Floyd H. Charles
Form 3
November 13, 2017

FORM 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Floyd H. Charles
(Last) (First) (Middle)

N56 W17000 RIDGEWOOD DRIVE
(Street)

MENOMONEE FALLS,Â WIÂ 53051-5660
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
11/08/2017

3. Issuer Name **and** Ticker or Trading Symbol
KOHLS Corp [KSS]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			

(Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Floyd H. Charles N56 W17000 RIDGEWOOD DRIVE MENOMONEE FALLS, WI 53051-5660	X			

Signatures

Jason Kelroy (Pursuant to Power of Attorney filed herewith)	11/13/2017
**Signature of Reporting Person	Date

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
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—

Benefits paid

(12.0
)

(11.8
)

(1.2
)

(1.3
)
Foreign currency exchange

(0.1
)

(0.4
)

—

—

Plan assets, end of year

$
120.0

$
116.0

$
—

$
—

Funded status

$
(56.6
)

$
(55.8
)

$
(13.4
)

$
(12.5
)

Amounts recognized in balance sheet:

Noncurrent assets

$
—

$
—

$
—

$
—

Deferred tax asset

26.9

22.0

1.3

0.9

Current liabilities

(0.1

)

(0.3
)

(1.1
)

(1.2
)
Noncurrent liabilities

(56.5
)

(55.5
)

(12.3
)

(11.3
)
Net pension liability, end of year

$
(29.7
)

$
(33.8
)

$
(12.1
)

$
(11.6
)

Amount recognized in accumulated other comprehensive income:

Net transition obligation

$
—

$
—

$
0.1

$
0.2

Prior service cost

—

0.2

0.9

0.3

Net actuarial loss

44.9

36.8

1.2

1.0

Total recognized in accumulated other comprehensive income

$
44.9

$
37.0

$
2.2

$
1.5

** These items for 2011 related primarily to the benefit plan redesign and the items for 2010 were related to the headcount reduction at the Siloam Springs, Arkansas facility associated with the Phase III Global Manufacturing Alignment Program.

48

The following table sets forth other changes in plan assets and benefit obligation recognized in other comprehensive income for 2011 and 2010:

(In millions)	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Net actuarial (gain)/loss	$16.1	$5.6	$0.3	$0.1
Prior service cost/(credit)	—	—	1.2	—
Amortization of:				
Net actuarial gain/(loss)	(3.0)	(3.0)	—	—
Prior service cost/(credit)	(0.2)	(0.2)	(0.1)	(0.1)
Transition (asset)/obligation	—	—	(0.2)	(0.3)
Deferred tax asset	(5.0)	(0.8)	(0.5)	0.1
Total recognized in other comprehensive income	$7.9	$1.6	$0.7	$(0.2)
Total recognized in net periodic benefit cost and other comprehensive income	$12.5	$6.3	$1.6	$1.0

Assumptions used to determine domestic benefit obligations:

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Discount rate	4.75 %	5.25 %	4.50 %	5.00 %
Rate of increase in future compensation	3.00 - 12.00% (Graded)	3.00 - 8.00% (Graded)	3.00 - 12.00% (Graded)	3.00 - 8.00% (Graded)

Assumptions used to determine domestic periodic benefit cost:

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
Discount rate	5.25 %	5.75 %	5.00 %	5.50 %
Rate of increase in future compensation	3.00 - 12.00% (Graded)	3.00 - 8.00% (Graded)	3.00 - 12.00% (Graded)	3.00 - 8.00% (Graded)
Expected long-term rate of return on plan assets	8.25 %	8.50 %	— %	— %

The accumulated benefit obligation for the Company’s two tax qualified plans and German benefit pension plans was $165.2 million and $158.0 million for the years ended 2011 and 2010.

The following table sets forth the aggregated net periodic benefit cost for all pension plans for 2011, 2010, and 2009:

(In millions)	Pension Benefits			Other Benefits		
	2011	2010	2009	2011	2010	2009
Service cost	$3.5	$2.9	$3.1	$0.1	$0.1	$0.1
Interest cost	8.7	8.9	9.7	0.6	0.7	0.8
Expected return on assets	(10.8)	(10.2)	(10.3)	—	—	—
Amortization of transition obligation	—	—	—	0.1	0.2	0.2
Prior service cost	0.1	0.2	0.4	0.1	—	0.1
Loss	3.0	1.8	0.1	—	—	—
Net periodic benefit cost	$4.5	$3.6	$3.0	$0.9	$1.0	$1.2
Curtailment**	0.1	0.8	—	—	0.2	—
Settlement cost	—	0.3	—	—	—	—
Total net periodic benefit cost	$4.6	$4.7	$3.0	$0.9	$1.2	$1.2

** These items for 2011 related primarily to the benefit plan redesign and the items for 2010 were related to the headcount reduction at the Siloam Springs, Arkansas facility associated with the Phase III Global Manufacturing Alignment Program.

The estimated net actuarial (gain)/loss, prior service cost/(credit), and transition (asset)/obligation that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2012 fiscal year are $1.9 million, $0.0 million, and $0.0 million, respectively, for the pension plans and $0.1 million, $0.3 million, and $0.2 million respectively, for all other benefits.

The Company has consulted with a third party investment manager for the assets of the two funded domestic defined benefit plans. The plan assets are currently invested primarily in pooled funds, where each fund in turn is composed of mutual funds that have at least daily net asset valuations. Thus the Company's funded domestic defined benefit plan assets are invested in a "fund of funds" approach.

The Company's Board has delegated oversight and guidance to an appointed Employee Benefits Committee. The Committee has the tasks of reviewing plan performance and asset allocation; ensuring plan compliance with applicable laws; establishing plan policies, procedures, and controls; monitoring expenses; and other related activities.

The plans' investment policies and strategies focus on the ability to fund benefit obligations as they come due. Considerations include the plans' current funded level, plan design, benefit payment assumptions, funding regulations, impact of potentially volatile business results on the Company's ability to make certain levels of contributions, and interest rate and asset return volatility among other considerations. The Company currently attempts to maintain plan funded status at approximately 80 percent or greater pursuant to the Pension Protection Act of 2006. Given the plan's current funded status, the Company's cash on hand, cash historically generated from business operations, and cash available under committed credit facilities, the Company sees ample liquidity to achieve this goal.

Risk management and continuous monitoring requirements are met through monthly investment portfolio reports, quarterly Employee Benefits Committee meetings, annual valuations, asset/liability studies, and the annual assumption process focusing primarily on the return on asset assumption and the discount rate assumption. As of December 31, 2011, funds were invested in equity, fixed income, and other investments as follows:

Equity	Percentage	
U.S. Large Cap	42	%
World Equity ex-U.S.	15	%
U.S. Small / Mid Cap	7	%
Subtotal	64	%
Fixed Income		
U.S. Core Fixed Income	17	%
Long Duration Bond Fund	8	%
High Yield Fixed Income	3	%
Emerging Markets Debt	3	%
Subtotal	31	%
Other		
Insurance Contracts	4	%
Cash Equivalents	1	%
Total	100	%

The Company does not see any particular concentration of risk within the plans, nor any plan assets that pose difficulties for fair value assessment. The Company currently has no allocation to potentially illiquid or potentially difficult to value assets such as hedge funds, venture capital, private equity, and real estate.

The Company works with actuaries and consultants in making its determination of the asset rate of return assumption and also the discount rate assumption.

Asset class assumptions are set using a combination of empirical and forward-looking analysis for long-term rate of return on plan assets. A variety of models are applied for filtering historical data and isolating the fundamental characteristics of asset classes. These models provide empirical return estimates for each asset class, which are then reviewed and combined with a qualitative assessment of long-term relationships between asset classes before a return estimate is finalized. This provides an additional means for correcting for the effect of unrealistic or unsustainable short-term valuations or trends, opting instead for return levels and behavior that is more likely to prevail over long periods. With that, the Company has assumed an expected long-term rate of return on plan assets of 8.00 percent for the 2012 net periodic benefit cost. This is the result of stochastic modeling showing the 50^{th} percentile median return at or above 8.00 percent.

The Company uses the Aon Hewitt AA Above Median curve to determine the discount rate. All cash flow obligations under the plans are matched to bonds in the Aon Hewitt universe of liquid, high-quality, non-callable / non-putable corporate bonds with outliers removed. From that matching exercise, a discount rate is determined.

The Company's German pension plans are funded by insurance contract policies whereby the insurance company guarantees a fixed minimum return. Due to tax legislation, individual pension benefits can only be financed using direct insurance policies up to certain maximums. These maximum amounts in respect of each member are paid into such an arrangement on a yearly basis.

The Company designated the domestic plan assets as Level 1, as they are mutual funds and Company stock with prices that are readily available. The German plan assets are designated as Level 2 inputs as the fair value of the insurance contracts is measured by the reserve that is supervised by the German Federal Financial Supervisory Authority.

The fair values of the Company’s pension plan assets for 2011 and 2010 by asset category are as follows:

(In millions)	2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity				
U.S. Large Cap	$49.8	$49.8	$—	$—
U.S. Small / Mid Cap	8.5	8.5	—	—
World Equity ex-U.S.	17.4	17.4	—	—
Stock				
Franklin Electric Co., Inc.	—	—	—	—
Fixed Income				
U.S. Core Fixed Income	20.7	20.7	—	—
Long Duration Bond	9.5	9.5	—	—
High Yield Fixed Income	3.8	3.8	—	—
Emerging Markets Debt	3.6	3.6	—	—
Other				
Insurance Contracts	5.3	—	5.3	—
Cash and Equivalents	1.4	1.4	—	—
Total	$120.0	$114.7	$5.3	$—

(In millions)	2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity				
U.S. Large Cap	$46.4	$46.4	$—	$—
U.S. Small / Mid Cap	8.2	8.2	—	—
World Equity ex-U.S.	18.0	18.0	—	—
Stock				
Franklin Electric Co., Inc.	1.5	1.5	—	—
Fixed Income				
U.S. Core Fixed Income	28.1	28.1	—	—
High Yield Fixed Income	3.7	3.7	—	—
Emerging Markets Debt	3.7	3.7	—	—
Other				
Insurance Contracts	5.6	—	5.6	—
Cash and Equivalents	0.8	0.8	—	—
Total	$116.0	$110.4	$5.6	$—

Equity securities include Company stock of $0.0 million (0.0 percent of total plan assets) and $1.5 million (1.3 percent of total plan assets) at year end 2011 and 2010, respectively.

One of the Company’s domestic pension plans covers only certain management employees. The Company does not fund this plan, and its assets were zero in both 2011 and 2010. The plan’s projected benefit obligation and accumulated benefit obligation were $8.8 million and $8.0 million, respectively, for 2011, and $7.2 million and $6.9 million, respectively, for 2010.

52

The Company estimates total contributions to the plans of $7.9 million in 2012.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(In millions)	Pension Benefits	Other Benefits
2012	$10.6	$1.1
2013	13.3	1.1
2014	13.3	1.1
2015	13.2	1.0
2016	11.0	1.0
Years 2017 through 2021	57.6	4.4

The Company's other postretirement benefit plans provide health and life insurance benefits to domestic employees hired prior to 1992. The Company effectively capped its cost for those benefits through plan amendments made in 1992, freezing Company contributions for insurance benefits at 1991 levels for current and future beneficiaries with actuarially reduced benefits for employees who retire before age 65.

Defined Contribution Plans - The Company maintained a 401(k) Plan during 2011. The Company previously maintained an Employee Stock Ownership Plan (ESOP) during 2010 and 2009. Contribution to the ESOP ceased beginning in 2010. As of August 5, 2010, the ESOP was merged into the 401(k) Plan. All ESOP balances were transferred into the Franklin Electric Common Stock investment within the 401(k) Plan. The Company's cash contributions are allocated to participants' accounts based on investment elections.

The following table sets forth Company contributions to the ESOP and 401(k) Plans:

(In millions)	2011	2010	2009
Company contributions to the plans	$1.9	$1.7	$0.9

10. ACCRUED EXPENSES
Accrued expenses consist of:

(In millions)	2011	2010
Salaries, wages, and commissions	$27.1	$25.4
Product warranty costs	9.9	9.4
Insurance	4.8	4.3
Employee benefits	3.8	6.2
Acquired entities additional purchase price	—	7.0
Other	13.1	12.4
	$58.7	$64.7

11. INCOME TAXES

Income/(loss) before income taxes consisted of:

(In millions)	2011	2010 As Adjusted (Note 3)	2009 As Adjusted (Note 3)
Domestic	$29.2	$4.3	$(3.8)
Foreign	57.9	50.7	38.4
	$87.1	$55.0	$34.6

The income tax provision/(benefit) from continuing operations consisted of the following:

(In millions)	2011	2010 As Adjusted (Note 3)	2009 As Adjusted (Note 3)
Current:			
Federal	$7.3	$(4.5)	$2.8
Foreign	11.3	9.5	8.1
State	0.9	0.5	1.2
Total current	19.5	5.5	12.1
Deferred:			
Federal	2.1	2.4	(2.3)
Foreign	1.8	5.0	1.1
State	—	2.2	(0.3)
Total deferred	$3.9	$9.6	$(1.5)
	$23.4	$15.1	$10.6

A reconciliation of the tax provision for continuing operations at the U.S. statutory rate to the effective income tax expense rate as reported is as follows:

	2011	2010 As Adjusted (Note 3)	2009 As Adjusted (Note 3)
U.S. Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	0.8	0.5	1.7
Foreign operations	(8.5)	(5.9)	(5.8)
R&D tax credits	(0.5)	(0.8)	(1.3)
Uncertain tax position adjustments	(0.3)	(5.4)	0.8
State deferred tax rate adjustments	—	(2.9)	—
Valuation allowance on state deferred tax	(0.1)	6.1	—
Other items	0.5	0.8	0.3
Effective tax rate	26.9%	27.4%	30.7%

54

Significant components of the Company's deferred tax assets and liabilities were as follows:

(In millions)	2011	2010 As Adjusted (Note 3)
Deferred tax assets:		
Accrued expenses and reserves	$9.1	$7.4
Compensation and employee benefits	33.3	29.6
Other items	11.7	11.5
Valuation allowance on state deferred tax	(3.6)	(3.4)
Total deferred tax assets	50.5	45.1
Deferred tax liabilities:		
Accelerated depreciation on fixed assets	12.6	11.4
Amortization of intangibles	27.4	26.4
Other items	14.0	12.0
Total deferred tax liabilities	54.0	49.8
Net deferred tax liabilities	$(3.5)	$(4.7)

The portions of current and non-current deferred tax assets and liabilities were as follows:

(In millions)	2011		2010 As Adjusted (Note 3)	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Current	$14.9	$3.1	$17.2	$4.0
Non-current	35.6	50.9	27.9	45.8
	$50.5	$54.0	$45.1	$49.8

The effective tax rate continues to be lower than the statutory rate primarily due to the indefinite reinvestment of foreign earnings taxed at rates below the U.S. statutory rate as well as recognition of foreign tax credits. The Company has the ability to indefinitely reinvest these foreign earnings based on the earnings and cash projections of its other operations as well as cash on hand and available credit.

The operations realignment to foreign jurisdictions, which generates foreign tax benefits, also reduces the domestic taxable income in some of the Company’s U.S. state jurisdictions. The Company is not likely to realize the benefit of a portion of the recorded deferred tax asset relating to state taxes in the foreseeable future. As such, a valuation allowance was recorded in 2010 of $3.4 million. In 2011, the valuation allowance was adjusted by an increase of $0.2 million for current activity.

The Company identifies the accumulated earnings for the affiliates that were not indefinitely reinvested and computes the tax associated with the subsequent repatriation. This computation considers the impact of applicable withholding taxes and the availability of U.S. foreign tax credits. The Company has calculated the repatriation of all the accumulated earnings that are not indefinitely reinvested which resulted in a net tax liability of $3.7 million recorded by the Company as of December 31, 2011.

The Company does not provide for deferred taxes on the excess of the financial reporting over the tax basis in our investments in foreign subsidiaries that are essentially permanent in duration. That excess is approximately $97.5 million as of December 31, 2011. The determination of the additional deferred taxes that have not been provided is not practicable.

As of the beginning of fiscal year 2011, the Company had gross unrecognized tax benefits of $3.6 million, excluding accrued interest and penalties. The unrecognized tax benefits increased by $0.2 million for state income tax liabilities, while increasing $1.8 million for federal tax liabilities based on evaluations made during 2011. The Company had gross unrecognized tax

55

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benefits, excluding accrued interest and penalties, of $5.6 million as of December 31, 2011.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for 2011, 2010, and 2009 (excluding interest and penalties) is as follows:

(In millions)	2011	2010	2009
Beginning balance	$3.6	$6.8	$6.8
Additions based on tax positions related to the current year	—	0.1	1.0
Additions for tax positions of prior years primarily related to acquisitions	2.8	0.3	0.8
Reductions for tax positions of prior years	(0.8)	(3.6)	(1.8)
Settlements	—	—	—
Ending balance	$5.6	$3.6	$6.8

If recognized, each annual effective tax rate would be affected by the net unrecognized tax benefits of $5.3 million, $3.2 million, and $5.7 million as of December 31, 2011, January 1, 2011, and January 2, 2010, respectively.

Of the unrecognized tax benefits at December 31, 2011, $3.1 million are related to acquisitions for which indemnification was provided for in the respective purchase agreements. The stock purchase agreements related to these acquisitions provide the Company rights to recover tax liabilities related to pre-acquisition tax years from the sellers. Other amounts are associated with domestic state tax issues, such as nexus, as well as other federal and state uncertain tax positions.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense, the impact of which is immaterial. The Company has accrued interest and penalties as of December 31, 2011, January 1, 2011, and January 2, 2010 of approximately $0.5 million, $0.4 million, and $0.7 million, respectively.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. With few exceptions, as of December 31, 2011, the Company is no longer subject to U.S. federal, state, or foreign income tax examinations by tax authorities for years before 2008.

It is reasonably possible that the amounts of unrecognized tax benefits could change in the next twelve months as a result of an audit or due to the expiration of a statute of limitation. Based on the current audits in process and pending statute expirations, the payment of taxes as a result could be up to $1.3 million.

12. DEBT

On December 14, 2006, the Company entered into an amended and restated unsecured, 60-month $120.0 million revolving credit agreement (the “Agreement”). The Agreement provides for various borrowing rate options including interest rates based on the London Interbank Offered Rates (LIBOR) plus interest spreads keyed to the Company’s ratio of debt to earnings before interest, taxes, depreciation, and amortization (“EBITDA”). On December 14, 2011, the Company executed the Second Amended and Restated Credit Agreement, which among other things, extended the maturity of the Agreement to December 14, 2016, and increased the commitment amount to $150.0 million.

The Agreement contains certain financial covenants with respect to borrowings, interest coverage, loans or advances and investments. The Company was in compliance with the covenants as of December 31, 2011 and January 1, 2011. The Company had zero borrowings under the Agreement at December 31, 2011 and January 1, 2011.

On April 9, 2007, the Company entered into the Amended and Restated Note Purchase and Private Shelf Agreement (the "Prudential Agreement") in the amount of $175.0 million. Under the Prudential Agreement, the Company issued notes in an aggregate principal amount of $110.0 million on April 30, 2007 (the “B-1 Notes”) and $40.0 million on September 7, 2007 (the “B-2 Notes”). The B-1 and B-2 Notes bear a coupon of 5.79 percent and have an average life of ten years with a final maturity in 2019. On July 22, 2010, the Company entered into Amendment No. 3 to the Prudential Agreement to increase its borrowing capacity by $25.0 million. On December 14, 2011, the Company entered into Amendment No. 4 to the Second Amended and Restated Note Purchase and Private Shelf Agreement to redefine the debt to EBITDA ratio covenant in order to be equivalent to that under the Agreement.

As of December 31, 2011, the Company has $50.0 million borrowing capacity available under the Prudential Agreement. Principal installments of $30.0 million are payable annually commencing on April 30, 2015 and continuing to and including April 30, 2019, with any unpaid balance due at maturity. The Prudential Agreement contains certain financial covenants with respect to borrowings, interest coverage, loans or advances and investments. The Company was in compliance with the covenants as of December 31, 2011 and January 1, 2011.

The Company also has certain overdraft facilities at its foreign subsidiaries, of which none were outstanding at December 31, 2011 and January 1, 2011.

Debt consisted of the following:

(In millions)	2011	2010
Prudential Agreement - 5.79 percent	$150.0	$150.0
Capital leases	0.3	0.7
Foreign subsidiary debt	13.7	1.8
	164.0	152.5
Less current maturities	(14.0)	(1.3)
Long-term debt	$150.0	$151.2

During the second quarter, the Company acquired $13.7 million of debt with the acquisition of the 80 percent interest in Impo. In September 2011, Impo finalized a refinancing plan. As a result of this refinancing, Impo now has approximately $18.5 million of credit available. As of December 31, 2011, Impo had debt outstanding of approximately $13.5 million, all of which is current maturities, with interest rates ranging from 3 percent to 6 percent and maturity dates ending in 2012. The debt at year end was denominated in euro and U.S. dollar currencies and was included in the foreign subsidiary debt line of the above table.

The following debt payments are expected to be paid in accordance with the following schedule:

(In millions)	Total	2012	2013	2014	2015	2016	More than 5 years
Debt	$163.7	$13.7	$—	$—	$30.0	$30.0	$90.0
Capital leases	0.3	0.3	—	—	—	—	—
	$164.0	$14.0	$—	$—	$30.0	$30.0	$90.0

13. SHAREOWNERS' EQUITY
The Company has the authority to issue 65,000,000, $.10 par value shares.

During 2011, 2010, and 2009, pursuant to a stock repurchase program authorized by the Company's Board of Directors, the Company repurchased and retired the following amounts and number of shares:

(In millions, except share amounts)	2011	2010	2009
Repurchases	$10.6	$6.9	$—
Shares	250,000	226,487	—

In 2011, the Company retired 73,326 shares that were received from employees as payment for the exercise price of their stock options and taxes owed upon the exercise of their stock options and release of their restricted awards. The Company also retired 21,998 shares that had been previously granted as stock awards to employees, but were forfeited upon not meeting the required restriction criteria or termination. In 2010, the Company retired 12,255 shares that were received from employees as payment for taxes owed upon the exercise of their stock options and release of their restricted awards. The Company also retired 1,485 shares that had been previously granted as a stock award to employees, but were forfeited upon termination. In 2009, the Company retired 14,403 shares that were received from employees as payment for taxes owed upon the release of their restricted awards.

57

In 2011, 2010, and 2009, the Company recorded $2.1 million, $1.3 million, and $0.1 million, respectively, as a reduction in tax liability and an increase to shareowners' equity as a result of stock option exercises.

Accumulated other comprehensive income (loss) consisted of the currency translation adjustment and the pension liability adjustment, $(2.2) million and $(47.1) million, respectively, as of December 31, 2011, and $19.1 million and $(38.5) million, respectively, at January 1, 2011.

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

(In millions, except per share amounts)	2011	2010 As Adjusted (Note 3)	2009 As Adjusted (Note 3)
Numerator:			
Net income attributable to Franklin Electric Co., Inc.	$63.1	$38.9	$23.2
Less: Undistributed earnings allocated to redeemable non-controlling interest	0.2	—	—
	$62.9	$38.9	$23.2
Denominator:			
Basic			
Weighted average common shares	23.2	23.2	23.1
Diluted			
Effect of dilutive securities:			
Employee and director incentive stock options and awards	0.5	0.3	0.2
Adjusted weighted average common shares	23.7	23.5	23.3
Basic earnings per share	$2.71	$1.68	$1.01
Diluted earnings per share	$2.65	$1.65	$1.00
Anti-dilutive stock options	0.3	0.8	1.0
Anti-dilutive stock options price range – low	$43.43	$28.82	$29.95
Anti-dilutive stock options price range – high	$48.87	$48.87	$48.87

15. SHARE-BASED COMPENSATION

On April 24, 2009, the Amended and Restated Franklin Electric Co., Inc. Stock Plan (the "Stock Plan") was approved by the Company's shareholders. Under the Stock Plan, employees and non-employee directors may be granted stock options or awards. The Stock Plan was amended and restated to, among other things, increase the number of shares available for issuance from 1,300,000 to 2,200,000 shares as follows:

	Authorized Shares
Options	1,600,000
Awards	600,000

The Company currently issues new shares from its common stock balance to satisfy option exercises under the Stock Plan and a similar prior plan and stock awards under the Stock Plan.

The total share-based compensation expense recognized in 2011, 2010, and 2009 was $4.0 million, $4.3 million, and $5.0 million, respectively.

Stock Options:

Under the above plans, the exercise price of each option equals the market price of the Company’s common stock on the date of grant and the options expire ten years after the date of the grant. Options granted to employees vest at 20 or 25 percent a year and become fully vested and exercisable after five years or four years, respectively. Subject to the terms of the plans, in

58

general, the aggregate option price and any applicable tax withholdings may be satisfied in cash or its equivalent, by the plan participant's delivery of shares of the Company's common stock having a fair market value at the time of exercise equal to the aggregate option price and/or the applicable tax withholdings or, under the Stock Plan, by having shares otherwise subject to the award withheld by the Company or via cash-less exercise through a broker-dealer.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model with a single approach and amortized using a straight-line attribution method over the option's vesting period. Options granted to retirement eligible employees are immediately expensed. The Company uses historical data to estimate the expected volatility of its stock, the weighted average expected life, the period of time options granted are expected to be outstanding, and its dividend yield. The risk-free rates for periods within the contractual life of the option are based on the U.S. Treasury yield curve in effect at the time of the grant.

The assumptions used for the Black-Scholes model to determine the fair value of options granted during 2011, 2010, and 2009, are as follows:

	2011		2010		2009	
Risk-free interest rate	2.49	%	1.61 - 3.20%		0.70 - 3.55%	
Dividend yield	1.23	%	0.65 - 1.72%		1.32 - 2.04%	
Weighted-average dividend yield	1.07	%	0.95	%	1.67	%
Volatility factor	0.431		0.355 - 0.398		0.377 - 0.548	
Weighted-average volatility	0.432		0.396		0.398	
Expected term	6.3 years		6.3 years		5.6 years	
Forfeiture rate	3.59	%	2.70	%	2.58	%

A summary of the Company's outstanding stock option activity and related information is as follows:

(Shares in thousands)

Stock Options	Shares		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (000's)
Outstanding at beginning of 2009	1,439		$ 31.17		
Granted	665		17.34		
Exercised	(36	)	18.49		
Forfeited	(89	)	28.28		
Outstanding at beginning of 2010	1,979		$ 26.84		
Granted	157		29.03		
Exercised	(271	)	18.63		
Forfeited	(48	)	35.64		
Outstanding at beginning of 2011	1,817		$ 27.95		
Granted	113		43.43		
Exercised	(346	)	24.86		
Forfeited	(15	)	37.16		
Outstanding at end of period	1,569		$ 29.66	5.54 years	$22,571
Expected to vest after applying forfeiture rate	1,554		$ 29.67	5.52 years	$22,347
Vested and exercisable at end of period	1,022		$ 31.34	4.43 years	$13,258

	2011	2010	2009
Weighted average grant-date fair value of options	$17.41	$6.29	$5.64

59

Explanation of Responses:

(In millions)	2011	2010	2009
Intrinsic value of options exercised	$7.3	$3.9	$0.4
Cash received from the exercise of options	8.6	5.0	0.7
Fair value of shares vested	2.5	4.2	2.8
Tax benefit	2.1	1.3	0.1

There were no share-based liabilities paid during the 2011 and 2010 fiscal years, respectively.

A summary of the Company's non-vested stock option activity and related information is as follows:

(Shares in thousands)	Shares		Weighted-Average Grant-Date Fair Value
Non-vested at beginning of 2010	910		$23.62
Granted	157		29.03
Vested	(342	)	25.99
Forfeited	(11	)	23.42
Non-vested at beginning of 2011	714		$23.40
Granted	113		43.43
Vested	(278	)	25.38
Forfeited	(2	)	24.10
Non-vested at end of period	547		$26.53

As of December 31, 2011, there was $2.7 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the plans related to stock options. That cost is expected to be recognized over a weighted-average period of 1.70 years.

Stock Awards:
Under the Stock Plan, non-employee directors and employees may be granted stock awards, including grants of restricted shares of the Company's common stock.

Stock awards to non-employee directors are fully vested when made. Stock awards to employees generally cliff vest over 4 years and may be contingent on the attainment of certain performance goals. Dividends are paid to the recipient prior to vesting, except that dividends on performance-based stock awards under the Stock Plan will be paid only to the extent the performance goals are met. Stock awards granted to retirement eligible employees were immediately expensed in 2011 and 2010.

60

A summary of the Company’s restricted stock award activity and related information is as follows:

(Shares in thousands)	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at beginning of 2010	72	$39.86
Awarded	101	29.89
Vested	(44)	41.61
Forfeited	(1)	32.84
Non-vested at beginning of 2011	128	$31.86
Awarded	68	43.40
Vested	(3)	38.45
Forfeited	(21)	46.79
Non-vested at end of period	172	$34.47

As of December 31, 2011, there was $3.3 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Stock Plan related to stock awards. That cost is expected to be recognized over a weighted-average period of 2.31 years.

16. SEGMENT AND GEOGRAPHIC INFORMATION

The Company’s business consists of the Water Systems and Fueling Systems reportable segments, based on the principal end market served. The Company includes unallocated corporate expenses and inter-company eliminations in an “Other” segment that together with the Water Systems and Fueling Systems segments, represent the Company.

The Water Systems segment designs, manufactures and sells motors, pumps, electronic controls and related parts and equipment primarily for use in submersible water and other fluid system applications. The Fueling Systems segment designs, manufactures and sells pumps, electronic controls and related parts and equipment primarily for use in submersible fueling system applications. The Fueling Systems segment integrates and sells motors and electronic controls produced by the Water Systems segment.

The accounting policies of the Company's reportable segments are the same as those described in Note 1 (Summary of Significant Accounting Policies). Performance is evaluated based on the sales and operating income of the segments and a variety of ratios to measure performance. These results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented.

Financial information by reportable segment is as follows:

(In millions)	2011	2010	2009	2011	2010 As Adjusted (Note 3)	2009 As Adjusted (Note 3)
	Net sales to external customers			Operating income (loss)		
Water Systems	$654.1	$583.3	$504.8	$105.3	$84.0	$55.9
Fueling Systems	167.0	130.5	121.2	31.3	17.4	20.9
Other	—	—	—	(43.2)	(37.4)	(33.1)
Consolidated	$821.1	$713.8	$626.0	$93.4	$64.0	$43.7

	2011	2010 As Adjusted (Note 3)		2011	2010	2009
	Total assets			Depreciation		
Water Systems	$535.3	$458.9		$15.2	$16.2	$17.6
Fueling Systems	222.2	221.1		1.8	1.4	1.2
Other	72.0	108.6		2.4	1.9	1.4
Consolidated	$829.5	$788.6		$19.4	$19.5	$20.2

	2011	2010	2009	2011	2010	2009
	Amortization			Capital expenditures		
Water Systems	$4.2	$3.2	$3.3	$13.8	$10.8	$9.5
Fueling Systems	1.7	1.4	1.8	1.8	0.1	0.3
Other	—	—	—	5.5	1.9	4.1
Consolidated	$5.9	$4.6	$5.1	$21.1	$12.8	$13.9

Cash is the major asset group in “Other” of total assets.

Financial information by geographic region is as follows:

(In millions)	2011	2010	2009	2011	2010
	Net sales			Long-lived assets	
United States	$371.0	$319.9	$279.0	$257.0	$258.5
Foreign	450.1	393.9	347.0	172.0	150.9
Consolidated	$821.1	$713.8	$626.0	$429.0	$409.4

No single customer accounted for more than 10 percent of the Company's consolidated sales and accounts receivable in 2011, 2010, or 2009.

17. CONTINGENCIES AND COMMITMENTS

In August 2010, the California Air Resources Board ("CARB") filed a civil complaint in the Los Angeles Superior Court against the Company and Franklin Fueling Systems, Inc. (a wholly-owned subsidiary of the Company). The complaint relates to a third-party-supplied component part of the Company's Healy 900 Series nozzle, which is part of the Company's Enhanced Vapor Recovery ("EVR") Systems installed in California gasoline filling stations. This part, a diaphragm, was the subject of a retrofit during the first half of 2008. As the Company previously reported, in October 2008 CARB issued a Notice of Violation to the Company alleging that the circumstances leading to the retrofit program violated California statutes and regulations. The Company and CARB worked to resolve the diaphragm matter without court action, but were unable to reach agreement.

The claims in the complaint mirror those that CARB presented to the Company in the Notice of Violation, and include claims that the Company negligently and intentionally sold nozzles with a modified diaphragm without required CARB certification. The Company believes that, throughout the period to which the complaint relates, it acted in full cooperation with CARB and in the best interests of CARB's vapor emissions control program. Although the complaint seeks penalties of at least $25.0 million, it is the Company's position that there is no reasonable basis for penalties of this amount.

In addition, as the Company has previously reported, the Sacramento Metropolitan Air Quality Management District ("SMAQMD") issued a Notice of Violation to the Company concerning the diaphragm matter in March 2008. Discussions with that agency about the circumstances leading to the retrofit in its jurisdiction and the resolution of the agency's concerns did not result in agreement, and in November 2010 SMAQMD filed a civil complaint in the Sacramento Superior Court, mirroring the claims brought by CARB with respect to the diaphragm issue and also alleging violation of SMAQMD rules. SMAQMD's suit asks for at least $5.0 million in penalties for the violations claimed in its jurisdiction.

In July 2010, the Company entered into a tolling agreement with the South Coast Air Quality Management District ("SCAQMD") and began discussions with that agency about the circumstances leading to the retrofit in its jurisdiction and the resolution of the agency's concerns. Those discussions did not result in agreement and in December 2010, SCAQMD filed a civil complaint against the Company in Los Angeles Superior Court. The complaint alleges violations of California statutes and regulations, similar to the complaint filed by CARB, as well as violation of SCAQMD rules, and seeks penalties of at least $12.5 million. The SCAQMD complaint does not allege an intentional violation of any statute, rule, or regulation. This case has now been consolidated with the CARB case in Los Angeles Superior Court.

The Company believes that there is no reasonable basis for the amount of penalties claimed in the SMAQMD and SCAQMD suits. The Company has answered the SMAQMD and SCAQMD complaints, as well as the CARB complaint, denying liability and asserting affirmative defenses. Discovery in all these cases has commenced and the consolidated CARB and SCAQMD cases are set for trial on May 7, 2012.

Neither CARB's filing of its suit nor the air district suits have any effect on CARB's certification of the Company's EVR System or any other products of the Company or its subsidiaries, and so do not interfere with continuing sales. CARB has never decertified the Company's EVR System and does not propose to do so now.

The Company remains willing to discuss these matters and work toward resolving them. The Company cannot predict the ultimate outcome of discussions to resolve these matters or any proceedings with respect to them. Penalties awarded in the CARB or any air district proceedings or payments resulting from a settlement of these matters, depending on the amount, could have a material effect on the Company's results of operations.

63

On July 31, 2009, Sta-Rite Industries, LLC and Pentair, Inc. filed an action against the Company in the U.S. District Court for the Northern District of Ohio, alleging breach of the parties' 2004 Settlement Agreement and tortious interference with contract based on the Company's pricing of submersible electric products and seeking damages in excess of $10.0 million for each claimant. The Company has denied liability, is defending the case vigorously, and has filed a counterclaim alleging Sta-Rite and Pentair's breach of the same Settlement Agreement. Both the Company and Sta-Rite/Pentair filed Motions for Summary Judgment. The judge granted the Company's motion and dismissed Sta-Rite/Pentair's claims against it in September 2011. The judge also granted Sta-Rite/Pentair's motion for summary judgment and dismissed the Company's counterclaim. Sta-Rite/Pentair is appealing the dismissal of its claims. The Company cannot predict the ultimate outcome of this litigation, and any settlement or adjudication of this matter, depending on the amount, could have a material effect on the Company's results of operations.

The Company is defending various other claims and legal actions, including environmental matters, which have arisen in the ordinary course of business. In the opinion of management, based on current knowledge of the facts and after discussion with counsel, these claims and legal actions can be successfully defended or resolved without a material adverse effect on the Company’s financial position, results of operations, and net cash flows.

Total rent expense charged to operations for operating leases including contingent rentals was $8.8 million, $7.9 million, and $7.6 million for 2011, 2010, and 2009, respectively.

The future minimum rental payments for non-cancelable operating leases as of December 31, 2011, are as follows:

(In millions)	2012	2013	2014	2015	2016
Future minimum rental payments	$7.3	$4.0	$3.6	$1.0	$1.0

Rental commitments subsequent to 2016 are not significant by year, but aggregated are $2.2 million in total.

At December 31, 2011, the Company had $23.6 million of commitments primarily for the purchase of machinery and equipment, and building expansions.

The changes in the carrying amount of the warranty accrual, as recorded in "Accrued expenses" in the Company's consolidated balance sheets for 2011 and 2010, are as follows:

(In millions)	2011	2010
Beginning balance	$9.4	$8.8
Accruals related to product warranties	8.4	7.8
Reductions for payments made	(7.9)	(7.2)
Ending balance	$9.9	$9.4

18. RESTRUCTURING

Phase III of the Global Manufacturing Realignment Program was substantially complete as of the end of 2010. In 2011, the Company incurred residual asset write-off and severance expenses related to the completion of Phase III. In June 2011, the Company announced Phase IV of the Global Manufacturing Realignment Program. The Company will transfer approximately 260,000 annual man hours of manufacturing activity from the Oklahoma City, Oklahoma facility primarily to the Linares, Mexico facility with a small portion of the transfer going to another Oklahoma City based facility. Transfers related to the Oklahoma City facility should be completed by the end of the first quarter 2012. The Company also expects to incur miscellaneous expenses associated with realignments and movements of manufacturing and distribution facilities in a variety of international locations, including the relocation to a new manufacturing facility in Joinville, Brazil.

The Company has estimated the pretax charge for Phase IV to be between $2.6 million and $5.2 million, of which $1.2 million to $3.5 million is for closing the Oklahoma City manufacturing facility. Charges related to Phase IV began in the second quarter of 2011 and will substantially end in the fourth quarter 2012 and include severance, pension curtailments, asset write-offs, and equipment relocation. Approximately 50.0% to 60.0% of these charges will be non-cash.

64

Costs incurred in the twelve months ended December 31, 2011, included in the “Restructuring expense” line of the Company's consolidated statement of income, are as follows:

(In millions)	Water Systems	Fueling Systems	Other	Consolidated
Severance and other employee assistance costs	$0.3	$0.1	$—	$0.4
Equipment relocations	0.3	—	—	0.3
Asset write-off	0.9	—	—	0.9
Total	$1.5	$0.1	$—	$1.6

Restructuring expenses of $5.3 million and $6.2 million were incurred in 2010 and 2009, respectively, primarily for the Water Systems realignment.

As of December 31, 2011 and January 1, 2011, there was $0.1 million and $0.2 million, respectively, in restructuring reserves primarily for severance.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)
Unaudited quarterly financial information for 2011 and 2010, from continuing operations, is as follows:

(In millions, except per share amounts)	Net Sales	Gross Profit	Net Income	Net Income Attributable to Franklin Electric Co., Inc.	Basic Earnings Per Share	Diluted Earnings Per Share
2011						
1st quarter	$185.4	$60.5	$10.9	$10.7	$0.46	$0.45
2nd quarter	224.1	77.2	22.0	21.7	0.92	0.91
3rd quarter	224.4	73.7	19.3	19.2	0.82	0.80
4th quarter	187.2	60.9	11.5	11.5	0.51	0.50
	$821.1	$272.3	$63.7	$63.1	$2.71	$2.65
2010		As Adjusted (Note 3)				
1st quarter	$160.0	$50.6	$7.6	$7.3	$0.32	$0.31
2nd quarter	190.4	64.6	11.4	11.2	0.48	0.47
3rd quarter	188.4	59.5	12.6	12.3	0.53	0.52
4th quarter	175.0	55.5	8.3	8.1	0.35	0.34
	$713.8	$230.2	$39.9	$38.9	$1.68	$1.65

Basic and diluted earnings per share amounts are computed independently for each of the quarters presented. As a result, the sum of the quarterly earnings per share amounts may not equal the annual earnings per share amount.

65

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Directors, Franklin Electric Co., Inc.:

We have audited the accompanying consolidated balance sheets of Franklin Electric Co., Inc. and subsidiaries (the "Company") as of December 31, 2011 and January 1, 2011, and the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Franklin Electric Co., Inc. and subsidiaries as of December 31, 2011 and January 1, 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 3 to the consolidated financial statements, the Company has elected to change its method of accounting for all of its inventories that used the last-in, first-out ("LIFO") method to the first-in, first-out ("FIFO") method effective January 2, 2011.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 29, 2012, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/DELOITTE & TOUCHE LLP
Chicago, Illinois
February 29, 2012

ITEM 9. CHANGES IN AND DISARGEEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report (the “Evaluation Date”), the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and the Company’s Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Company’s Chief Executive Officer and the Company’s Chief Financial Officer concluded that, as of the Evaluation Date, the Company’s disclosure controls and procedures were effective.

There have been no changes in the Company’s internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15 under the Exchange Act during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect the Company’s internal control over financial reporting.

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

System of Internal Control over Financial Reporting:

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting of the Company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in Internal Control-Integrated Framework (the “Framework”) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management did not include in the scope of this evaluation Impo, which was acquired during 2011 and whose financial statements constitute 4.3 percent of net assets, 6.2 percent of total assets, 2.1 percent of revenues, and (1.2) percent of net income attributable to Franklin Electric Co., Inc. of the consolidated financial statement amounts as of and for the year ended December 31, 2011. Based on its evaluation, management concluded that the Company’s system of internal control over financial reporting was effective as of December 31, 2011.

Our independent registered accounting firm has issued an audit report on the effectiveness of the Company’s internal control over financial reporting. This report appears on page 68.

67

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Directors, Franklin Electric Co., Inc.:

We have audited the internal control over financial reporting of Franklin Electric Co., Inc. and subsidiaries (the "Company") as of December 31, 2011 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Impo Motor Pompa Sanayi ve Ticaret A.S. (“Impo”), which was acquired on May 2, 2011 and whose financial statements constitute 4.3 percent of net assets, 6.2 percent of total assets, 2.1 percent of revenues, and (1.2) percent of net income attributable to Franklin Electric Co., Inc. of the consolidated financial statement amounts as of and for the year ended December 31, 2011. Accordingly, our audit did not include the internal control over financial reporting at Impo. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December

31, 2011 of the Company and our report dated February 29, 2012 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph relating to the Company's change in its method of accounting for all of its inventories that used the last-in, first-out ("LIFO") method to the first-in, first-out ("FIFO") method effective January 2, 2011.

/s/DELOITTE & TOUCHE LLP
Chicago, Illinois
February 29, 2012

68

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning directors and director nominees required by this Item 10 is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2012, under the headings of "ELECTION OF DIRECTORS" and "INFORMATION CONCERNING NOMINEES AND CONTINUING DIRECTORS," and is incorporated herein by reference.

The information concerning executive officers required by this Item 10 is contained in Part I of this Form 10-K under the heading of "EXECUTIVE OFFICERS OF THE REGISTRANT," and is incorporated herein by reference.

The information concerning Regulation S-K, Item 405 disclosures of delinquent Form 3, 4, or 5 filers required by this Item 10 is set forth in the Company’s Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2012, under the heading of “SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE,” and is incorporated herein by reference.

The information concerning the procedures for shareholders to recommend nominees to the Company’s board of directors, the Audit Committee of the board of directors, and the Company’s code of conduct and ethics required by this Item 10 is set forth in the Company’s Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2012 under the heading “INFORMATION ABOUT THE BOARD AND ITS COMMITTEES,” and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2012, under the headings of “INFORMATION ABOUT THE BOARD AND ITS COMMITTEES,” “MANAGEMENT ORGANIZATION AND COMPENSATION COMMITTEE REPORT,” “COMPENSATION, DISCUSSION AND ANALYSIS,” “SUMMARY COMPENSATION TABLE,” “GRANT OF PLAN BASED AWARDS TABLE,” “OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE,” “OPTION EXCERCISES AND STOCK VESTED TABLE,” “PENSION BENEFITS TABLE,” “NON-QUALIFIED DEFERRED COMPENSATION,” “POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL OF THE COMPANY,” and “DIRECTOR COMPENSATION,” and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2012, under the headings of "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS,” “SECURITY OWNERSHIP OF MANAGEMENT" and “SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS,” and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is set forth in the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2012, under the heading “INFORMATION ABOUT THE BOARD AND ITS COMMITTEES,” and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is set forth in the Company’s Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2012, under the heading “PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE 2012 FISCAL YEAR,” and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(In millions)	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions (a)	Other (b)	Balance at End of Period
2011					
Allowance for doubtful accounts	$2.3	$0.8	$0.1	$—	$3.0
Allowance for deferred taxes	3.4	0.2	—	—	3.6
2010					
Allowance for doubtful accounts	$2.5	$(0.2)	$0.1	$0.1	$2.3
Allowance for deferred taxes	—	3.4	—	—	3.4
2009					
Allowance for doubtful accounts	$2.1	$0.3	$0.2	$0.3	$2.5
Allowance for deferred taxes	—	—	—	—	—

(a) Charges for which allowances were created.
(b) Primarily related to acquisitions.

72

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FRANKLIN ELECTRIC CO., INC.
Registrant

Date: February 29, 2012	By	/s/ R. Scott Trumbull R. Scott Trumbull, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 29, 2012.

By /s/ R. Scott Trumbull
R. Scott Trumbull
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ John J. Haines
John J. Haines
Vice President and Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

/s/ Jerome D. Brady
Jerome D. Brady
Director

/s/ David T. Brown
David T. Brown
Director

/s/ David A. Roberts
David A. Roberts
Director

/s/ Thomas R. VerHage
Thomas R. VerHage
Director

/s/ David M. Wathen
David M. Wathen
Director

/s/ Thomas L. Young
Thomas L. Young
Director

FRANKLIN ELECTRIC CO., INC.
EXHIBIT INDEX TO THE ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Number	Description
3.1	Amended and Restated Articles of Incorporation of Franklin Electric Co., Inc. (incorporated by reference to the Company's Form 8-K filed on May 3, 2007)
3.2	By-Laws of Franklin Electric Co., Inc. as amended July 25, 2008 (incorporated by reference to Exhibit 3.1 of the Company’s Form 8-K filed on July 29, 2008)
10.1	Franklin Electric Co., Inc. Stock Option Plan (incorporated by reference to Exhibit 10.4 of the Company’s Form 10-K for the fiscal year ended January 3, 2004)*
10.2	Franklin Electric Co., Inc. Stock Plan (incorporated by reference to the Company’s 2005 Proxy Statement for the Annual Meeting held on April 29, 2005, and included as Exhibit A to the Proxy Statement)*
10.3	Franklin Electric Co., Inc. Amended and Restated Stock Plan (incorporated by reference to the Company’s 2009 Proxy Statement for the Annual Meeting held on April 24, 2009, and included as Exhibit A to the Proxy Statement)*
10.4	Franklin Electric Co., Inc. Non-employee Directors’ Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 of the Company’s Form 10-Q for the quarter ended on April 1, 2006)*
10.5	First Amendment to the Franklin Electric Co., Inc. Nonemployee Directors’ Deferred Compensation Plan dated February 19, 2010 (incorporated by reference to Exhibit 10.5 of the Company's Form 10-K for the fiscal year ended January 1, 2011)*
10.6	Second Amendment to the Franklin Electric Co., Inc. Nonemployee Directors' Deferred Compensation Plan dated May 6, 2011 (filed herewith)*
10.7	Amended and Restated Franklin Electric Co., Inc. Pension Restoration Plan (incorporated by reference to Exhibit 10.4 of the Company’s Form 10-K filed for the fiscal year ended January 3, 2009)*
10.8	Franklin Electric Co., Inc. Deferred Compensation Plan effective December 12, 2008 (incorporated by reference to Exhibit 10.2 of the Company’s Form 8-K filed on December 17, 2008)*
10.9	Employment Agreement dated December 3, 2002 between the Company and Scott Trumbull and amended on February 18, 2009 and March 2, 2010 (incorporated by reference to Exhibit 10.10 of the Company’s Form 10-K for the fiscal year ended December 28, 2002; Exhibit 10.6 of the Company’s Form 10-K for the fiscal year ended January 3, 2009; and Exhibit 10.7 of the Company’s Form 10-K for the fiscal year ended January 3, 2010)*
10.10	Amended Employment Agreement dated December 20, 2002 between the Company and Gregg C. Sengstack and amended on July 25, 2008 and February 20, 2009 (incorporated by reference to Exhibit 10.12 of the Company’s Form 10-K for the fiscal year ended December 28, 2002; Exhibit 10.1 of the Company’s Form 8-K dated July 23, 2005; and Exhibit 10.7 of the Company’s Form 10-K for the fiscal year ended January 3, 2009)*
10.11	Employment Agreement dated as of April 14, 2008 between the Company and John J. Haines and amended on February 18, 2009 (incorporated by reference to Exhibit 10.1 of the Company’s Form 8-K dated April 7, 2008 and Exhibit 10.8 of the Company’s Form 10-K for the fiscal year ended January 3, 2009)*
10.12	Form of Confidentiality and Non-Compete Agreement between the Company and R. Scott Trumbull, Gregg C. Sengstack, Daniel J. Crose, Robert J. Stone, Thomas J. Strupp, Delancey W. Davis and John J. Haines (incorporated by reference to Exhibit 10.15 of the Company’s Form 10-K for the fiscal year ended January 1, 2005)*
10.13	Form of Employment Security Agreement between the Company and DeLancey W. Davis, Daniel J. Crose, Robert J. Stone, and Thomas J. Strupp (incorporated by reference to Exhibit 10.1 of the Company’s Form 8-K filed on December 17, 2008)*
10.14	

	Executive Officer Annual Incentive Cash Bonus Program (incorporated by reference to Exhibit 10.17 of the Company's Form 10-K for the fiscal year ended January 1, 2005)*
10.15	Franklin Electric Co., Inc. Management Incentive Plan (incorporated by reference to Exhibit A to the Company's Proxy Statement for the Annual Meeting of Shareholders held April 30, 2010)*

74

10.16	Form of Non-Qualified Stock Option Agreement for Non-Director Employees (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the quarter ended April 2, 2005)*
10.17	Form of Non-Qualified Stock Option Agreement for Director Employees (incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q for the quarter ended April 2, 2005)*
10.18	Form of Restricted Stock Agreement for Non-Director Employees (incorporated by reference to Exhibit 10.20 of the Company's Form 10-K for the fiscal year ended December 31, 2005)*
10.19	Form of Restricted Stock Agreement for Director Employees (incorporated by reference to Exhibit 10.21 of the Company's Form 10-K for the fiscal year ended December 31, 2005)*
10.20	Form of Restricted Stock Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.23 of the Company's Form 10-K for the fiscal year ended December 30, 2006)*
10.21	Form of Non-Qualified Stock Option Agreement for Non-Director Employees (incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q for the quarter ended April 4, 2009)*
10.22	Form of Non-Qualified Stock Option Agreement for Director Employees (incorporated by reference to Exhibit 10.3 of the Company's Form 10-Q for the quarter ended April 4, 2009)*
10.23	Form of Restricted Stock Agreement for Non-Director Employees (incorporated by reference to Exhibit 10.4 of the Company's Form 10-Q for the quarter ended April 4, 2009)*
10.24	$120,000,000 Amended and Restated Credit Agreement dated December 14, 2006, between the Company and JPMorgan Chase, as Administrative Agent (incorporated by reference to Exhibit 2.04 of the Company's Form 8-K filed on December 21, 2006)
10.25	Amendment No. 1 to the $120,000,000 Amended and Restated Credit Agreement, dated February 26, 2008, between the Company and JPMorgan Chase, as Administrative Agent (incorporated by reference to Exhibit 10.20 of the Company's Form 10-K for the fiscal year ended January 3, 2009)
10.26	Amendment No. 2 to the $120,000,000 Amended and Restated Credit Agreement, dated February 26, 2008, between the Company and JPMorgan Chase, as Administrative Agent (incorporated by reference to Exhibit 10.20 of the Company's Form 8-K filed on December 15, 2011)
10.27	Second Amended and Restated Note Purchase and Private Shelf Agreement dated September 9, 2004 between the Company and the Prudential Insurance Company of America and others (incorporated by reference to Exhibit 10.12 of the Company's Form 10-Q for the quarter ended October 2, 2004)
10.28	Amendment and PruShelf Renewal and Extension, dated April 9, 2007, between the Company and Prudential Insurance Company of America and others (incorporated by reference to the Company's Form 8-K filed on May 3, 2007)
10.29	Amendment No. 2 to the Second Amended and Restated Note Purchase and Private Shelf Agreement, dated February 26, 2008, between the Company and the Prudential Insurance Company of America and others (incorporated by reference to Exhibit 10.23 of the Company's Form 10-K for the fiscal year ended January 3, 2009)
10.30	Amendment No. 3 to Second Amended and Restated Note Purchase and Private Shelf Agreement, dated July 22, 2010 between the Company and Prudential Insurance Company of America and others (incorporated by reference to Company's Form 10-Q for the quarter ended July, 3, 2010)
10.31	Amendment No. 4 to Second Amended and Restated Note Purchase and Private Shelf Agreement, dated July 22, 2010 between the Company and Prudential Insurance Company of America and others (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on December 15, 2011)
18.1	Franklin Electric Co., Inc. and Subsidiaries Preferability Letter from Independent Registered Public Accounting Firm (incorporated by reference to Exhibit 18.1 of the Company's Form 10-Q for the quarter ended April 2, 2011)
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes–Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes–Oxley Act of 2002
32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Forward-Looking Statements

75

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

* Management Contract, Compensatory Plan, or Arrangement

76