



**FRANKLIN TEMPLETON  
INVESTMENTS**

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FOR IMMEDIATE RELEASE

**Franklin Resources, Inc. Announces Third Quarter Results**

**San Mateo, CA, August 2, 2011** - Franklin Resources, Inc. (the "Company") [NYSE: BEN] today announced net income<sup>1</sup> of \$503.3 million or \$2.26 per diluted share for the quarter ended June 30, 2011, as compared to \$503.1 million or \$2.25 per diluted share for the previous quarter and \$360.5 million or \$1.58 per diluted share for the quarter ended June 30, 2010.

|                                                     | Quarter Ended<br>30-Jun-11 | Quarter Ended<br>31-Mar-11 | % Change<br>Qtr. vs. Qtr. | Quarter Ended<br>30-Jun-10 | % Change<br>Year vs. Year |
|-----------------------------------------------------|----------------------------|----------------------------|---------------------------|----------------------------|---------------------------|
| <b>Financial Results</b>                            |                            |                            |                           |                            |                           |
| Operating revenues ( <i>in millions</i> )           | \$ 1,853.0                 | \$ 1,749.6                 | 6%                        | \$ 1,534.1                 | 21%                       |
| Operating income ( <i>in millions</i> )             | 682.7                      | 629.5                      | 8%                        | 521.6                      | 31%                       |
| Operating margin                                    | 36.8%                      | 36.0%                      |                           | 34.0%                      |                           |
| Net income <sup>1</sup> ( <i>in millions</i> )      | \$ 503.3                   | \$ 503.1                   | 0%                        | \$ 360.5                   | 40%                       |
| Diluted earnings per share                          | \$ 2.26                    | \$ 2.25                    | 0%                        | \$ 1.58                    | 43%                       |
| <b>Assets Under Management (<i>in billions</i>)</b> |                            |                            |                           |                            |                           |
| Ending                                              | \$ 734.2                   | \$ 703.5                   | 4%                        | \$ 570.5                   | 29%                       |
| Simple monthly average                              | 726.7                      | 687.2                      | 6%                        | 583.1                      | 25%                       |
| Net new flows                                       | 21.7                       | 8.4                        | 158%                      | 18.8                       | 15%                       |

Non-operating income for the quarter ended June 30, 2011 included \$9.1 million of investment and other income (losses), net, as compared to \$47.7 million for the prior quarter and \$(7.3) million for the quarter ended June 30, 2010.

Total assets under management ("AUM") were \$734.2 billion at June 30, 2011, up \$30.7 billion or 4% during the quarter. The increase was driven by record net new flows of \$21.7 billion and \$9.6 billion in market appreciation. AUM increased \$163.7 billion or 29% year over year, primarily due to market appreciation of \$112.8 billion and net new flows of \$52.7 billion.

Cash and cash equivalents and investments were \$8.7 billion at June 30, 2011, as compared to \$6.8 billion at September 30, 2010. Included in the current quarter total is \$1.0 billion related to consolidated variable interest entities as a result of new accounting guidance adopted effective October 1, 2010. Total stockholders' equity was \$8.8 billion at June 30, 2011, as compared to \$7.7 billion at September 30, 2010. The Company had 220.4 million shares of common stock outstanding at June 30, 2011, as compared to 224.0 million shares outstanding at September 30, 2010. During the quarter ended June 30, 2011, the Company repurchased 1.6 million shares of its common stock for a total cost of \$203.6 million.

## Conference Call Information

Pre-recorded audio commentary on the 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 8:30 a.m. Eastern Time. They will also lead a live teleconference today at 4:30 p.m. Eastern Time to answer questions. Analysts and investors are encouraged to contact Investor Relations for any clarifications or questions on the contents of the earnings release.

Access to the pre-recorded audio commentary and accompanying slides are available at [franklinresources.com](http://franklinresources.com). The pre-recorded audio commentary can also be accessed by dialing (888) 843-7419 in the U.S. and Canada or (630) 652-3042 internationally using access code 30172989, any time through September 1, 2011.

Access to the live teleconference will be available at [franklinresources.com](http://franklinresources.com) or by dialing (888) 895-5271 in the U.S. and Canada or (847) 619-6547 internationally. A replay of the call can also be accessed by calling (888) 843-7419 in the U.S. and Canada or (630) 652-3042 internationally using access code 30172990, any time following the call through September 1, 2011.

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.

## Lipper Performance Rankings of Franklin Templeton's U.S.-Registered Long-Term Mutual Funds<sup>2,3</sup>:

|                                                        | <i>Period Ended June 30, 2011</i>                         |               |               |                |
|--------------------------------------------------------|-----------------------------------------------------------|---------------|---------------|----------------|
|                                                        | <i>Percent of Assets in Top Two Quartiles<sup>4</sup></i> |               |               |                |
|                                                        | <b>1-Year</b>                                             | <b>3-Year</b> | <b>5-Year</b> | <b>10-Year</b> |
| Franklin Templeton <sup>5</sup>                        | 58%                                                       | 83%           | 84%           | 90%            |
| Franklin Templeton Equity <sup>6</sup>                 | 69%                                                       | 85%           | 82%           | 88%            |
| Franklin Templeton Fixed-Income <sup>7</sup>           | 45%                                                       | 81%           | 86%           | 92%            |
| Franklin Equity <sup>8</sup>                           | 76%                                                       | 87%           | 86%           | 83%            |
| Templeton Equity <sup>9</sup>                          | 94%                                                       | 95%           | 69%           | 92%            |
| Mutual Series Equity <sup>10</sup>                     | 0%                                                        | 61%           | 91%           | 99%            |
| Franklin Templeton Taxable Fixed-Income <sup>11</sup>  | 73%                                                       | 70%           | 77%           | 82%            |
| Franklin Templeton Tax-Free Fixed-Income <sup>12</sup> | 21%                                                       | 90%           | 93%           | 100%           |

*Performance quoted above represents past performance, which cannot predict or guarantee future results.*

*Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, for any U.S.-registered Franklin Templeton fund, investors should talk to their financial advisors or call Franklin/Templeton Distributors, Inc. at 1-800/DIAL BEN® (1-800/342-5236). Please read a prospectus carefully before investing.*

**Franklin Resources, Inc.**  
**Condensed Consolidated Statements of Income**<sup>13</sup>  
**Unaudited**

| (in thousands, except per share data and AUM)                  | Three Months Ended<br>June 30, |            | %<br>Change | Nine Months Ended<br>June 30, |              | %<br>Change |
|----------------------------------------------------------------|--------------------------------|------------|-------------|-------------------------------|--------------|-------------|
|                                                                | 2011                           | 2010       |             | 2011                          | 2010         |             |
| Operating Revenues                                             |                                |            |             |                               |              |             |
| Investment management fees                                     | \$ 1,142,846                   | \$ 915,866 | 25 %        | \$ 3,260,440                  | \$ 2,558,607 | 27 %        |
| Sales and distribution fees                                    | 620,261                        | 529,313    | 17 %        | 1,785,236                     | 1,514,147    | 18 %        |
| Shareholder servicing fees                                     | 77,520                         | 72,976     | 6 %         | 225,325                       | 213,895      | 5 %         |
| Other, net                                                     | 12,406                         | 15,916     | (22)%       | 31,908                        | 37,946       | (16)%       |
| Total operating revenues                                       | 1,853,033                      | 1,534,071  | 21 %        | 5,302,909                     | 4,324,595    | 23 %        |
| Operating Expenses                                             |                                |            |             |                               |              |             |
| Sales, distribution and marketing                              | 719,311                        | 590,876    | 22 %        | 2,043,399                     | 1,683,867    | 21 %        |
| Compensation and benefits                                      | 313,592                        | 280,333    | 12 %        | 921,796                       | 805,686      | 14 %        |
| Information systems and technology                             | 41,266                         | 40,156     | 3 %         | 123,110                       | 117,968      | 4 %         |
| Occupancy                                                      | 32,112                         | 35,862     | (10)%       | 95,683                        | 96,268       | (1)%        |
| General, administrative and other                              | 64,055                         | 65,280     | (2)%        | 147,508                       | 171,130      | (14)%       |
| Total operating expenses                                       | 1,170,336                      | 1,012,507  | 16 %        | 3,331,496                     | 2,874,919    | 16 %        |
| Operating Income                                               | 682,697                        | 521,564    | 31 %        | 1,971,413                     | 1,449,676    | 36 %        |
| Other Income (Expenses)                                        |                                |            |             |                               |              |             |
| Consolidated sponsored investment products gains (losses), net | 5,395                          | (14,670)   | NM          | 14,427                        | 6,071        | 138 %       |
| Investment and other income (losses), net                      | 9,108                          | (7,262)    | NM          | 103,855                       | 68,204       | 52 %        |
| Interest expense                                               | (10,056)                       | (4,836)    | 108 %       | (26,315)                      | (6,514)      | 304 %       |
| Other income (expenses), net                                   | 4,447                          | (26,768)   | NM          | 91,967                        | 67,761       | 36 %        |
| Income before taxes                                            | 687,144                        | 494,796    | 39 %        | 2,063,380                     | 1,517,437    | 36 %        |
| Taxes on income                                                | 208,944                        | 135,113    | 55 %        | 599,498                       | 441,795      | 36 %        |
| Net income                                                     | 478,200                        | 359,683    | 33 %        | 1,463,882                     | 1,075,642    | 36 %        |
| Less: net income (loss) attributable to                        |                                |            |             |                               |              |             |
| Nonredeemable noncontrolling interests                         | (24,575)                       | 180        | NM          | (44,029)                      | 600          | NM          |
| Redeemable noncontrolling interests                            | (572)                          | (992)      | (42)%       | 307                           | 2,259        | (86)%       |
| Net Income Attributable to Franklin Resources, Inc.            | \$ 503,347                     | \$ 360,495 | 40 %        | \$ 1,507,604                  | \$ 1,072,783 | 41 %        |
| Earnings per Share <sup>14</sup>                               |                                |            |             |                               |              |             |
| Basic                                                          | \$ 2.27                        | \$ 1.59    | 43 %        | \$ 6.76                       | \$ 4.70      | 44 %        |
| Diluted                                                        | 2.26                           | 1.58       | 43 %        | 6.73                          | 4.68         | 44 %        |
| Dividends per Share                                            | \$ 0.25                        | \$ 0.22    | 14 %        | \$ 0.75                       | \$ 3.66      | (80)%       |
| Average Shares Outstanding (in thousands)                      |                                |            |             |                               |              |             |
| Basic                                                          | 220,313                        | 225,626    | (2)%        | 221,731                       | 226,858      | (2)%        |
| Diluted                                                        | 221,284                        | 226,806    | (2)%        | 222,808                       | 228,140      | (2)%        |
| Operating Margin <sup>15</sup>                                 |                                |            |             |                               |              |             |
|                                                                | 36.8%                          | 34.0%      |             | 37.2%                         | 33.5%        |             |
| AUM <sup>16</sup> (in billions)                                |                                |            |             |                               |              |             |
| Ending                                                         | \$ 734.2                       | \$ 570.5   | 29 %        | \$ 734.2                      | \$ 570.5     | 29 %        |
| Simple monthly average                                         | 726.7                          | 583.1      | 25 %        | 690.4                         | 557.6        | 24 %        |
| Net new flows                                                  | 21.7                           | 18.8       | 15 %        | 33.3                          | 50.5         | (34)%       |

**Franklin Resources, Inc.**  
**Condensed Consolidated Statements of Income<sup>13</sup>**  
**Unaudited**

(in thousands, except per share data, employees and billable shareholder accounts)

| <i>(in thousands, except per share data, employees and billable shareholder accounts)</i> | Three Months Ended |              | %<br>Change | Three Months Ended |            |            |
|-------------------------------------------------------------------------------------------|--------------------|--------------|-------------|--------------------|------------|------------|
|                                                                                           | 30-Jun-11          | 31-Mar-11    |             | 31-Dec-10          | 30-Sep-10  | 30-Jun-10  |
| Operating Revenues                                                                        |                    |              |             |                    |            |            |
| Investment management fees                                                                | \$1,142,846        | \$ 1,076,716 | 6 %         | \$ 1,040,878       | \$ 919,367 | \$ 915,866 |
| Sales and distribution fees                                                               | 620,261            | 587,143      | 6 %         | 577,832            | 529,563    | 529,313    |
| Shareholder servicing fees                                                                | 77,520             | 75,750       | 2 %         | 72,055             | 69,981     | 72,976     |
| Other, net                                                                                | 12,406             | 9,954        | 25 %        | 9,548              | 9,493      | 15,916     |
| Total operating revenues                                                                  | 1,853,033          | 1,749,563    | 6 %         | 1,700,313          | 1,528,404  | 1,534,071  |
| Operating Expenses                                                                        |                    |              |             |                    |            |            |
| Sales, distribution and marketing                                                         | 719,311            | 676,935      | 6 %         | 647,153            | 599,028    | 590,876    |
| Compensation and benefits                                                                 | 313,592            | 315,810      | (1)%        | 292,394            | 275,300    | 280,333    |
| Information systems and technology                                                        | 41,266             | 41,477       | (1)%        | 40,367             | 47,629     | 40,156     |
| Occupancy                                                                                 | 32,112             | 32,703       | (2)%        | 30,868             | 33,699     | 35,862     |
| General, administrative and other                                                         | 64,055             | 53,156       | 21 %        | 30,297             | 63,744     | 65,280     |
| Total operating expenses                                                                  | 1,170,336          | 1,120,081    | 4 %         | 1,041,079          | 1,019,400  | 1,012,507  |
| Operating Income                                                                          | 682,697            | 629,482      | 8 %         | 659,234            | 509,004    | 521,564    |
| Other Income (Expenses)                                                                   |                    |              |             |                    |            |            |
| Consolidated sponsored investment products gains (losses), net                            | 5,395              | 9,770        | (45)%       | (738)              | 2,426      | (14,670)   |
| Investment and other income (losses), net                                                 | 9,108              | 47,681       | (81)%       | 47,066             | 50,933     | (7,262)    |
| Interest expense                                                                          | (10,056)           | (8,364)      | 20 %        | (7,895)            | (9,992)    | (4,836)    |
| Other income (expenses), net                                                              | 4,447              | 49,087       | (91)%       | 38,433             | 43,367     | (26,768)   |
| Income before taxes                                                                       | 687,144            | 678,569      | 1 %         | 697,667            | 552,371    | 494,796    |
| Taxes on income                                                                           | 208,944            | 183,004      | 14 %        | 207,550            | 176,517    | 135,113    |
| Net income                                                                                | 478,200            | 495,565      | (4)%        | 490,117            | 375,854    | 359,683    |
| Less: net income (loss) attributable to                                                   |                    |              |             |                    |            |            |
| Nonredeemable noncontrolling interests                                                    | (24,575)           | (7,577)      | 224 %       | (11,877)           | 98         | 180        |
| Redeemable noncontrolling interests                                                       | (572)              | 42           | NM          | 837                | 2,850      | (992)      |
| Net Income Attributable to Franklin Resources, Inc.                                       | \$ 503,347         | \$ 503,100   | 0 %         | \$ 501,157         | \$ 372,906 | \$ 360,495 |
| Earnings per Share <sup>14</sup>                                                          |                    |              |             |                    |            |            |
| Basic                                                                                     | \$ 2.27            | \$ 2.26      | 0 %         | \$ 2.24            | \$ 1.66    | \$ 1.59    |
| Diluted                                                                                   | 2.26               | 2.25         | 0 %         | 2.23               | 1.65       | 1.58       |
| Dividends per Share                                                                       | \$ 0.25            | \$ 0.25      | 0 %         | \$ 0.25            | \$ 0.22    | \$ 0.22    |
| Average Shares Outstanding <i>(in thousands)</i>                                          |                    |              |             |                    |            |            |
| Basic                                                                                     | 220,313            | 221,696      | (1)%        | 223,169            | 223,864    | 225,626    |
| Diluted                                                                                   | 221,284            | 222,696      | (1)%        | 224,253            | 224,958    | 226,806    |
| Operating Margin <sup>15</sup>                                                            |                    |              |             |                    |            |            |
|                                                                                           | 36.8%              | 36.0%        |             | 38.8%              | 33.3%      | 34.0%      |
| Employees                                                                                 |                    |              |             |                    |            |            |
|                                                                                           | 8,458              | 8,125        | 4 %         | 7,989              | 7,927      | 7,869      |
| Billable Shareholder Accounts <i>(in millions)</i>                                        | 26.3               | 23.7         | 11 %        | 22.0               | 21.1       | 23.3       |

## AUM AND FLOWS

| (in billions)                            | Three Months Ended<br>June 30, |                 |             | Nine Months Ended<br>June 30, |                 |              |
|------------------------------------------|--------------------------------|-----------------|-------------|-------------------------------|-----------------|--------------|
|                                          | 2011                           | 2010            | %<br>Change | 2011                          | 2010            | %<br>Change  |
| Beginning AUM                            | \$ 703.5                       | \$ 586.8        | 20 %        | \$ 644.9                      | \$ 523.4        | 23 %         |
| Long-term sales                          | 57.4                           | 51.0            | 13 %        | 167.9                         | 139.6           | 20 %         |
| Long-term redemptions                    | (35.9)                         | (33.6)          | 7 %         | (135.1)                       | (91.1)          | 48 %         |
| Net cash management                      | 0.2                            | 1.4             | (86)%       | 0.5                           | 2.0             | (75)%        |
| <b>Net new flows</b>                     | <b>21.7</b>                    | <b>18.8</b>     | <b>15 %</b> | <b>33.3</b>                   | <b>50.5</b>     | <b>(34)%</b> |
| Reinvested distributions                 | 3.8                            | 3.1             | 23 %        | 12.3                          | 8.9             | 38 %         |
| <b>Net flows</b>                         | <b>25.5</b>                    | <b>21.9</b>     | <b>16 %</b> | <b>45.6</b>                   | <b>59.4</b>     | <b>(23)%</b> |
| Distributions                            | (4.4)                          | (3.7)           | 19 %        | (15.0)                        | (10.9)          | 38 %         |
| Acquisitions                             | —                              | —               | —           | 1.6                           | —               | NM           |
| Appreciation (depreciation)<br>and other | 9.6                            | (34.5)          | NM          | 57.1                          | (1.4)           | NM           |
| <b>Ending AUM</b>                        | <b>\$ 734.2</b>                | <b>\$ 570.5</b> | <b>29 %</b> | <b>\$ 734.2</b>               | <b>\$ 570.5</b> | <b>29 %</b>  |

## AUM BY INVESTMENT OBJECTIVE

| (in billions)                                                    | 30-Jun-11       | 31-Mar-11       | % Change    | 31-Dec-10       | 30-Sep-10       | 30-Jun-10       |
|------------------------------------------------------------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|
| <b>Equity</b>                                                    |                 |                 |             |                 |                 |                 |
| Global/international                                             | \$ 226.2        | \$ 225.4        | 0 %         | \$ 219.1        | \$ 204.2        | \$ 172.9        |
| United States                                                    | 83.6            | 83.5            | 0 %         | 77.0            | 69.5            | 63.2            |
| <b>Total equity</b>                                              | <b>309.8</b>    | <b>308.9</b>    | <b>0 %</b>  | <b>296.1</b>    | <b>273.7</b>    | <b>236.1</b>    |
| <b>Hybrid</b>                                                    | <b>115.1</b>    | <b>113.4</b>    | <b>1 %</b>  | <b>106.1</b>    | <b>110.8</b>    | <b>101.6</b>    |
| <b>Fixed-Income</b>                                              |                 |                 |             |                 |                 |                 |
| Tax-free                                                         | 69.6            | 67.5            | 3 %         | 71.4            | 77.7            | 73.8            |
| Taxable                                                          |                 |                 |             |                 |                 |                 |
| Global/international                                             | 185.4           | 160.6           | 15 %        | 144.7           | 130.7           | 109.4           |
| United States                                                    | 48.1            | 47.1            | 2 %         | 45.9            | 45.4            | 43.3            |
| <b>Total fixed-income</b>                                        | <b>303.1</b>    | <b>275.2</b>    | <b>10 %</b> | <b>262.0</b>    | <b>253.8</b>    | <b>226.5</b>    |
| <b>Cash Management</b>                                           | <b>6.2</b>      | <b>6.0</b>      | <b>3 %</b>  | <b>6.5</b>      | <b>6.6</b>      | <b>6.3</b>      |
| <b>Total AUM</b>                                                 | <b>\$ 734.2</b> | <b>\$ 703.5</b> | <b>4%</b>   | <b>\$ 670.7</b> | <b>\$ 644.9</b> | <b>\$ 570.5</b> |
| <b>Simple Monthly Average AUM for the<br/>Three-Month Period</b> | <b>\$ 726.7</b> | <b>\$ 687.2</b> | <b>6%</b>   | <b>\$ 655.6</b> | <b>\$ 604.7</b> | <b>\$ 583.1</b> |

## AUM AND FLOWS - UNITED STATES AND INTERNATIONAL

| (in billions)                      | As of and for the Three Months Ended |             |                  |             |                  |             |
|------------------------------------|--------------------------------------|-------------|------------------|-------------|------------------|-------------|
|                                    | 30-Jun-11                            | % of Total  | 31-Mar-11        | % of Total  | 30-Jun-10        | % of Total  |
| <b>Long-Term Sales</b>             |                                      |             |                  |             |                  |             |
| United States                      | \$ 27.7                              | 48 %        | \$ 28.5          | 51 %        | \$ 25.0          | 49 %        |
| International                      | 29.7                                 | 52 %        | 27.1             | 49 %        | 26.0             | 51 %        |
| <b>Total long-term sales</b>       | <b>\$ 57.4</b>                       | <b>100%</b> | <b>\$ 55.6</b>   | <b>100%</b> | <b>\$ 51.0</b>   | <b>100%</b> |
| <b>Long-Term Redemptions</b>       |                                      |             |                  |             |                  |             |
| United States                      | \$ (19.4)                            | 54 %        | \$ (22.4)        | 48 %        | \$ (18.3)        | 54 %        |
| International                      | (16.5)                               | 46 %        | (24.0)           | 52 %        | (15.3)           | 46 %        |
| <b>Total long-term redemptions</b> | <b>\$ (35.9)</b>                     | <b>100%</b> | <b>\$ (46.4)</b> | <b>100%</b> | <b>\$ (33.6)</b> | <b>100%</b> |
| <b>AUM</b>                         |                                      |             |                  |             |                  |             |
| United States                      | \$ 495.6                             | 68 %        | \$ 481.2         | 68 %        | \$ 409.9         | 72 %        |
| International                      | 238.6                                | 32 %        | 222.3            | 32 %        | 160.6            | 28 %        |
| <b>Total AUM</b>                   | <b>\$ 734.2</b>                      | <b>100%</b> | <b>\$ 703.5</b>  | <b>100%</b> | <b>\$ 570.5</b>  | <b>100%</b> |

## AUM AND FLOWS BY INVESTMENT OBJECTIVE

(in billions)

| for the three months ended<br>June 30, 2011 | Equity                   |                  |                 | Fixed-Income   |                                     |                             | Cash<br>Management | Total           |
|---------------------------------------------|--------------------------|------------------|-----------------|----------------|-------------------------------------|-----------------------------|--------------------|-----------------|
|                                             | Global/<br>International | United<br>States | Hybrid          | Tax-Free       | Taxable<br>Global/<br>International | Taxable<br>United<br>States |                    |                 |
| AUM at April 1, 2011                        | \$ 225.4                 | \$ 83.5          | \$ 113.4        | \$ 67.5        | \$ 160.6                            | \$ 47.1                     | \$ 6.0             | \$ 703.5        |
| Long-term sales                             | 12.1                     | 4.6              | 5.6             | 2.0            | 29.7                                | 3.4                         | —                  | 57.4            |
| Long-term redemptions                       | (11.9)                   | (4.8)            | (4.1)           | (2.8)          | (9.5)                               | (2.8)                       | —                  | (35.9)          |
| Net exchanges                               | (0.2)                    | (0.1)            | 0.1             | (0.1)          | 0.3                                 | (0.1)                       | 0.1                | —               |
| Net cash management                         | —                        | —                | —               | —              | —                                   | —                           | 0.2                | 0.2             |
| <b>Net new flows</b>                        | —                        | (0.3)            | 1.6             | (0.9)          | 20.5                                | 0.5                         | 0.3                | 21.7            |
| Reinvested distributions                    | 0.2                      | 0.1              | 1.4             | 0.6            | 1.1                                 | 0.4                         | —                  | 3.8             |
| <b>Net flows</b>                            | 0.2                      | (0.2)            | 3.0             | (0.3)          | 21.6                                | 0.9                         | 0.3                | 25.5            |
| Distributions                               | (0.2)                    | (0.1)            | (1.6)           | (0.8)          | (1.2)                               | (0.5)                       | —                  | (4.4)           |
| Appreciation<br>(depreciation) and other    | 0.8                      | 0.4              | 0.3             | 3.2            | 4.4                                 | 0.6                         | (0.1)              | 9.6             |
| <b>AUM at June 30, 2011</b>                 | <b>\$ 226.2</b>          | <b>\$ 83.6</b>   | <b>\$ 115.1</b> | <b>\$ 69.6</b> | <b>\$ 185.4</b>                     | <b>\$ 48.1</b>              | <b>\$ 6.2</b>      | <b>\$ 734.2</b> |

(in billions)

| for the three months ended<br>March 31, 2011 | Equity                   |                  |                 | Fixed-Income   |                                     |                             | Cash<br>Management | Total           |
|----------------------------------------------|--------------------------|------------------|-----------------|----------------|-------------------------------------|-----------------------------|--------------------|-----------------|
|                                              | Global/<br>International | United<br>States | Hybrid          | Tax-Free       | Taxable<br>Global/<br>International | Taxable<br>United<br>States |                    |                 |
| AUM at January 1, 2011                       | \$ 219.1                 | \$ 77.0          | \$ 106.1        | \$ 71.4        | \$ 144.7                            | \$ 45.9                     | \$ 6.5             | \$ 670.7        |
| Long-term sales                              | 14.6                     | 6.5              | 5.9             | 2.1            | 22.0                                | 4.5                         | —                  | 55.6            |
| Long-term redemptions                        | (19.1)                   | (4.6)            | (4.0)           | (4.6)          | (10.6)                              | (3.5)                       | —                  | (46.4)          |
| Net exchanges                                | (0.2)                    | 0.5              | 0.6             | (1.0)          | 0.3                                 | (0.4)                       | 0.2                | —               |
| Net cash management                          | —                        | —                | —               | —              | —                                   | —                           | (0.8)              | (0.8)           |
| <b>Net new flows</b>                         | (4.7)                    | 2.4              | 2.5             | (3.5)          | 11.7                                | 0.6                         | (0.6)              | 8.4             |
| Reinvested distributions                     | 0.2                      | —                | 0.8             | 0.5            | 0.9                                 | 0.3                         | —                  | 2.7             |
| <b>Net flows</b>                             | (4.5)                    | 2.4              | 3.3             | (3.0)          | 12.6                                | 0.9                         | (0.6)              | 11.1            |
| Distributions                                | (0.1)                    | —                | (1.1)           | (0.8)          | (0.9)                               | (0.4)                       | —                  | (3.3)           |
| Acquisitions                                 | 1.6                      | —                | —               | —              | —                                   | —                           | —                  | 1.6             |
| Appreciation<br>(depreciation) and other     | 9.3                      | 4.1              | 5.1             | (0.1)          | 4.2                                 | 0.7                         | 0.1                | 23.4            |
| <b>AUM at March 31, 2011</b>                 | <b>\$ 225.4</b>          | <b>\$ 83.5</b>   | <b>\$ 113.4</b> | <b>\$ 67.5</b> | <b>\$ 160.6</b>                     | <b>\$ 47.1</b>              | <b>\$ 6.0</b>      | <b>\$ 703.5</b> |

(in billions)

| for the three months ended<br>June 30, 2010 | Equity                   |                  |                 | Fixed-Income   |                                     |                             | Cash<br>Management | Total           |
|---------------------------------------------|--------------------------|------------------|-----------------|----------------|-------------------------------------|-----------------------------|--------------------|-----------------|
|                                             | Global/<br>International | United<br>States | Hybrid          | Tax-Free       | Taxable<br>Global/<br>International | Taxable<br>United<br>States |                    |                 |
| AUM at April 1, 2010                        | \$ 193.2                 | \$ 69.8          | \$ 107.3        | \$ 71.8        | \$ 97.0                             | \$ 41.9                     | \$ 5.8             | \$ 586.8        |
| Long-term sales                             | 11.7                     | 4.3              | 4.2             | 3.3            | 24.0                                | 3.5                         | —                  | 51.0            |
| Long-term redemptions                       | (11.6)                   | (4.0)            | (4.0)           | (2.4)          | (8.9)                               | (2.7)                       | —                  | (33.6)          |
| Net exchanges                               | (0.3)                    | —                | (0.1)           | —              | 1.0                                 | 0.2                         | (0.8)              | —               |
| Net cash management                         | —                        | —                | —               | —              | —                                   | —                           | 1.4                | 1.4             |
| <b>Net new flows</b>                        | (0.2)                    | 0.3              | 0.1             | 0.9            | 16.1                                | 1.0                         | 0.6                | 18.8            |
| Reinvested distributions                    | 0.1                      | 0.1              | 1.4             | 0.5            | 0.6                                 | 0.4                         | —                  | 3.1             |
| <b>Net flows</b>                            | (0.1)                    | 0.4              | 1.5             | 1.4            | 16.7                                | 1.4                         | 0.6                | 21.9            |
| Distributions                               | (0.1)                    | (0.1)            | (1.6)           | (0.8)          | (0.6)                               | (0.5)                       | —                  | (3.7)           |
| Appreciation<br>(depreciation) and other    | (20.1)                   | (6.9)            | (5.6)           | 1.4            | (3.7)                               | 0.5                         | (0.1)              | (34.5)          |
| <b>AUM at June 30, 2010</b>                 | <b>\$ 172.9</b>          | <b>\$ 63.2</b>   | <b>\$ 101.6</b> | <b>\$ 73.8</b> | <b>\$ 109.4</b>                     | <b>\$ 43.3</b>              | <b>\$ 6.3</b>      | <b>\$ 570.5</b> |

Franklin Resources, Inc. is a global investment management organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management solutions managed by its Franklin, Templeton, Mutual Series, Fiduciary Trust, Darby and Bissett investment teams. The San Mateo, CA-based company has more than 60 years of investment experience and over \$734 billion in AUM as of June 30, 2011. For more information about our company, please visit [franklinresources.com](http://franklinresources.com).

## Notes

1. Net income represents net income attributable to Franklin Resources, Inc.
2. Nothing in this section shall be considered a solicitation to buy or an offer to sell a security to any person in any jurisdiction where such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. Franklin/Templeton Distributors, Inc., One Franklin Parkway, San Mateo, CA, is the funds' principal distributor and a wholly-owned subsidiary of Franklin Resources, Inc.
3. Lipper rankings for Franklin Templeton U.S.-registered mutual funds are based on Class A shares. Franklin Templeton funds are compared against a universe of all share classes. Performance rankings for other share classes may differ. Lipper calculates averages by taking all the funds and share classes in a peer group and averaging their total returns for the periods indicated. Lipper tracks 155 peer groups of U.S. retail mutual funds, and the groups vary in size from 9 to 1,125 funds. Lipper total return calculations include reinvested dividends and capital gains, but do not include sales charges or expense subsidization by the manager. Results may have been different if these or other factors had been considered.
4. The source for the figures in the table is Lipper® Inc., 6/30/11.
5. Of the eligible Franklin Templeton long-term mutual funds tracked by Lipper, 20, 41, 26 and 40 funds ranked in the top quartile and 24, 33, 36 and 23 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
6. Of the eligible Franklin Templeton equity mutual funds tracked by Lipper, 10, 30, 14 and 14 funds ranked in the top quartile and 15, 9, 13 and 10 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
7. Of the eligible Franklin Templeton non-money market fixed-income mutual funds tracked by Lipper, 10, 11, 12 and 26 funds ranked in the top quartile and 9, 24, 23 and 13 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
8. Of the eligible Franklin equity mutual funds tracked by Lipper, 5, 21, 9 and 10 funds ranked in the top quartile and 12, 6, 8 and 3 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
9. Of the eligible Templeton equity mutual funds tracked by Lipper, 5, 6, 2 and 2 funds ranked in the top quartile and 3, 2, 4 and 4 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
10. Of the eligible Mutual Series equity mutual funds tracked by Lipper, 0, 3, 3 and 2 funds ranked in the top quartile and 0, 1, 1 and 3 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
11. Of the eligible Franklin Templeton non-money market taxable fixed-income mutual funds tracked by Lipper, 7, 4, 3 and 5 funds ranked in the top quartile and 2, 4, 4 and 3 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
12. Of the eligible Franklin Templeton non-money market tax-free fixed-income mutual funds tracked by Lipper, 3, 7, 9 and 21 funds ranked in the top quartile and 7, 20, 19 and 10 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
13. Beginning with the quarter ended December 31, 2010, the Company introduced a new consolidated statement of income presentation. The presentation change did not represent a restatement of any previously published financial results. See the Company's Form 8-K filed with the U.S. Securities and Exchange Commission on January 11, 2011 for details.
14. The computation of earnings per share pursuant to the two-class method excludes from net income attributable to Franklin Resources, Inc. the earnings allocated to participating securities, which consist of nonvested stock and stock unit awards that contain nonforfeitable rights to dividends or dividend equivalents. Earnings allocated to participating securities were \$2.9 million, \$2.8 million, \$2.1 million, \$1.4 million and \$2.0 million for the three months ended June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively.

15. Defined as operating income divided by operating revenues.
16. AUM consist of assets for which the Company provides various investment management services as described in Item 1 “Business” in Part I of its Form 10-K for the fiscal year ended September 30, 2010.

### **Forward-Looking Statements**

Statements in this press release regarding Franklin Resources, Inc. (“Franklin”) and its subsidiaries, which are not historical facts, are “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. When used in this press release, words or phrases generally written in the future tense and/or preceded by words such as “will”, “may”, “could”, “expect”, “believe”, “anticipate”, “intend”, “plan”, “seek”, “estimate” or other similar words are forward-looking statements.

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 actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance.

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, 2010 and Franklin's subsequent Quarterly Reports on Form 10-Q:

- Volatility and disruption of the capital and credit markets, and adverse changes in the global economy, may significantly affect our results of operations and may put pressure on our financial results.
- The amount and mix of our AUM 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 AUM, increase costs and negatively impact our profitability and future financial results.
- Changes in tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition, results of operations and liquidity.
- Any significant limitation or failure of our software applications, technology or other 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 AUM, 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, litigation and the legal risks associated with our business, could adversely impact our AUM, increase costs and negatively impact our profitability and/or our future financial results.
- Our ability to meet cash needs depends upon certain factors, including the market value of our assets, operating cash flows and our perceived creditworthiness.
- 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, and liquidity needs could affect our banking business.
- We are dependent on the earnings of our subsidiaries.

Any forward-looking statement made by us in this press release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

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