
Franklin Resources, Inc. Fourth Quarter Results

October 27, 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 Quarterly Reports on Form 10-Q.

- The ongoing volatility and disruption of the capital and credit markets, and adverse changes in the global economy, have significantly affected our results of operations and may continue to put pressure on our financial results.
- The amount and mix of our assets under management are subject to significant fluctuations.
- 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.
- 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 or other technology systems that are critical to our operations could constrain our operations.
- Our investment management business operations are complex and a failure to properly perform operational tasks or the misrepresentation of our products and services could have an adverse effect on our revenues and income.
- 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 third-party 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 and other sponsored investment products 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.
- We are dependent on the earnings of our subsidiaries.

Audio Commentary and Conference Call Details

Pre-recorded audio commentary on the fourth 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.

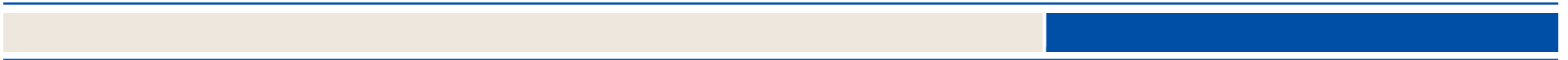
Access to the pre-recorded audio commentary and this presentation will be available at franklinresources.com under the "Investor relations – Earnings releases" section. The pre-recorded audio commentary will also be available by dialing (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally, using access code 32011866, anytime through 11:59 p.m. Eastern Time on November 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 also be accessed by calling (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally, using access code 31467170, after 5:30 p.m. Eastern Time today through 11:59 p.m. Eastern Time on November 12, 2009.

Questions regarding the pre-recorded audio commentary or live 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 & Fiscal Year

- **Relative investment performance remains strong, across the board**
- **Quarterly net new flows exceed \$12B for the second time in company history**
- **Cost management efforts over the last 12 months preserved profitability as a 24% decrease in expenses largely offset a 30% decline in revenue, following unprecedented market declines**

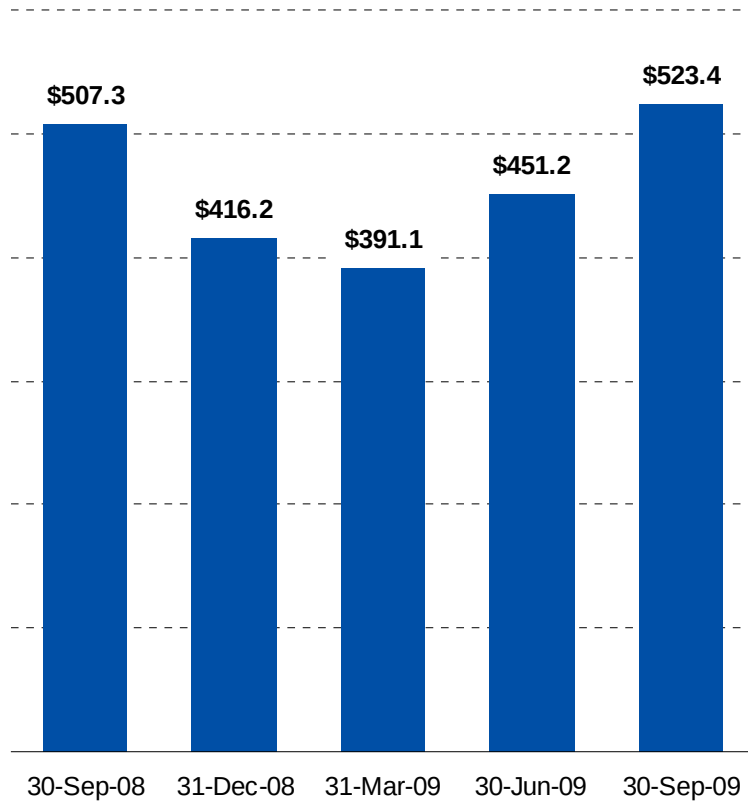


ASSETS UNDER MANAGEMENT

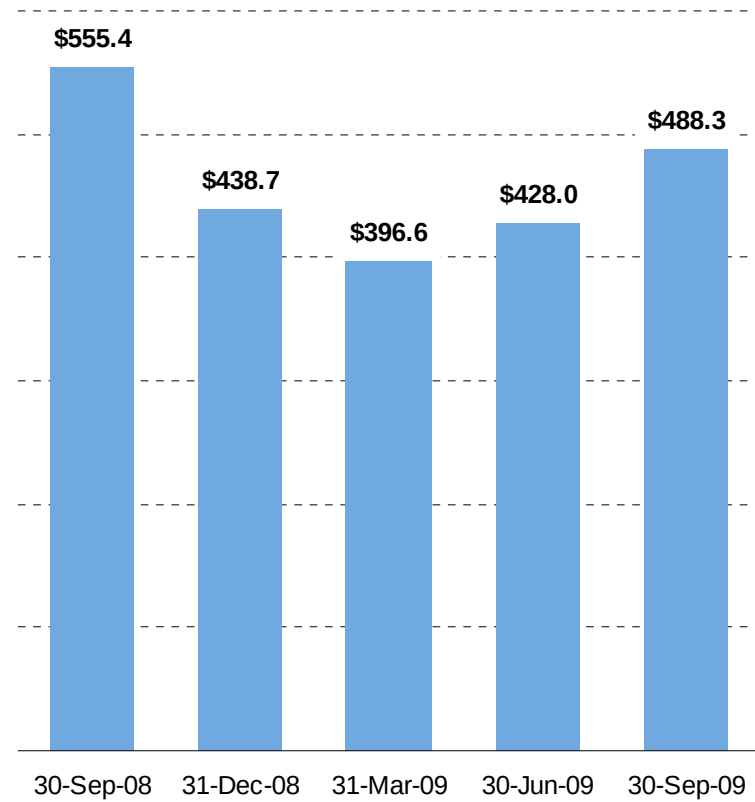
Assets Under Management

(in billions, for the three months ended)

End of Period



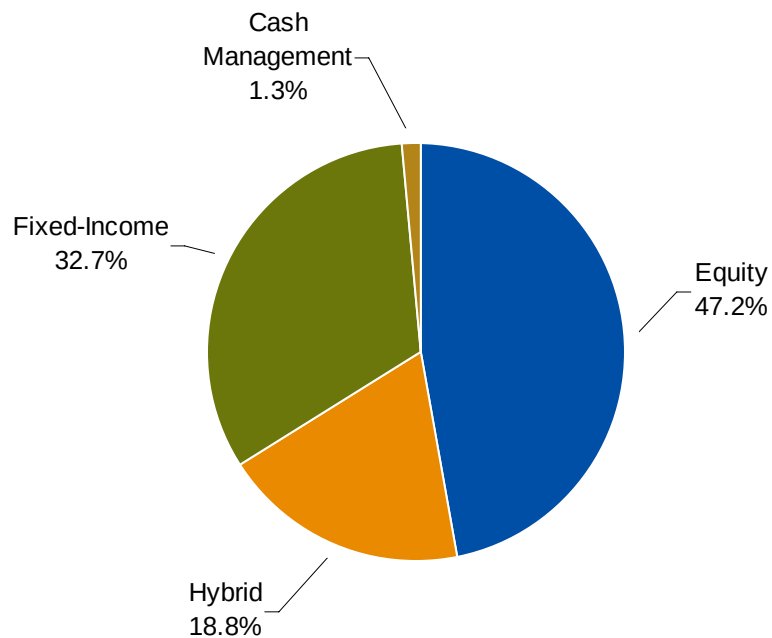
Simple Monthly Average



Assets Under Management

by Investment Objective

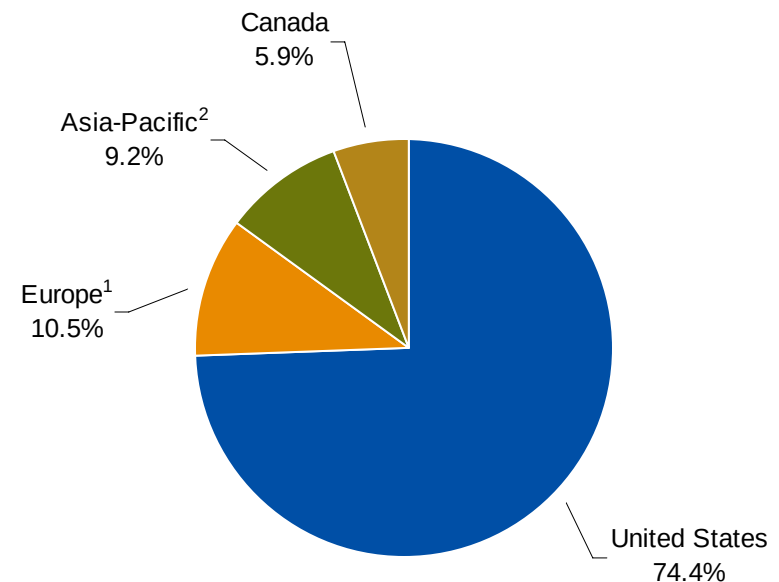
(chart is as of September 30, 2009)



(in billions)	30-Sep-09	30-Jun-09	% Change
Equity	\$ 247.0	\$ 209.8	18%
Hybrid	98.2	85.8	14%
Fixed-Income	171.3	148.1	16%
Cash Management	6.9	7.5	(8%)
Total	\$ 523.4	\$ 451.2	16%

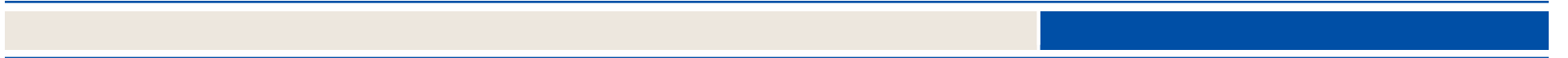
by Sales Region

(chart is as of September 30, 2009)



(in billions)	30-Sep-09	30-Jun-09	% Change
United States	\$ 389.3	\$ 339.2	15%
Europe¹	54.7	44.6	23%
Asia-Pacific²	48.3	41.0	18%
Canada	31.1	26.4	18%
Total	\$ 523.4	\$ 451.2	16%

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

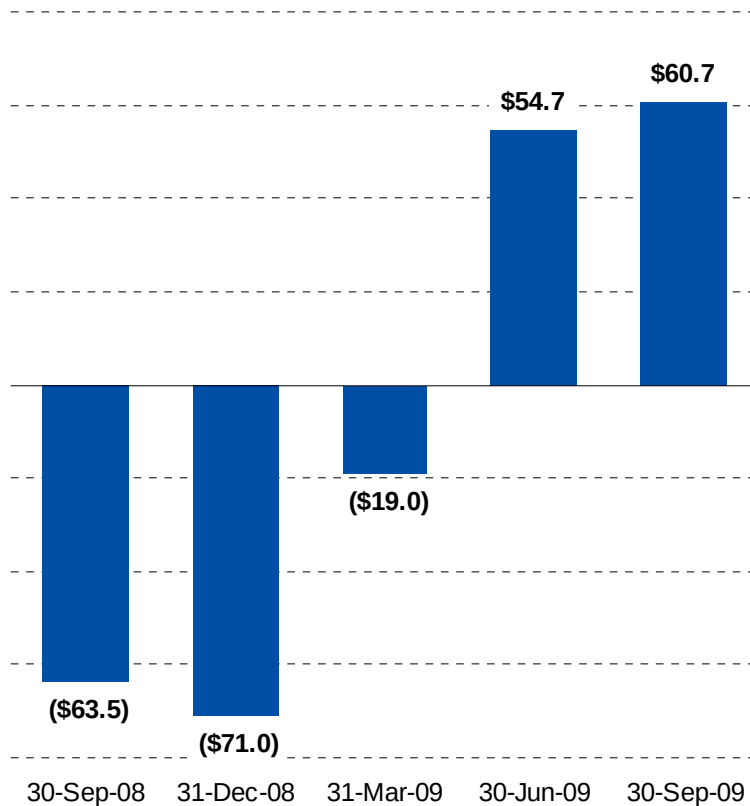


FLOW SUMMARY

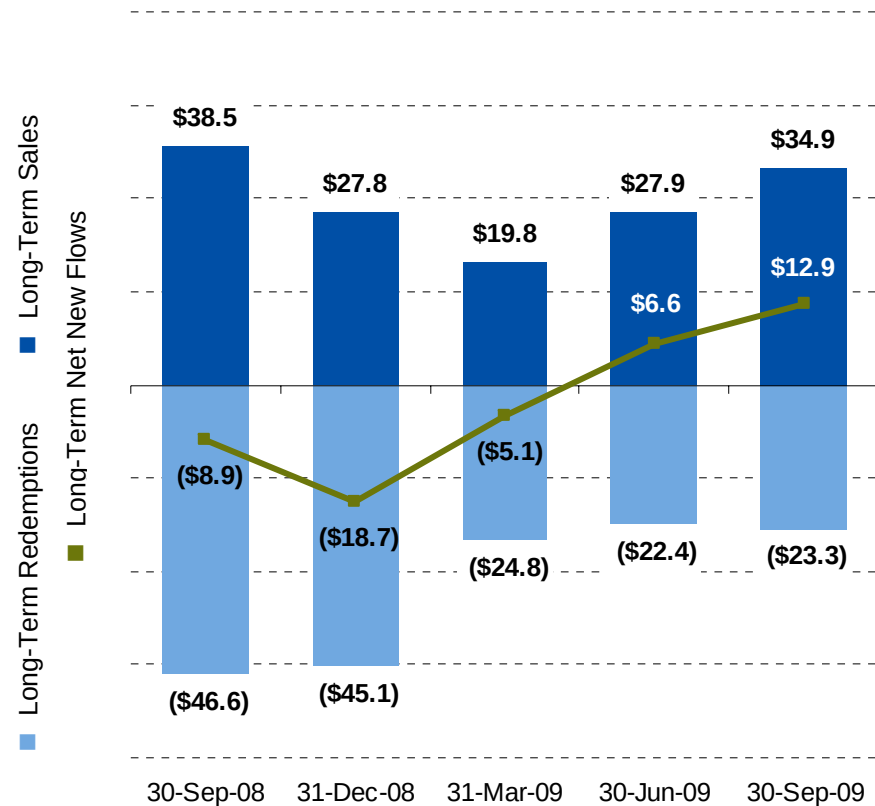
Flow Summary

(in billions, for the three months ended)

Market Appreciation (Depreciation)



Long-Term Flows¹



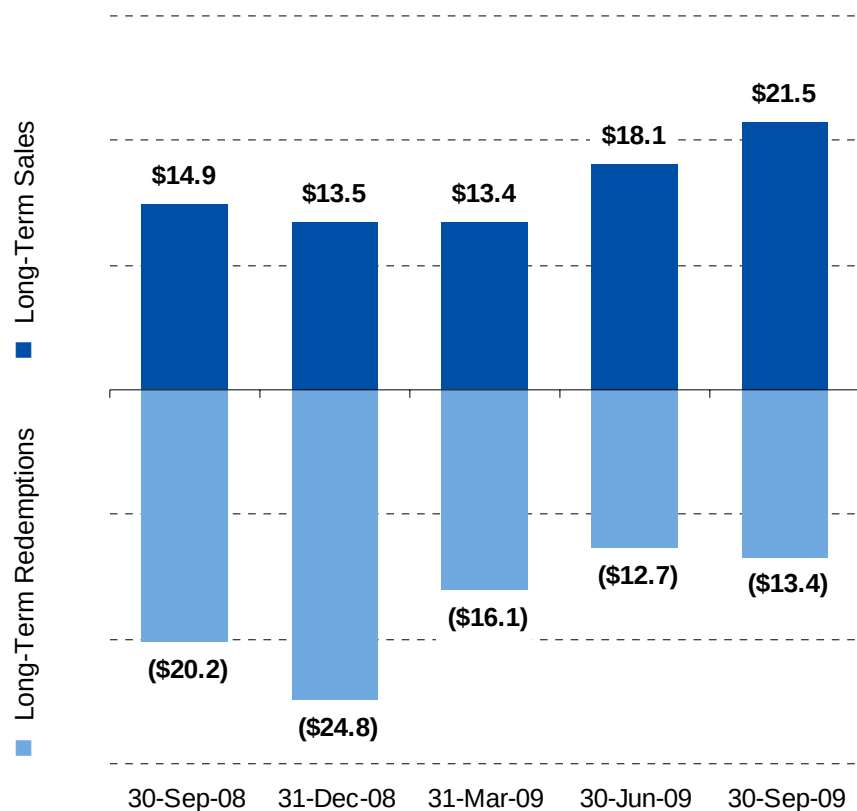
Long-term sales	\$	38.5	\$	27.8	\$	19.8	\$	27.9	\$	34.9
Long-term redemptions		(46.6)		(45.1)		(24.8)		(22.4)		(23.3)
Net cash management		(0.5)		(0.9)		(0.5)		0.5		0.6
Total net new flows	\$	(8.6)	\$	(18.2)	\$	(5.5)	\$	6.0	\$	12.2

¹Long-term net new flows are defined as long-term sales less long-term redemptions plus long-term net exchanges.

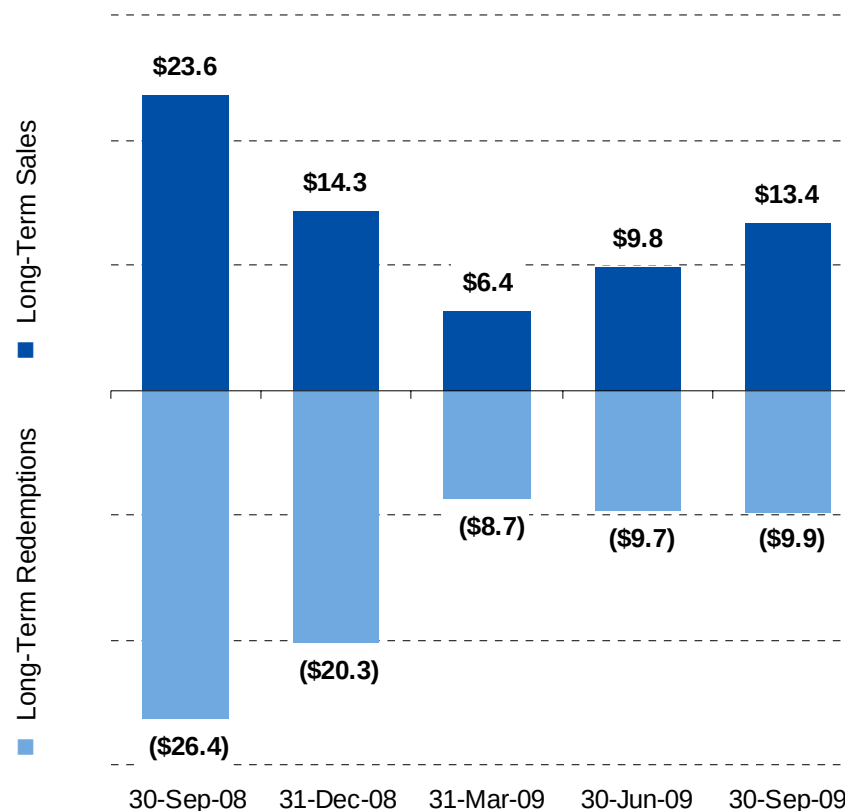
United States and International Flows

(in billions, for the three months ended)

United States



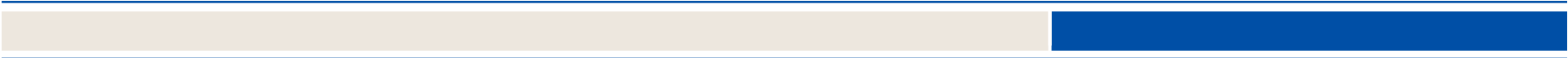
International



Net New Flows by Investment Objective

(for the three months ended)

(\$ in billions)	30-Sep-09	30-Jun-09	Sep-09 vs. Jun-09	30-Sep-08	Sep-09 vs. Sep-08
Equity sales	\$ 12.2	\$ 11.1	10%	\$ 13.2	(8%)
Equity redemptions	(11.9)	(10.8)	10%	(21.8)	(45%)
Equity net exchanges	-	0.3	(100%)	(1.1)	(100%)
Equity Net New Flows	0.3	0.6	(50%)	(9.7)	NM
Hybrid sales	3.7	2.9	28%	2.8	32%
Hybrid redemptions	(2.8)	(2.7)	4%	(3.9)	(28%)
Hybrid net exchanges	0.1	0.1	0%	(0.3)	NM
Hybrid Net New Flows	1.0	0.3	233%	(1.4)	NM
Fixed-income sales	19.0	13.9	37%	22.5	(16%)
Fixed-income redemptions	(8.6)	(8.9)	(3%)	(20.9)	(59%)
Fixed-income net exchanges	1.2	0.7	71%	0.6	100%
Fixed-Income Net New Flows	11.6	5.7	104%	2.2	427%
Cash Management Net New Flows	(0.7)	(0.6)	17%	0.3	NM
Total Net New Flows	\$ 12.2	\$ 6.0	103%	\$ (8.6)	NM



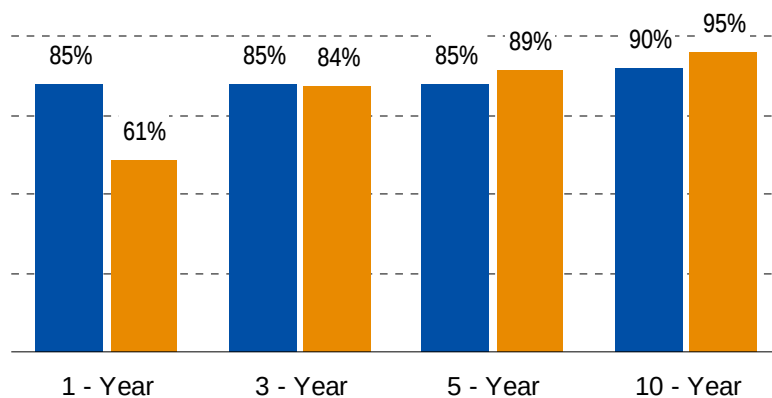
INVESTMENT PERFORMANCE



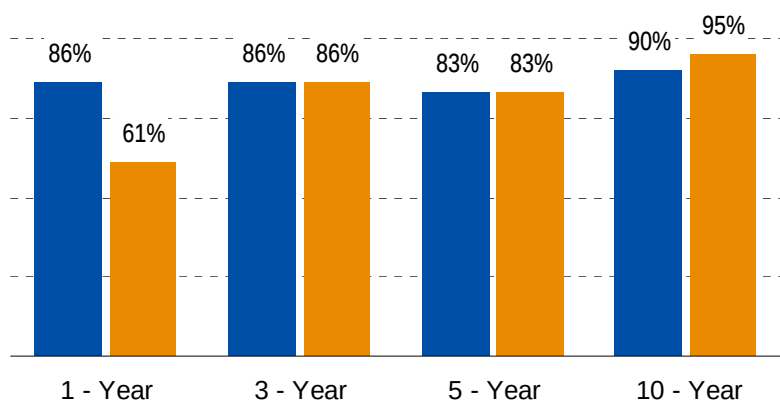
Investment Performance

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

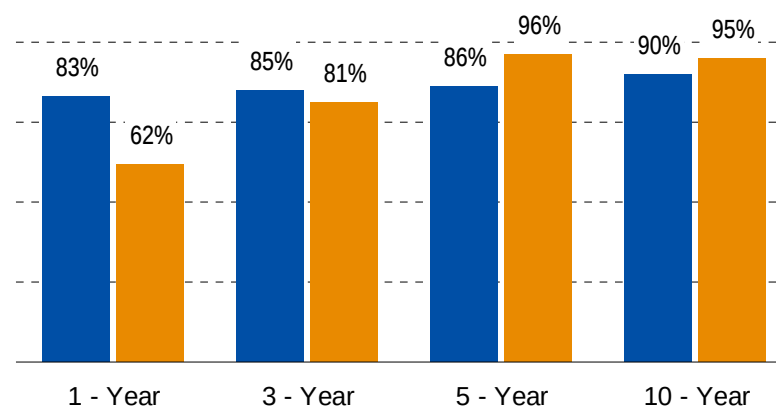
Franklin Templeton



Franklin Templeton Equity



Franklin Templeton Fixed-Income

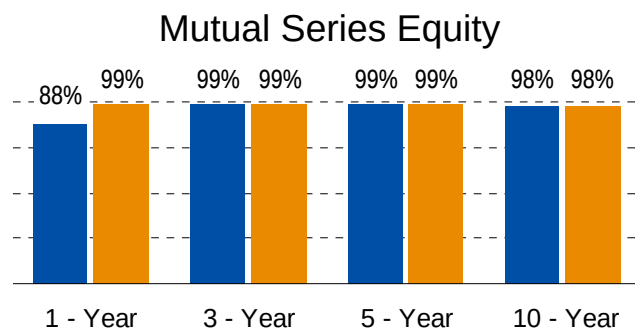
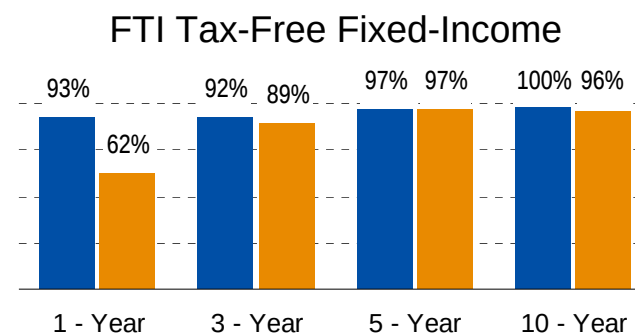
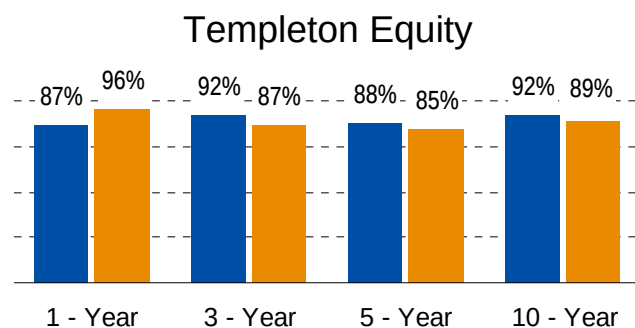
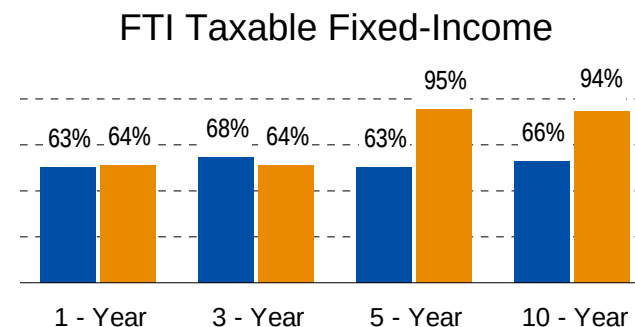
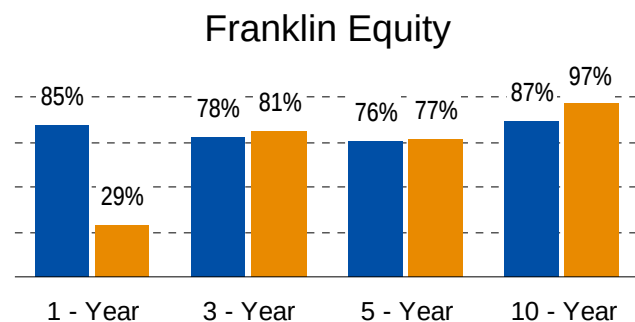


■ 9/30/2009 ■ 6/30/2009

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.

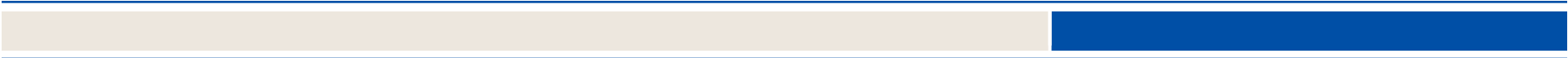
Investment Performance – Detail View

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



■ 9/30/2009 ■ 6/30/2009

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.



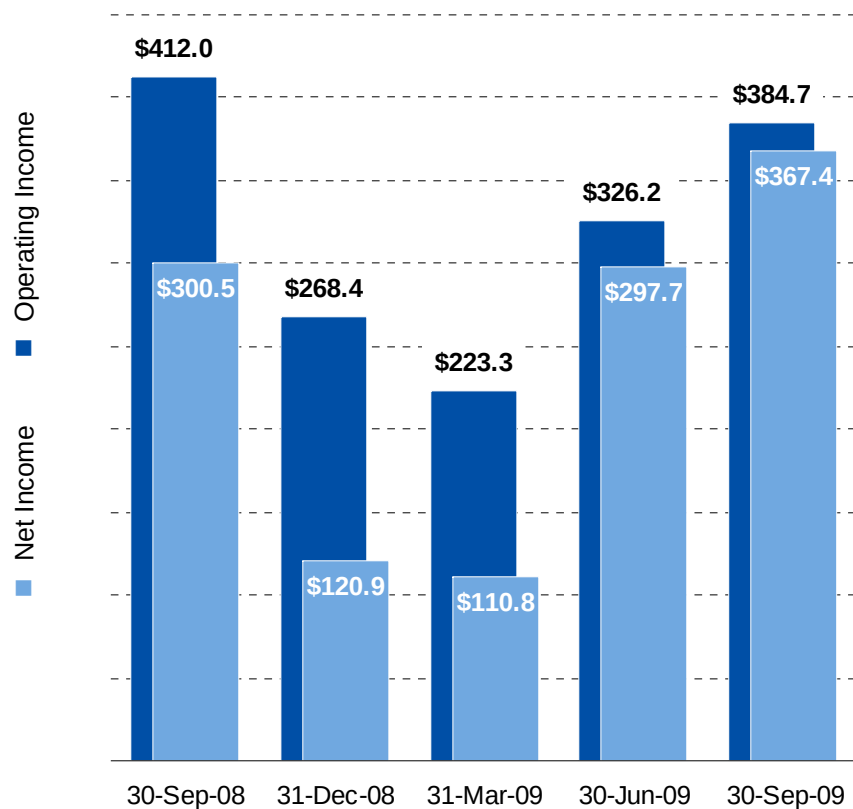
OPERATING RESULTS



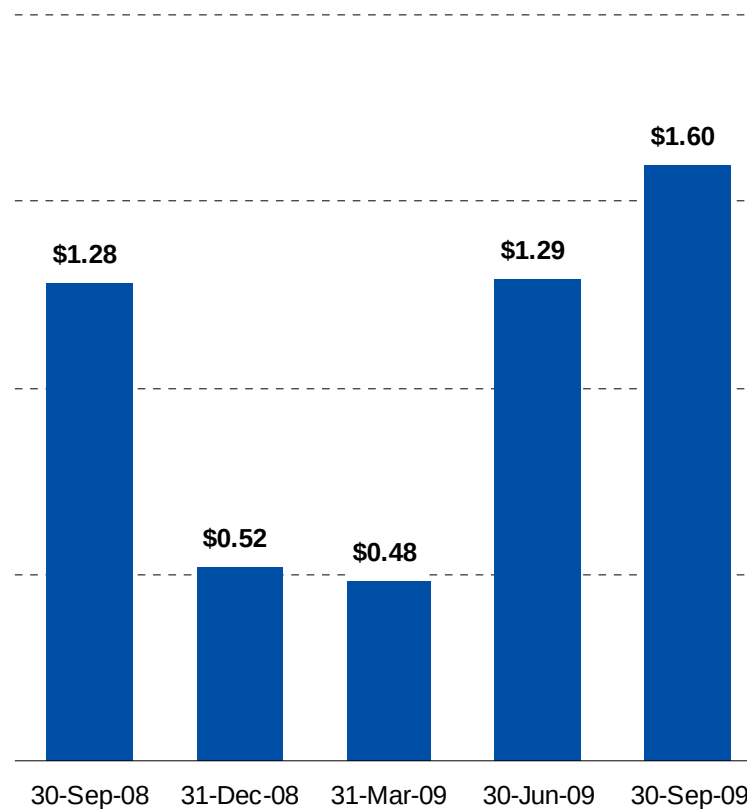
Quarterly Financial Highlights

(in millions, for the three months ended)

Operating and Net Income



Diluted Earnings Per Share



Operating Revenues

(in millions, for the three months ended)

	30-Sep-09	30-Jun-09	Sep-09 vs. Jun-09	31-Mar-09	31-Dec-08	30-Sep-08	Sep-09 vs. Sep-08
Investment management fees	\$ 725.0	\$ 625.0	16%	\$ 552.9	\$ 600.3	\$ 822.4	(12%)
Underwriting and distribution fees	433.4	365.2	19%	304.7	304.9	424.5	2%
Shareholder servicing fees	67.4	67.1	0%	66.5	66.3	69.7	(3%)
Consolidated sponsored investment products income, net	1.6	2.9	(45%)	1.8	1.9	1.5	7%
Other, net	11.5	13.4	(14%)	(13.6)	(4.1)	3.4	238%
Total Operating Revenues	\$ 1,238.9	\$ 1,073.6	15%	\$ 912.3	\$ 969.3	\$ 1,321.5	(6%)

Operating Expenses

(in millions, for the three months ended)

	30-Sep-09	30-Jun-09	Sep-09 vs. Jun-09	31-Mar-09	31-Dec-08	30-Sep-08	Sep-09 vs. Sep-08
Underwriting and distribution	\$ 418.3	\$ 350.7	19%	\$ 293.5	\$ 289.5	\$ 406.5	3%
Compensation and benefits	246.8	230.9	7%	236.7	244.1	274.1	(10%)
Information systems, technology and occupancy	72.0	68.2	6%	65.4	68.6	83.0	(13%)
Advertising and promotion	37.3	27.9	34%	26.7	24.2	45.5	(18%)
Amortization of deferred sales commissions	39.7	32.9	21%	33.8	36.6	48.2	(18%)
Other	40.1	36.8	9%	32.9	38.0	52.2	(23%)
Total Operating Expenses	\$ 854.2	\$ 747.4	14%	\$ 689.0	\$ 701.0	\$ 909.5	(6%)

Operating Results

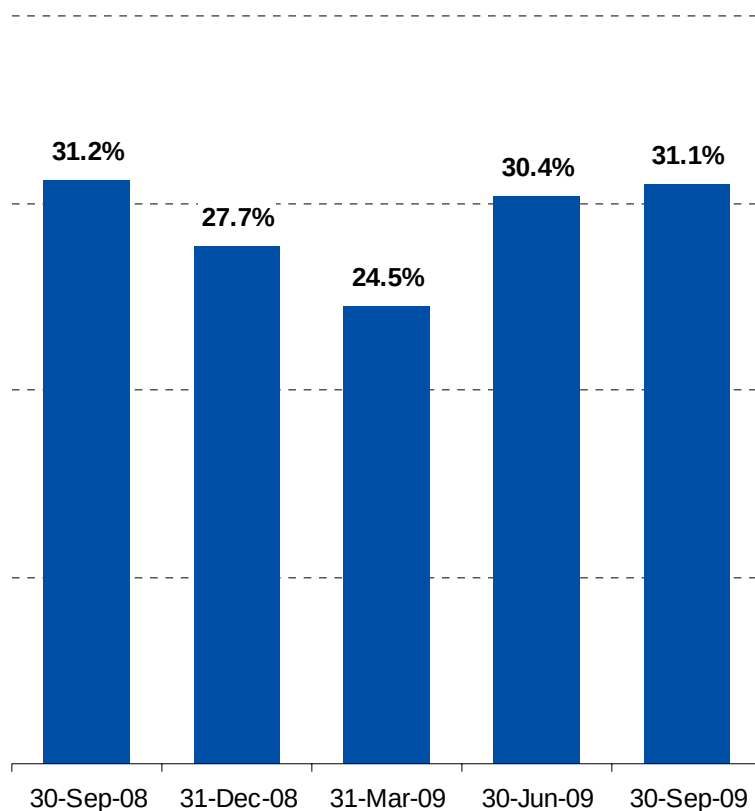
(in millions, except per share data, for the three months ended)

	30-Sep-09	30-Jun-09	Sep-09 vs. Jun-09	31-Mar-09	31-Dec-08	30-Sep-08	Sep-09 vs. Sep-08
Operating Income	\$ 384.7	\$ 326.2	18%	\$ 223.3	\$ 268.4	\$ 412.0	(7%)
Consolidated sponsored investment products income (losses), net	31.9	35.6	(10%)	(9.3)	(36.5)	(35.5)	NM
Investment and other income (losses), net	87.2	52.3	67%	(33.9)	(45.0)	77.8	12%
Interest expense	(0.3)	(0.2)	50%	(2.1)	(1.2)	(0.5)	(40%)
Other income (expenses), net	118.8	87.7	35%	(45.3)	(82.7)	41.8	184%
Income Before Taxes	503.5	413.9	22%	178.0	185.7	453.8	11%
Taxes on income	136.1	116.2	17%	67.2	64.8	153.3	(11%)
Net Income	\$ 367.4	\$ 297.7	23%	\$ 110.8	\$ 120.9	\$ 300.5	22%
Basic earnings per share	\$ 1.61	\$ 1.30	24%	\$ 0.48	\$ 0.52	\$ 1.29	25%
Diluted Earnings per Share	\$ 1.60	\$ 1.29	24%	\$ 0.48	\$ 0.52	\$ 1.28	25%
Average shares outstanding (in thousands)							
Basic	228,741	229,804	0%	231,178	231,626	232,832	(2%)
Diluted	230,178	230,823	0%	231,891	232,688	234,563	(2%)

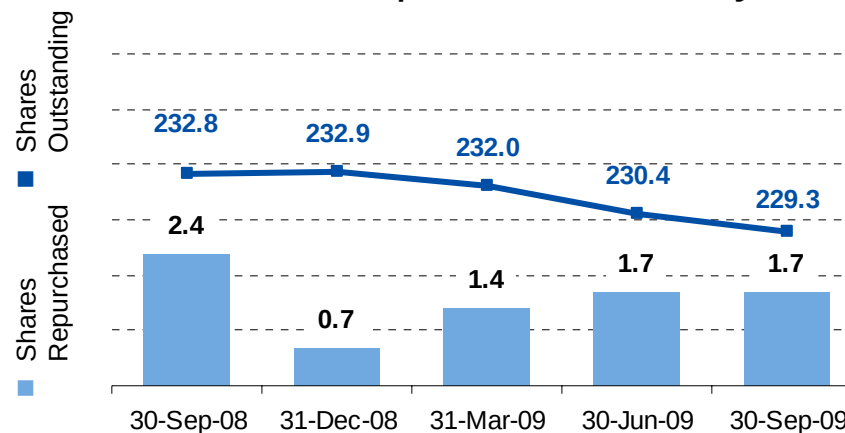
Operating Margin and Capital Management

(in millions, for the three months ended)

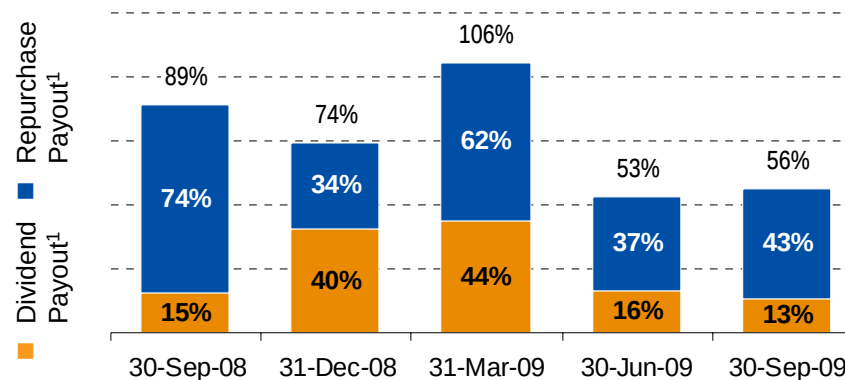
Operating Margin



Stock Repurchase Activity



Payout Ratio



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