



**Franklin Electric**

*Little Giant*

August 15, 2009

Dear Franklin Electric Partner,

Franklin Electric has maintained its efforts to control costs while continuously striving to provide the highest quality, service, innovation, and value. We would like to thank you for your support during this tough economic year as we prepare to share with you some of the developments ahead in the coming months.

The economic cycle presented over the last year has been challenging for many companies around the globe but there is positive news on the horizon! The recession appears to be bottoming-out and the latest economic data shows several US sectors stabilizing for modest recovery in 2010. Although experts report this anticipated recovery may be slow compared to historical norms, there is a credible scenario developing for important pump market growth in 2010. This is an exciting opportunity!

Like most businesses, Franklin Electric has taken prudent steps to contain costs during this tough period, such as a focus on effective inventory management, expense reductions, deferred employee benefits, with a clear mandate of ensuring solid and reliable customer support. In preparation for the renewed business cycle, we are implementing aggressive new product development initiatives, expanding our field sales and training programs and developing the strength of our primary brands through more effective advertising and promotional efforts. We have also launched a new *Customer Self-Service Program* that will allow you to check order status and shipping information "real-time" directly via the internet. Furthermore, we have expanded our sump, sewage and effluent product warranty to two years on key sku's. Through this preparation, Franklin Electric is confident we are well-positioned for the economic rebound and we look forward to playing a key role in your future success.

The coming year will not be without its challenges and as we look ahead one major concern is pricing of our raw materials. As you know, raw material costs have been difficult to predict. Franklin Electric's direct cost increases over the last 24 months have outpaced our selling price increases. Our focus has been to review all markets closely and lock-in to competitive market pricing. Franklin Electric is not implementing an across-the-board price increase in 2009. However, there will be selected price increases on products that, depending on your purchasing mix, results in an estimated overall increase of 2% - 4%. This new pricing will become effective **October 1, 2009** and will be transmitted to you electronically over the next few weeks.

Whichever Franklin Electric brand you purchase - Little Giant, Monarch, CAL Pump or a combination thereof, we look forward to our continued partnership with you and mutual future growth.

Respectfully,

Thomas J. Strupp  
President

**Water Transfer Systems**

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