

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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- 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)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

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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

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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 52 nd 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

Includes shares issuable pursuant to stock options exercisable within 60 days after March 7, 2016 as follows: Mr.

(1) 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.

Does not include stock units credited pursuant to the terms of the Non-Employee Directors' Deferred Compensation

(2) 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.

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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