

Franklin Resources, Inc.

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Bank of America Merrill Lynch Banking and Financial Services Conference – November 18, 2010



## 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 U.S. Private Securities Litigation Reform Act of 1995. When used in this presentation, 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, 2009 and subsequently filed Form 10-Q's: (1) 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; (2) the amount and mix of our assets under management are subject to significant fluctuations; (3) we are subject to extensive and complex, overlapping and frequently changing rules, regulations and legal interpretations; (4) 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; (5) 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; (6) any significant limitation or failure of our software applications, technology or other systems that are critical to our operations could constrain our operations; (7) 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; (8) we face risks, and corresponding potential costs and expenses, associated with conducting operations and growing our business in numerous countries; (9) we depend on key personnel and our financial performance could be negatively affected by the loss of their services; (10) 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; (11) changes in the third-party distribution and sales channels on which we depend could reduce our revenues and hinder our growth; (12) 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; (13) 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; (14) we could suffer losses in earnings or revenue if our reputation is harmed; (15) our future results are dependent upon maintaining an appropriate level of expenses, which is subject to fluctuation; (16) our ability to successfully integrate widely varied business lines can be impeded by systems and other technological limitations; (17) 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; (18) 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; (19) 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; (20) 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; (21) our ability to meet cash needs depends upon certain factors, including the market value of our assets, operating cash flows and our perceived credit worthiness; (22) diverse and strong competition limits the interest rates that we can charge on consumer loans; (23) 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; and (24) we are dependent on the earnings of our subsidiaries.

Any forward-looking statement made by us in this presentation 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.

The information in this presentation is provided solely in connection with this presentation, and is not directed toward existing or potential investment advisory clients or fund shareholders.

## Franklin Templeton Investments

### Our Core Strengths

#### Unwavering Focus on Investment Excellence

- A pure asset management organization dedicated to active management
- Time-tested investment disciplines enabling strong long-term performance
- Specialized, world-class expertise with over 500 investment professionals
- Integrated and comprehensive approach to risk management with a strong track record

#### Strength and Stability

- 60+ years of experience with a proven ability to navigate through all market cycles
- Fiscal responsibility embedded in all aspects of our business
- Enviably financial track record

#### Global Perspective and Local Commitment

- Pioneer in global investing
- Track record of innovation
- Deep experience and long-term commitment to the markets we enter
- Global platform with local insights provides unique benefits

#### Values-Based Culture

- Strongly held corporate values that guide how we work
- Long-standing commitment to financial professionals founded on the value of advice
- Striving to continually enhance the value we bring to our customers

## The Expertise of Many

Our World-Class Investment Management Groups

FRANKLIN TEMPLETON INVESTMENTS

FRANKLIN®

TEMPLETON®

MUTUAL SERIES®

SPECIALIZED  
INVESTMENT TEAMS\*

### Time-Tested Expertise

- The separate investment management groups at Franklin, Templeton and Mutual Series were established over 60 years ago
- Each seeks to offer specialized expertise with distinct investment focuses ranging from tax-free income to core equity to global investing
- Our portfolio managers stay true to their disciplines, regardless of short-term market cycles

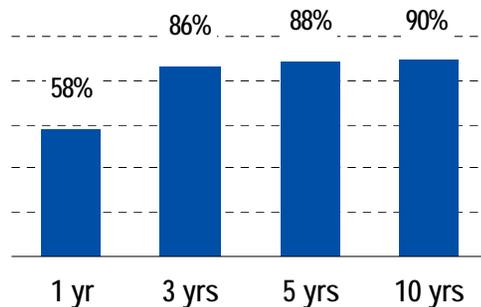
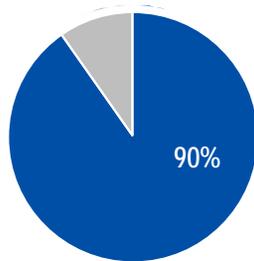
### True Diversification, Not Duplication

- Since our management groups may pursue different investment approaches, Franklin, Templeton and Mutual Series strategies typically have distinct portfolios
- The breadth of our product line aims to provide our clients with an array of solutions designed to meet their strategic goals

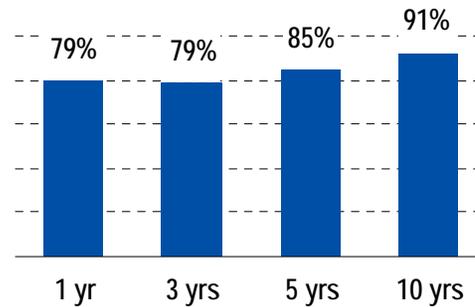
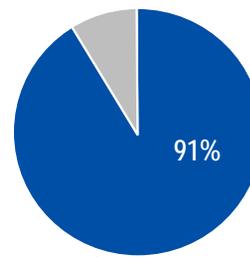
## Strong Long-Term Performance

### Percentage of Long-Term Assets in Top Two Quartiles<sup>1</sup> for the 1-Year Period Ended 9/30/10

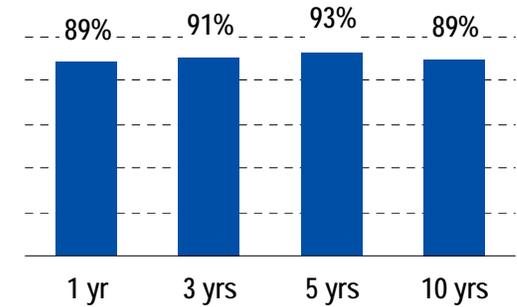
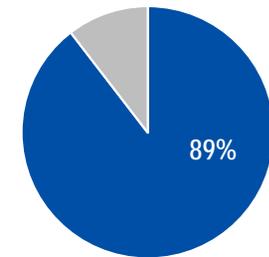
**Franklin Templeton  
U.S. Mutual Funds<sup>2</sup>**



**Franklin Templeton  
Cross-Border Funds<sup>3</sup>**



**Franklin Templeton  
Institutional Composites<sup>4</sup>**



1. Lipper rankings for Franklin Templeton U.S.-registered long-term mutual funds are based on Class A shares and do not include sales charges. Franklin Templeton funds are compared against a universe of all share classes. Performance rankings for other share classes may differ. Morningstar rankings for Franklin Templeton cross-border mutual funds are based on primary share classes and do not include sales charges. Performance rankings for other share classes may differ. Each percentage of assets figure represents composites reported to eVestments, is not inclusive of all composite assets within Franklin Templeton Institutional, LLC and its affiliates, and only includes composites for which a continuous performance history has been reported to eVestments for the respective period. Franklin and Templeton are considered separate firms as defined by the Global Investment Performance Standards (GIPS®). Additional information regarding Franklin and Templeton's firm policies and procedures for calculating and reporting performance results are available upon request. To receive a complete list and description of Franklin composites (including any single account mutual fund composite) and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton institutional representative at (800) 321-8563.

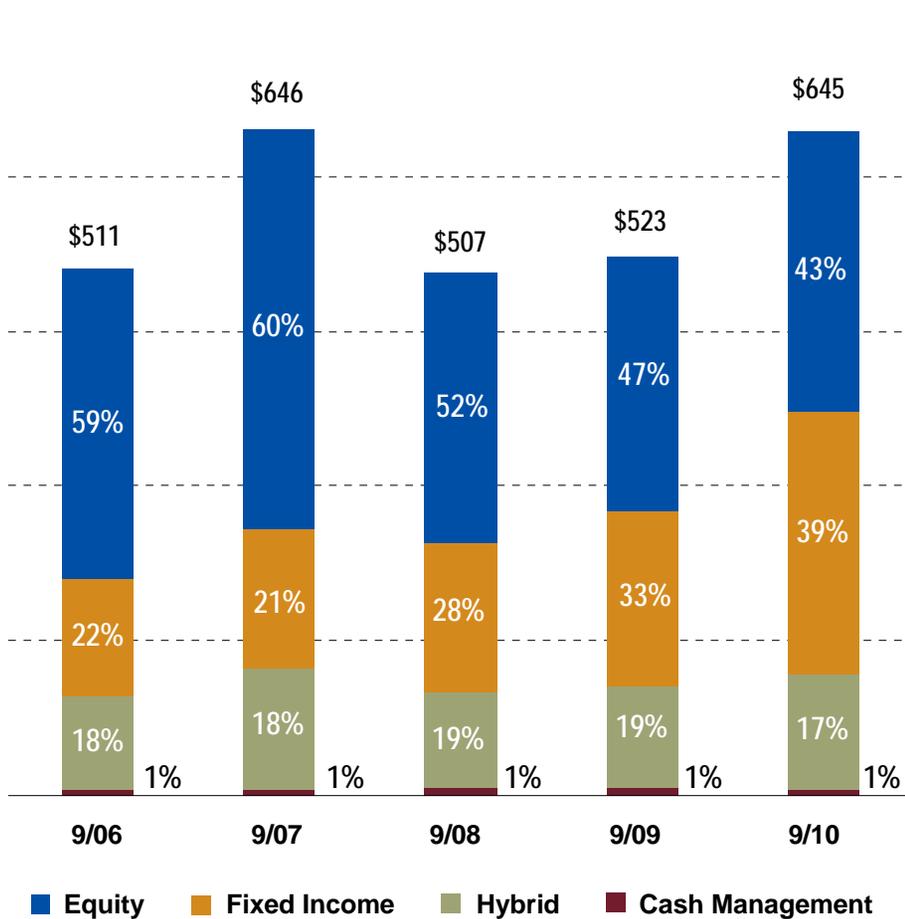
2. Source: Lipper, Inc., 9/30/10. Of the eligible Franklin Templeton long-term mutual funds tracked by Lipper, 39, 45, 39, and 46 funds ranked in the top quartile and 28, 29, 31, and 16 funds ranked in the second quartile of their respective Lipper peer groups for the 1-, 3-, 5-, 10-year periods, respectively, for cumulative total return.

3. Source: Morningstar, 9/30/10. Of the eligible Franklin Templeton long-term mutual funds tracked by Morningstar, 30, 22, 18, and 9 funds ranked in the top quartile; and 19, 10, 6, and 9 funds ranked in the second quartile of their respective Morningstar categories for the 1-, 3-, 5- and 10-year periods, respectively, for average annual total return.

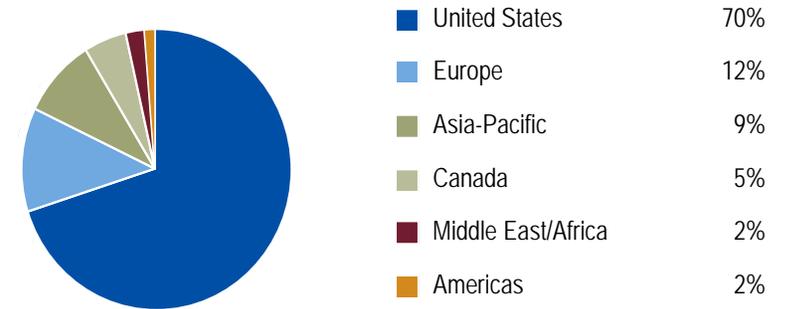
4. Source: eVestment Alliance, LLC, 09/30/10. eVestment rankings are based on Franklin Templeton institutional composites performance before deduction of management fees. Management fees will reduce an investors' return. Franklin Templeton Institutional composites are compared against institutional composites that invest in a comparable asset class. Competitor performance may or may not include management fees. Of the eligible Franklin Templeton long-term institutional composites tracked by eVestment Alliance, 14, 10, 14 and 5 composites ranked in the top quartile; 9, 12, 7 and 7 composites ranked in the second quartile of their respective eVestment categories for the 1-, 3-, 5- and 10-year periods, respectively, for cumulative total return.

## Broad and Diversified Client and Asset Base

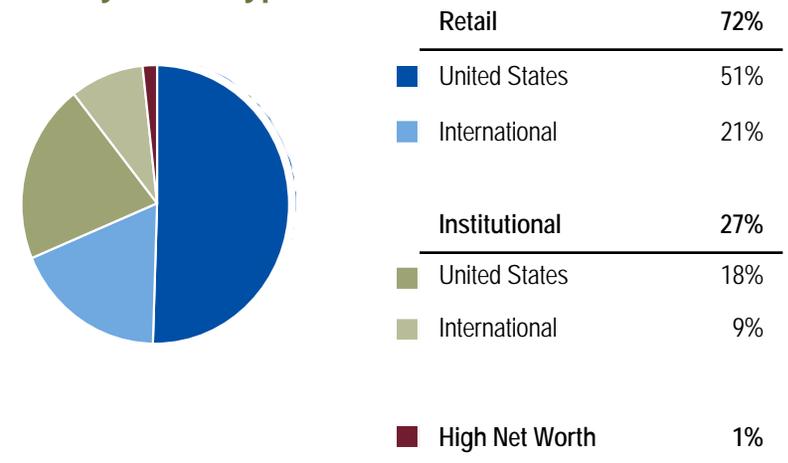
### Assets Under Management in USD Billions



### AUM by Region

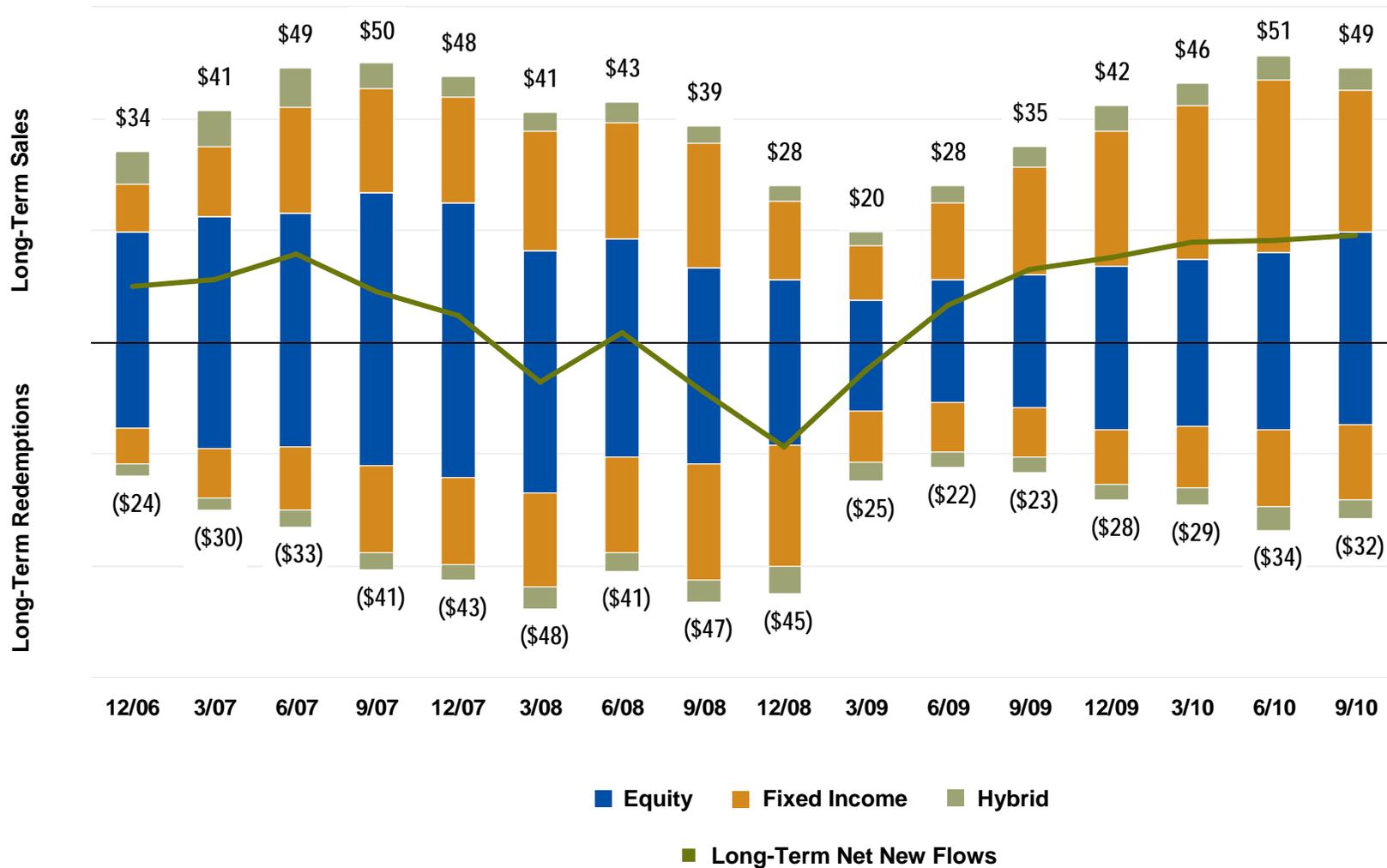


### AUM by Client Type



## Diversification Benefits Flows

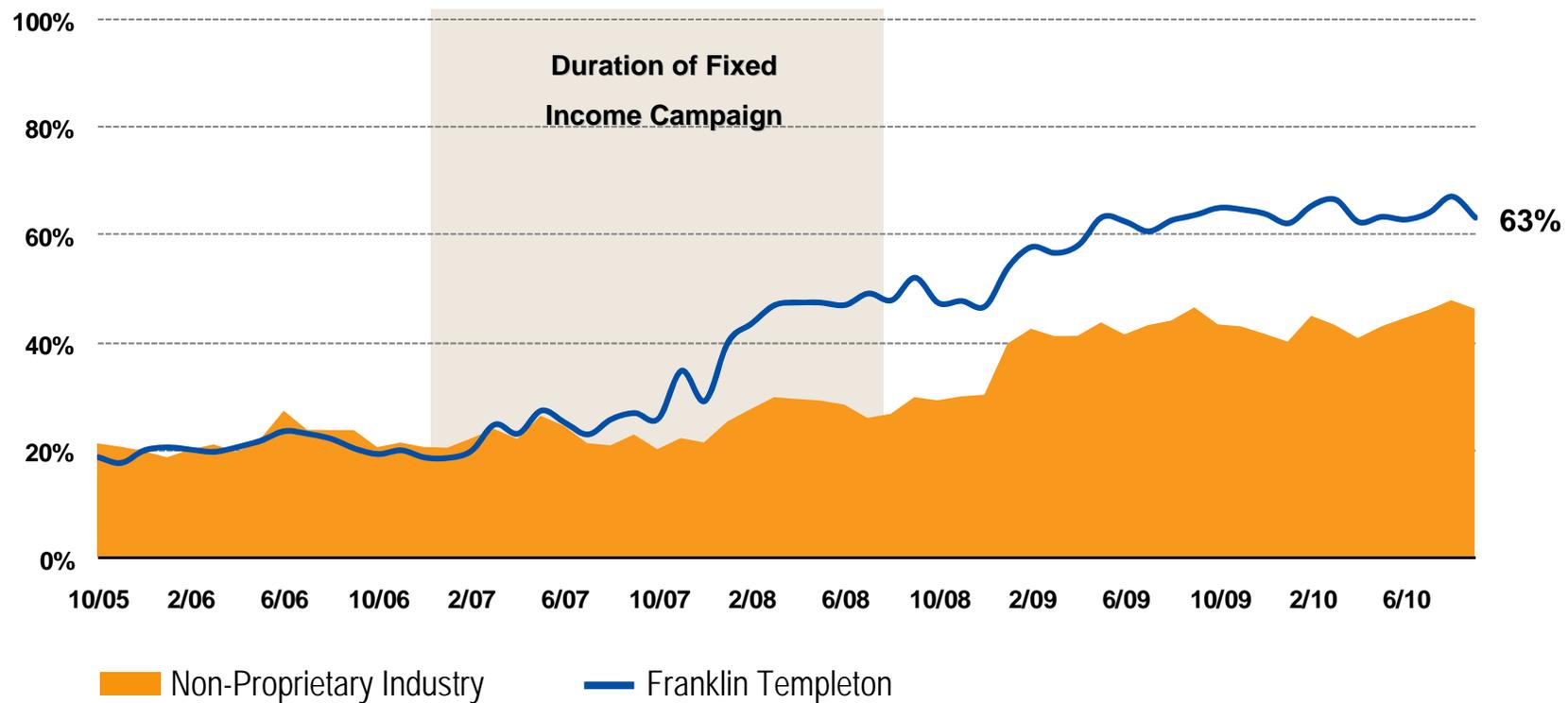
### Long-Term Flows for the Quarter Ended in USD Billions



## A Patient Approach to Campaigns

Planting the Seeds for Fixed Income Growth

### Fixed Income as a Percentage of U.S. Long-Term Sales



**Franklin Templeton's Fixed Income Market Share:**  
 January 2007: 9.6%  
 September 2010: 16.1%

## Leveraging Technology is an Important Component of our Distribution Strategy

**Portfolio Generator™**

HOME → 1. SELECT MODEL → 2. SELECT FUNDS → 3. REVIEW PORTFOLIO → 4. CREATE REPORT

**Review Portfolio**

Portfolio | Diversification | Performance | Risk / Return | Correlation

▼ Funds in this Portfolio

**Funds in this Portfolio**  
By Category

<b>Blend</b>		
Franklin Rising Dividends Fund		30%
<b>Global</b>		
Mutual Global Discovery Fund		30%
<b>Fixed Income</b>		
Franklin Strategic Income Fund		30%
Templeton Global Bond Fund		10%

**Fund Categories**

As of 12/31/2009. Holdings are subject to change.

▶ Asset Allocation

Start Over | < Back | Next >

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## Risk Management in Communications

# EQUITY INVESTING REQUIRES BI-FOCAL VISION



### RISK MANAGEMENT FOR THE DECADE AHEAD

Today, your clients are more sensitive to risk than ever before. Yet for many, their long-term investment goals may not be achievable without taking some degree of risk through market participation.

While you can't eliminate market risk for your clients, you can help them choose an investment manager with the expertise, resources and perspective to navigate today's increasingly complex global markets.

We take a comprehensive, disciplined approach to investment risk management, seeking to ensure that investment risks are recognized, rationalized and rewarded.

It leverages the specialized expertise of our investment management groups – each with decades of experience across market cycles. We support their efforts with independent risk management specialists located around the globe and with senior-level oversight committees focusing on today's most complex risks factors.

The strength and stability of our global organization enhances our distinct approach, allowing our teams to take a long-term perspective and weigh decisions with the prudence and customer-focus that are hallmarks of our firm.

FRANKLIN  
Since 1948

TEMPLETON  
Since 1954

MUTUAL SERIES  
Since 1949



FRANKLIN TEMPLETON  
INVESTMENTS

< GAIN FROM OUR PERSPECTIVE® >

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a Franklin Templeton fund summary prospectus and/or prospectus that contains this and other information, call 1-800-342-3236. Investors should read the prospectus carefully before investing.  
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## Broadening Solutions and Alternative Strategies

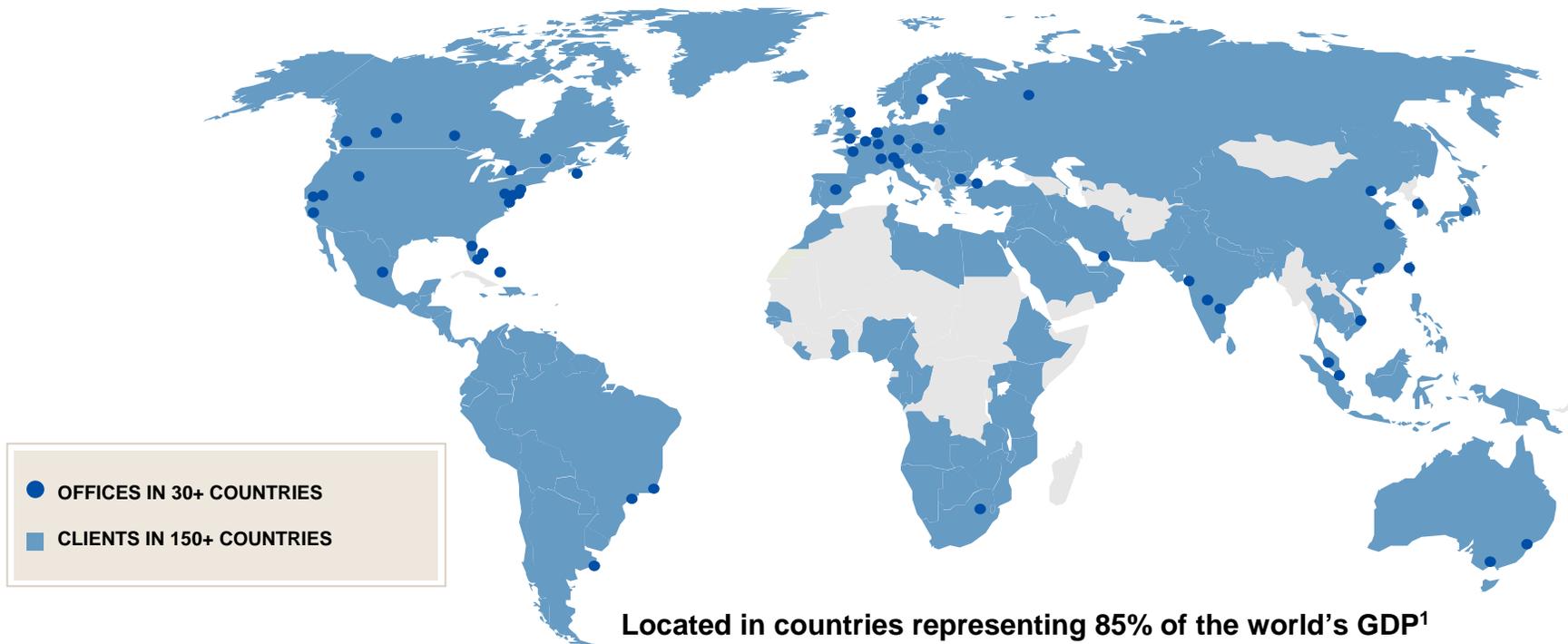
### Solutions

- Franklin Templeton Multi-Asset Strategies
- Leveraging the insights and strategies of Franklin Templeton's individual investment management groups

### Alternatives

- Continue to build our investment capabilities to offer clients increased portfolio diversification through lower-correlated asset classes

## Long-term Commitment to the Markets We Enter



### The Americas

United States (1947)  
Bahamas (1968)  
Canada (1982)  
Argentina (1994)  
Brazil (1994)  
Mexico (2005)

### Europe/Middle East/Africa

United Kingdom (1986)  
Luxembourg (1988)  
Switzerland (1988)  
Germany (1992)  
France (1994)  
Italy (1995)  
Netherlands (1997)  
Poland (1997)  
South Africa (1997)  
UAE (1997)  
Spain (1998)  
Sweden (1998)

### Asia-Pacific

Russia (1999)  
Austria (2005)  
Turkey (2005)  
Hungary (2008)  
Romania (2010)  
Australia (1986)  
Taiwan<sup>2</sup> (1986)  
Singapore (1990)  
Hong Kong (1994)  
India (1995)  
Japan (1996)  
South Korea (1997)  
China (2004)  
Vietnam (2008)  
Malaysia (2009)

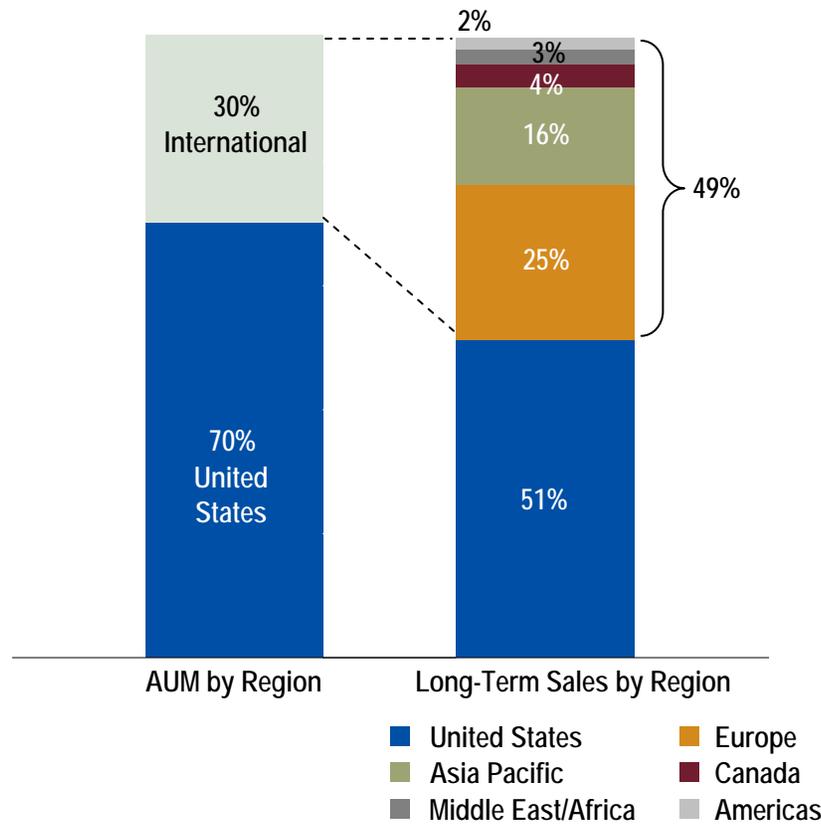
1. Based on information from IMF, World Economic Outlook Database, October 2010.

2. With exclusive distribution agreement appointed.

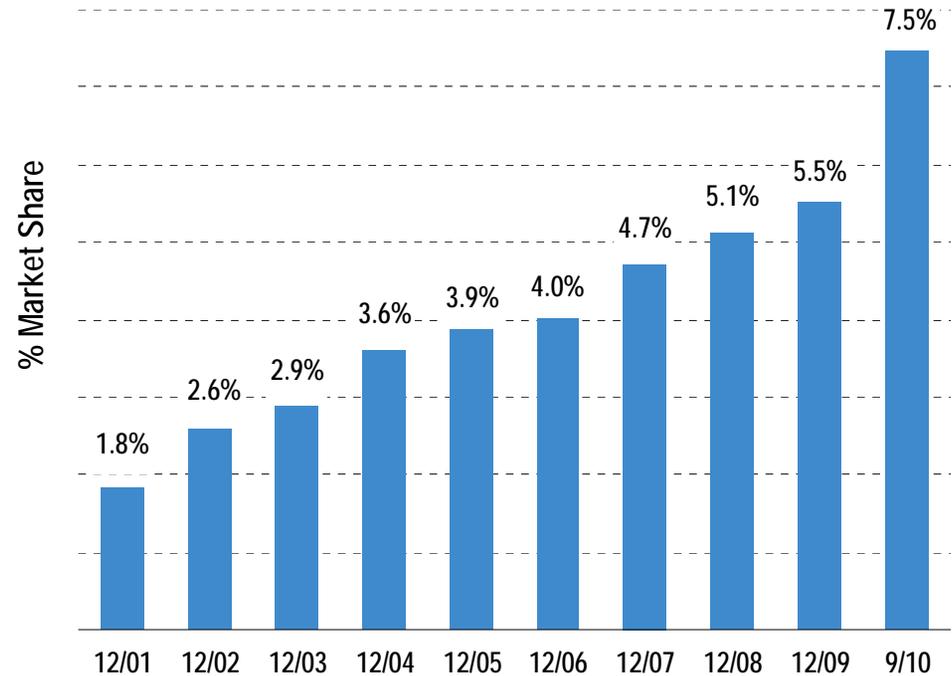
Dates indicates date of establishing presence via an office opening or acquiring stake in a joint venture.

## Our Global Business Is Growing

### AUM and Long-Term Sales by Region<sup>1</sup>



### Cross-Border Long-Term Asset Market Share<sup>2</sup>

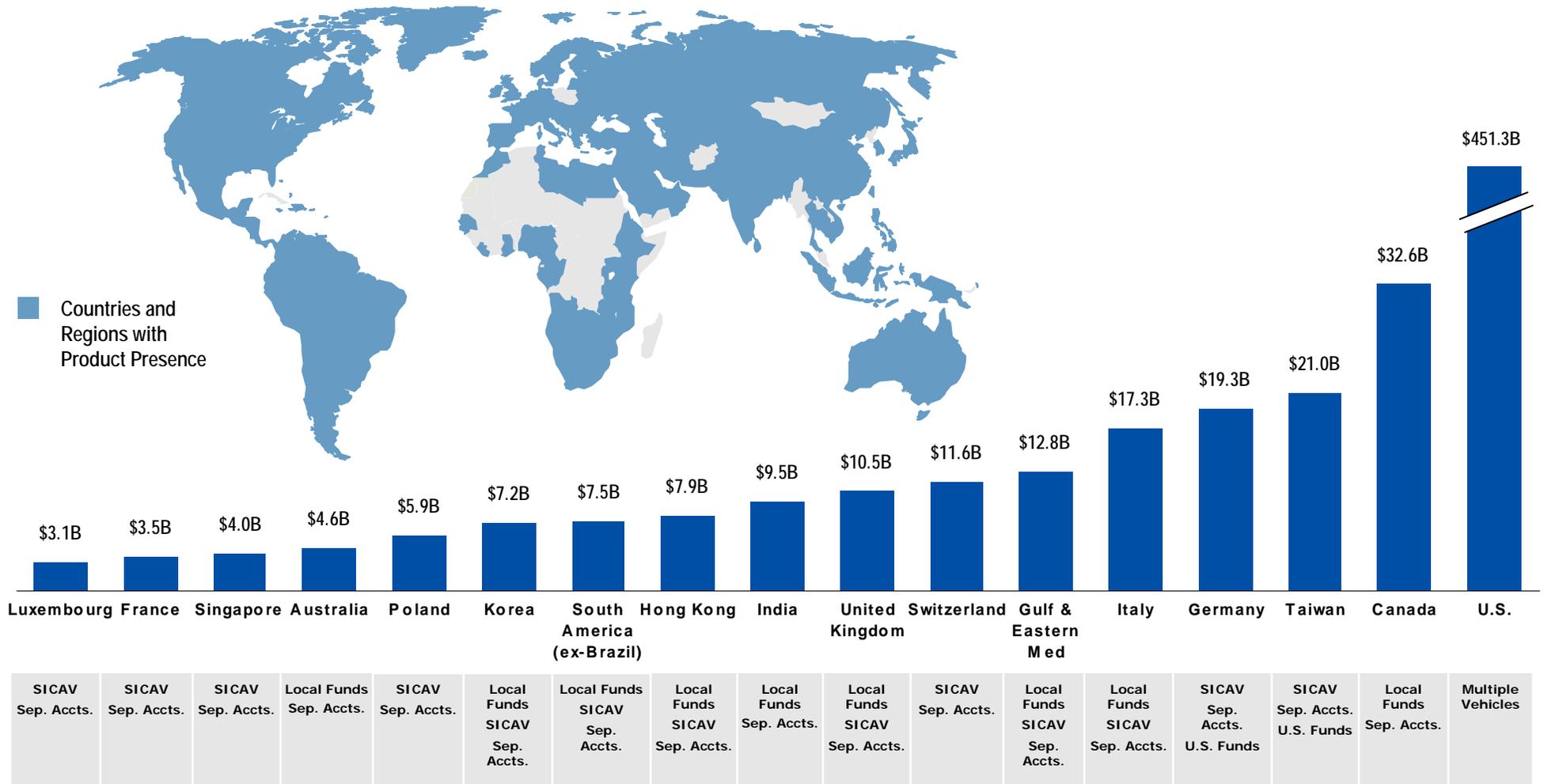


1. Long-term sales by region is for the 12-month period ended 9/30/10. Long-Term Sales excludes cash management funds.

2. Source: Lipper FERI, 9/30/10. All retail cross-border products excluding ETF and tracker funds.

## Depth and Breadth of our Global Presence

Countries and Regions with over \$3 Billion in AUM



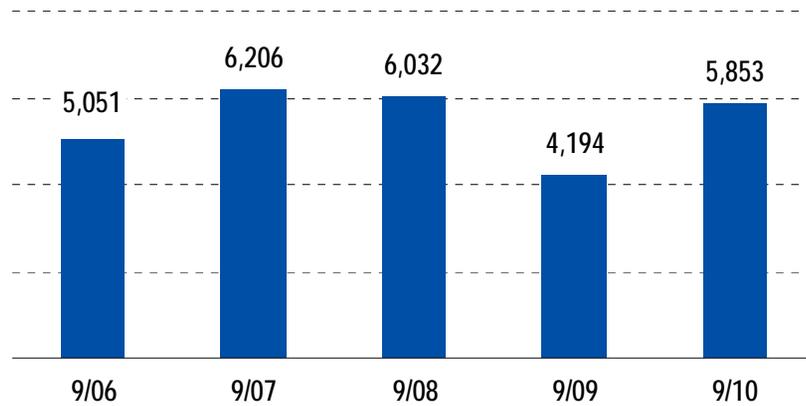
As of 9/30/10. In US dollars. Based upon assets raised in the country or region.

## Operating Results

(for the fiscal year ended)

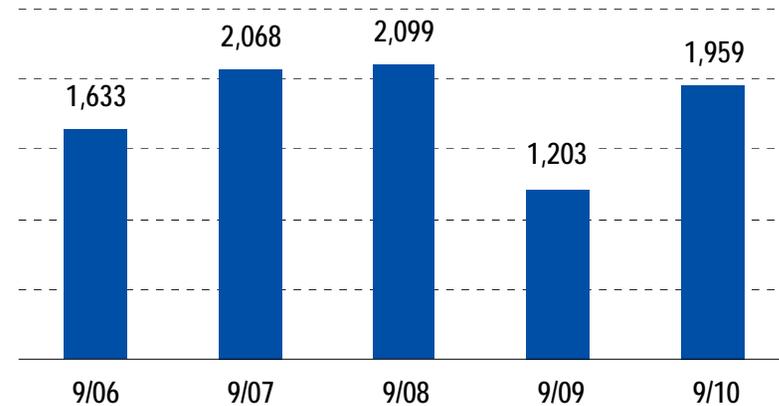
### Operating Revenues

\$U.S. Millions



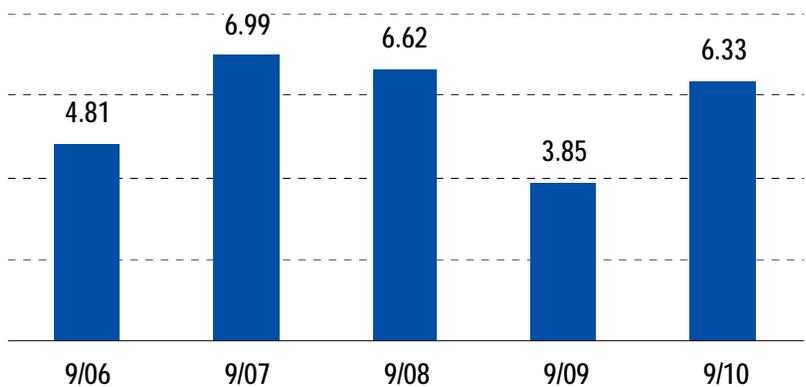
### Operating Income

\$U.S. Millions



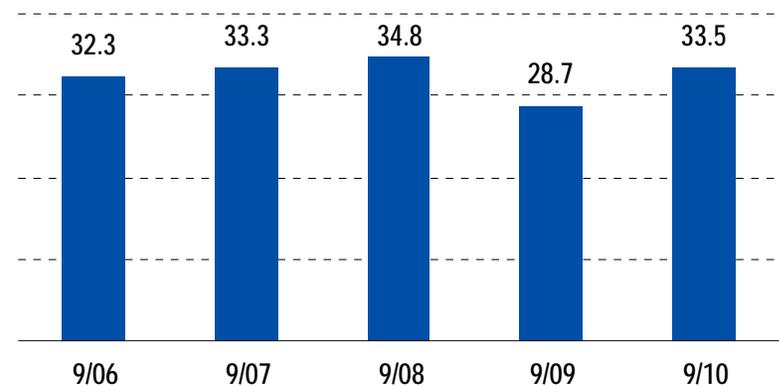
### Earnings Per Share (Diluted)<sup>1</sup>

\$U.S.



### Operating Margin<sup>1</sup>

Percent

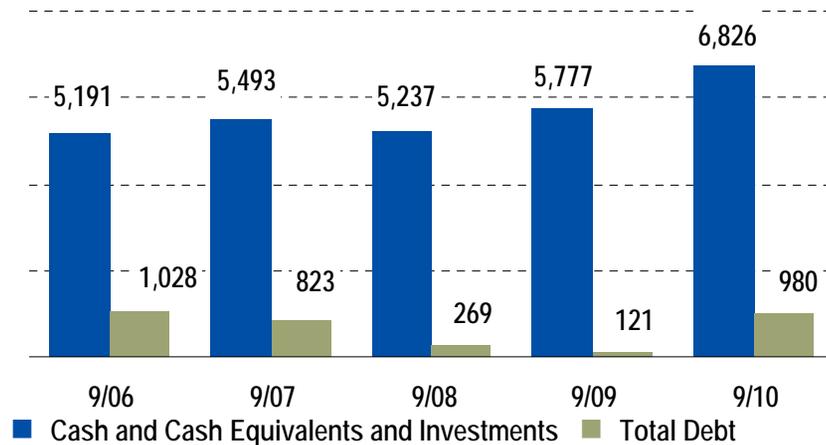


1. Operating margin is operating income divided by operating revenues.

## Capital Management

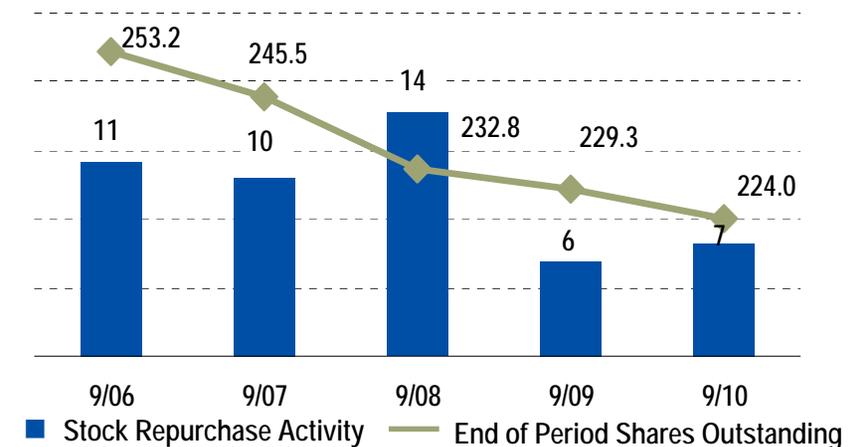
### Cash and Cash Equivalents and Investments vs. Total Debt

\$U.S. Millions



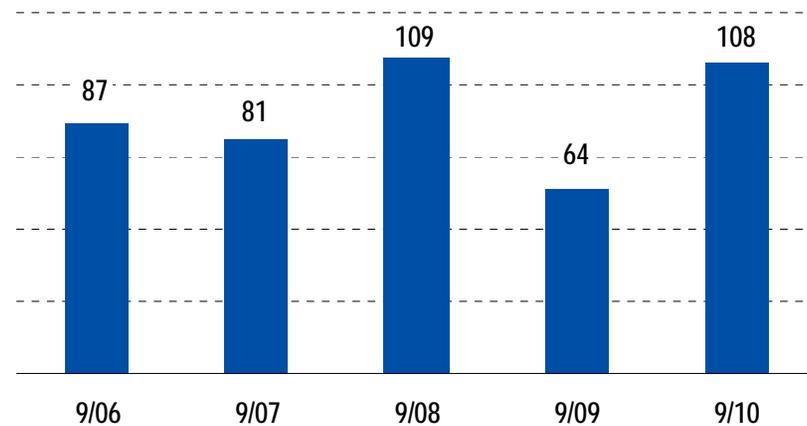
### Stock Repurchase Activity

(as of and for the 12 Months Ended) Shares Millions



### Total Payout Ratio<sup>1</sup>

(for the 12 Months Ended) Percent



- Regular dividend has increased every year since 1981
- Strong credit ratings with a stable outlook
  - Standard & Poor's AA- / A-1+
  - Moody's A1 / P-1

1. Total Payout Ratio = (Dividends on common stock + Purchase of common stock) / net income.