

FRANKLIN RESOURCES INC
Form 10-Q
May 02, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended March 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission File Number: 001-09318

FRANKLIN RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-2670991
(I.R.S. Employer
Identification No.)

One Franklin Parkway, San Mateo, CA
(Address of principal executive offices)
(650) 312-2000

94403
(Zip Code)

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Outstanding: 215,185,362 shares of common stock, par value \$0.10 per share, of Franklin Resources, Inc. as of April 25, 2012.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

FRANKLIN RESOURCES, INC.

Condensed Consolidated Statements of Income

Unaudited

(in thousands, except per share data)	Three Months Ended		Six Months Ended	
	March 31, 2012	2011	March 31, 2012	2011
Operating Revenues				
Investment management fees	\$1,126,320	\$1,102,732	\$2,201,457	\$2,169,239
Sales and distribution fees	585,945	561,127	1,110,249	1,113,330
Shareholder servicing fees	76,739	75,750	152,144	147,805
Other, net	10,345	9,954	37,375	19,502
Total operating revenues	1,799,349	1,749,563	3,501,225	3,449,876
Operating Expenses				
Sales, distribution and marketing	715,443	676,935	1,346,061	1,324,088
Compensation and benefits	323,031	315,810	623,443	608,204
Information systems and technology	43,292	41,477	84,726	81,844
Occupancy	31,894	32,703	63,736	63,571
General, administrative and other	68,532	53,156	133,722	83,453
Total operating expenses	1,182,192	1,120,081	2,251,688	2,161,160
Operating Income	617,157	629,482	1,249,537	1,288,716
Other Income (Expenses)				
Investment and other income, net	82,411	57,451	153,587	103,779
Interest expense	(9,633)	(8,364)	(18,198)	(16,259)
Other income, net	72,778	49,087	135,389	87,520
Income before taxes	689,935	678,569	1,384,926	1,376,236
Taxes on income	202,151	183,004	403,416	390,554
Net income	487,784	495,565	981,510	985,682
Less: Net income (loss) attributable to Nonredeemable noncontrolling interests	(15,965)	(7,577)	(5,818)	(19,454)
Redeemable noncontrolling interests	530	42	3,324	879
Net Income Attributable to Franklin Resources, Inc.	\$503,219	\$503,100	\$984,004	\$1,004,257
Earnings per Share				
Basic	\$2.33	\$2.26	\$4.54	\$4.49
Diluted	2.32	2.25	4.53	4.47
Dividends per Share	\$0.27	\$0.25	\$2.54	\$0.50

See Notes to Condensed Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
 Condensed Consolidated Balance Sheets
 Unaudited

(in thousands)	March 31, 2012	September 30, 2011
Assets		
Current Assets		
Cash and cash equivalents	\$4,541,927	\$4,699,994
Cash and cash equivalents of consolidated variable interest entities	55,064	88,238
Receivables	850,370	772,475
Investment securities, trading	1,185,291	889,686
Investment securities, available-for-sale	724,061	990,976
Investments of consolidated variable interest entities, at fair value	490	10,994
Investments in equity method investees and other	72,374	21,861
Deferred taxes	102,784	107,898
Prepaid expenses and other	36,268	34,646
Total current assets	7,568,629	7,616,768
Banking/Finance Assets		
Cash and cash equivalents		