
Franklin Resources, Inc. Second Quarter Results

April 28, 2009



Forward-Looking Statements

The financial results in this presentation are preliminary. Statements in this presentation regarding Franklin Resources, Inc. ("Franklin") and its subsidiaries, which are not historical facts, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of known and unknown risks, uncertainties and other important factors, some of which are listed below, that could cause the actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. These and other risks, uncertainties and other important factors are described in more detail in Franklin's recent filings with the U.S. Securities and Exchange Commission, including, without limitation, in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in Franklin's Annual Report on Form 10-K for the fiscal year ended September 30, 2008, and Franklin's subsequent Form 10-Q filing.

- We are subject to extensive and complex, overlapping and frequently changing rules, regulations and legal interpretations.
- Regulatory and legislative actions and reforms have made the regulatory environment in which we operate more costly and future actions and reforms could adversely impact our assets under management, increase costs and negatively impact our profitability and future financial results.
- The amount and mix of our assets under management are subject to significant fluctuations and could negatively impact our revenues and income.
- Our ability to maintain the beneficial tax treatment we anticipate with respect to non-U.S. earnings we have repatriated is based on current interpretations of the American Jobs Creation Act of 2004 (the "Jobs Act") and permitted use of such amounts in accordance with our domestic reinvestment plan and the Jobs Act.
- Any significant limitation or failure of our software applications and other technology systems that are critical to our operations could constrain our operations.
- We face risks, and corresponding potential costs and expenses, associated with conducting operations and growing our business in numerous countries.
- We depend on key personnel and our financial performance could be negatively affected by the loss of their services.
- Strong competition from numerous and sometimes larger companies with competing offerings and products could limit or reduce sales of our products, potentially resulting in a decline in our market share, revenues and net income.
- Changes in the distribution and sales channels on which we depend could reduce our revenues and hinder our growth.
- Our increasing focus on international markets as a source of investments and sales of investment products subjects us to increased exchange rate and other risks in connection with earnings and income generated overseas.
- Poor investment performance of our products could affect our sales or reduce the level of assets under management, potentially negatively impacting our revenues and income.
- We could suffer losses in earnings or revenue if our reputation is harmed.
- Our future results are dependent upon maintaining an appropriate level of expenses, which is subject to fluctuation.
- Our ability to successfully integrate widely varied business lines can be impeded by systems and other technological limitations.
- Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.
- Certain of the portfolios we manage, including our emerging market portfolios, are vulnerable to significant market-specific political, economic or other risks, any of which may negatively impact our revenues and income.
- Our revenues, earnings and income could be adversely affected if the terms of our management agreements are significantly altered or these agreements are terminated by the funds we advise.
- Regulatory and governmental examinations and/or investigations, civil litigation relating to previously-settled regulatory and governmental investigations, and the legal risks associated with our business, could adversely impact our assets under management, increase costs and negatively impact our profitability and/or our future financial results.
- Our ability to meet cash needs depends upon certain factors, including our asset value, credit worthiness and the market value of our stock.
- Our ability to access the capital markets in a timely manner should we seek to do so depends on a number of factors.
- Diverse and strong competition limits the interest rates that we can charge on consumer loans.
- Our business could be negatively affected if we or our banking subsidiaries fail to remain well capitalized.
- Liquidity needs could affect our banking business.

Audio Commentary and Conference Call Details

Pre-recorded audio commentary on the second quarter results from Franklin Resources, Inc.'s President and Chief Executive Officer, Greg Johnson, and Executive Vice President and Chief Financial Officer, Ken Lewis, will be available today at approximately 9:15 a.m. Eastern Time. They will also lead a live teleconference today at 4:30 p.m. Eastern Time to answer questions.

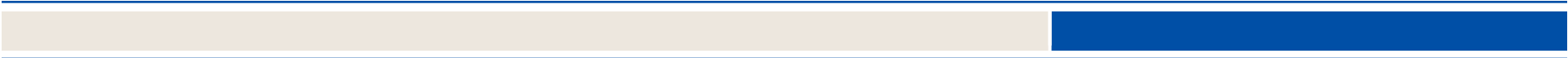
Access to the pre-recorded audio commentary and this presentation will be available at franklinresources.com under the "Investor relations – Earnings releases" section. The pre-recorded audio commentary will also be available by dialing (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally using access code 92817003, anytime through 11:59 p.m. Eastern Time on May 12, 2009.

Access to the live teleconference will be available at franklinresources.com 10 minutes before the start of the call or by dialing (877) 480-6346 in the U.S. and Canada or (706) 902-1906 internationally. A replay of the call can be accessed by calling (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally using access code 92048659, after 5:30 p.m. Eastern Time today through 11:59 p.m. Eastern Time on May 12, 2009.

Questions regarding the pre-recorded audio commentary or teleconference should be directed to Franklin Resources, Inc., Investor Relations at (650) 312-4091 or Corporate Communications at (650) 312-2245.

Highlights of the Quarter

- **Net flows improved from the prior quarter**
- **Relative investment performance continues to improve**
- **Income before taxes was \$178 million despite incurring approximately \$86 million of unrealized losses**



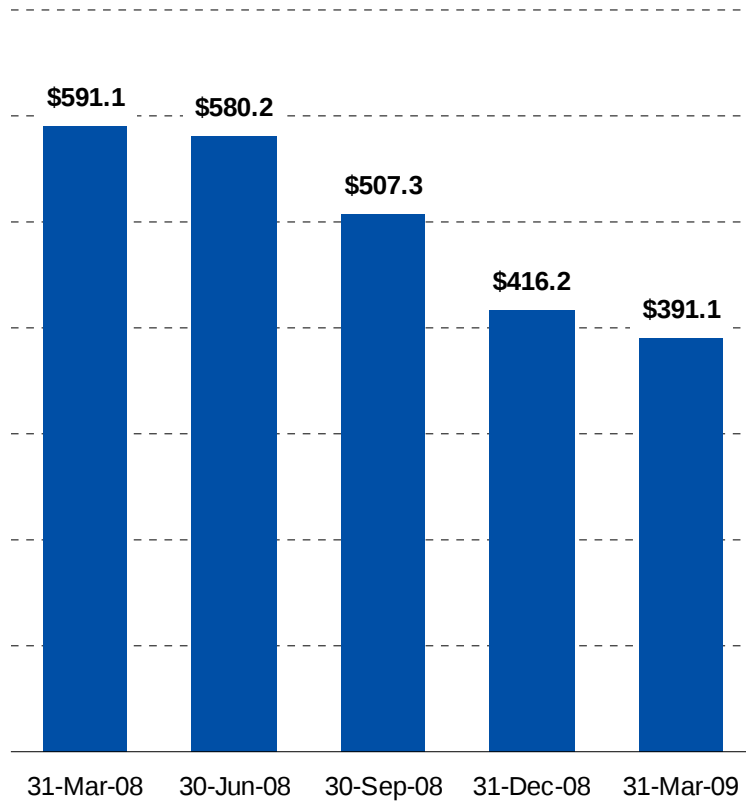
ASSETS UNDER MANAGEMENT



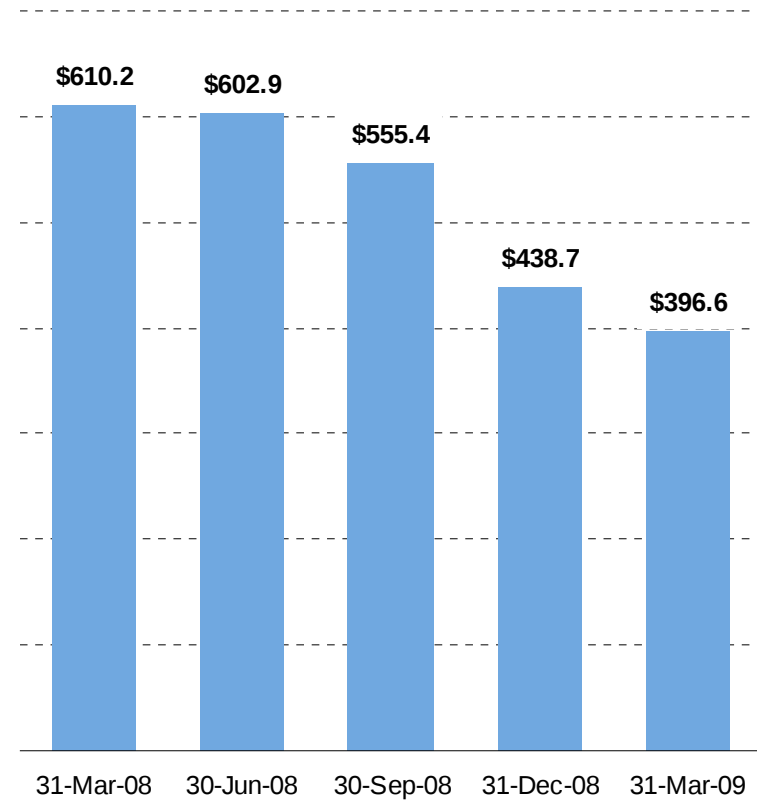
Assets Under Management

(in billions, for three months ended)

End of Period



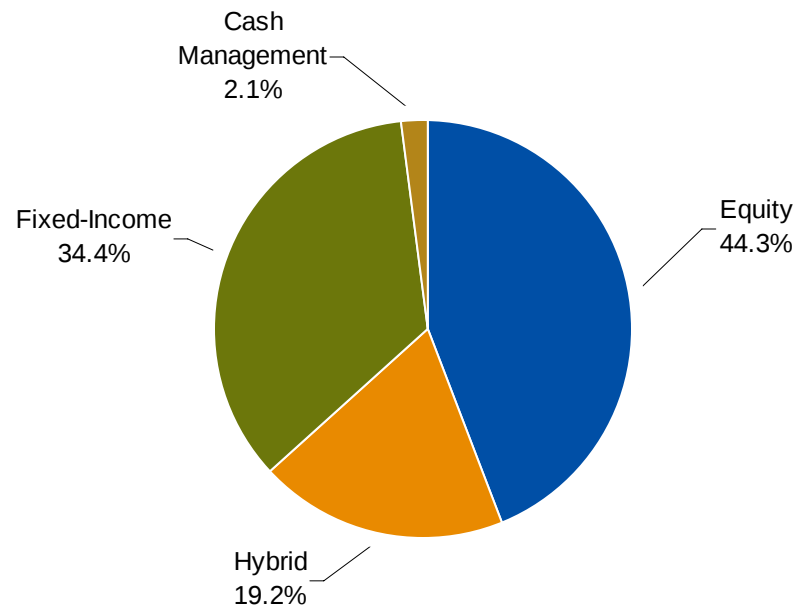
Simple Monthly Average



Assets Under Management

by Investment Objective

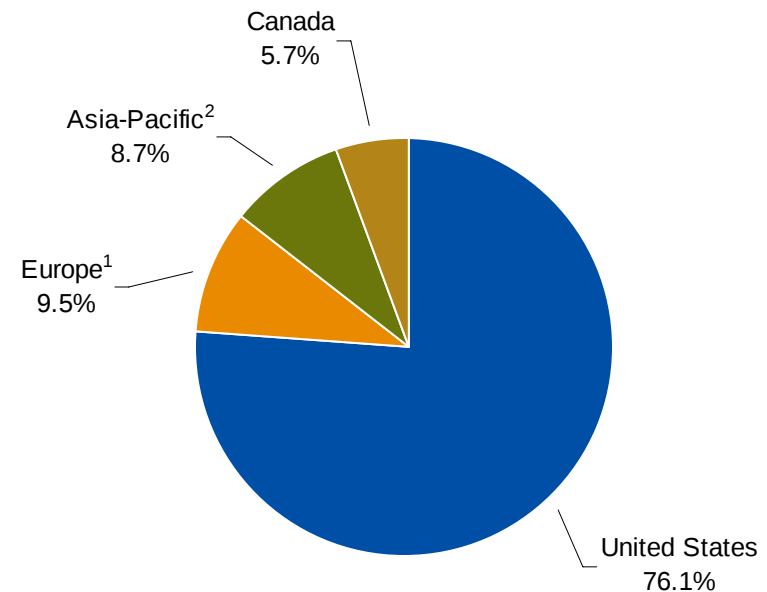
(chart is as of March 31, 2009)



(in billions)	31-Mar-09	31-Dec-08	% Change
Equity	\$ 173.2	\$ 197.8	(12%)
Hybrid	75.0	78.8	(5%)
Fixed-Income	134.8	131.8	2%
Cash Management	8.1	7.8	4%
Total	\$ 391.1	\$ 416.2	(6%)

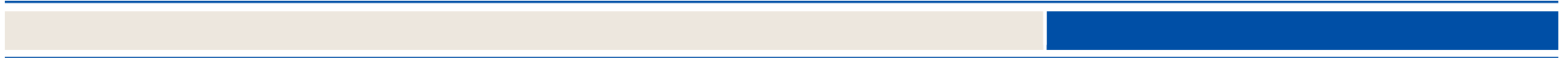
by Sales Region

(chart is as of March 31, 2009)



(in billions)	31-Mar-09	31-Dec-08	% Change
United States	\$ 297.5	\$ 313.8	(5%)
Europe¹	37.2	41.2	(10%)
Asia-Pacific²	34.2	35.9	(5%)
Canada	22.2	25.3	(12%)
Total	\$ 391.1	\$ 416.2	(6%)

¹Europe sales region includes Middle East and Africa. ²Asia-Pacific sales region includes Latin America.

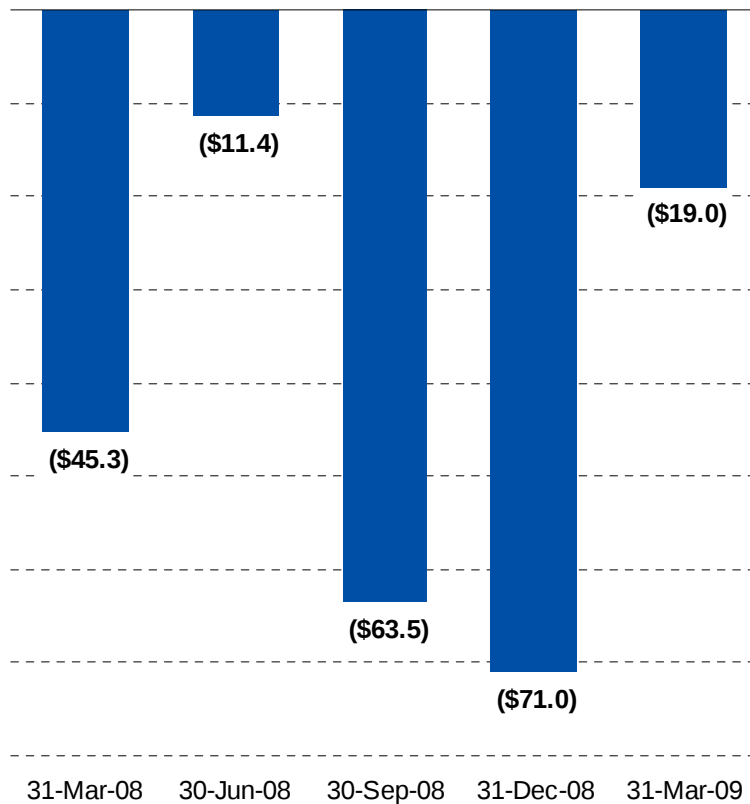


FLOW SUMMARY

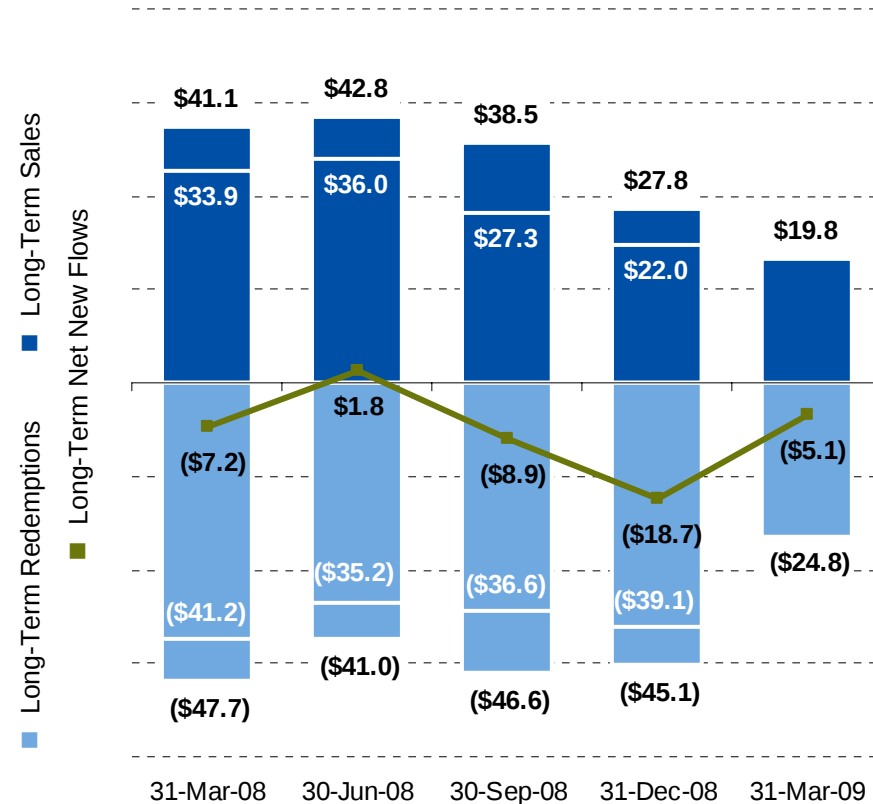
Flow Summary

(in billions, for the three months ended)

Market Depreciation



Long-Term Flows¹



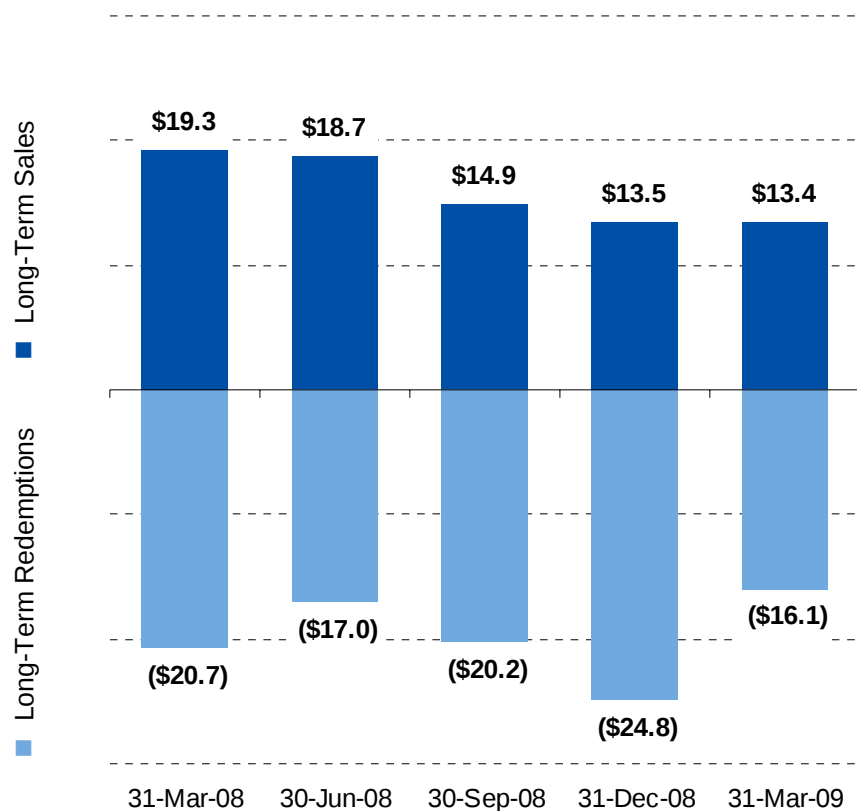
Long-term sales	\$ 41.1	\$ 42.8	\$ 38.5	\$ 27.8	\$ 19.8
Long-term redemptions	(47.7)	(41.0)	(46.6)	(45.1)	(24.8)
Net cash management	0.5	(0.6)	(0.5)	(0.9)	(0.5)
Total net new flows	\$ (6.1)	\$ 1.2	\$ (8.6)	\$ (18.2)	\$ (5.5)

¹Long-term net new flows are defined as long-term sales less long-term redemptions plus long-term net exchanges. Prior period amounts in white are for comparison purposes only and represent pro forma long-term sales and redemptions, adjusted for certain amounts previously included in global/international fixed-income that are included in cash management beginning January 1, 2009.

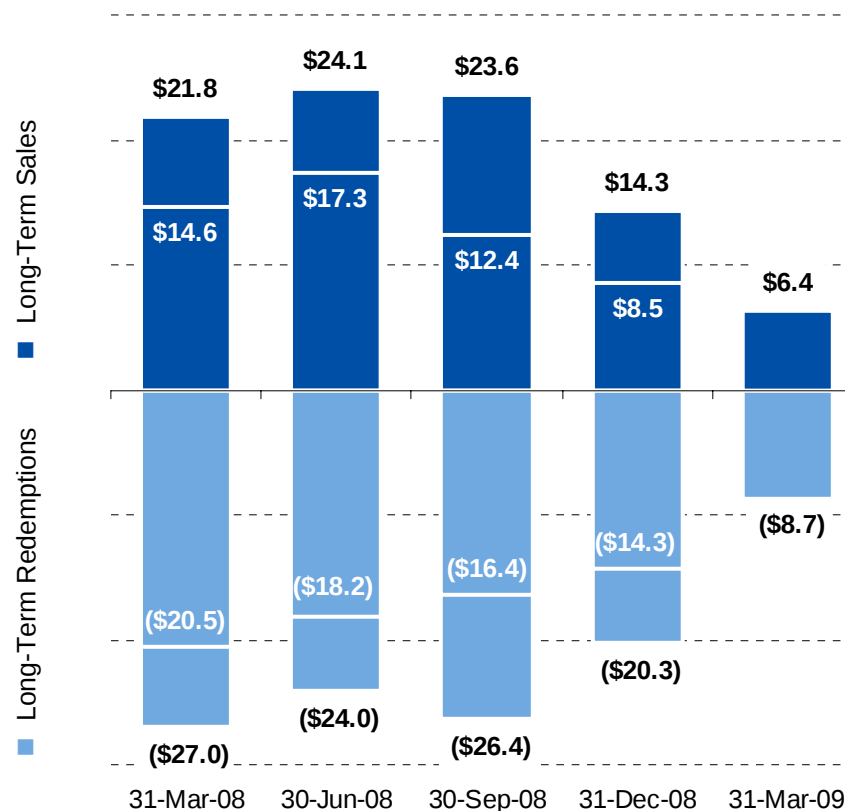
United States and International Flows

(in billions, for the three months ended)

United States



International¹

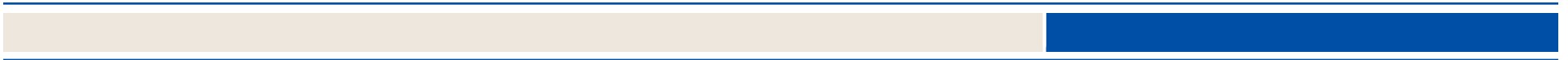


¹Prior period amounts in white are for comparison purposes only and represent pro forma long-term sales and redemptions, adjusted for certain amounts previously included in global/international fixed-income that are included in cash management beginning January 1, 2009.

Net New Flows by Investment Objective

(for the three months ended)

(\$ in billions)	31-Mar-09	31-Dec-08	Mar-09 vs. Dec-08	31-Mar-08	Mar-09 vs. Mar-08
Equity sales	\$ 7.5	\$ 11.1	(32%)	\$ 16.4	(54%)
Equity redemptions	(12.3)	(18.5)	(34%)	(27.0)	(54%)
Equity net exchanges	(0.7)	(1.1)	(36%)	(1.3)	(46%)
Equity Net New Flows	(5.5)	(8.5)	(35%)	(11.9)	(54%)
Hybrid sales	2.7	2.5	8%	3.4	(21%)
Hybrid redemptions	(3.4)	(5.0)	(32%)	(3.8)	(11%)
Hybrid net exchanges	(0.1)	(0.7)	(86%)	(0.2)	(50%)
Hybrid Net New Flows	(0.8)	(3.2)	(75%)	(0.6)	33%
Fixed-income sales	9.6	14.2	(32%)	21.3	(55%)
Fixed-income redemptions	(9.1)	(21.6)	(58%)	(16.9)	(46%)
Fixed-income net exchanges	0.7	0.4	75%	0.9	(22%)
Fixed Income Net New Flows	1.2	(7.0)	NM	5.3	(77%)
Cash Management Net New Flows	(0.4)	0.5	NM	1.1	NM
Total Net New Flows	\$ (5.5)	\$ (18.2)	(70%)	\$ (6.1)	(10%)



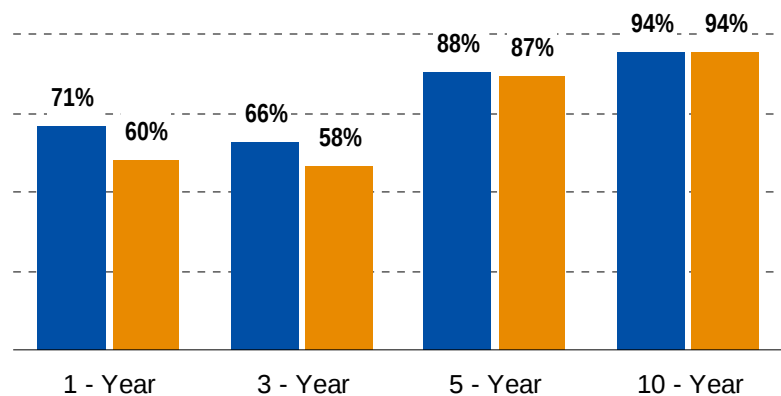
INVESTMENT PERFORMANCE



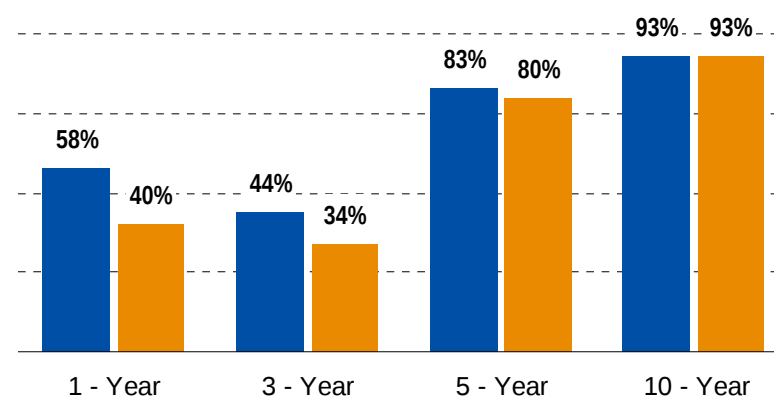
Investment Performance

% of U.S. Long-Term Assets in Top Two Lipper Quartiles¹

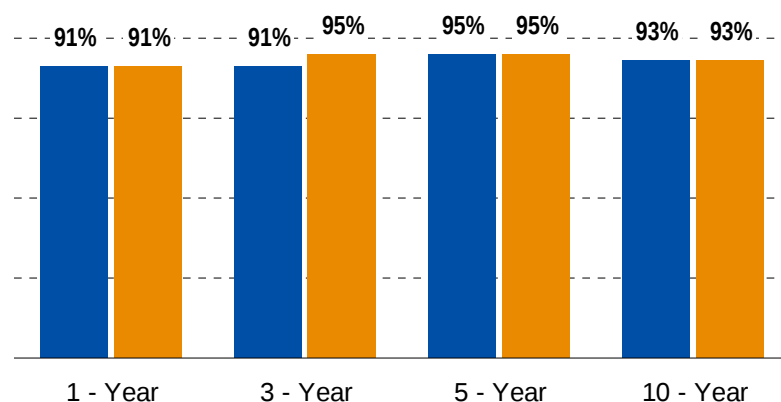
Franklin Templeton



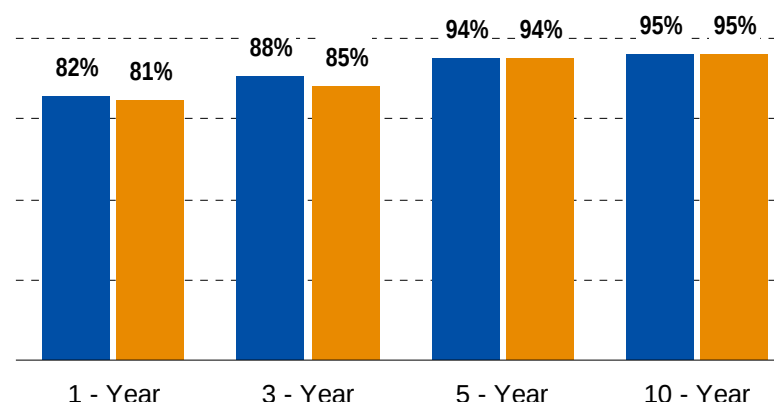
Franklin Templeton Equity



FTI Taxable Fixed Income



FTI Tax-Free Fixed Income



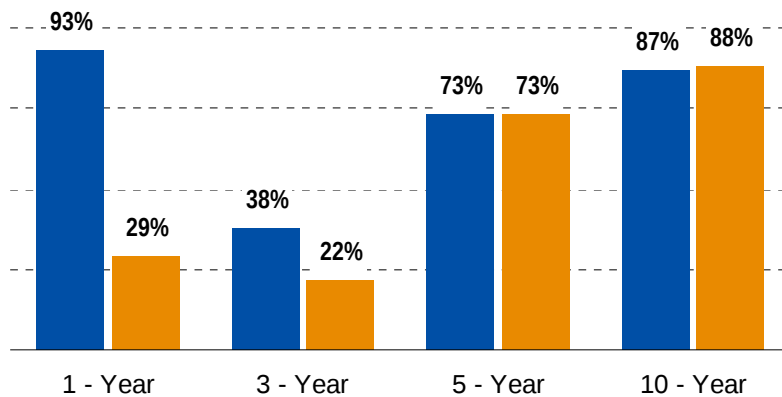
■ 3/31/2009 ■ 12/31/2008

¹Lipper rankings for Franklin Templeton U.S.-registered long-term mutual funds are based on Class A shares. Franklin Templeton funds are compared against a universe of all share classes.

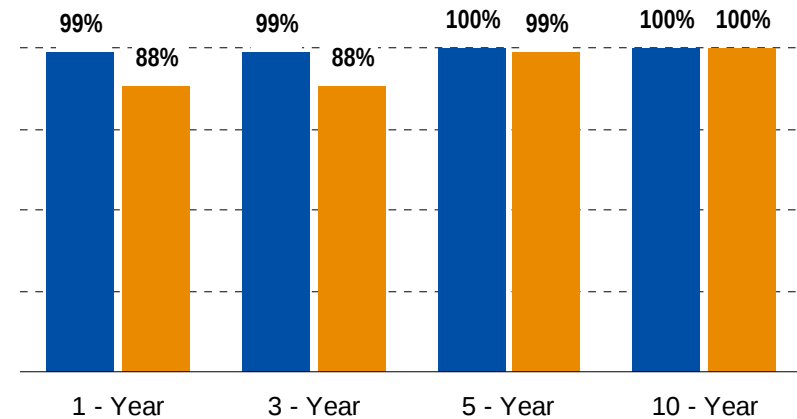
Investment Performance

% of U.S. Long-Term Assets in Top Two Lipper Quartiles¹

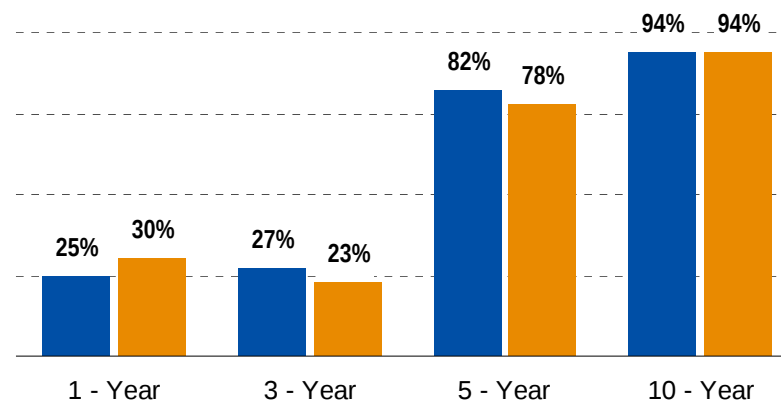
Templeton Equity



Mutual Series Equity

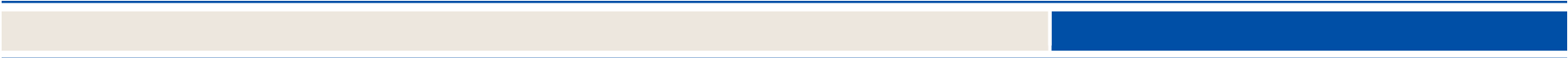


Franklin Equity



■ 3/31/2009 ■ 12/31/2008

¹Lipper rankings for Franklin Templeton U.S.-registered long-term mutual funds are based on Class A shares. Franklin Templeton funds are compared against a universe of all share classes.



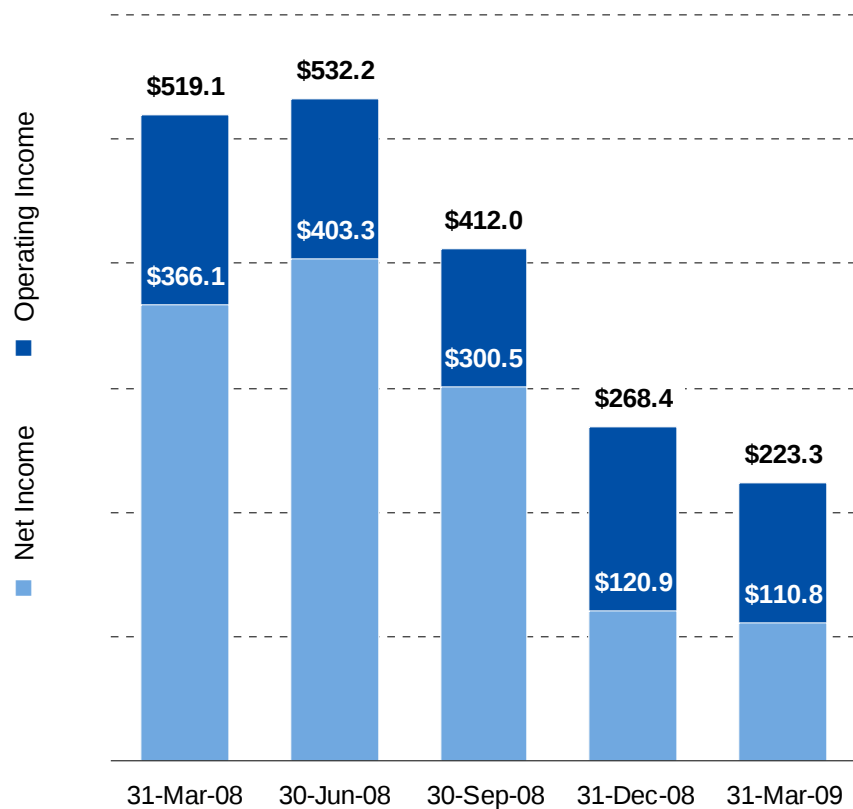
OPERATING RESULTS



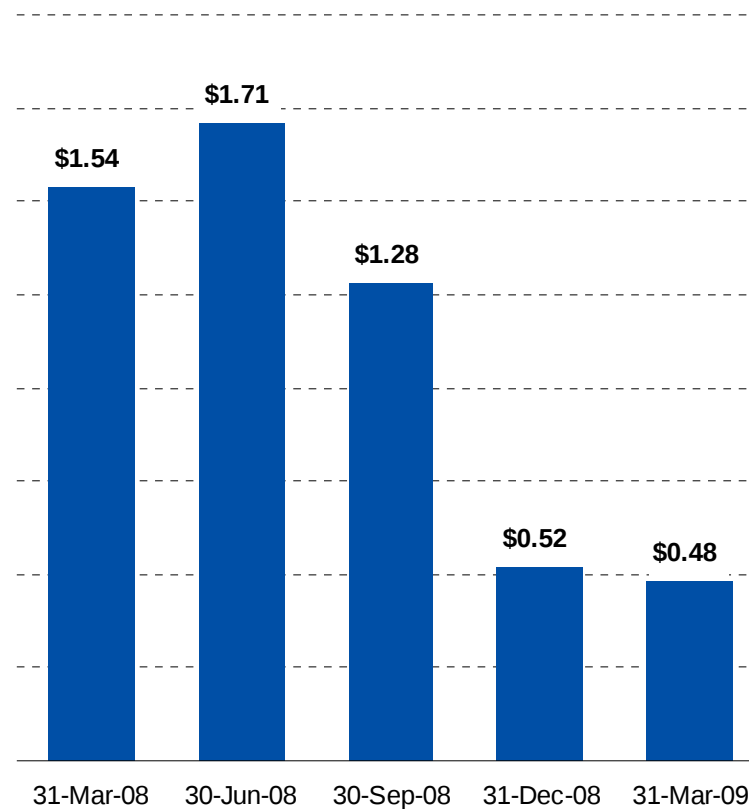
Quarterly Financial Highlights

(in millions, for the three months ended)

Operating and Net Income



Diluted Earnings Per Share



Operating Revenues

(in millions, for the three months ended)

	31-Mar-09	31-Dec-08	Mar-09 vs. Dec-08	30-Sep-08	30-Jun-08	31-Mar-08	Mar-09 vs. Mar-08
Investment management fees	\$ 552.9	\$ 600.3	(8%)	\$ 822.4	\$ 924.7	\$ 916.0	(40%)
Underwriting and distribution fees	304.7	304.9	0%	424.5	504.3	499.5	(39%)
Shareholder servicing fees	66.5	66.3	0%	69.7	73.1	73.4	(9%)
Consolidated sponsored investment products income, net	1.8	1.9	(5%)	1.5	2.8	3.8	(53%)
Other, net	(13.6)	(4.1)	232%	3.4	16.7	11.0	NM
Total Operating Revenues	\$ 912.3	\$ 969.3	(6%)	\$ 1,321.5	\$ 1,521.6	\$ 1,503.7	(39%)

Operating Expenses

(in millions, for the three months ended)

	31-Mar-09	31-Dec-08	Mar-09 vs. Dec-08	30-Sep-08	30-Jun-08	31-Mar-08	Mar-09 vs. Mar-08
Underwriting and distribution	\$ 293.5	\$ 289.5	1%	\$ 406.5	\$ 492.4	\$ 485.6	(40%)
Compensation and benefits	236.7	244.1	(3%)	274.1	285.7	280.6	(16%)
Information systems, technology and occupancy	65.4	68.6	(5%)	83.0	78.5	79.9	(18%)
Advertising and promotion	26.7	24.2	10%	45.5	44.8	47.4	(44%)
Amortization of deferred sales commissions	33.8	36.6	(8%)	48.2	41.9	43.3	(22%)
Other	32.9	38.0	(13%)	52.2	46.1	47.8	(31%)
Total Operating Expenses	\$ 689.0	\$ 701.0	(2%)	\$ 909.5	\$ 989.4	\$ 984.6	(30%)

Operating Results

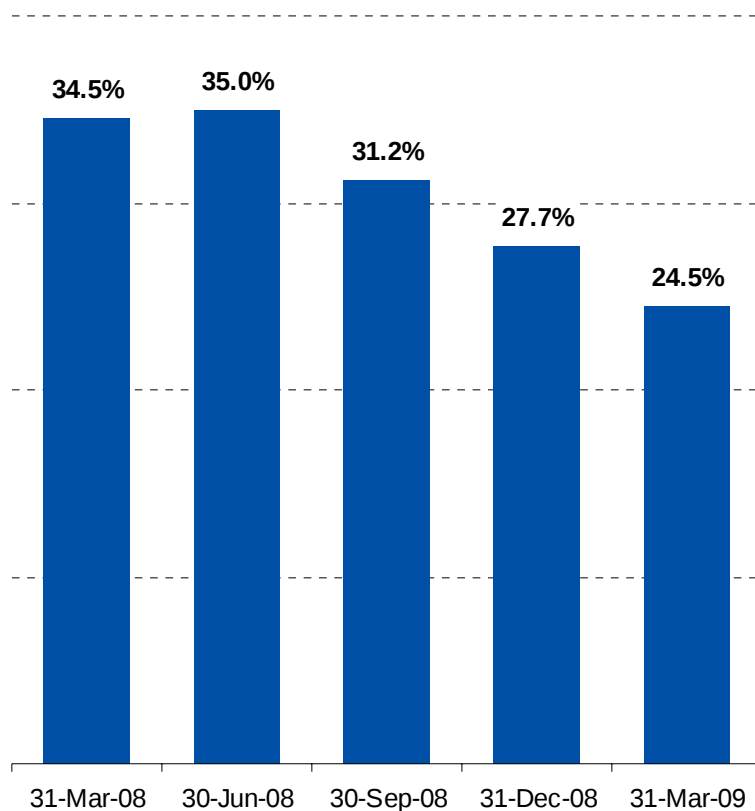
(in millions, except per share data, for the three months ended)

	31-Mar-09	31-Dec-08	Mar-09 vs. Dec-08	30-Sep-08	30-Jun-08	31-Mar-08	Mar-09 vs. Mar-08
Operating Income	\$ 223.3	\$ 268.4	(17%)	\$ 412.0	\$ 532.2	\$ 519.1	(57%)
Consolidated sponsored investment products losses, net	(9.3)	(36.5)	(75%)	(35.5)	(9.0)	(26.1)	(64%)
Investment and other (losses) income, net	(33.9)	(45.0)	(25%)	77.8	34.0	32.4	NM
Interest expense	(2.1)	(1.2)	75%	(0.5)	(3.3)	(5.9)	(64%)
Other (expenses) income, net	(45.3)	(82.7)	(45%)	41.8	21.7	0.4	NM
Income Before Taxes	178.0	185.7	(4%)	453.8	553.9	519.5	(66%)
Taxes on income	67.2	64.8	4%	153.3	150.6	153.4	(56%)
Net Income	\$ 110.8	\$ 120.9	(8%)	\$ 300.5	\$ 403.3	\$ 366.1	(70%)
Basic earnings per share	\$ 0.48	\$ 0.52	(8%)	\$ 1.29	\$ 1.72	\$ 1.55	(69%)
Diluted Earnings per Share	\$ 0.48	\$ 0.52	(8%)	\$ 1.28	\$ 1.71	\$ 1.54	(69%)
Average shares outstanding (in thousands)							
Basic	231,178	231,626	0%	232,832	234,631	236,520	(2%)
Diluted	231,891	232,688	0%	234,563	236,485	238,360	(3%)

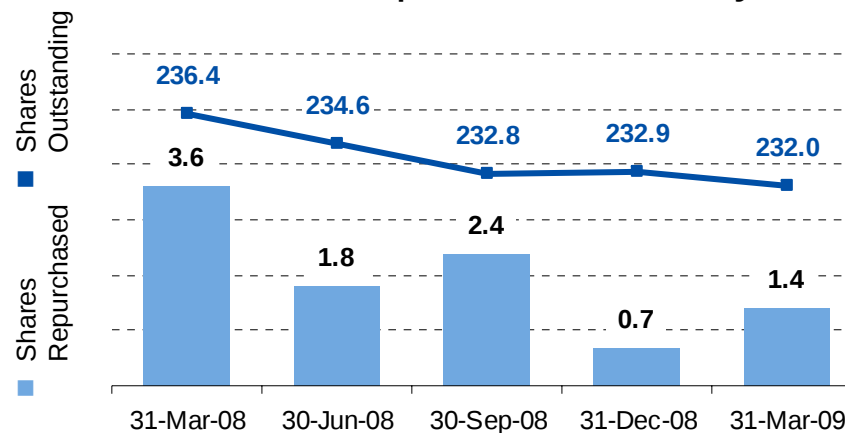
Operating Margin and Capital Management

(in millions, for the three months ended)

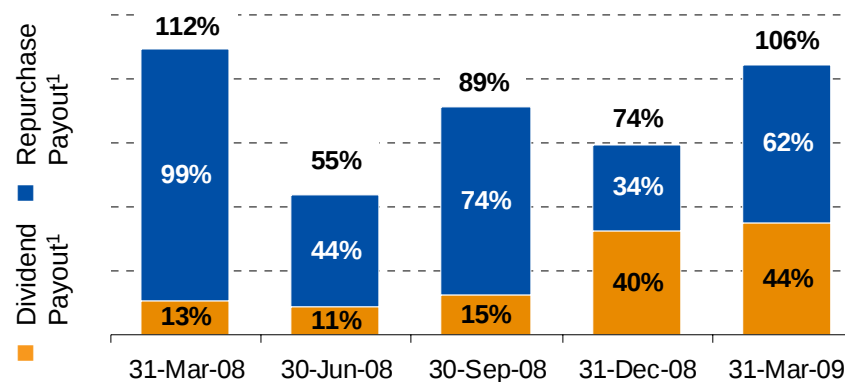
Operating Margin



Stock Repurchase Activity



Payout Ratio



¹Dividend and repurchase payout are calculated as amount of dividend divided by net income and amount of stock repurchase divided by net income, respectively.