FRANKLIN TEMPLETON INVESTMENTS

One Franklin Parkway
San Mateo, CA 94403-1906
tel (650) 312-2000
franklinresources.com

Contact: Franklin Resources, Inc.
Investor Relations: Brian Sevilla (650) 312-4091
Corporate Communications: Matt Walsh (650) 312-2245
franklinresources.com

FOR IMMEDIATE RELEASE

Franklin Resources, Inc. Announces Fourth Quarter and Fiscal Year Results

San Mateo, CA, October 25, 2012 - Franklin Resources, Inc. (the "Company") [NYSE: BEN] today announced net income[1] of $492.1 million or $2.31 per diluted share for the quarter ended September 30, 2012, as compared to $455.3 million or $2.12 per diluted share for the previous quarter and $416.0 million or $1.88 per diluted share for the quarter ended September 30, 2011. Net income[1] for the year ended September 30, 2012 was $1,931.4 million or $8.95 per diluted share, as compared to $1,923.6 million or $8.62 per diluted share for the previous year.

	Quarter Ended		% Change Qtr. vs. Qtr.	Quarter Ended	% Change Year vs. Year	Fiscal Year Ended September 30,		% Change
	30-Sep-12	30-Jun-12		30-Sep-11		2012	2011	
Financial Results								
($ in millions, except per share amounts)								
Operating revenues	$ 1,816.2	$ 1,783.6	2 %	$ 1,837.1	(1)%	$ 7,101.0	$ 7,140.0	(1)%
Operating income	$ 622.7	$ 643.0	(3)%	$ 688.4	(10)%	$ 2,515.2	$ 2,659.8	(5)%
Operating margin	34.3%	36.1%		37.5%		35.4%	37.3%	
Net income[1]	$ 492.1	$ 455.3	8 %	$ 416.0	18 %	$ 1,931.4	$ 1,923.6	0 %
Diluted earnings per share	$ 2.31	$ 2.12	9 %	$ 1.88	23 %	$ 8.95	$ 8.62	4 %
Assets Under Management								
(in billions)								
Ending	$ 749.9	$ 707.1	6 %	$ 659.9	14 %	$ 749.9	$ 659.9	14 %
Average[2]	726.7	710.7	2 %	714.4	2 %	705.7	694.4	2 %
Net new flows	2.9	4.8	(40)%	3.1	(6)%	(2.3)	36.4	NM

Non-operating income for the quarter ended September 30, 2012 included $64.1 million of investment and other income (losses), net, as compared to $(18.0) million for the prior quarter and $(116.5) million for the quarter ended September 30, 2011. Non-operating income for the year ended September 30, 2012 included $199.7 million of investment and other income, net, as compared to $1.8 million for the previous year.

Total assets under management ("AUM") were $749.9 billion at September 30, 2012, up $42.8 billion or 6% during the quarter. The increase was primarily due to $40.8 billion in market appreciation. AUM increased $90.0 billion or 14% year over year, primarily due to $96.4 billion in market appreciation.

Cash and cash equivalents and investments were $10.7 billion at September 30, 2012, as compared to $9.4 billion at September 30, 2011. Total stockholders' equity was $9.8 billion at September 30, 2012, as compared to $9.1 billion at September 30, 2011. The Company had 212.2 million shares of common stock outstanding at September 30, 2012, as compared to 217.7 million shares outstanding at September 30, 2011. During the quarter ended September 30, 2012, the Company repurchased approximately 0.8 million shares of its common stock for a total cost of $98.6 million, and issued senior notes with a total face value of $600.0 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 of a material nature. Analysts and investors are encouraged to review the Company's recent filings with the U.S. Securities and Exchange Commission and to contact Investor Relations before the live teleconference for any clarifications or questions related to the earnings release or pre-recorded audio commentary.

Access to the pre-recorded audio commentary and accompanying slides are available at 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 33535504, any time through November 24, 2012.

Access to the live teleconference will be available at 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 33535495, after 7:00 p.m. Eastern Time today through November 24, 2012.

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[3,4]:

	Period Ended September 30, 2012			
	Percent of Assets in Top Two Quartiles[5]			
	1-Year	**3-Year**	**5-Year**	**10-Year**
Franklin Templeton[6]	65%	77%	86%	82%
Franklin Templeton Equity[7]	70%	78%	85%	73%
Franklin Templeton Fixed-Income[8]	60%	76%	87%	92%
Franklin Equity[9]	67%	77%	82%	87%
Templeton Equity[10]	87%	91%	86%	39%
Mutual Series Equity[11]	57%	62%	99%	62%
Franklin Templeton Taxable Fixed-Income[12]	82%	82%	81%	82%
Franklin Templeton Tax-Free Fixed-Income[13]	42%	71%	92%	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.
Preliminary Condensed Consolidated Statements of Income
Unaudited

(in millions, except per share data and AUM)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	% Change	Twelve Months Ended September 30, 2012	Twelve Months Ended September 30, 2011	% Change
Operating Revenues						
Investment management fees	$ 1,142.8	$ 1,193.2	(4)%	$ 4,458.7	$ 4,531.4	(2)%
Sales and distribution fees	579.9	556.0	4 %	2,259.3	2,263.5	0 %
Shareholder servicing fees	73.1	75.5	(3)%	302.5	300.8	1 %
Other, net	20.4	12.4	65 %	80.5	44.3	82 %
Total operating revenues	1,816.2	1,837.1	(1)%	7,101.0	7,140.0	(1)%
Operating Expenses						
Sales, distribution and marketing	701.6	669.4	5 %	2,739.7	2,712.8	1 %
Compensation and benefits	317.5	309.4	3 %	1,255.5	1,231.2	2 %
Information systems and technology	54.1	50.0	8 %	182.9	173.1	6 %
Occupancy	34.7	35.3	(2)%	129.9	131.0	(1)%
General, administrative and other	85.6	84.6	1 %	277.8	232.1	20 %
Total operating expenses	1,193.5	1,148.7	4 %	4,585.8	4,480.2	2 %
Operating Income	622.7	688.4	(10)%	2,515.2	2,659.8	(5)%
Other Income (Expenses)						
Investment and other income (losses), net	64.1	(116.5)	NM	199.7	1.8	NM
Interest expense	(8.4)	(11.1)	(24)%	(36.7)	(37.4)	(2)%
Other income (expenses), net	55.7	(127.6)	NM	163.0	(35.6)	NM
Income before taxes	678.4	560.8	21 %	2,678.2	2,624.2	2 %
Taxes on income	174.4	203.9	(14)%	762.7	803.4	(5)%
Net income	504.0	356.9	41 %	1,915.5	1,820.8	5 %
Less: net income (loss) attributable to						
Nonredeemable noncontrolling interests	9.1	(57.6)	NM	(20.9)	(101.6)	(79)%
Redeemable noncontrolling interests	2.8	(1.5)	NM	5.0	(1.2)	NM
Net Income Attributable to Franklin Resources, Inc.	**$ 492.1**	**$ 416.0**	**18 %**	**$ 1,931.4**	**$ 1,923.6**	**0 %**
Earnings per Share						
Basic	$ 2.32	$ 1.89	23 %	$ 8.98	$ 8.66	4 %
Diluted	2.31	1.88	23 %	8.95	8.62	4 %
Dividends per Share	$ 0.27	$ 0.25	8 %	$ 3.08	$ 1.00	208 %
Average Shares Outstanding						
Basic	211.4	219.0	(3)%	213.8	221.0	(3)%
Diluted	211.9	219.8	(4)%	214.4	222.1	(3)%
Operating Margin	34.3%	37.5%		35.4%	37.3%	
AUM *(in billions)*						
Ending	$ 749.9	$ 659.9	14 %	$ 749.9	$ 659.9	14 %
Average	726.7	714.4	2 %	705.7	694.4	2 %
Net new flows	2.9	3.1	(6)%	(2.3)	36.4	NM

Franklin Resources, Inc.
Preliminary Condensed Consolidated Statements of Income
Unaudited

(in millions, except per share data and employees)	Three Months Ended 30-Sep-12	Three Months Ended 30-Jun-12	% Change	Three Months Ended 31-Mar-12	Three Months Ended 31-Dec-11	Three Months Ended 30-Sep-11
Operating Revenues						
Investment management fees	$ 1,142.8	$ 1,114.4	3 %	$ 1,126.4	$ 1,075.1	$ 1,193.2
Sales and distribution fees	579.9	569.2	2 %	585.9	524.3	556.0
Shareholder servicing fees	73.1	77.3	(5)%	76.7	75.4	75.5
Other, net	20.4	22.7	(10)%	10.3	27.1	12.4
Total operating revenues	1,816.2	1,783.6	2 %	1,799.3	1,701.9	1,837.1
Operating Expenses						
Sales, distribution and marketing	701.6	692.0	1 %	715.5	630.6	669.4
Compensation and benefits	317.5	314.6	1 %	323.0	300.4	309.4
Information systems and technology	54.1	44.1	23 %	43.3	41.4	50.0
Occupancy	34.7	31.5	10 %	31.9	31.8	35.3
General, administrative and other	85.6	58.4	47 %	68.5	65.3	84.6
Total operating expenses	1,193.5	1,140.6	5 %	1,182.2	1,069.5	1,148.7
Operating Income	622.7	643.0	(3)%	617.1	632.4	688.4
Other Income (Expenses)						
Investment and other income (losses), net	64.1	(18.0)	NM	82.4	71.2	(116.5)
Interest expense	(8.4)	(10.1)	(17)%	(9.6)	(8.6)	(11.1)
Other income (expenses), net	55.7	(28.1)	NM	72.8	62.6	(127.6)
Income before taxes	678.4	614.9	10 %	689.9	695.0	560.8
Taxes on income	174.4	184.9	(6)%	202.1	201.3	203.9
Net income	504.0	430.0	17 %	487.8	493.7	356.9
Less: net income (loss) attributable to						
Nonredeemable noncontrolling interests	9.1	(24.2)	NM	(15.9)	10.1	(57.6)
Redeemable noncontrolling interests	2.8	(1.1)	NM	0.5	2.8	(1.5)
Net Income Attributable to Franklin Resources, Inc.	**$ 492.1**	**$ 455.3**	**8 %**	**$ 503.2**	**$ 480.8**	**$ 416.0**
Earnings per Share						
Basic	$ 2.32	$ 2.12	9 %	$ 2.33	$ 2.21	$ 1.89
Diluted	2.31	2.12	9 %	2.32	2.20	1.88
Dividends per Share	$ 0.27	$ 0.27	0 %	$ 0.27	$ 2.27	$ 0.25
Average Shares Outstanding						
Basic	211.4	213.1	(1)%	214.5	216.1	219.0
Diluted	211.9	213.6	(1)%	215.1	216.7	219.8
Operating Margin	34.3%	36.1%		34.3%	37.2%	37.5%
Employees	8,558	8,563	0 %	8,451	8,484	8,453
Billable Shareholder Accounts	23.0	26.6	(14)%	26.1	25.6	24.8

AUM AND FLOWS

(in billions)	Three Months Ended September 30, 2012	2011	% Change	Twelve Months Ended September 30, 2012	2011	% Change
Beginning AUM	$ 707.1	$ 734.2	(4)%	$ 659.9	$ 644.9	2 %
Long-term sales	42.5	52.9	(20)%	170.8	220.8	(23)%
Long-term redemptions	(40.2)	(49.7)	(19)%	(172.7)	(184.8)	(7)%
Net cash management	0.6	(0.1)	NM	(0.4)	0.4	NM
Net new flows	2.9	3.1	(6)%	(2.3)	36.4	NM
Reinvested distributions	3.7	4.0	(8)%	18.4	16.3	13 %
Net flows	6.6	7.1	(7)%	16.1	52.7	(69)%
Distributions	(4.6)	(4.7)	(2)%	(22.5)	(19.7)	14 %
Acquisitions	—	10.9	(100)%	—	12.5	(100)%
Appreciation (depreciation) and other	40.8	(87.6)	NM	96.4	(30.5)	NM
Ending AUM	**$ 749.9**	**$ 659.9**	**14 %**	**$ 749.9**	**$ 659.9**	**14 %**

AUM BY INVESTMENT OBJECTIVE

(in billions)	30-Sep-12	30-Jun-12	% Change	31-Mar-12	31-Dec-11	30-Sep-11
Equity						
Global/international	$ 214.9	$ 198.9	8 %	$ 216.2	$ 194.5	$ 185.8
United States	82.2	79.7	3 %	83.7	75.7	68.4
Total equity	297.1	278.6	7 %	299.9	270.2	254.2
Hybrid	110.1	103.2	7 %	103.5	96.4	101.3
Fixed-Income						
Tax-free	83.2	80.1	4 %	77.3	74.1	72.0
Taxable						
Global/international	196.4	185.9	6 %	187.8	174.7	178.8
United States	56.7	53.5	6 %	51.5	48.9	46.9
Total fixed-income	336.3	319.5	5 %	316.6	297.7	297.7
Cash Management	6.4	5.8	10 %	5.7	6.0	6.7
Total AUM	**$ 749.9**	**$ 707.1**	**6%**	**$ 725.7**	**$ 670.3**	**$ 659.9**
Average AUM for the Three-Month Period	**$ 726.7**	**$ 710.7**	**2%**	**$ 706.9**	**$ 675.0**	**$ 714.4**

AUM AND FLOWS - UNITED STATES AND INTERNATIONAL[14]

(in billions)	As of and for the Three Months Ended 30-Sep-12	% of Total	30-Jun-12	% of Total	30-Sep-11	% of Total
Long-Term Sales						
United States	$ 21.7	51 %	$ 23.4	56 %	$ 24.2	46 %
International	20.8	49 %	18.2	44 %	28.7	54 %
Total long-term sales	$ 42.5	100 %	$ 41.6	100 %	$ 52.9	100 %
Long-Term Redemptions						
United States	$ (19.0)	47 %	$ (20.4)	55 %	$ (24.8)	50 %
International	(21.2)	53 %	(16.4)	45 %	(24.9)	50 %
Total long-term redemptions	$ (40.2)	100 %	$ (36.8)	100 %	$ (49.7)	100 %
AUM						
United States	$ 492.6	66 %	$ 465.7	66 %	$ 431.5	65 %
International	257.3	34 %	241.4	34 %	228.4	35 %
Total AUM	**$ 749.9**	**100%**	**$ 707.1**	**100%**	**$ 659.9**	**100%**

AUM AND FLOWS BY INVESTMENT OBJECTIVE

(in billions) for the three months ended September 30, 2012	Equity Global/ International	Equity United States	Hybrid	Fixed-Income Tax-Free	Fixed-Income Taxable Global/ International	Fixed-Income Taxable United States	Cash Management	Total
AUM at July 1, 2012	$ 198.9	$ 79.7	$ 103.2	$ 80.1	$ 185.9	$ 53.5	$ 5.8	$ 707.1
Long-term sales	10.0	3.4	5.2	3.4	15.7	4.8	—	42.5
Long-term redemptions	(10.4)	(5.0)	(3.6)	(2.2)	(15.6)	(3.4)	—	(40.2)
Net exchanges	(0.3)	—	0.1	—	(0.1)	0.3	—	—
Net cash management	—	—	—	—	—	—	0.6	0.6
Net new flows	(0.7)	(1.6)	1.7	1.2	—	1.7	0.6	2.9
Reinvested distributions	0.4	0.3	1.0	0.6	1.0	0.4	—	3.7
Net flows	(0.3)	(1.3)	2.7	1.8	1.0	2.1	0.6	6.6
Distributions	(0.4)	(0.3)	(1.3)	(0.8)	(1.3)	(0.5)	—	(4.6)
Appreciation and other	16.7	4.1	5.5	2.1	10.8	1.6	—	40.8
AUM at September 30, 2012	**$ 214.9**	**$ 82.2**	**$ 110.1**	**$ 83.2**	**$ 196.4**	**$ 56.7**	**$ 6.4**	**$ 749.9**

(in billions) for the three months ended June 30, 2012	Equity Global/ International	Equity United States	Hybrid	Fixed-Income Tax-Free	Fixed-Income Taxable Global/ International	Fixed-Income Taxable United States	Cash Management	Total
AUM at April 1, 2012	$ 216.2	$ 83.7	$ 103.5	$ 77.3	$ 187.8	$ 51.5	$ 5.7	$ 725.7
Long-term sales	9.4	4.1	4.5	3.5	15.9	4.2	—	41.6
Long-term redemptions	(9.7)	(4.5)	(4.3)	(2.2)	(13.3)	(2.8)	—	(36.8)
Net exchanges	(0.3)	(0.1)	0.1	0.1	(0.2)	0.3	0.1	—
Net new flows	(0.6)	(0.5)	0.3	1.4	2.4	1.7	0.1	4.8
Reinvested distributions	0.2	0.1	1.7	0.5	1.2	0.5	—	4.2
Net flows	(0.4)	(0.4)	2.0	1.9	3.6	2.2	0.1	9.0
Distributions	(0.2)	(0.1)	(1.9)	(0.6)	(1.7)	(0.6)	—	(5.1)
Appreciation (depreciation) and other	(16.7)	(3.5)	(0.4)	1.5	(3.8)	0.4	—	(22.5)
AUM at June 30, 2012	**$ 198.9**	**$ 79.7**	**$ 103.2**	**$ 80.1**	**$ 185.9**	**$ 53.5**	**$ 5.8**	**$ 707.1**

(in billions) for the three months ended September 30, 2011	Equity Global/ International	Equity United States	Hybrid	Fixed-Income Tax-Free	Fixed-Income Taxable Global/ International	Fixed-Income Taxable United States	Cash Management	Total
AUM at July 1, 2011	$ 226.2	$ 83.6	$ 115.1	$ 69.6	$ 185.4	$ 48.1	$ 6.2	$ 734.2
Long-term sales	11.0	4.2	4.8	2.3	27.6	3.0	—	52.9
Long-term redemptions	(15.4)	(5.9)	(5.1)	(2.7)	(16.9)	(3.7)	—	(49.7)
Net exchanges	(0.5)	(0.3)	(0.5)	0.1	0.3	0.2	0.7	—
Net cash management	—	—	—	—	—	—	(0.1)	(0.1)
Net new flows	(4.9)	(2.0)	(0.8)	(0.3)	11.0	(0.5)	0.6	3.1
Reinvested distributions	0.7	0.4	0.9	0.6	1.1	0.3	—	4.0
Net flows	(4.2)	(1.6)	0.1	0.3	12.1	(0.2)	0.6	7.1
Distributions	(0.8)	(0.5)	(1.1)	(0.8)	(1.1)	(0.4)	—	(4.7)
Acquisitions	10.9	—	—	—	—	—	—	10.9
Appreciation (depreciation) and other	(46.3)	(13.1)	(12.8)	2.9	(17.6)	(0.6)	(0.1)	(87.6)
AUM at September 30, 2011	**$ 185.8**	**$ 68.4**	**$ 101.3**	**$ 72.0**	**$ 178.8**	**$ 46.9**	**$ 6.7**	**$ 659.9**

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 approximately $750 billion in AUM as of September 30, 2012. For more information about our company, please visit franklinresources.com.

Notes

1. Net income represents net income attributable to Franklin Resources, Inc.
2. Average AUM represents simple monthly average AUM.
3. 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.
4. 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 158 peer groups of U.S. retail mutual funds, and the groups vary in size from 8 to 989 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.
5. The figures in the table are based on data available from Lipper© Inc. as of October 4, 2012 and are subject to revision.
6. Of the eligible Franklin Templeton long-term mutual funds tracked by Lipper, 21, 32, 36 and 41 funds ranked in the top quartile and 27, 31, 33 and 20 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 equity mutual funds tracked by Lipper, 10, 14, 13 and 10 funds ranked in the top quartile and 10, 12, 19 and 12 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 Templeton non-money market fixed-income mutual funds tracked by Lipper, 11, 18, 23 and 31 funds ranked in the top quartile and 17, 19, 14 and 8 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 Franklin equity mutual funds tracked by Lipper, 5, 8, 7 and 7 funds ranked in the top quartile and 4, 6, 13 and 9 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 Templeton equity mutual funds tracked by Lipper, 3, 3, 3 and 1 funds ranked in the top quartile and 5, 4, 4 and 2 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 Mutual Series equity mutual funds tracked by Lipper, 2, 3, 3 and 2 funds ranked in the top quartile and 1, 2, 2 and 1 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 taxable fixed-income mutual funds tracked by Lipper, 6, 5, 5 and 6 funds ranked in the top quartile and 5, 6, 3 and 2 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
13. Of the eligible Franklin Templeton non-money market tax-free fixed-income mutual funds tracked by Lipper, 5, 13, 18 and 25 funds ranked in the top quartile and 12, 13, 11 and 6 funds ranked in the second quartile, for the one-, three-, five- and 10-year periods, respectively, for their respective Lipper peer groups.
14. International includes North America-based advisors serving non-resident clients.

Forward-Looking Statements

The financial results in this press release are preliminary. 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," "preliminary" 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, 2011 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.
- Failure to comply with the laws, rules or regulations in any of the non-U.S. jurisdictions in which we operate could result in substantial harm to our reputation and results of operations.
- 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, failure or security breach of our software applications, technology or other systems that are critical to our operations could constrain our operations.
- Our 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 income.
- Changes in the third-party distribution and sales channels on which we depend could reduce our income 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 our revenues 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 our revenues and income 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.
- 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.
- Our business could be negatively affected if we or our banking subsidiaries fail to remain well capitalized, and liquidity needs could affect our banking services.
- 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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