggregate Withdrawals/ Distributions ($)[4]	Aggregate Balance at Last Fiscal Year End ($)[5][6]
Gregg C. Sengstack	128,104	—	6,574	—	386,195
John J. Haines	—	29,463	3,817	—	174,266
Robert J. Stone	—	42,953	5,916	—	295,761
DeLancey W. Davis	—	28,298	3,789	—	174,878
Donald P. Kenney	—	42,778	1,135	—	113,409

(1) This amount is reported in the "Salary" column of the Summary Compensation table in this Proxy Statement.

(2) The Company contributions are reflected in the All Other Compensation column of the Summary Compensation table of this Proxy Statement.

(3) The earnings reported in this column are not included in the Summary Compensation table.

(4) The aggregate balance reflects amounts previously reported in the Summary Compensation table except for the following earnings: Mr. Sengstack: $38,366; Mr. Haines: $18,939; Mr. Stone: $16,829; Mr. Davis: $9,352; and Mr. Kenney: $1,548.

(5) For Messrs. Haines, Stone and Davis, the aggregate balances also include the cash balance accounts under the Pension Restoration Plan that were transferred to this Plan as of January 1, 2012: Mr. Haines: $18,714; Mr. Stone: $87,153; and Mr. Davis: $34,477.

The Supplemental Retirement and Deferred Compensation Plan permits executive officers of the Company to elect each year to defer up to 90% of their bonus awards and up to 50% of their salary. Deferred amounts are credited to a notional account maintained on behalf of the participant, which is adjusted for earnings and losses based on investment funds made available by the Management Organization and Compensation Committee.

Beginning in 2012, the Company provides two types of contributions to participants who do not continue to accrue benefits under the Pension Restoration Plan. The Company provides the portion of the service-based contribution that could not be made under the Retirement Program due to IRS limitations (the service-based contribution ranges from 3% to 9% of a participant’s compensation depending on years of service). The Company also provides a supplemental contribution of 2% to 4% of a participant’s total compensation depending on years of service. In addition, participants who stopped accruing benefits under the Pension Restoration Plan had their benefit transferred to the Plan as of January 1, 2012. A participant’s deferral account, service contribution account and transferred Pension Restoration Plan account will be credited with earnings and losses based on the investment funds made available by the Management Organization and Compensation Committee. Earnings on the supplemental contribution account will follow the methodology used in the now-frozen Cash Balance portion of the Pension Plan, which credits earnings based on the 30-year Treasury rate, but not less than 4.5%.

A participant’s accounts under the Plan will generally be distributed to him as soon as practicable after the first of the month following termination of employment (provided that distribution to a “key employee” as defined in Section 409A of the Internal Revenue Code will be deferred for six months). Mr. Sengstack is the only Named Executive Officer who contributed to the Plan in 2015, although Messrs. Haines, Stone, Davis, and Kenney received Company contributions.

Potential Payments upon Termination or Change in Control of the Company

The Company provides benefits to certain of the Named Executive Officers upon certain terminations of employment from the Company. These benefits are in addition to the benefits to which the executives would be entitled upon a termination of employment generally (i.e., vested retirement benefits accrued as of the date of termination, stock-based awards that are vested as of the date of termination and the right to elect continued health coverage pursuant to COBRA). The incremental benefits payable to the executives are described as follows:

Employment Agreements

The employment agreements of Messrs. Sengstack and Haines have three-year terms that automatically renew for an additional year unless either party provides advance written notice of an election not to extend the term. The agreements provide the following severance benefits under the described termination scenarios:

- Termination – Nonrenewal of Employment Agreement. If the executive terminates his employment at any time during the term of the agreement after receipt of notice from the Company of its decision to not extend the term, he is entitled to (i) an immediate payment equal to a pro rata portion of the target bonus paid for the year of termination (or, in the case of Mr. Sengstack, later payment of a pro rata portion of the bonus payable for the year of termination), (ii) an immediate payment equal to 12 months of his then current salary and one times the target bonus for the year of termination, (iii)

immediate vesting of all outstanding stock options, immediate pro rata vesting of time-based restricted stock and units, and pro rata vesting of performance-based restricted stock and units at the end of the performance period based on actual performance, (iv) continued participation in the Company's health and welfare plans for 12 months, and (v) a lump sum payment equal to the benefits that would have accrued under the Company's retirement plans for 12 months.

- Termination – Prior to a Change in Control. If a Change in Control of the Company (as defined in the agreements) has not occurred and the executive's employment is terminated by the Company for other than "Good Cause" or the executive terminates his employment for "Good Reason," he is entitled to (i) an immediate payment equal to a pro rata portion of the target bonus paid for the year of termination (or, in the case of Mr. Sengstack, later payment of pro rata portion of the bonus payable for the year of termination), (ii) an immediate payment equal to 18 months of his then current salary and one and one-half times the target bonus for the year of termination (12 months and one times the target bonus for Mr. Haines), (iii) immediate vesting of all outstanding stock options, immediate pro rata vesting of time-based restricted stock and units and pro rata vesting of performance-based restricted stock and units at the end of the performance period based on actual performance, (iv) continued participation in the Company's health and welfare plans for the applicable severance period, and (v) a lump sum payment equal to the benefits that would have been earned under the Company's retirement plans during the applicable severance period.

- Termination – Following a Change in Control. If following a Change in Control of the Company (as defined in the agreements) the executive's employment is terminated within two years of the Change in Control by the Company for other than "Good Cause" or by the executive for "Good Reason", he is entitled to an immediate payment equal to (i) a pro rata portion of the target bonus paid for the year of termination, (ii) an immediate payment equal to 36 months of his then current salary and three times the target bonus for the year of termination (24 months and two times the target bonus for Mr. Haines), (iii) immediate vesting and cash out of all outstanding stock options and immediate vesting of all other restricted stock and units (with performance-based awards vesting at target level), (iv) continued participation in the Company's health and welfare plans for the applicable severance period, and (v) a lump sum payment equal to the benefits that would have accrued under the Company's retirement plans (other than the Pension Restoration Plan) during the applicable service period. With respect to any excise tax, each executive can elect to either (i) receive the full amount of severance benefits and be responsible for paying any excise tax or (ii) receive severance benefits that are reduced to the maximum amount that can be paid without triggering the excise tax.

The employment agreements contain a restrictive covenant that prohibits the executives from competing with the Company and soliciting the Company's customers and employees for 24 months following termination. The agreements provide that an amount of severance equal to one times salary and one times the prior year's bonus serves as consideration for this restrictive covenant as well as the separate confidentiality and non-compete agreement each executive has executed.

For purposes of the employment agreements:

- "Good Cause" means the executive's death or disability, his fraud, misappropriation of, or intentional material damage to, the property or business of the Company, his commission of a felony likely to result in material harm or injury to the Company, or his willful and continued material failure to perform his obligations.
- "Good Reason" exists if (a) there is a change in the executive's title or a significant change in the nature or the scope of his authority, (b) there is a reduction in the executive's salary or retirement benefits or a material reduction in the executive's compensation and benefits in the aggregate, (c) the Company changes the principal location in which the executive is required to perform services to more than fifty miles away, (d) the executive reasonably determines that, as a result of a change in circumstances significantly affecting his position, he is unable to exercise the authority or duties attached to his positions, or (e) any purchaser of substantially all of the assets of the Company declines to assume the obligations under the employment agreement.

Employment Security Agreements

Certain executives, including Messrs. Stone, Davis and Kenney, are parties to employment security agreements (ESA) with the Company that provides benefits upon a Change in Control (as defined in the ESA). Each ESA provides that if within two years after a Change in Control the Company terminates the executive's employment for any reason other than "Good Cause", or the executive terminates his employment with the Company for "Good Reason" (as defined in the ESA), the executive is entitled to the following:

(i) a lump sum payment equal to the sum of two times the executive's base salary, a pro-rata portion of the executive's target bonus for the current year (based on the termination date), and two times the executive's target bonus for the current year;

(ii) a lump sum payment equal to the increase in benefits under the Company's tax-qualified and supplemental retirement plans that results from crediting the executive with additional service for 24 months;
(iii) immediate vesting of all stock-based awards and deemed satisfaction of all performance-based awards at target level;
(iv) continued coverage under the Company's health and welfare plans for 24 months following termination;
(v) 12 months of executive outplacement services (not to exceed $50,000) with a professional outplacement firm selected by the Company; and
(vi) with respect to any excise tax, each executive can elect to either receive the full amount of severance benefits and be responsible for paying any excise tax, or receive severance benefits that are reduced to the maximum amount that can be paid without triggering the excise tax.

For purposes of the ESAs:

- "Good Cause" means the executive's intentional and material misappropriation of, or damage to, the property or business of the Company, his conviction of a criminal violation involving fraud or dishonesty or of a felony that causes material harm or injury to the Company, or his willful and continuous failure to perform his obligations under the ESA that is not cured.

- "Good Reason" means a material reduction in the executive's salary or retirement benefits or a material reduction in his compensation and benefits in the aggregate, or any purchaser of substantially all of the assets of the Company declines to assume all of the Company's obligations under the ESA.

The ESAs contain a restrictive covenant that prohibits the executive from soliciting employees of the Company for 18 months following termination. The agreements provide that an amount of severance equal to one times salary and one times the prior year's bonus serves as consideration for this restrictive covenant as well as the separate confidentiality and non-compete agreement each executive has executed.

Pension Restoration Plan

The Pension Restoration Plan, in which Mr. Sengstack participates, provides that upon a Change in Control of the Company (as defined in the Plan), (i) all participants will become 100% vested in their benefits, which will be paid in an immediate lump sum within 60 days, and (ii) active participants will have three years of additional credit for age and service in determining their benefits under the Plan.

Stock Plan

Awards under the Company's stock plans fully vest, and performance measures are deemed met at the target level, upon a Change in Control (as defined in the applicable stock plan) of the Company. Stock Option Agreements provide for full vesting upon a termination of employment due to death, disability or retirement. Restricted Stock Agreements and the Restricted Stock Unit Agreements provide for pro-rata vesting upon termination of employment due to death, disability or retirement. Performance Share Unit Agreements provide for pro-rata vesting at the end of the performance period upon termination due to death, disability or retirement.

The tables set forth below quantify the additional benefits described above that would be paid to each Named Executive Officer pursuant to the arrangements described above under the following termination scenarios: assuming a non-renewal of the employment agreement, termination of employment and/or change in control occurred on January 2, 2016.

37

Termination – Nonrenewal of Employment Agreement

Name	Salary ($)[1]	Non-Equity Plan Compensation ($)[2]	Accelerated Vesting of Options ($)[3]	Accelerated Vesting of Restricted Stock/Units/Performance Share Units ($)[4]	Additional Retirement Plan Credits ($)	Continued Benefit Plan Coverage ($)
Gregg C. Sengstack	682,500	748,958	25,417	883,593	1,669,640	16,584
John J. Haines	373,000	548,562	15,884	427,741	81,267	14,855
Robert J. Stone	—	—	—	—	—	—
DeLancey W. Davis	—	—	—	—	—	—
Donald P. Kenney	—	—	—	—	—	—

Termination – No Change in Control

Name	Salary ($)[1]	Non-Equity Plan Compensation ($)[2]	Accelerated Vesting of Options ($)[3]	Accelerated Vesting of Restricted Stock/Units/Performance Share Units ($)[4]	Additional Retirement Plan Credits ($)	Continued Benefit Plan Coverage ($)
Gregg C. Sengstack	1,023,750	1,083,437	25,417	883,593	1,688,335	24,876
John J. Haines	373,000	548,562	15,884	427,741	81,267	14,855
Robert J. Stone	—	—	—	—	—	—
DeLancey W. Davis	—	—	—	—	—	—
Donald P. Kenney	—	—	—	—	—	—

Termination – Change in Control

Name	Salary ($)[1]	Non-Equity Plan Compensation ($)[2]	Accelerated Vesting of Options ($)[3]	Accelerated Vesting of Restricted Stock/Units/Performance Share Units ($)[4]	Additional Retirement Plan Credits ($)	Continued Benefit Plan Coverage ($)	Outplacement Services ($)	Forfeiture ($)[5]
Gregg C. Sengstack	2,047,500	2,675,833	25,417	1,759,761	2,501,014	49,753	—	—
John J. Haines	745,999	822,843	15,884	741,703	167,715	29,710	—	—
Robert J. Stone	732,999	814,314	16,360	654,613	241,972	30,270	50,000	—
DeLancey W. Davis	682,000	682,089	10,384	497,893	168,661	29,512	50,000	—
Donald P. Kenney	614,000	613,239	2,213	472,647	252,922	26,153	50,000	—

(1) Based on salary rates effective June 1, 2015.
(2) Reflects target annual bonus based on salary rates effective during 2015 and actual bonus payments to Mr. Sengstack in the case of

termination due to nonrenewal of agreement or prior to a change in control.

(3) Based on the difference between the exercise price of the unvested stock options multiplied by $27.03, the closing price of the stock on January 2, 2016.

(4) Based on the unvested awards (the target number in the case of performance-based awards) multiplied by the $27.03 closing price of the stock on January 2, 2016.

(5) The employment agreements give the executive the choice of receiving full benefits or having them reduced so as not to trigger the excise tax. The severance benefits of the Named Executive Officers other than Mr. Sengstack were below the amount that would trigger the excise tax. Mr. Sengstack's benefits exceeded the triggering amount and receipt of full benefits with payment of the excise tax resulted in a better after-tax situation than forfeiture of benefits in excess of the triggering amount.

DIRECTOR COMPENSATION

Compensation for non-employee directors is determined by the Board of Directors, upon recommendation of the Corporate Governance Committee. Management makes recommendations to the Corporate Governance Committee with respect to non-employee director compensation. The Management Organization and Compensation Committee, pursuant to the Company's Stock Plan, makes the actual stock-based award. Director Compensation is determined by compiling the compensation data for each of the Peer Group companies listed in the Compensation Discussion and Analysis and comparing such compensation to the current pay for the Company's directors.

The following table sets forth the compensation received by the Company's non-employee directors for the year ended January 2, 2016.

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Option Awards ($)[3]	All Other Compensation ($)	Total ($)
R. Scott Trumbull[4]	92,500	—	—	—	92,500
Jerome D. Brady[5]	60,000	105,000	—	—	165,000
David T. Brown	70,000	105,000	—	—	175,000
Renee J. Peterson[6]	40,000	70,000		—	110,000
David A. Roberts	90,000	105,000	—	—	195,000
Jennifer L. Sherman	80,000	140,000	—	—	220,000
David M. Wathen	60,000	105,000	—	—	165,000
Thomas L. Young[5]	60,000	105,000	—	—	165,000
Thomas R. VerHage	70,000	105,000	—	—	175,000

(1) Fees deferred into the Non-Employee Directors' Deferred Compensation Plan were: Mr. Brown $70,000, Ms. Peterson $40,000, Ms. Sherman $60,000, Mr. Wathen $60,000, and Mr. VerHage $70,000.

(2) The amounts in this column are the grant date fair values of the stock awards granted to the non-employee directors, computed in accordance with FASB Codification Topic 718. Each director received an award of 2,943 shares, and Messrs. Brown, Sherman, Peterson, Wathen, Young, and VerHage elected to defer their stock awards into the Non-Employee Directors' Deferred Compensation Plan.

(3) No options were granted to non-employee directors in 2015 and no non-employee director holds any outstanding options.

(4) Compensation reported for Mr. Trumbull in this table represents fees received for serving as a non-employee director through May 8, 2015.

(5) Mr. Brady and Mr. Young retired from the Board of Directors on February 26, 2016.

(6) Ms. Peterson received a pro rata portion of the 2015 annual retainer and stock award based on the timing of her start date with the Board.

Retainer and Fees

Non-employee directors are paid an annual retainer of $60,000. The committee chairmen receive an additional fee of $10,000. The Lead Independent Director receives an additional fee of $20,000. Directors who are employees of the Company receive no additional compensation for serving on the Board or Board committees during their employment.

Stock Awards

On May 8, 2015, each non-employee director, other than Ms. Peterson, received an award of 2,943 shares of the Company's common stock, which vested immediately upon grant and had a market value of $105,000 on the date of grant. Ms. Peterson received a grant of 2,514 shares with a value of $70,000 based on her mid-year appointment to the Board.

Deferred Compensation

Non-employee directors may participate in the Non-Employee Directors' Deferred Compensation Plan (the "Deferred Compensation Plan"). Under the Deferred Compensation Plan, each non-employee director may elect to defer, for each calendar year, all of their annual retainer, fees and stock award until his service on the Board terminates. At the time the director makes the deferral election, they must elect to have the deferred retainer and fees either (i) credited with interest on a monthly basis at the

rate in effect for the Wells Fargo Stable Return fund or (ii) converted into stock units, with credits equal to the cash that would have been paid had the units been actual shares of common stock owned by the director. Deferred stock awards will also be converted into stock units and credited with dividends.

Consulting Directors' Plan

The Company maintained a Consulting Directors' Plan which is "frozen" and in which only Mr. Brady is eligible to participate. Because Mr. Brady retired from Board service at age 70 or older, he was eligible to, and did, enter into a consulting agreement with the Company pursuant to which he agrees to be available for consultation from time to time and is entitled to receive an annual fee for such services equal to the director's fee that was in effect as of June 1, 2006. He will receive this fee for up to the same number of years that he served as director through June 1, 2006.

Stock Ownership Guidelines

The Company's stock ownership guidelines for the non-employee directors require them to maintain direct ownership in the Company's common stock with a value equal to five times their annual retainer. An individual has five years to comply with these guidelines. All shares held directly or beneficially, including stock awards, shares acquired upon exercise of stock options and stock units credited under the Non-Employee Directors' Compensation Plan, count toward these guidelines. Stock options do not count toward these guidelines. All non-employee directors either meet or exceed these guidelines.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information about the Company's equity compensation plans as of March 7, 2016.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants & Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants & Rights ($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (b))
Equity Compensation Plans Approved by Security Holders[1]	1,719,300	24.20	1,255,029
Equity Compensation Plans Not Approved by Security Holders[2]	176,946	n/a	118,938

(1) This Plan category includes the following plans: Franklin Electric 2009 Amended & Restated Stock Plan (146,425 shares remain available for issuance) and Franklin Electric 2012 Stock Plan (1,108,604 shares remain available for issuance). As of March 7, 2016 (i) outstanding stock options had a weighted average exercise price of $24.20 and a weighted average remaining term of 5.47 years and (ii) there were 629,019 granted but unvested restricted stock awards/units.

(2) This Plan category consists of the Non-Employee Directors' Deferred Compensation Plan, adopted in 2000 and described above under the caption Director Compensation. The information included in this column represents shares underlying stock units, payable on a one-for-one basis, credited to the directors' respective stock unit accounts as of March 7, 2016. Non-employee directors may elect to receive the distribution of stock units in cash or in shares of the Company's common stock.

41

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors, which is composed solely of independent directors, is responsible, under guidelines established in the Audit Committee Charter (a copy of which is available on the Company's website at www.franklin-electric.com under “Corporate Governance”, for overseeing the risk management of the Company, accounting and financial reporting processes of the Company and the audits of the financial statements by reviewing: (i) the quality and integrity of the consolidated financial statements prepared by management; (ii) the performance of the internal audit function; and (iii) the qualifications, independence and performance of the Company's independent registered public accounting firm.

In accordance with SEC rules the Audit Committee of the Company states that:

- The Audit Committee has reviewed and discussed with management and Deloitte & Touche LLP, the Company's independent registered public accounting firm, the Company's audited financial statements for the fiscal year ended January 2, 2016.

- The Audit Committee discussed with Deloitte & Touche LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the PCAOB.

- The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required by the applicable independence rules of the PCAOB, and has discussed with Deloitte & Touche LLP the independent registered public accounting firm's independence.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company’s audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 2, 2016 for filing with the SEC.

This report is submitted on behalf of all of the members of the Audit Committee:

Thomas R. VerHage (Chairman)
David M. Wathen
Renee J. Peterson

PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE 2016 FISCAL YEAR

The Audit Committee has appointed the firm of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the 2016 fiscal year. Although shareholder ratification is not legally required, the Audit Committee believes it advisable to submit its decision to the shareholders. If the shareholders fail to ratify Deloitte & Touche LLP as the Company's independent registered public accounting firm, the Audit Committee will reassess its appointment. Deloitte & Touche LLP has acted as independent auditors for the Company since 1988.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so, and to be available to respond to questions relating to their examination of the Company's financial statements.

The affirmative vote of the holders of a majority of the votes cast at the Annual Meeting is required to approve the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the 2016 fiscal year.

Audit Fees

The aggregate fees for professional services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte") for the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q were $1,585,557 and $1,511,199, respectively, for the fiscal years ended January 2, 2016 and January 3, 2015.

Audit-Related Fees

The fees for professional services rendered by Deloitte for due diligence related to acquisitions were $9,015 and $451,024, respectively, for the fiscal years ended January 2, 2016 and January 3, 2015.

Tax Fees

The fees for tax services rendered by Deloitte were $35,741 and $36,144, respectively, for the fiscal years ended January 2, 2016 and January 3, 2015.

Audit Committee Pre-Approval Policy

The Audit Committee has adopted a Pre-Approval Policy for Audit, Audit-Related, and Non-Audit Services. The Audit Committee has delegated to the Audit Committee Chairman the authority to pre-approve services not prohibited by law up to a maximum of $10,000 individually or $50,000 in the aggregate, provided that the Audit Committee Chairman shall report any decisions to pre-approve services to the full Audit Committee at its next meeting. For the fiscal year ended January 2, 2016, the company did not pay any fees for services pursuant to the exceptions to the pre-approval requirements set forth in 17 CFR 210.2-01 (c)(7)(i)(C).

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE 2016 FISCAL YEAR.

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Exchange Act, the Company is required to submit to shareholders a resolution subject to an advisory vote to approve the compensation of the Company's Named Executive Officers. At the 2012 Annual Meeting of Shareholders, a majority of the Shareholders advised that the Board conduct the vote annually, and the Board so decided. The next such vote will occur at the 2016 Annual Meeting of Shareholders.

The Company's goal for its executive compensation program is to attract, motivate and retain a talented and creative team of executives who will provide leadership for the Company's success. The Company seeks to accomplish this goal in a way that rewards performance and is aligned with its shareholders' long-term interests. The Company believes that its executive compensation program, which emphasizes a performance-based cash incentive and long-term equity awards, satisfies this goal and is strongly aligned with the interests of its shareholders.

The Compensation Discussion and Analysis, beginning on page 15 of this Proxy Statement, describes the Company's executive compensation program and the decisions made by the Management Organization and Compensation Committee in 2015 in more detail. The Company believes the compensation program for the Named Executive Officers is instrumental in helping the Company achieve its strong financial performance.

The Company requests shareholder approval of the following resolution:

RESOLVED, that the compensation paid to the Company's Named Executive Officers as disclosed pursuant to Item 402 of Regulation S-K including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED.

As an advisory vote, this proposal is not binding upon the Company. However, the Management Organization and Compensation Committee, which is responsible for designing and administering the Company's executive compensation program, will carefully consider the outcome of the vote when making future compensation decisions for Named Executive Officers.

Vote Required for Approval

Approval of Proposal No. 3 requires the affirmative vote of a majority of the shares present or represented by proxy and voting at the Annual Meeting on this proposal.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE EXECUTIVE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, officers, and greater than 10 percent shareholders to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock of the Company and to furnish the Company with copies of all Section 16(a) reports they file. Based solely on a review of the copies of these reports furnished to the Company and written representations that no other reports were required to be filed, the Company believes that its directors, officers and greater than 10 percent shareholders complied with all Section 16(a) filing requirements applicable to them during 2015, except with respect to two Form 4's for Ms. Sherman (each reporting one transaction).

SHAREHOLDER PROPOSALS

November 22, 2016 is the date by which proposals of shareholders intended to be presented at the next Annual Meeting must be received by the Company to be considered for the inclusion in the Company's proxy statement for the 2016 Annual Meeting. Also, other proposals intended to be presented at the next Annual Meeting but not included in the Company’s proxy statement must be received by the Company no later than February 6, 2017 to be considered for presentation at that meeting. Such shareholder’s notice shall set forth: (A) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such shareholder, as they appear on the Company’s books, and of such beneficial owner and (ii) the class and number of shares of the Company which are owned beneficially and of record by such shareholder and such beneficial owner.

ANNUAL REPORT ON FORM 10-K

The Company will provide a copy of its Annual Report on Form 10-K to the Securities and Exchange Commission for the fiscal year ended January 2, 2016, including the exhibits thereto, free of charge to any shareholder requesting a copy in writing. Inquiries should be directed to: Corporate Secretary, Franklin Electric Co., Inc., 9255 Coverdale Road, Fort Wayne, Indiana 46809. The report, which is also the Company’s Annual Report to Shareholders, may also be accessed through the investor relations menu on the Company’s website, www.franklin-electric.com.

OTHER BUSINESS

Management has no knowledge of any other matters to be presented for action by the shareholders at the 2016 Annual Meeting. The enclosed proxy gives discretionary authority to the persons designated as proxies therein to vote on any additional matters that should properly and lawfully be presented.

By order of the Board of Directors
Dated: March 22, 2016

John J. Haines
Vice President, Chief Financial Officer and Secretary

45

46

47