UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2020

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	**13-2670991**
(State or other jurisdiction of incorporation or organization)	***(I.R.S. Employer Identification No.)***

One Franklin Parkway, San Mateo, CA 94403
(Address of principal executive offices) (Zip code)

(650) 312-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.10 per share	BEN	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting common equity ("common stock") held by non-affiliates of the registrant, as of March 31, 2020 (the last business day of registrant's second quarter of fiscal year 2020), was $4.6 billion based upon the last sale price reported for such date on the New York Stock Exchange.

Number of shares of the registrant's common stock outstanding at October 31, 2020: 504,591,594.

DOCUMENTS INCORPORATED BY REFERENCE:

Certain portions of the registrant's definitive proxy statement for its annual meeting of stockholders, to be filed with the Securities and Exchange Commission within 120 days after September 30, 2020, are incorporated by reference into Part III of this report.

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PART I

FORWARD-LOOKING STATEMENTS.

This Annual Report on Form 10-K ("Annual Report") and the documents incorporated by reference herein may include forward-looking statements that reflect our current views with respect to future events and financial performance. Such statements are provided under the "safe harbor" protection of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts and generally can be identified by words or phrases written in the future tense and/or preceded by words such as "anticipate," "believe," "could," "depends," "estimate," "expect," "intend," "likely," "may," "plan," "potential," "seek," "should," "will," "would," or other similar words or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements.

Forward-looking statements involve a number of known and unknown risks, uncertainties and other important factors that may cause actual results and outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. The forward-looking statements contained in this Annual Report or that are incorporated by reference herein are qualified in their entirety by reference to the risks and uncertainties disclosed in this Annual Report, including those discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures About Market Risk."

While forward-looking statements are our best prediction at the time that they are made, you should not rely on them and are cautioned against doing so. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other possible 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. They are neither statements of historical fact nor guarantees or assurances of future performance. 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.

If a circumstance occurs after the date of this Annual Report that causes any of our forward-looking statements to be inaccurate, whether as a result of new information, future developments or otherwise, we undertake no obligation to announce publicly the change to our expectations, or to make any revision to our forward-looking statements, to reflect any change in assumptions, beliefs or expectations, or any change in events, conditions or circumstances upon which any forward-looking statement is based, unless required by law.

Item 1. Business.

GENERAL

Franklin Resources, Inc. ("Franklin") is a holding company with subsidiaries operating under our Franklin Templeton® and/or subsidiary brand names. Franklin's common stock is traded on the New York Stock Exchange (the "NYSE") under the ticker symbol "BEN" and is included in the Standard & Poor's 500 Index. In this Annual Report, Franklin and its subsidiaries are collectively referred to as the "Company," and words such as "we," "us," "our" and similar terms refer to the Company.

We offer our services and products under our various distinct brand names, including, but not limited to, Franklin®, Templeton®, Legg Mason®, Balanced Equity Management®, Benefit Street Partners®, Darby®, Edinburgh Partners™, Fiduciary Trust™, Franklin Bissett®, Franklin Mutual Series®, K2® and LibertyShares®. In addition, pursuant to our acquisition of Legg Mason, Inc. ("Legg Mason") on July 31, 2020, as described further below, we acquired certain additional brand names including Brandywine Global Investment Management®, Clarion Partners®, ClearBridge Investments®, Martin Currie®, QS Investors®, Royce® Investment Partners and Western Asset Management Company®. Unless otherwise indicated, our "funds" means the funds offered under our various brand names.

We are a global investment management organization with $1,418.9 billion in assets under management ("AUM") as of September 30, 2020. Our mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through our investment adviser subsidiaries ("specialist investment managers"), including those acquired through our Legg Mason acquisition, we bring extensive capabilities in fixed income, equity, custom multi-asset solutions and alternatives. With more than 70 years of investment experience, we are committed to providing clients with exceptional investment management services and have developed a globally diversified business, including through strategic acquisitions. Our specialist investment managers offer diverse perspectives and specialized expertise across asset classes and strategies, distributed to both institutional and retail clients.

Through our investment products, we provide investment management and related services to retail, institutional and high-net-worth investors in jurisdictions worldwide. We deliver our investment capabilities through a variety of products and vehicles and via multiple points of access, including directly to investors and through financial intermediaries. Our investment products include our sponsored funds, as well as institutional and high-net-worth separate accounts, retail separately managed account programs, sub-advised products, and other investment vehicles. Our sponsored funds include registered funds (including exchange-traded funds, or "ETFs") and unregistered funds. We offer a broad product mix of fixed income, equity, multi-asset, alternative and cash management asset classes and solutions that meet a variety of investment goals and needs for investors. In addition to investment management, our services include fund administration, sales and distribution, and shareholder servicing. We may perform services directly or through third parties. We also provide sub-advisory services to certain investment products sponsored by other companies that may be sold to investors under the brand names of those other companies or on a co-branded basis.

We offer our clients the combined experience of our investment professionals with expertise across asset classes and a sharp focus on managing risk. We aim to deliver strong investment performance for our clients by offering a broad range of strategies and drawing on the extensive experience and perspective gained through our long history in the investment management business.

We know that success demands smart and effective business innovation, solutions and technologies, and we remain focused on investment excellence, innovating to meet evolving client goals, and building strong partnerships by delivering superior client service. We continue to focus on the long-term investment performance of our investment products and on providing high quality customer service to our clients.

The business and regulatory environments in which we operate globally remain complex, uncertain and subject to change. We are subject to various laws, rules and regulations globally that impose restrictions, limitations, registration, reporting and disclosure requirements on our business, and add complexity to our global compliance operations.

Acquisition of Legg Mason

On July 31, 2020, we completed our acquisition of Legg Mason pursuant to the terms and conditions of the Agreement and Plan of Merger, dated as of February 17, 2020, by and among Franklin, Legg Mason and Alpha Sub, Inc., a wholly-owned subsidiary of Franklin (the "Merger Agreement"), pursuant to which Legg Mason became a wholly-owned subsidiary of Franklin. Under the Merger Agreement, at the effective time of the acquisition, we acquired all of the outstanding common stock of Legg Mason for a purchase consideration of $4.5 billion in cash and $0.2 billion related to the settlement of historical compensation arrangements. Legg Mason has outstanding debt with an aggregate maturity value of $2.0 billion. The transaction increased our assets under management by $797.4 billion as of the date of the acquisition. The acquisition significantly deepens our presence in key geographies and creates an expansive investment platform that is well balanced between institutional and retail client AUM.

Other Recent Development

Effective October 1, 2020, the capabilities of QS Investors, which became one of our specialist investment managers through the Legg Mason acquisition, were combined with our Franklin Templeton Multi-Asset Solutions group to form Franklin Templeton Investment Solutions, a solutions platform designed to deliver an expanded range of investment capabilities to clients. Our combined teams of investment professionals oversee various multi-asset strategies, leveraging a broad spectrum of investment capabilities from fundamental to quantitative.

Company History

Since 1947, the Company and its predecessors have been engaged in the investment management and related services business. Franklin was incorporated in the State of Delaware in November 1969, and originated our mutual fund business with the initial Franklin family of funds, known for its fixed income funds and growth and value-oriented equity funds. Over the years, we have expanded and developed our business to meet evolving investor needs, in part, by acquiring companies engaged in investment management and related services. We have added, among others: (i) the Templeton family of funds, known for its global investing strategies and value style of investing, in 1992, (ii) the Franklin Mutual Series family of funds, known for its value-oriented equity funds, in 1996, (iii) the Franklin Bissett family of funds, known for its Canadian taxable fixed income funds and growth-oriented equity funds, in 2000, (iv) the Fiduciary Trust investment management, trust and fiduciary services firm, in 2001, (v) the Darby family of funds, known for its emerging markets investing strategies, in 2003, (vi) the Balanced Equity Management Pty. Limited specialty Australian equity manager, in 2011, (vii) the K2 Advisors hedge funds solutions provider, in 2012, (viii) the Edinburgh Partners global value investment manager based in the United Kingdom (the "U.K."), in 2018, (ix) the Benefit Street Partners U.S. alternative credit manager, in 2019, (x) the Athena Capital Advisors investment and wealth management firm, in March 2020, (xi) The Pennsylvania Trust Company investment management,

trust and fiduciary services firm, in May 2020, and (xii) the Legg Mason global investment management organization, including certain specialist investment managers, on July 31, 2020.

OUR BUSINESS STRUCTURE

We believe in the value of active investment management. Through our subsidiaries, we are committed to helping investors navigate global markets, as well as continuing to evolve and build on our strengths to meet the needs of our clients. Through our investment products, including our expanded products acquired through the Legg Mason transaction, we serve a variety of clients including retail, institutional and high-net-worth investors in regions and jurisdictions worldwide. We generally derive our revenues and net income from providing investment management and related services to our products and sub-advised products. Our investment management fees, which represent the majority of our revenues, depend to a large extent on the level and relative mix of our AUM and the types of services provided. These fees and arrangements change from time to time.

Our business is conducted through our subsidiaries, including those specialist investment managers registered with the U.S. Securities and Exchange Commission (the “SEC”) as investment advisers under the Investment Advisers Act of 1940 (the “Advisers Act”), those registered as investment adviser equivalents in jurisdictions including Australia, Brazil, Canada, China, Hong Kong, Ireland, India, Japan, Luxembourg, Malaysia, Mexico, Singapore, Switzerland, South Korea, Commonwealth of The Bahamas, the United Arab Emirates, the U.K., and certain other subsidiaries.

Our U.S.-registered funds and most of our non-U.S.-registered funds operate as independent companies subject to the supervision and oversight of the funds’ own boards of directors or trustees. Most of our funds are registered open-end funds that continuously offer their shares to investors. We also offer registered closed-end funds that issue a set number of shares to investors in a public offering which shares are then traded on a public stock exchange. Our specialist investment managers manage a fund’s portfolio of securities in accordance with the fund’s stated objectives. The funds themselves do not have employees. To support the funds’ operations, our subsidiaries either provide or arrange for the investment and other management, shareholder servicing and administrative services required by the funds. We have outsourced certain administration services for our funds to third-party providers. An investor may purchase shares of an open-end fund through a broker-dealer, financial adviser, bank or other similar financial intermediary that provides investment advice to the investor, or an investor may purchase shares of a closed-end fund on the stock exchange where the fund is traded. Financial intermediaries may earn fees and commissions and receive other compensation with respect to fund shares sold to investors.

Our AUM by Asset Class

We offer a broad product mix under our fixed income, equity, multi-asset, alternative and cash management asset classes and solutions to meet a variety of investment goals. Our fees for providing investment management services are generally based on a percentage of AUM in the accounts that we advise, the asset classes of the accounts, and the types of services that we provide for the accounts. As of September 30, 2020, our total AUM by asset class on a worldwide basis was as follows:

Asset Class	Value in Billions	Percentage of Total AUM
Fixed Income	$ 656.7	46%
Equity	432.0	31%
Multi-Asset	133.8	9%
Alternative	124.0	9%
Cash Management	72.4	5%
Total	**$ 1,418.9**	**100%**

See “Assets under Management” under Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report for additional information.

Broadly speaking, other than changes in net assets due to acquisitions or dispositions by us (such as our acquisition of Legg Mason), the change in the net assets of our products depends primarily upon two factors: (i) the increase or decrease in the market value of the securities and instruments held in the portfolio of investments, and (ii) the level of inflows as compared to the level of outflows. We are subject to the risk of asset volatility resulting from changes in the global capital markets. In addition, changing market conditions and the evolving needs of our clients may cause a shift in our asset mix, potentially resulting in an increase or decrease in our revenues and income depending upon the nature of our AUM and the level of management fees we earn based on our AUM.

Our AUM by Product Type

We believe, despite market risks, that we have a competitive advantage as a result of the economic and geographic diversity of our products available to our clients. As of September 30, 2020, our total AUM by product type was as follows:

(in billions) **Asset Class**	**U.S. Funds**	**Non-U.S. Funds**	**Institutional Separate Accounts**	**Retail Separately Managed Accounts**	**Other Accounts, Alternative Investment Products and Trusts**	**Total**
Fixed Income	$ 199.1	$ 69.0	$ 342.8	$ 30.1	$ 15.7	$ 656.7
Equity	215.4	71.2	57.2	65.4	22.8	432.0
Multi-Asset	81.9	8.0	6.4	7.8	29.7	133.8
Alternative	6.0	9.0	33.1	—	75.9	124.0
Cash Management	36.4	35.0	1.0	—	—	72.4
Total	**$ 538.8**	**$ 192.2**	**$ 440.5**	**$ 103.3**	**$ 144.1**	**$ 1,418.9**

U.S. Funds. Our U.S. funds include U.S.-registered open-end and closed-end funds, ETFs and other products. As of September 30, 2020, our five largest U.S. funds represented, in the aggregate, 11% of total AUM.

Non-U.S. Funds. Our non-U.S. funds include a variety of funds principally domiciled in Luxembourg or Ireland, registered for sale to non-U.S. investors in certain other countries, and products for the particular local market.

Institutional Separate Accounts. Our institutional separate accounts are for various institutions for which we serve as an investment adviser.

Retail Separately Managed Accounts. Our retail separately managed accounts, commonly known as managed accounts or wrap programs, are sponsored by various financial institutions.

Other Accounts, Alternative Investment Products and Trusts. We also offer and serve as investment adviser to other accounts, alternative investment products and trusts.

Certain Specialist Investment Managers Acquired Through the Legg Mason Transaction

We acquired certain specialist investment managers through the Legg Mason transaction. Our specialist investment managers generally focus on a portion of the asset management industry in terms of the types of assets managed (primarily fixed income, equity or alternatives) and each differs in the types of products and services offered, the investment styles utilized, the distribution channels used, and the types and geographic locations of its clients. Each typically markets its products and services under its own brand name, with certain distribution functions provided by our corporate distribution subsidiaries. We have in place revenue sharing arrangements with certain of our specialist investment managers acquired through the Legg Mason transaction. Below is a brief overview of our specialist investment managers acquired through the Legg Mason transaction.

Brandywine Global Investment Management is a global asset manager based in Philadelphia, with additional offices in the U.K., Canada and Singapore. It provides investment advisory services primarily to separately managed accounts for institutional clients in a range of fixed income, including global and international fixed income, and equity investment strategies. It also provides investment advisory services to U.S. mutual funds, international locally domiciled funds, cross-border funds, privately offered funds, and separately managed account programs sponsored by third parties.

Clarion Partners is a manager of real estate investment funds based in New York, with additional offices in Dallas, Los Angeles, Boston, Washington, DC, the U.K. and Germany. It provides a broad range of equity and debt real estate strategies across the risk/return spectrum through separate accounts as well as private funds primarily aimed at institutional investors and acts as sub-adviser to a publicly offered Franklin Templeton real estate income fund aimed at retail investors.

ClearBridge Investments is an equity asset manager based in New York, with additional offices in Baltimore, Wilmington and Australia. It provides asset management services to certain equity funds (including balanced funds and closed-end funds), retail separately managed account programs, and to institutional clients primarily through separate accounts. In addition, the capabilities of RARE® Infrastructure, a specialist investment manager acquired through the Legg Mason transaction based in Australia, have been integrated into ClearBridge.

Martin Currie is an international equity specialist based in Scotland, with additional offices in other locations in the U.K., Australia and Singapore. It manages U.S. and international equity portfolios for a global client base of financial institutions, foundations, endowments, pension funds, family offices, government agencies and investment funds.

QS Investors is a customized solutions and global quantitative equities investment manager based in New York, with an additional office in Boston. It provides asset management and advisory services to a diverse array of institutional clients. Effective October 1, 2020, the capabilities of QS Investors were combined with our multi-asset solutions group to form our Franklin Templeton Investment Solutions platform. QS Investors remains an indirect subsidiary of Franklin.

Royce Investment Partners is the investment adviser to The Royce Funds, a proprietary range of equity U.S. mutual funds, and to certain of our international funds. In addition, it manages other pooled and separately managed accounts, primarily for institutional clients. Based in New York, Royce generally invests in smaller company stocks using a value approach.

Western Asset Management Company is a fixed income asset manager based in Pasadena with additional offices and operations around the globe. Its focus is on long-term value investing across a range of fixed income sectors. Western Asset offers fixed income strategies across the liquidity, maturity and risk spectrums.

Our Range of Services and Capabilities

1. Investment Management Services

We are committed to providing active investment management and strategic advice for our clients. Our specialist investment managers offer fixed income, equity, multi-asset and alternative strategies through various investment products. Through our investment products, we provide a broad array of investment management services to retail, institutional and high-net-worth clients. Our investment products include registered open-end and closed-end funds, private funds, institutional separate accounts, retail separately managed accounts, and other accounts, alternative investment products and trusts. Our clients include institutions, corporations, endowments, charitable foundations, pension and defined contribution plans, and individuals.

We distribute and market globally our different capabilities under our brand names through various subsidiaries. We primarily attract new institutional business through our relationships with pension, defined contribution and management consultants, direct sales efforts and additional mandates from our existing client relationships, as well as from our responses to requests for proposals. We also market and distribute our products through various subsidiaries to institutional investors with separate accounts. A few of our subsidiaries also serve as direct marketing broker-dealers for institutional investors for certain of our private funds, and some of our private funds may utilize third-party placement agents.

Our services also include management of our ETF platforms. Our ETF platforms include smart beta and actively managed ETFs, as well as additional lower fee passive ETF products. ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETF's net asset value.

Our specialist investment managers provide investment management services pursuant to agreements in effect with each of our investment products and the products for which we provide sub-advisory services. Investment management fees are generally determined as a percentage of AUM pursuant to such contractual arrangements. Our investment management services include services to accounts for which we have full investment discretion and to accounts for which we have no investment discretion. Our services include fundamental investment research and valuation analyses, including original economic, political, industry and company research, and analyses of suppliers, customers and competitors. Our management fee on an account varies with the types of services that we provide for the account, among other things.

Our subsidiaries that provide discretionary investment management services for our products and sub-advised products either perform or obtain investment research, and determine which securities the products will purchase, hold or sell under the supervision and oversight of the funds' boards of directors or trustees, as applicable. In addition, these subsidiaries may take all appropriate steps to implement such decisions, including arranging for the selection of broker-dealers and the execution and settlement of trades in accordance with applicable criteria set forth in the management agreements, internal policies, and applicable law and practice. Our subsidiaries that provide non-discretionary investment management services perform investment research for our clients and make recommendations as to which securities the clients purchase, hold or sell, and may or may not perform trading activities for the products.

For our U.S.-registered funds, the board of directors or trustees of each fund and our management personnel regularly review the investment management fee structures for the funds in light of fund performance, the level and range of services provided, industry conditions and other relevant factors. Most of our investment management agreements between our subsidiaries and our funds must be renewed each year (after an initial two-year term), and must be specifically approved at least annually by a vote of each fund's board of directors or trustees as a whole and separately by a majority of its directors or trustees who are not interested persons of the fund under the Investment Company Act of 1940 (the "Investment Company Act"), or by a vote of the holders of a majority of the fund's outstanding voting securities. Our U.S. agreements automatically terminate in the event of their "assignment," as defined in the Investment Company Act. In addition, either party may terminate such agreement without penalty after prior written notice. If agreements representing a significant portion of our AUM were terminated, it would have a material adverse impact on us.

Under our investment management agreements with our funds and accounts, our monthly and annual fee rates may vary by asset class and type of services provided. Our agreements generally permit us to provide services to more than one fund or account and to other clients so long as our ability to render services to each fund/account is not impaired, and so long as purchases and sales of portfolio securities for various advised funds/accounts are made on an equitable basis.

We use a "master/feeder" fund structure in certain situations. This structure allows an investment adviser to manage a single portfolio of securities at the "master fund" level and have multiple "feeder funds" that invest substantially all of their respective assets into the master fund. Individual and institutional shareholders generally invest in the "feeder funds," which can offer a variety of tax, service and distribution options.

Our non-U.S.-registered funds, private funds, institutional and high-net-worth separate accounts, and the products for which we provide sub-advisory services are typically subject to various termination rights and/or renewal provisions. Investment management fees are at times waived or voluntarily reduced when a new fund/account is established, and then increased to contractual levels within an established timeline or as net asset values reach certain levels.

2. Retail Separately Managed Account Programs

Certain of our specialist investment managers provide asset management services to certain retail separately managed account programs sponsored by various financial institutions. These programs typically allow securities brokers or other financial intermediaries to offer their clients the opportunity to choose from a number of asset management services pursuing different investment strategies provided by one or more asset managers, and generally charge an all-inclusive fee that covers asset management, trade execution, asset allocation and custodial and administrative services.

3. Alternative Strategies

Certain of our specialist investment managers manage alternative investment strategies. These strategies provide our clients with alternatives to traditional equity and fixed income products and services. Our alternative products include private credit funds and structured products, business development companies, hedge funds (funds of funds and custom advisory solutions), private equity funds, venture capital funds and real estate funds. These products employ various investment strategies and approaches, including loan origination, collateralized loan obligations, high-yield credit, hedge fund advisory, private equity and infrastructure transactions in emerging markets, global macro, financial technology, consumer loans, direct real estate investments, and custom-tailored investment programs.

4. High-Net-Worth Investment Management, Trust and Custody

Through our subsidiary Fiduciary Trust Company International ("Fiduciary Trust"), including its trust company and investment adviser subsidiaries, and through certain other of our subsidiaries, we provide investment management and related services to, among others, high-net-worth individuals and families, family offices, foundations and institutional clients. Fiduciary Trust offers investment management and advisory services across different investment styles and asset classes. The majority of these client assets are actively managed by individual portfolio managers, while a significant number of clients also seek multi-manager, multi-asset class solutions. Through our trust company subsidiaries, including Fiduciary Trust, we also may provide separately managed accounts, private funds, and trust, custody and related services, including administration, performance measurement, estate planning and tax planning. In addition, through our subsidiary Fiduciary Trust Company of Canada ("FTCC"), we provide investment management, wealth planning, and trust and estate services, and offer products to high-net-worth individuals and families and institutional clients in Canada.

5. Sales and Distribution

Our sales and distribution capabilities and related efforts are critical components of our business and may be impacted by global distribution trends and changes within the financial services industry. In the U.S., our corporate distribution subsidiaries generally serve as the principal underwriters and distributors of shares of most of our sponsored U.S.-registered open-end funds, or U.S. mutual funds. Outside the U.S., certain of our non-U.S. subsidiaries provide sales, distribution and marketing services to our non-U.S.-registered funds. Some of our non-U.S.-registered funds, particularly our Luxembourg and Irish domiciled fund ranges, are distributed globally on a cross-border basis, while others are distributed exclusively in local markets.

We earn sales and distribution fees primarily by distributing our funds pursuant to distribution agreements with the funds. Our U.S. mutual funds generally pay us distribution fees in return for sales, marketing and distribution efforts on their behalf. Under our distribution agreements with our U.S. mutual funds, we offer and sell the fund shares on a continuous basis and pay certain costs associated with selling, marketing and distributing the fund shares, including the costs of developing and producing sales literature, shareholder reports and prospectuses. Sales and distribution fees primarily consist of upfront sales commissions and ongoing distribution fees. Sales commissions are earned from the sale of certain classes of sponsored funds at the time of purchase, and may be reduced or eliminated depending on the amount invested and the type of investor. Therefore, sales fees generally will change with the overall level of gross sales, the size of individual transactions, and the relative mix of sales between different share classes and types of investors. Our sales and marketing teams generally are housed in separate subsidiaries from our asset manager subsidiaries.

The majority of our U.S. mutual funds, with the exception of certain money market funds and certain other funds specifically designed for purchase through separately managed account programs, have adopted distribution plans under Rule 12b-1 (the "Rule 12b-1 Plans") promulgated under the Investment Company Act. The Rule 12b-1 Plans permit the funds to pay us for marketing, marketing support, advertising, printing and sales promotion services relating to the distribution of their shares, subject to the Rule 12b-1 Plans' limitations on amounts based on daily average AUM. Similar arrangements exist for the distribution of non-U.S.-registered funds. The Rule 12b-1 Plans are established for one-year terms and must be approved annually by a vote of each fund's board of directors or trustees as a whole and separately by a majority of its directors or trustees who are not interested persons of the fund under the Investment Company Act. The Rule 12b-1 Plans are subject to termination at any time by a majority vote of the disinterested fund directors or trustees or by the particular fund's shareholders.

We pay substantially all of our sales and distribution fees earned as revenues, including fees earned under the Rule 12b-1 Plans, to the financial advisers and other intermediaries that sell our funds on our behalf. The distribution agreements with our U.S. mutual funds generally provide for us to pay commission expenses for sales of fund shares to qualifying broker-dealers and other independent financial intermediaries. These financial intermediaries receive various sales commissions and other fees for services in matching investors with funds whose asset classes match such investors' goals and risk profiles. Such intermediaries also may receive fees for their assistance in explaining the operations of the funds and in servicing and maintaining investors' accounts, and for reporting and various other distribution services. We are heavily dependent upon these third-party distribution and sales channels and business relationships. There is increasing competition for access to these channels, which has caused our distribution costs to rise and could cause further increases in the future as competition continues and service expectations increase.

Similar arrangements exist with the distribution of our non-U.S.-registered funds where, generally, our subsidiary that distributes the funds receives maintenance fees from the funds and pays commissions and certain other fees to financial advisers, banks and other intermediaries.

In addition, our distribution subsidiaries may make additional payments to broker-dealers or other intermediaries that sell or arrange for the sale of shares of our U.S. mutual funds, including for marketing support. We also may make payments for other ancillary services, such as setting up funds on a broker-dealer's fund trading system. Our non-U.S. subsidiaries may make similar marketing support and other payments to third-party intermediaries located outside the U.S. with respect to investments in, or the distribution of, our non-U.S.-registered funds.

Other compensation may be offered to the extent not prohibited by federal or state laws or any self-regulatory agency, such as the Financial Industry Regulatory Authority ("FINRA").

6. Shareholder Servicing

We perform our shareholder servicing services directly or through third parties. Substantially all shareholder servicing fees are earned from our sponsored funds for providing transfer agency services, which include providing shareholder statements, transaction processing, customer service and tax reporting. Fees for U.S. funds are based on the level of AUM and the number of transactions in shareholder accounts, while outside of the U.S., the fees are based on the level of AUM and/or the number of shareholder accounts.

Our subsidiary Franklin Templeton Investor Services, LLC ("FTIS") serves as our primary shareholder servicing and dividend-paying agent for certain of our U.S.-registered open-end funds. FTIS is registered with the SEC as a transfer agent under the Securities Exchange Act of 1934 (the "Exchange Act"). FTIS may pay servicing fees to third-party intermediaries primarily to help offset costs associated with client account maintenance support, statement preparation and transaction processing. Such third parties maintain omnibus accounts with funds in the institution's name on behalf of numerous beneficial owners of fund shares, or provide support for fund shareholder accounts. The funds reimburse FTIS for these third-party payments, subject to certain limitations, as well as other out-of-pocket expenses.

Our Range of Investment Products

Through our specialist investment managers, we offer active, passive and smart beta strategies and a broad range of products under our fixed income, equity, multi-asset, alternative and cash management asset classes and solutions. Our investment products are offered globally to retail, institutional and high-net-worth investors, which include individual investors, qualified groups, trustees, tax-deferred plans (such as individual retirement accounts, or IRAs, in the U.S. and registered retirement saving plans, or RRSPs, in Canada) or money purchase plans, employee benefit and profit sharing plans, trust companies, bank trust departments and institutional investors. Our products include portfolios managed for some of the world's largest corporations, endowments, charitable foundations, pension funds and sovereign wealth funds, as well as wealthy individuals and other institutions. We use various investment techniques to focus on specific client objectives for these specialized portfolios.

The products and capabilities that we offer accommodate a variety of investment goals, spanning the spectrum of our clients' risk tolerance from capital appreciation (with our more growth-oriented products) to capital preservation (with our fixed income offerings). In seeking to achieve such objectives, each portfolio emphasizes different strategies and invests in different types of instruments.

Our equity investment products include some that are considered value-oriented, others that are considered growth-oriented, and some that use a combination of growth and value characteristics, generally identified as blend or core products. Value investing focuses on identifying companies that our research analysts and portfolio managers believe are undervalued based on a number of different factors, usually put in the context of historical ratios such as price-to-earnings or price-to-book value; however, we also consider the future earnings potential of each individual company on a multi-year basis. Growth investing focuses on identifying companies that our research analysts and portfolio managers believe have sustainable growth characteristics, meeting our criteria for sustainable growth potential, quality and valuation. In this effort, the key variables we examine include: (i) market opportunity (overall size and growth), (ii) competitive positioning of the company, (iii) assessment of management (strength, breadth, depth, and integrity) and execution of plans, and (iv) the general financial strength and profitability of the enterprise, to determine whether the growth and quality aspects are properly reflected in the current share price. Paramount to all of our different equity products is the incorporation of independent, fundamental research through our own collaborative in-house group of investment professionals. Our approach across the variety of equity products we manage

emphasizes bottom-up stock selection within a disciplined portfolio construction process, and is complemented by our ongoing assessment of risk at both the security and portfolio levels.

Portfolios seeking income generally focus on one or more of the following securities: (i) taxable and tax-exempt money market instruments, (ii) tax-exempt municipal bonds, (iii) global or regional fixed income securities, and (iv) fixed income debt securities of corporations, of the U.S. government and its sponsored agencies and instrumentalities, or of the various states in the U.S. Others focus on investments in particular countries and regions.

In addition, our alternative investment strategies provide our clients with alternatives to traditional equity and fixed income products and services.

COMPETITION

The financial services industry is a highly competitive global industry. Competition is based on various factors, including, among others, business reputation, investment performance, product mix and offerings, service quality and innovation, distribution relationships, and fees charged. We face strong competition from numerous investment management companies, securities brokerage and investment banking firms, insurance companies, banks and other financial institutions, which offer a wide range of financial and investment management services and products to the same retail, institutional and high-net-worth investors and accounts that we are seeking to attract. We offer a broad product mix that meets a variety of investment goals and needs for different investors, and we may periodically introduce new products to provide investors with additional investment options.

Due to our international presence and varied product mix, it is difficult to assess our market position relative to other investment managers on a worldwide basis, but we believe that we are one of the more widely diversified asset managers based in the U.S. We believe that our fixed income and equity asset mix, coupled with our global presence, will serve our competitive needs well over the long term. We continue to focus on the long-term performance of our investment products, service to clients and extensive marketing activities through our strong broker-dealer and other financial institution distribution network as well as with high-net-worth and institutional clients.

The establishment of new investment management firms and continuous development of investment products increases the competition that we face. Many of our competitors have long-standing and established relationships with broker-dealers, investment advisers and their clients, and some have affiliated brokerage businesses. Others have focused on, offer and market specific product lines that provide strong competition to certain of our asset classes. In addition, consolidation in the financial services industry has created stronger competitors, some with greater financial resources and broader distribution channels than our own.

FINANCIAL INFORMATION ABOUT SEGMENT AND GEOGRAPHIC AREAS

Incorporated herein by reference is certain financial information about our business segment and geographic areas contained in Note 19 – Segment and Geographic Information in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

REGULATION

General

We are subject to extensive regulation. Virtually all aspects of our business are subject to various U.S. federal and state, and/or international regulation and supervision. Our regulators have broad authority with respect to the regulation of investment management and other financial services, including among other things, the authority to grant or cancel required licenses or registrations, impose net capital and other financial or operational requirements on us, and other enforcement powers described below. The regulations to which we are subject continue to change and evolve over time. Consequently, there is uncertainty associated with the regulatory environments in which we operate. The rules and regulations applicable to investment management organizations are very detailed and technical. Accordingly, the discussion below is general in nature, does not purport to be complete and is current only as of the date of this Annual Report.

With our global operations, certain of our subsidiaries are registered with or licensed by various U.S. and/or non-U.S. regulators, and our funds are subject to various U.S. and/or non-U.S. laws. In particular, we are subject to various securities, compliance, corporate governance, disclosure, privacy, anti-bribery and anti-corruption, anti-money laundering, anti-terrorist financing, and economic, trade and sanctions laws and regulations, both domestically and internationally, as well as to various cross-border rules and regulations, such as the data protection rules under the General Data Protection Regulation ("GDPR")

of the European Union ("EU"). We are subject to sanctions programs administered by the Office of Foreign Assets Control of the U.S. Department of Treasury ("USDT"), as well as sanctions programs adopted and administered by non-U.S. jurisdictions where our services and products are offered. Our subsidiaries with custody of client assets or accounts are also subject to the applicable laws and regulations of U.S. states and other non-U.S. jurisdictions regarding the reporting and escheatment of unclaimed or abandoned property. We must also comply with complex tax regimes in the jurisdictions where we operate our business.

Failure to comply with applicable U.S. and non-U.S. laws, regulations, rules, codes, notices, directives, guidelines, orders, circulars and/or conditions in the various jurisdictions where we operate could result in a wide range of disciplinary actions against us, our subsidiaries and/or our business. Breaches of applicable laws and rules could result in the imposition of various sanctions and penalties, including, among other things, fines, disgorgements, cease and desist orders, censures, reprimands and the revocation, cancellation, suspension or restriction of licenses, registration status or approvals held by us or our business.

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report, for financial information about our business, including certain regulatory financial impacts disclosed therein.

U.S. Regulation

U.S. Regulatory Framework. As a U.S. reporting company, we are subject to U.S. federal securities laws, state securities and corporate laws, state escheatment laws and regulations, and the rules and regulations of certain U.S. regulatory and self-regulatory organizations, such as the SEC and the NYSE. In particular, we are subject to various securities, compliance, corporate governance and disclosure rules adopted by the SEC. We are also subject to various other U.S. federal and state laws, including those affecting corporate governance and disclosure, such as the Securities Act of 1933, the Exchange Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"), the Sarbanes-Oxley Act of 2002 and the USA PATRIOT Act of 2001. As a NYSE-listed company, we are also subject to NYSE listing and disclosure requirements.

As a global investment management organization, certain of our subsidiaries are also subject to the rules and regulations of various U.S. regulatory and self-regulatory organizations, including the SEC, FINRA, the U.S. Commodity Futures Trading Commission ("CFTC"), the National Futures Association, the U.S. Department of Justice ("DOJ"), the U.S. Department of Labor, and the USDT. Our non-U.S. operations also may be subject to regulation by U.S. regulators, including the SEC, the CFTC and the DOJ (for example with respect to the Foreign Corrupt Practices Act of 1977).

Certain of our subsidiaries are registered with the SEC under the Advisers Act and/or the CFTC, and many of our funds are registered with the SEC under the Investment Company Act. These registrations, licenses and authorizations impose numerous obligations, as well as detailed operational requirements, on such subsidiaries and funds. The Advisers Act imposes numerous obligations on our registered investment adviser subsidiaries, including record keeping, operating and marketing requirements, disclosure obligations and prohibitions against fraudulent activities. The Investment Company Act imposes similar obligations on the registered investment companies advised by our subsidiaries.

U.S. Regulatory Reforms. Over the years, the U.S. federal corporate governance and securities laws have been augmented substantially and made significantly more complex by various legislation. As we continue to address our legal and regulatory requirements or focus on meeting new or expanded requirements, we may need to expend a substantial amount of additional time, costs and resources. Regulatory reforms may add further complexity to our business and operations and could require us to alter our investment management services and related activities, which could be costly, impede our growth and adversely impact our AUM, revenues and income. Certain key regulatory reforms in the U.S. that impact or relate to our business, and may cause, or continue to cause, us to incur additional obligations, include:

Dodd-Frank. In July 2010, Dodd-Frank was adopted in the U.S. Dodd-Frank is expansive in scope and has required the adoption of extensive regulations and the issuance of numerous regulatory decisions.

Systemically Important Financial Institutions. Dodd-Frank authorized the establishment of the Financial Stability Oversight Council ("FSOC"), the mandate of which is to identify and respond to threats to U.S. financial stability. Similarly, the U.S. and other members of the G-20 group of nations have empowered the Financial Stability Board ("FSB") to identify and respond, in a coordinated manner, to threats to global financial stability. The FSOC may designate certain non-bank financial companies as systemically important financial institutions ("SIFIs"), which are subject to supervision and regulation by the Board of Governors of the Federal Reserve System. The FSB may designate certain non-bank financial companies as

global systemically important financial institutions ("G-SIFIs"); the additional regulatory requirements triggered by any such designation are not yet established. The FSOC and the FSB, as well as other global regulators, are considering what threats to U.S. and global financial stability, if any, arise from asset management companies and/or the funds that they sponsor or manage, and whether such threats can be mitigated by treating such entities as SIFIs or G-SIFIs and/or subjecting them to additional regulation. To the extent that we or any of our funds are designated as a SIFI or G-SIFI, such designations add additional supervision and/or regulation, which could include requirements related to risk-based capital, leverage, liquidity, credit exposure, stress testing, resolution plans, early remediation, and certain risk management requirements, that could impact our business.

Derivatives and Other Financial Products. Dodd-Frank, as well as other legislation and regulations, impose restrictions and limitations on us related to our financial services and products, resulting in increased scrutiny and oversight. Under such regulations governing derivative transactions, certain categories of swaps are subject to the exchange of margin, while others are required to be submitted for clearing by a regulated clearing organization. In both cases, swaps must be reported on a swap execution facility. The EU and other countries have implemented, or are in the process of implementing, similar requirements. There is some risk that full mutual recognition may not be achieved between the various regulators, which may cause us to incur duplicate regulation and transaction costs. The SEC has also proposed a rule that would impose restrictions on the use of derivatives by registered funds.

In addition, SEC rules have changed the structure and operation for certain types of money market funds, and certain U.S.-registered funds are required to adopt liquidity management programs.

Privacy and Data Protection. There also has been increased regulation with respect to the protection of customer privacy and data, and the need to secure sensitive customer, personnel and others' information. A majority of the jurisdictions where we operate are covered, or we expect will be soon covered, by privacy and data protection laws and regulations. As the regulatory focus on privacy continues to intensify and laws and regulations concerning the management of personal data continue to expand, risks related to privacy and data collection within our business will increase. In addition to the EU's GDPR data protection rules (discussed below), we also are or may become subject to or affected by additional country, federal and state laws, regulations and guidance impacting consumer privacy, such as the California Consumer Privacy Act ("CCPA") that took effect in January 2020, and provides for enhanced consumer protections for California residents, enforcement authority by the California Attorney General for CCPA violations, and the potential for private litigation, including statutory damages for data security breaches. There are also new laws that have been adopted this year, including, for example, Brazil's Lei Geral de Proteção de Dados with regulatory enforcement commencing in August 2021, and the California Privacy Rights Act with an effective date of January 1, 2023. Noncompliance with our legal obligations relating to privacy and data protection could result in fines, penalties, legal proceedings by governmental entities or affected individuals, prohibitions on our use of personal data in one or more countries, and other significant legal and financial exposure.

SEC Regulation Best Interest. In June 2019, the SEC adopted a package of new rules, amendments and interpretations, including Regulation Best Interest and a new form of relationship summary, designed to enhance investor protections for all retail customers. Effective June 30, 2020, such rules, among other things: (i) require broker-dealers to act in the best interest of their retail customers when recommending securities and account types, (ii) raise the broker-dealer standard of conduct beyond existing suitability obligations, and (iii) require broker-dealers and registered investment advisers to provide their retail clients with a new relationship summary disclosure document to inform such clients of the nature of their relationships with the clients' investment professionals, including a description of services offered, the legal standards of conduct that apply to such services, the fees a client might pay, and conflicts of interest that may exist.

U.S. and Global Tax Compliance. The U.S. Tax Cuts and Jobs Act includes various changes to the tax law, including a permanent reduction in the corporate income tax rate and one-time transition tax on certain non-U.S. earnings. See Note 14 – Taxes on Income in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for more information. Further, pursuant to ongoing efforts to encourage global tax compliance, the Organization for Economic Co-operation and Development ("OECD") has adopted a global common reporting standard for the automatic exchange of financial information among participating countries ("CRS"), aimed at ensuring that persons with financial assets located outside of their tax residence country pay required taxes. In many cases, intergovernmental agreements between the participating countries will govern implementation of the new CRS rules. CRS is being implemented over a multi-year period and we will continue to monitor the implementing regulations and corresponding intergovernmental agreements to determine our requirements. CRS may subject us to additional reporting, compliance and administrative costs, and burdens in jurisdictions where we operate as a qualifying financial institution.

The OECD has also undertaken a new project focused on "Addressing the Tax Challenges of the Digitalization of the Economy." This project may impact all multinational businesses by allocating a greater share of taxing rights to countries where consumers are located regardless of the current physical presence of a business, and by implementing a global minimum tax. There is significant uncertainty regarding such proposal and any unfavorable resolution could have an adverse effect on our effective tax rate.

Non-U.S. Regulation

Our operations outside the U.S. are subject to the laws and regulations of various non-U.S. jurisdictions and non-U.S. regulatory agencies and bodies. Our international operations are subject to regulatory systems in various jurisdictions, comparable to those covering our operations in the U.S.

European Markets and Regulation. In Luxembourg, the Commission de Surveillance du Secteur Financier ("CSSF") currently regulates our substantial activities in Luxembourg, including our subsidiary Franklin Templeton International Services S.à r.l. ("FTIS Lux"). FTIS Lux is licensed as a management company for both the Undertakings for Collective Investment in Transferable Securities Directive ("UCITS") and alternative investment funds ("AIFs") and, as such, it manages our Luxembourg-domiciled UCITS and our EU-domiciled AIFs. FTIS Lux's license also covers certain MiFID (as defined below) investment services, such as discretionary portfolio management, investment advice and reception and transmission of orders in relation to financial instruments. The CSSF's rules include capital resource, governance and risk management requirements, business conduct rules, remuneration rules and oversight of systems and controls.

In Ireland, the Central Bank of Ireland ("CBI") currently regulates our Irish business activities, including our Irish- licensed UCITS and AIF management company and our Irish-domiciled UCITS range. The CBI's rules include capital resource, governance and risk management requirements, business conduct rules, remuneration rules and oversight of systems and controls.

Our international funds include two broad ranges of cross-border UCITS that are domiciled in Luxembourg and Ireland, respectively, and thereby subject to regulation by the CSSF and CBI. Both UCITS are also registered for public sale in many countries around the world, both in the EU and beyond, and thus are also subject to the laws of, and certain supervision by, the governmental authorities of those countries.

In the U.K., the Financial Conduct Authority (the "FCA") and the Prudential Regulation Authority (the "PRA") currently regulate certain of our subsidiaries. Authorization by the FCA and the PRA is required to conduct any financial services-related business in the U.K. pursuant to the Financial Services and Markets Act 2000. The FCA's and PRA's rules under that act govern a firm's capital resources requirements, senior management arrangements, business conduct, interaction with clients, and systems and controls.

In addition to the above, certain of our other European subsidiaries and branches, must comply with the pan-European regime established by the EU Markets in Financial Instruments Directive ("MiFID"), which regulates the provision of investment services and conduct of investment activities throughout the European Economic Area ("EEA"). MiFID sets out detailed requirements governing the organization and business conduct of investment firms and regulated markets. It also includes pre- and post-trade transparency requirements for equity markets and extensive transaction reporting requirements. Luxembourg and the U.K. have adopted the MiFID rules into national legislation, as have those other EU member states in which we have a presence.

A review of MiFID by the European Commission led to the creation of a replacement directive and a new regulation (together "MiFID II") that extend the scope of the original MiFID in response to issues raised by the financial crisis. Changes apply to pre- and post-trade reporting obligations and there is an expansion of the types of instruments subject to these requirements, such as bonds, structured products and derivatives. A new concept of trading venue has been created and algorithmic trading is subject to specific regulations. There are also changes to business conduct requirements, including selling practices, intermediary inducements and client categorization, as well as the provision of investment advice and management within the EU by non-EU advisers, including ours. Powers have also been given to EU national regulators to ban certain services and products and to the European Securities and Markets Authority to restrict temporarily certain financial activities within the EU.

One of the most significant developments in MiFID II is the ban on commission and other payments ("inducements") to independent advisers and discretionary managers, which has changed the commercial relationships between fund providers and distributors. Arrangements with non-independent advisers have also been affected, as narrower rules around the requirement that any commission reflect an enhancement of the service to customers come into effect, along with a prescriptive list of permissible non-monetary benefits. The interpretation of the inducements rules has also resulted in major changes to how fund managers finance investment research with many firms, including ours, opting to pay for third-party investment research for client accounts covered by MiFID II.

The European Market Infrastructure Regulation sets out rules in relation to the central clearing of specified derivatives. Mutual recognition of central counterparties has been achieved between the EU regulatory authorities and other important jurisdictions including the U.S. In addition, there are rules relating to margin requirements for uncleared over-the-counter derivatives. Future regulatory policy reviews will decide whether these rules are extended to other types of derivative instruments, which could increase operational costs for our business and transactional costs for our clients.

The EU's Alternative Investment Fund Managers Directive ("AIFMD") regulates managers of, and service providers to, AIFs that are domiciled and offered in the EU and that are not authorized as retail funds under UCITS. The AIFMD also regulates the marketing within the EU of all AIFs, including those domiciled outside the EU. The introduction of a third-country passport to non-EU AIFs/AIF managers has been delayed until further positive advice is delivered to the European Commission regarding a sufficient number of non-EU countries to better evaluate the impact, including with respect to the proposed withdrawal of the U.K. from the EU. Compliance with the AIFMD's requirements may restrict AIF marketing and imposes compliance obligations in the form of remuneration policies, capital requirements, reporting requirements, leverage oversight, valuation, stakes in EU companies, the domicile, duties and liability of custodians and liquidity management.

The EU's Market Abuse Regulation's ("MAR") primary aim is to increase market integrity and investor protection, enhancing the attractiveness of securities markets for raising capital. Under MAR, EU market abuse rules become extra-territorial as long as the instrument has a listing on an EEA regulated market.

The EU regulation on packaged retail investment and insurance products ("PRIIPs") imposed new pre-contractual disclosure requirements under the form of a Key Information Document ("KID") for the benefit of retail investors when they are considering the purchase of packaged retail investment products or insurance-based products. It requires PRIIP manufacturers to draw up a KID that can be no longer than three pages in length and must be written in simple language. The regulation allows UCITS providers, who are already required to produce the UCITS Key Investor Information Document, a transitional period until December 2021, during which they will be exempt from its terms.

The EU's GDPR strengthened and unified data protection rules for individuals within the EU. GDPR also addresses export of personal data outside the EU. The primary objectives of GDPR are to give citizens control of their personal data and to simplify the regulatory environment for international business by unifying data protection regulation within the EU. Compliance with the stringent data protection rules under GDPR requires an extensive review of all of our global data processing systems. The failure to comply properly with GDPR rules on a timely basis and to maintain ongoing compliance with such rules may subject us to enforcement proceedings and significant fines and costs. For example, a failure to comply with GDPR could result in fines of up to 20 million Euros or 4% of our annual global revenues, whichever is higher.

British Exit from the EU ("Brexit"). The U.K. withdrew from the EU on January 31, 2020. The timeline to conclude a new U.K./EU trade agreement by December 31, 2020 has been challenged in recent months by the global economic and health crisis caused by the coronavirus disease 2019 ("COVID-19"), and the final terms and implementation date of a new trade agreement remain uncertain. While we are monitoring the consequences very closely for our clients from an investment perspective, we believe that Brexit will not have a material impact on the way our firm operates in the U.K. or within the EU. Our long-standing U.K. businesses are expected to continue to provide their services to U.K. and certain non-EU customers. Furthermore, we have regulated subsidiaries and branch offices across continental Europe such that, in the event of a future restriction on cross-border trade in financial services and products between the U.K. and the EU, Brexit would be likely to have a limited effect on our EU business. Moreover, our primary cross-border UCITS, the Franklin Templeton Investment Funds Société d'Investissement à Capital Variable, or SICAV, investment fund range, which is the most widely-distributed such range in the world, is based in Luxembourg, and a smaller cross-border UCITS, also distributed throughout the EU and beyond, is based in Ireland. We have separate, U.K.-domiciled fund ranges that are, and will continue to be, distributed mainly in the U.K.

Australia. In Australia, our subsidiaries are subject to various Australian federal and state laws and are regulated by the Australian Securities and Investments Commission ("ASIC"). ASIC regulates companies, financial markets and financial services in Australia. ASIC imposes certain conditions on licensed financial services organizations that apply to our subsidiaries, including requirements relating to capital resources, operational capability and controls.

Canada. In Canada, our subsidiaries are subject to provincial and territorial laws and are registered with and regulated by provincial and territorial securities regulatory authorities. The mandate of Canadian securities regulatory authorities is generally to protect investors and to foster fair and efficient capital markets. Securities regulatory authorities impose certain requirements on registrants, including a standard of conduct, capital and insurance, record keeping, regulatory financial reporting, conflict of interest management, compliance systems and security holder reporting. In addition, as a federally licensed trust company, FTCC is subject to regulation and supervision by the Office of the Superintendent of Financial Institutions Canada and another subsidiary, FTC Investor Services Inc., is a member of and regulated by the Mutual Fund Dealers Association of Canada. These regulatory bodies have similar requirements to those of the securities regulatory authorities with a view to ensuring the capital adequacy and sound business practices of the subsidiaries and the appropriate treatment of their clients.

In December 2019, rule amendments to implement the client focused reforms initiative of the Canadian Securities Administrators ("CSA"), the umbrella organization of provincial and territorial securities regulatory authorities, became effective and will be phased in during a two-year transition period. These rule amendments, among other things, enhance current registrant requirements in the areas of know your client, know your product, suitability, conflicts of interest and relationship disclosure information. The purposes of such amendments are to better align the interests of Canadian registrants with the interests of their clients, to improve outcomes for clients and to make clearer to clients the nature and the terms of their relationship with registrants. In addition, in 2020, the CSA published final rule amendments regarding certain of its previously proposed policy changes from June 2018 in connection with its mutual fund fee reform project. The final amendments prohibit: (i) all forms of deferred sales charges ("DSC") in connection with the purchase of mutual fund securities (except in Ontario which is proposing restrictions on the use of DSC), and (ii) the payment of trailing commissions to discount brokers in respect of their distribution of mutual fund securities. These rule amendments will become effective in June 2022.

Cayman Islands. In the Cayman Islands, the Cayman Islands Monetary Authority ("CIMA") is responsible for the regulation and supervision of financial services, the monitoring of compliance with anti-money laundering regulations, and the issuance of statements of principle and guidance. In February 2020, the Cayman Islands enacted the Private Funds Law 2020 (the "Private Funds Law"), which requires private funds that engage in business in or from the Cayman Islands to register with CIMA, unless an exemption applies. The Private Funds Law applies to any Cayman Islands closed-end fund. Open-end funds such as hedge funds continue to be regulated by the Mutual Funds Law in the Cayman Islands. The new registration requirements applicable to our private funds domiciled in the Cayman Islands have posed, and may continue to pose, additional compliance costs and burdens on our business.

Hong Kong. In Hong Kong, our subsidiary is subject to the Securities and Futures Ordinance ("SFO") and its subsidiary legislation, which governs the securities and futures markets and regulates, among others, offers of investments to the public and provides for the licensing of dealing in securities and asset management activities and intermediaries. This legislation is administered by the Securities and Futures Commission ("SFC"). The SFC is also empowered under the SFO to establish standards for compliance as well as codes and guidelines. Our subsidiary and its employees conducting any of the regulated activities specified in the SFO are required to be licensed with the SFC, and are subject to the rules, codes and guidelines issued by the SFC from time to time.

India. The Securities and Exchange Board of India, Reserve Bank of India, the Ministry of Corporate Affairs and the Department of Industrial Policy and Promotion are the major regulatory authorities that are capable of issuing directions of a binding nature to our subsidiaries in India.

Japan. In Japan, our subsidiaries are subject to the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations. These laws are administered and enforced by the Japanese Financial Services Agency, which establishes standards for compliance, including capital adequacy and financial soundness requirements, customer protection requirements, and business conduct rules.

Singapore. In Singapore, our subsidiaries are subject to, among others, the Securities and Futures Act ("SFA"), the Financial Advisers Act ("FAA") and the subsidiary legislation promulgated pursuant to these Acts, which are administered by the Monetary Authority of Singapore ("MAS"). Our asset management subsidiaries and their employees conducting regulated activities specified in the SFA and/or the FAA are required to be licensed with the MAS.

Other Non-U.S. Jurisdictions. There are similar legal and regulatory arrangements in effect in many other non-U.S. jurisdictions where our subsidiaries, branches and representative offices, as well as certain joint ventures or companies in which we own minority stakes, are authorized to conduct business. We are also subject to regulation and supervision by, among others, the Securities Commission of The Bahamas, the Central Bank of Brazil and the Comissão de Valores Mobiliários in Brazil, the China Securities Regulatory Commission in the People's Republic of China, the Financial Services Commission and the Financial Supervisory Service in South Korea, the Securities Commission in Malaysia, the Comision Nacional Bancaria y de Valores in Mexico, the Polish Securities and Exchange Commission, the Romanian Financial Services Authority, the Swiss Federal Banking Commission, the Financial Supervisory Commission in the Republic of China, the Dubai Financial Services Authority in the United Arab Emirates, and the State Securities Commission of Vietnam.

INTELLECTUAL PROPERTY

We have used, registered, and/or applied to register certain trademarks, service marks and trade names to distinguish our sponsored products and services from those of our competitors in the U.S. and in other countries and jurisdictions, including, but not limited to, Franklin®, Templeton®, Legg Mason®, Balanced Equity Management®, Benefit Street Partners®, Darby®, Edinburgh Partners™, Fiduciary Trust™, Franklin Bissett®, Franklin Mutual Series®, K2® and LibertyShares®. In addition, pursuant to our Legg Mason acquisition, our additional brand names include Brandywine Global Investment Management®, Clarion Partners®, ClearBridge Investments®, Martin Currie®, QS Investors®, Royce® Investment Partners and Western Asset Management Company®. Our trademarks, service marks and trade names are important to us and, accordingly, we enforce our trademark, service mark and trade name rights. The Franklin Templeton® brand has been, and continues to be, extremely well received both in our industry and with our clients, reflecting the fact that our brand, like our business, is based in part on trust and confidence. If our brand is harmed, our future business prospects may be adversely affected.

HUMAN CAPITAL RESOURCES

As of September 30, 2020, we employed approximately 11,800 employees and operated offices in over 30 countries. We depend upon our key personnel to manage our business, including our portfolio managers, investment analysts, investment advisers, sales and management personnel and other professionals as well as our executive officers and business unit heads. The retention of our key investment personnel is material to the management of our business. The departure of our key investment personnel could cause us to lose clients, which could adversely affect our business.

AVAILABLE INFORMATION

The SEC maintains a website that contains current and periodic reports, proxy and information statements, and other information regarding issuers, including Franklin, that file electronically with the SEC, at www.sec.gov. Additional information about Franklin's filings can also be obtained through our website at www.franklinresources.com under "Investor Relations." We make available free of charge on our website Franklin's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Franklin periodically provides other information for investors on its website, such as press releases, presentations and other information about financial performance. The information on our website is not incorporated by reference into, and is not a part of, this Annual Report.

Item 1A. Risk Factors.

PANDEMIC-RELATED RISKS

Our business and operations are subject to adverse effects from the outbreak and spread of contagious diseases such as COVID-19, and we expect such adverse effects to continue.

The outbreak and spread of contagious diseases such as COVID-19, a highly transmissible and pathogenic disease, has adversely affected, and we expect will continue to adversely affect, our business, financial condition and results of operations. The COVID-19 pandemic has resulted and will likely continue to result in a widespread national and global public health crisis. Such infectious illness outbreaks or other adverse public health developments in countries where we operate, as well as local, state and/or national government restrictive measures implemented to control such outbreaks, could adversely affect the economies of many nations or the entire global economy, the financial condition of individual issuers or companies and capital markets, in ways that cannot necessarily be foreseen, and such impacts could be significant and long term. Such extraordinary events and their aftermaths can cause investor fear and panic, which can further adversely affect the operations and performance of companies, sectors, nations, regions and financial markets in general and in ways that cannot necessarily be foreseen. The COVID-19 pandemic has already adversely affected and will likely continue to adversely affect global economies and markets, and has resulted in a global economic downturn and disruptions in commerce that will continue to evolve, including with respect to financial and other economic activities, services, travel and supply chains. Global and national health concerns, and uncertainty regarding the impact of COVID-19, could lead to further and/or increased volatility in global capital and credit markets, adversely affect our key executives and other personnel, clients, investors, providers, suppliers, lessees, and other third parties, and negatively impact our AUM, revenues, income, business and operations.

Our business has been and will likely continue to be negatively impacted by the current COVID-19 pandemic, including by the potential reoccurrence of periods of increased spread of COVID-19, and ensuing economic downturn in global financial markets. The global spread of COVID-19, and the various governmental actions and economic effects related to the pandemic, have had, and are expected to continue to have, negative impacts on our business and operations, including volatility in asset values, reduced demand for our products and services, concerns for and restrictions on our personnel (including health concerns, quarantines, shelter-in-place orders and restrictions on travel), and increased privacy and cybersecurity risks. Past economic downturns have caused, and the current economic downturn is causing and is expected to continue to cause, periods of significant volatility in our stock price, decreases and fluctuations in our AUM, revenues and income, increased liquidity risks and redemptions from our funds and other products, resulting in difficulties obtaining cash to settle redemptions, fund closures, poor investment performance of our products and corporate investments, increased focus on expense management, capital resources and related planning, and could cause reputational harm, legal claims, and other factors that may arise or develop. Current increased liquidity risks and redemptions in our funds and other products have required, and may continue to require, increased cash in the form of loans or other lines of credit for them to draw on to help settle redemptions and for other related purposes. We have in some cases voluntarily determined to, and without obligation could in the future, extend such loans. In addition, such increased liquidity risks and redemptions have caused, and could continue to cause, fund closures and related regulatory and governmental reviews or investigations and legal claims or actions, subjecting us to legal and regulatory risks and potential financial exposure.

Our business operations are complex and conducted in numerous countries around the globe, and in order to remain competitive, we must continue to perform our asset management and related business responsibilities for our clients and investors properly and effectively throughout the course of the COVID-19 pandemic, which, among other matters, is dependent on the health and safety of our personnel, the ability of our personnel to work remotely successfully, and our ability to have our personnel return to work at our offices safely and effectively in compliance with applicable requirements. We have implemented our business continuity plans globally to manage our business during this pandemic, including broad and extended work-from-home capabilities for our personnel where feasible and, as governmental shelter-in-place restrictions have been lifted in various jurisdictions, we have implemented measures for the return of a portion of our personnel to certain of our offices. We can provide no assurance that our efforts and planning for either environment will be sufficient to protect the health and safety of our personnel and maintain the success of our business. Further, we depend on a number of third-party providers to support our operations, and any failure of our providers to fulfill their obligations could adversely impact our business. Moreover, we now have an increased dependency on remote equipment and connectivity infrastructure to access critical business systems that may be subject to failure, disruption or unavailability that could negatively impact our business operations. Additionally, multiple regions in which we operate have shelter-in-place movement restrictions on our personnel and third-party vendors and service providers that may impact our ability to satisfy or respond timely to potential technology issues or needs impacting our business and operations. Further, we, like many others during this time, have been subject to

an increase in phishing and other social engineering attempts by malicious actors to manipulate individuals into divulging confidential or personal information. If our cybersecurity diligence and efforts to offset the increased risks associated with greater reliance on mobile, collaborative and remote technologies during this pandemic are not effective or successful, we will be at increased risk for cybersecurity or data privacy incidents.

Any inability to recover successfully following the COVID-19 pandemic with respect to the economic, investment or operational impacts to our company or industry could further negatively impact our business and operations. As of the time of this filing, as the COVID-19 pandemic continues to evolve, it is not possible to predict the full extent to which the coronavirus will adversely impact our business, liquidity, capital resources, financial results and operations, which impacts will depend on numerous developing factors that are highly uncertain and rapidly changing. The impacts and risks described herein relating to COVID-19 augment the discussion of overlapping risks in our risk factors below, which may be heightened by COVID-19.

MARKET AND VOLATILITY RISKS

Volatility and disruption of our business and 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 asset management industry continues to experience disruption and challenges, including a shift to lower-fee passively managed products, increased fee pressure, regulatory changes, an increasing and changing role of technology in asset management services, the continuous introduction of new products and services and the consolidation of financial services firms through mergers and acquisitions. Further, the capital and credit markets have and may continue, from time to time, to experience volatility and disruption worldwide. Declines in global financial market conditions have in the past resulted in significant decreases in our AUM, revenues and income, and future declines may further negatively impact our financial results. Such declines have had, and may in the future have, a material adverse impact on our results of operations. We may need to modify our business, strategies or operations and we may be subject to additional constraints or costs in order to compete in a changing global economy and business environment.

The amount and mix of our AUM are subject to significant fluctuations.

Fluctuations in the amount and mix of our AUM may be attributable in part to market conditions outside of our control that have had, and in the future could have, a negative impact on our revenues and income. We derive substantially all of our operating revenues and net income from providing investment management and related services to investors in jurisdictions worldwide through our investment products, which include our sponsored funds, as well as institutional and high-net-worth separate accounts, retail separately managed account programs, sub-advised products, and other investment vehicles. In addition to investment management, our services include fund administration, sales and distribution, and shareholder servicing. We may perform services directly or through third parties. The level of our revenues depends largely on the level and relative mix of AUM. Our investment management fee revenues are based primarily on a percentage of AUM and vary with the nature and strategies of our products. Any decrease in the value or amount of our AUM because of market volatility or other factors, such as asset outflows or a decline in the price of stocks, in particular market segments or in the securities market generally, negatively impacts our revenues and income.

We are subject to significant risk of asset volatility from changes in the global financial, equity, debt and commodity markets.

Individual financial, equity, debt and commodity markets may be adversely affected by financial, economic, political, electoral, diplomatic or other instabilities that are particular to the country or region in which a market is located, including without limitation local acts of terrorism, economic crises, political protests, war, insurrection or other business, social or political crises. Global economic conditions, exacerbated by war, terrorism, social, civil or political unrest, natural disasters, public health crises, such as epidemics or pandemics, or financial crises, changes in the equity, debt or commodity marketplaces, changes in currency exchange rates, interest rates, inflation rates, the yield curve, defaults by trading counterparties, bond defaults, revaluation and bond market liquidity risks, geopolitical risks, the imposition of economic sanctions and other factors that are difficult to predict, affect the mix, market values and levels of our AUM. For example, changes in financial market prices, currency exchange rates and/or interest rates have in the past caused, and could in the future cause, the value of our AUM to decline, which would result in lower investment management fee revenues. Changing market conditions could also cause an impairment to the value of our goodwill and other intangible assets.

Our funds may be subject to liquidity risks or an unanticipated large number of redemptions and fund closures.

Due to market volatility or other events or conditions described above, our funds may need to sell securities or instruments that they hold, possibly at a loss, or draw on any available lines of credit, to obtain cash to maintain sufficient liquidity or settle these redemptions, or settle in-kind with securities held in the applicable fund. While we have no legal or contractual obligation to do so, we have in the past provided, and may in the future at our discretion provide, financial support to our funds to enable them to maintain sufficient liquidity in any such event. Changes in investor preferences regarding our more popular products have in the past caused, and could in the future cause, sizable redemptions and lower the value of our AUM, which would result in lower revenue and operating results. Increased market volatility and changes in investor preferences also increase the risk of fund closures. Any decrease in the level of our AUM resulting from market declines, credit or interest rate volatility or uncertainty, increased redemptions or other factors could negatively impact our revenues and income.

A shift in our asset mix toward lower fee products may negatively impact our revenues.

Changing market conditions and investor preferences may cause a shift in our asset mix toward certain lower fee products, such as fixed income products, and away from equity and multi-asset products. This may cause a related decline in our revenues and income, as we generally derive higher fee revenues and income from our equity and certain multi-asset products than from our fixed income products. Increases in interest rates, particularly if rapid, as well as uncertainty in the future direction of interest rates, may have a negative impact on our fixed income products. Although the shorter duration of the bond investments in many of these products may help mitigate interest rate risk, rising interest rates or interest rate uncertainty typically decrease the total return on many bond investments due to lower market valuations of existing bonds. Further, changing market conditions and investor preferences also may cause a shift in our asset mix toward lower fee ETFs. Moreover, we generally derive higher investment management and distribution fees from our international products than from our U.S. products, and higher sales fees from our U.S. products than from our international products. Changing market conditions may cause a shift in our asset mix between international and U.S. products, potentially resulting in a decline in our revenues and income depending upon the nature of our AUM and the level of fees we earn on that AUM.

We may not effectively manage risks associated with the replacement of benchmark indices.

The withdrawal and replacement of widely used benchmark indices such as the London Interbank Offered Rate ("LIBOR") with alternative benchmark rates may introduce a number of risks for our business, our clients and the financial services industry more widely. These include financial risks arising from potential changes in the valuation of financial instruments linked to benchmark indices, pricing and operational risks, and legal implementation and revised documentation risks. The FCA in the U.K., which regulates LIBOR, has announced that it will no longer compel panel banks to submit rates for LIBOR after 2021. The publication of LIBOR is therefore not guaranteed beyond 2021, and it appears highly likely that LIBOR will be discontinued or modified by the end of 2021. At this time, no consensus exists as to which reference rate or rates or benchmarks may become acceptable alternatives to LIBOR, although the Alternative Reference Rates Committee, a group of market participants convened by the Federal Reserve Board and the Federal Reserve Bank of New York, has identified the Secured Overnight Financing Rate ("SOFR") as the recommend alternative to LIBOR. The selection of SOFR as the alternative reference rate, however, currently presents certain market concerns because a term structure for SOFR has not yet developed, and there is not yet a generally accepted methodology for adjusting SOFR. Accordingly, the withdrawal and replacement of LIBOR may pose financial risks and uncertainties to our business. We also may face operational challenges adopting successor benchmarks.

INVESTMENT AND PERFORMANCE RISKS

Poor investment performance of our products could reduce the level of our AUM or affect our sales, and negatively impact our revenues and income.

Our investment performance, along with achieving and maintaining superior distribution and client service, is critical to the success of our business. Strong investment performance often stimulates sales of our products. Poor investment performance as compared to third-party benchmarks or competitive products has led, and could in the future lead, to a decrease in sales of our products and stimulate redemptions from existing products, generally lowering the overall level of AUM and reducing the management fees we earn. We can provide no assurance that past or present investment performance in our products will be indicative of future performance. If we fail, or appear to fail, to address successfully and promptly the underlying causes of poor investment performance, we may be unsuccessful in repairing any existing or continuing harm to our performance and our future business prospects would likely be negatively affected.

Harm to our reputation may negatively impact our revenues and income.

Our reputation is critical to the success of our business. We believe that our brand names have been, and continue to be, well received both in our industry and with our clients, reflecting the fact that our brands, like our business, are based in part on trust and confidence. If our brands or reputation are harmed, existing clients may reduce amounts held in, or withdraw entirely from, our products, or our clients and products may terminate their management agreements with us, which could reduce the amount of our AUM and cause us to suffer a corresponding loss in our revenues and income. In addition, reputational harm may prevent us from attracting new clients or developing new business.

GLOBAL OPERATIONAL RISKS

Our completed acquisition of Legg Mason, Inc. remains subject to integration risks.

On July 31, 2020, we completed our acquisition of Legg Mason, Inc. pursuant to the terms and conditions of the Merger Agreement, and Legg Mason became a wholly-owned subsidiary of Franklin. Important ongoing integration-related risks related to our completed acquisition of Legg Mason include the risks that the anticipated benefits of the transaction, including the realization of revenue, tax benefits, financial benefits or returns and expense and other synergies, may not be fully realized, or may take longer to realize than expected, and that the integration may cost more than expected. In addition, the COVID-19 pandemic-related risks may result in unanticipated regulatory, planning and/or operational delays that may adversely impact the anticipated timeline and achievement of our ongoing integration goals. The ongoing integration of Legg Mason is a time-consuming and expensive process that, without adequate planning and effective and timely implementation, could significantly disrupt our business. Our failure to meet the challenges involved in successfully integrating the operations of Legg Mason or to otherwise realize any of the anticipated benefits of the acquisition could adversely impair our business and operations as noted above.

Our business operations are complex and a failure to perform operational tasks properly or comply with applicable regulatory requirements could have an adverse effect on our revenues and income.

Through our subsidiaries, we provide investment management and related services to investors globally. In order to be competitive and comply with our agreements, we must properly perform our fund and portfolio administration and related responsibilities, including portfolio recordkeeping and accounting, security pricing, corporate actions, investment restrictions compliance, daily net asset value computations, account reconciliations, and required distributions to fund shareholders. Many of our operations are complex and dependent on our ability to process and monitor a large number of transactions effectively, which may occur across numerous markets and currencies at high volumes and frequencies. Although we expend considerable resources on internal controls, supervision, technology and training in an effort to ensure that such transactions do not violate applicable guidelines, rules and regulations or adversely affect our clients, counterparties or us, our operations are ultimately dependent on our personnel, as well as others involved in our business, such as third-party vendors, providers and other intermediaries, and subject to potential human errors. Our personnel and others involved in our business may, from time to time, make mistakes that are not always immediately detected, which may disrupt our operations, cause losses, lead to regulatory fines or sanctions, litigation, or otherwise damage our reputation. In addition, any misrepresentation of our services and products in advertising materials, public relations information, social media or other external communications could also adversely affect our reputation and business prospects. Our investment management fees, which represent the majority of our revenues, are dependent on fees earned under investment management agreements that we have with our products and clients. Our revenues could be adversely affected if such agreements representing a significant portion of our AUM are terminated. Further, certain of our subsidiaries may act as general partner for various investment partnerships, which may subject them to liability for the partnerships' liabilities. If we fail to perform and monitor our operations properly, our business could suffer and our revenues and income could be adversely affected.

Failure to establish adequate controls and risk management policies, or the circumvention of controls and policies, could have an adverse effect on our global operations, reputation and financial position.

Although we have adopted risk management, operational and financial controls and compliance policies, procedures and programs that are subject to regular review and update, we cannot ensure that these measures will enable us effectively to identify and manage internal and external risks including those related to fraudulent activity and dishonesty. We are subject to the risk that our personnel, contractors, vendors and other third parties may deliberately or recklessly circumvent or violate our controls to commit fraud against our business, products and/or client accounts, pay or solicit bribes, or otherwise act in ways inconsistent with our controls, policies, workplace culture and business principles. Continued attempts to circumvent our policies and controls or repeated incidents involving violation of controls and policies, fraud or conflicts of interests could

negatively impact our business and reputation and result in adverse publicity, regulatory investigations and actions, legal proceedings and losses and adversely affect our operations, reputation, AUM and financial results.

We face risks, and corresponding potential costs and expenses, associated with conducting operations and growing our business in numerous countries.

We sell our products, such as our funds and strategies, and offer our investment management and related services, in many different regulatory jurisdictions around the world, and intend to continue to expand our operations internationally. As we do so, we will continue to face challenges to the adequacy of our resources, procedures and controls to operate our business consistently and effectively. In order to remain competitive, we must be proactive and prepared to implement necessary resources when growth opportunities present themselves, whether as a result of a business acquisition or rapidly increasing business activities in particular markets or regions. Local regulatory environments may vary widely in terms of scope, adequacy and sophistication. Similarly, local distributors, and their policies and practices as well as financial viability, may vary widely and they may be inconsistent or less developed or mature than other more internationally focused distributors. Growth of our international operations has involved and may continue to involve near-term increases in expenses, as well as additional capital costs, such as information systems and technology costs, and costs related to compliance with particular regulatory or other local requirements or needs. Local requirements or needs also may place additional demands on sales and compliance personnel and resources, such as meeting local language requirements, while also integrating personnel into an organization with a single operating language. Finding, hiring and retaining additional, well-qualified personnel and crafting and adopting policies, procedures and controls to address local or regional requirements remain challenges as we expand our operations internationally.

Moreover, regulators in non-U.S. jurisdictions could also change their policies or laws in a manner that might restrict or otherwise impede our ability to distribute or authorize products or maintain their authorizations in their respective markets. Any of these local requirements, activities or needs could increase the costs and expenses we incur in a specific jurisdiction without any corresponding increase in revenues and income from operating in the jurisdiction. Certain laws and regulations both inside and outside the U.S. have extraterritorial application. This may lead to duplicative or conflicting legal or regulatory burdens and additional costs and risks. For example, with respect to Brexit, although the U.K. has now formally left the EU as of January 31, 2020, it is still unclear what final terms may be agreed to among the parties through the December 31, 2020 implementation period, and the ultimate impact on us.

In addition, from time to time, we enter into joint ventures or take minority stakes in companies in which we typically do not have control. These investments may involve risks, including the risk that the controlling stakeholder or joint venture partner may have business interests, strategies or goals that are inconsistent with ours. The business decisions or other actions or omissions of the controlling stakeholder, joint venture partner or the entity itself may result in liability to us or harm to our reputation, or adversely affect the value of our investment in the entity.

Our focus on international markets as a source of investments and sales of our products subjects us to increased exchange rate and market-specific political, economic or other risks that may adversely impact our revenues and income generated overseas.

While we maintain a significant portion of our operations in the U.S., we also provide services and earn revenues in Asia-Pacific, Europe, Middle East and Africa, Latin America and Canada. As a result, we are subject to foreign currency exchange risk through our non-U.S. operations. Fluctuations in the exchange rates to the U.S. dollar have affected, and may in the future affect, our financial results from one period to the next. While we have taken steps to reduce our exposure to foreign exchange risk, for example, by denominating a significant amount of our transactions in U.S. dollars, our situation may change in the future. Appreciation of the U.S. dollar could in the future moderate revenues from managing our products internationally, or could affect relative investment performance of certain of our products invested in non-U.S. securities. In addition, we have risk associated with the foreign exchange revaluation of U.S. dollar balances held by certain non-U.S. subsidiaries for which the local currency is the functional currency. Separately, management fees that we earn tend to be higher in connection with non-U.S. AUM than with U.S. AUM. Consequently, downturns in international markets have in the past had, and could in the future have, a significant effect on our revenues and income. Moreover, our emerging market portfolios and revenues derived from managing these portfolios are subject to significant risks of loss from financial, economic, political and diplomatic developments, currency fluctuations, social instability, changes in governmental policies, expropriation, nationalization, asset confiscation and changes in legislation related to non-U.S. ownership. International trading markets, particularly in some emerging market countries, are often smaller, less liquid, less regulated and significantly more volatile than those in the U.S. Any ongoing and future business, economic, political or social unrest affecting these markets, in addition to any direct consequences such unrest may have on our personnel and facilities located in the affected area, also may have

a lasting impact on the long-term investment climate in these and other areas and, as a result, our AUM and the corresponding revenues and income that we generate from them may be negatively affected.

COMPETITION AND DISTRIBUTION RISKS

We may review and pursue strategic transactions that could pose risks to our business.

As part of our business strategy, we regularly consider, and have discussions with respect to, potential strategic transactions, including acquisitions, dispositions, consolidations, joint ventures or similar transactions, some of which may be deemed material. There can be no assurance that we will find suitable candidates for strategic transactions at acceptable prices, have sufficient capital resources to accomplish our strategy, or be successful in entering into agreements for desired transactions. In addition, such transactions typically involve a number of risks and present financial, managerial and operational challenges. Acquisitions, including our recent acquisition of Legg Mason, and related transactions pose the risk that any business we acquire may lose customers or personnel or could underperform relative to expectations. We also may not realize the anticipated benefits of an acquisition, including with respect to revenue, tax benefits, financial benefits or returns, and expense and other synergies. We could also experience financial or other setbacks if transactions encounter unanticipated problems, including problems related to execution or integration. Entries into material transactions typically are announced publicly even though they may remain subject to numerous closing conditions, contingencies and approvals, and there is no assurance that any announced transaction will actually be consummated. Future transactions also may further increase our leverage or, if we issue equity securities to pay for acquisitions, dilute the holdings of our existing stockholders.

Failure to properly address the increased transformative pressures affecting the asset management industry could negatively impact our business.

The asset management industry is facing transformative pressures and trends from a variety of different sources including increased fee pressure; a continued shift away from actively managed core equities and fixed income strategies towards alternative, passive and smart beta strategies; increased demands from clients and distributors for client engagement and services; a trend towards institutions developing fewer relationships and partners and reducing the number of investment managers they work with; increased regulatory activity and scrutiny of many aspects of the asset management industry, including transparency/unbundling of fees, inducements, conflicts of interest, capital, liquidity, solvency, leverage, operational risk management, controls and compensation; addressing the key emerging markets in the world, such as China and India, which often have populations with different needs, preferences and horizons than the more developed U.S. and European markets; and advances in technology and increasing client interest in interacting digitally with their investment portfolios. As a result of the trends and pressures discussed above, the asset management industry is facing an increased level of disruption. If we are unable to adapt our strategy and business to address adequately these trends and pressures, we may be unable to meet client needs satisfactorily, our competitive position may weaken, and our business results and operations may be adversely affected.

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.

We compete with numerous investment management companies, securities brokerage and investment banking firms, insurance companies, banks and other financial institutions. Our products also compete with products offered by these competitors, as well as with real estate investment trusts, hedge funds and other products. The periodic establishment of new investment management companies and other competitors increases the competition that we face. At the same time, consolidation in the financial services industry has created stronger competitors with greater financial resources and broader distribution channels than our own. Competition is based on various factors, including, among others, business reputation, investment performance, product mix and offerings, service quality and innovation, distribution relationships, and fees charged. Further, although we may offer certain types of ETFs, to the extent that there is a trend among existing or potential clients in favor of lower fee index and other ETFs, it may favor our competitors who may offer such products that are more established or on a larger scale than we do. Additionally, competing securities broker-dealers and banks, upon which we rely to distribute and sell certain of our funds and other products, also may sell their own proprietary funds and products, which could limit the distribution of our products. To the extent that existing or potential clients, including securities broker-dealers, decide to invest in or distribute the products of our competitors, the sales of our products as well as our market share, revenues and income could decline. Our ability to attract and retain AUM is also dependent on the relative investment performance of our products, offering a mix of products and strategies that meets investor demands, and our ability to maintain our investment management fees and pricing structure at competitive levels.

Increasing competition and other changes in the third-party distribution and sales channels on which we depend could reduce our income and hinder our growth.

We derive nearly all of our fund sales through third-party broker-dealers, banks, investment advisers and other financial intermediaries. Because we rely on third-party distribution and sales channels to sell our products, we do not control the ultimate investment recommendations given by them to clients. Increasing competition for these distribution and sales channels, and regulatory changes and initiatives, have caused our distribution costs to rise and could cause further cost increases in the future, or could otherwise negatively impact the distribution of our products. Higher distribution costs lower our income, and consolidations in the broker-dealer or banking industries could also adversely impact our income. A failure to maintain our third-party distribution and sales channels, or a failure to maintain strong business relationships with our distributors and other intermediaries, may impair our distribution and sales operations. Any inability to access and successfully sell our products to clients through such third-party channels could have a negative effect on our level of AUM and adversely impact our business.

Moreover, we can provide no assurance that we will continue to have access to the third-party financial intermediaries that currently distribute our products, or that we will continue to have the opportunity to offer all or some of our existing products through them. If several of the major financial advisers that distribute our products were to cease operations or limit or otherwise end the distribution of our products, it could have a significant adverse impact on our income.

Further, the standards of conduct and disclosure and reporting requirements, with respect to fees, products, services and possible conflicts of interest, applicable to broker-dealers and other financial intermediaries in the U.S., remain subject to change and enhancement pursuant to business and regulatory developments and requirements, including with respect to investor suitability obligations, enhanced investor protections for retail customers, and increased compliance requirements.

In addition, the U.K., the Netherlands and the EU, through MiFID II, have adopted regimes that ban, or may limit, the payment of commissions and other inducements to intermediaries in relation to certain sales to retail customers in those jurisdictions, and similar regimes are under consideration in several other jurisdictions. Depending on their exact terms, such regimes may result in existing flows of business moving to less profitable channels or even to competitors providing substitutable products outside the regime. Arrangements with non-independent advisers will also be affected as narrower rules related to the requirement that commissions reflect an enhancement of the service to customers come into effect, along with a prescriptive list of permissible non-monetary benefits. The interpretation of the inducements rules has also resulted in major changes to how fund managers, including us, finance investment research with many firms, by opting to pay for third-party investment research for client accounts covered by MiFID II.

THIRD-PARTY RISKS

Any failure of our third-party providers to fulfill their obligations, or our failure to maintain good relationships with our providers, could adversely impact our business.

We currently, and may in the future, depend on a number of third-party providers to support various operational, administrative, market data, distribution, and other business needs of our company. In addition, we may, from time to time, transfer vendor contracts and services from one provider to another. If our third-party providers fail to deliver required services on a timely basis, or if we experience other negative service quality or relationship issues with our providers, we may be exposed to significant costs and/or operational difficulties, and our ability to conduct and grow our business may be impaired. In addition, we have outsourced certain administration services for our funds to third-party providers. Such administrative and functional changes are costly and complex, and may expose us to heightened operational risks. Any failure to mitigate such risks could result in reputational harm to us, as well as financial losses to us and our clients. The failure of any key provider or vendor to fulfill its obligations to us could result in outcomes inconsistent with our or our clients' objectives and requirements, result in legal liability and regulatory issues for us, and otherwise adversely impact us.

We may be adversely affected if any of our third-party providers is subject to a successful cyber or security attack.

Due to our interconnectivity with third-party vendors, advisors, central agents, exchanges, clearing organizations and other financial institutions, we may be adversely affected if any of them is subject to a successful cyber attack or other privacy or information security event, including those arising due to the use of mobile technology or a third-party cloud environment. Most of the software applications that we use in our business are licensed from, and supported, upgraded and maintained by, third-party vendors. Our third-party applications include enterprise cloud storage and cloud computing application services provided and maintained by third-party vendors. Any breach, suspension or termination of certain of these licenses or the related support, upgrades and maintenance could cause temporary system delays or interruption that could adversely impact

our business. Our third-party applications may include confidential and proprietary data provided by vendors and by us, including personal employee and/or client data.

TECHNOLOGY AND SECURITY RISKS

Our ability to manage and grow our business successfully can be impeded by systems and other technological limitations.

Our continued success in effectively managing and growing our business depends on our ability to integrate our varied accounting, financial, information, and operational systems on a global basis, including in connection with our recent Legg Mason acquisition. Moreover, adapting or developing the existing technology systems we use to meet our internal needs, as well as client needs, industry demands and new regulatory requirements, is also critical for our business. The introduction of new technologies presents new challenges to us. We have an ongoing need to upgrade and improve our technology continually, including our data processing, financial, accounting, shareholder servicing and trading systems. Further, we also must be proactive and prepared to implement new technology when growth opportunities present themselves, whether as a result of a business acquisition or rapidly increasing business activities in particular markets or regions. These needs could present operational issues or require significant capital spending, and may require us to reevaluate the current value and/or expected useful lives of the technology we use, which could negatively impact our results of operations. In addition, technology is subject to rapid advancements and changes and our competitors may, from time to time, implement newer technologies or more advanced platforms for their services and products, including digital advisers and other advanced electronic systems, which could adversely affect our business if we are unable to remain competitive.

Any significant limitation, failure or security breach of our information and cyber security infrastructure, software applications, technology or other systems that are critical to our operations could disrupt our business and harm our operations and reputation.

We are highly dependent upon the use of various proprietary and third-party information and security technology, software applications and other technology systems to operate our business. We are also dependent on the continuity and effectiveness of our information and cyber security infrastructure, management oversight and reporting framework, policies, procedures and capabilities to protect our computer and telecommunications systems and the data that reside on or are transmitted through them and contracted third-party systems. We use technology on a daily basis in our business to, among other things, support our business continuity and operations, process and transmit confidential communications, store and maintain data, obtain securities pricing information, process client transactions, and provide reports and other customer services to our clients. Any disruptions, inaccuracies, delays, theft, systems failures, data security or privacy breaches, or cyber or other security breaches in these and other processes could subject us to significant client dissatisfaction and losses and damage our reputation. We have been, and expect to continue to be, the subject of these types of risks, breaches and/or attacks, as well as attempts to co-opt our brand. Although we take protective measures, including measures to secure and protect information through system security technology and our internal security procedures, we can provide no assurance that any of these measures will prove effective. The technology systems we use remain vulnerable to denial of service attacks, unauthorized access, computer viruses, potential human errors and other events and circumstances that may have a security impact, such as an external or internal hacker attack by one or more cyber criminals (including through the use of phishing attacks, malware, ransomware and other methods and activities maliciously designed to obtain and exploit confidential information and to cause system and service disruption and other damage) or our personnel or vendors inadvertently or recklessly causing us to release confidential information, which could materially harm our operations and reputation.

Potential system disruptions, failures or breaches of the technology we use or the security infrastructure we rely upon could result in: (i) material financial loss or costs, (ii) delays in clients' ability to access account information or in our ability to process transactions, (iii) the unauthorized disclosure or modification of sensitive or confidential client and business information, (iv) loss of valuable information, (v) breach of client and vendor contracts, (vi) liability for stolen assets, information or identity, (vii) remediation costs to repair damage caused by the failure or breach, (viii) additional security and organizational costs to mitigate against future incidents, (ix) reputational harm, (x) loss of confidence in our business and products, (xi) liability for failure to review and disclose applicable incidents or provide relevant updated disclosure properly and timely, (xii) regulatory investigations or actions, and/or (xiii) legal claims, litigation, and liability costs, any one or more of which may be material. Moreover, loss or unauthorized disclosure or transfer of confidential and proprietary data or confidential customer identification information could further harm our reputation and subject us to liability under laws that protect confidential data and personal information, resulting in increased costs or a decline in our revenues or common stock price. Further, although we take precautions to password protect and encrypt our laptops and sensitive information on our other mobile electronic devices, if such devices are stolen, misplaced or left unattended, they may become vulnerable to hacking or other unauthorized use, creating a possible security risk, which may require us to incur additional administrative

costs and/or take remedial actions. In addition, the failure to manage and operate properly the data centers we use could have an adverse impact on our business. Although we have in place certain disaster recovery plans, we may experience system delays and interruptions as a result of natural disasters, power failures, acts of war, and third-party failures.

Our inability to recover successfully, should we experience a disaster or other business continuity problem, could cause material financial loss, regulatory actions, legal liability, and/or reputational harm.

Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, tsunami, terrorist attack, public health crisis, pandemic or other natural or man-made disaster, our continued success will depend, in part, on the safety and availability of our personnel, our office facilities and infrastructure, and the proper functioning of our technology, computer, telecommunication and other systems and operations that are critical to our business. See “Pandemic-Related Risks” above for risks relating to COVID-19. While our operational size, the diversity of locations from which we operate, and our various back-up systems provide us with an advantage, should we experience a local or regional disaster or other business continuity event, we could still experience operational challenges, in particular depending upon how such a local or regional event may affect our personnel across our operations or with regard to particular aspects of our operations, such as key executives or personnel in our technology groups. Moreover, as we grow our operations in new geographic regions, the potential for particular types of natural or man-made disasters, political, economic or infrastructure instabilities, information, technology or security limitations or breaches, or other country- or region-specific business continuity risks increases. Past disaster recovery efforts have demonstrated that even seemingly localized events may require broader disaster recovery efforts throughout our operations and, consequently, we regularly assess and take steps to improve upon our existing business continuity plans. However, a disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to recover successfully following a disaster or other business continuity problem, could adversely impact our business and operations.

HUMAN CAPITAL RISKS

We depend on key personnel and our financial performance could be negatively affected by the loss of their services.

The success of our business will continue to depend upon our key personnel, including our portfolio managers, investment analysts, investment advisers, sales and management personnel and other professionals as well as our executive officers and business unit heads. Competition for qualified, motivated, and highly-skilled executives, professionals and other key personnel in the investment management industry remains significant. Our success depends to a substantial degree upon our ability to find, attract, retain and motivate qualified individuals, including through competitive compensation packages, and upon the continued contributions of these people. Global and/or local laws and regulations could impose restrictions on compensation paid by financial institutions, which could restrict our ability to compete effectively for qualified professionals. As our business develops, we may need to increase the number of individuals that we employ. Moreover, in order to retain certain key personnel, we may be required to increase compensation to such individuals and increase our key management succession planning, resulting in additional expense without a corresponding increase in potential revenues. There is no assurance that we will be successful in finding, attracting and retaining qualified individuals, and the departure of key investment personnel, in particular, could cause us to lose clients, which could have a material adverse effect on our financial condition, results of operations and business prospects. In addition, due to the global nature of our business, our key personnel may, from time to time, have reasons to travel to regions susceptible to higher risk of civil unrest, organized crime or terrorism, and we may be unable to ensure the safety of our personnel traveling to such regions.

CASH MANAGEMENT RISKS

Our ability to meet cash needs depends upon certain factors, including the market value of our assets, our operating cash flows and our perceived creditworthiness.

If we are unable to obtain cash, financing or access to the capital markets in a timely manner, we may be forced to incur unanticipated costs or revise our business plans, and our business could be adversely impacted. Further, our access to the capital markets depends significantly on our credit ratings. A reduction in our long- or short-term credit ratings could increase our borrowing costs and limit our access to the capital markets. Volatility in the global financing markets also may impact our ability to access the capital markets should we seek to do so, and may have an adverse effect on investors’ willingness to purchase our securities, interest rates, credit spreads and/or the valuation levels of equity markets.

We are dependent on the earnings of our subsidiaries.

Substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to fund operations are dependent upon the earnings of our subsidiaries and the distribution of earnings, loans or other payments by our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to fund our payment obligations, whether by dividends, distributions, loans or other payments. Any payments to us by our subsidiaries could be subject to statutory or contractual restrictions and are contingent upon our subsidiaries' earnings and business considerations. Certain of our subsidiaries are subject to regulatory restrictions that may limit their ability to transfer assets to their parent companies. Our financial condition could be adversely affected if certain of our subsidiaries are unable to distribute assets to us.

LEGAL AND REGULATORY RISKS

We are subject to extensive, complex, overlapping and frequently changing rules, regulations, policies, and legal interpretations.

There is uncertainty associated with the regulatory and compliance environments in which we operate. Our business is subject to extensive and complex, overlapping and/or conflicting, and frequently changing and increasing rules, regulations, policies and legal interpretations, around the world. Political and electoral changes, developments and conflicts have in the past introduced, and may in the future introduce, additional uncertainty. Our regulatory and compliance obligations impose significant operational and cost burdens on us and cover a broad range of requirements related to financial reporting and other disclosure matters, securities and other financial instruments, investment and advisory matters, accounting, tax, compensation, ethics, intellectual property, data protection, privacy, sanctions programs, and escheatment requirements. We may be adversely affected by a failure to comply with applicable laws, regulations and changes in the countries in which we operate. For a more extensive discussion of certain laws, regulations (including certain pending regulatory reforms) and regulators to which we are subject, see "Item 1 – Business – Regulation" in Part I of this Annual Report.

We may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation of existing laws and regulations, in the U.S. and other jurisdictions.

The laws and regulations applicable to our business generally involve restrictions and requirements in connection with a variety of technical, specialized, and expanding matters and concerns. Over the years, the U.S. federal corporate governance and securities laws, and laws in other jurisdictions, have been augmented substantially and made significantly more complex by various legislation. As we continue to address our legal and regulatory requirements or focus on meeting new or expanded requirements, we may need to expend a substantial amount of additional time, costs and resources. Regulatory reforms may add further complexity to our business and operations and could require us to alter our investment management services and related activities, which could be costly, impede our growth and adversely impact our AUM, revenues and income. Regulatory reforms also may impact our clients, which could cause them to change their investment strategies or allocations in a manner adverse to our business. Certain key regulatory reforms in the U.S. and other jurisdictions that may impact or relate to our business, and may cause us to incur additional obligations, include regulatory matters related to systemically important financial institutions, derivatives and other financial products, privacy and data protection, retail and other investor protections, and other asset management disclosure and compliance requirements. The impacts of these and other regulatory reforms on us, now and in the future, could be significant. We expect that the regulatory requirements and developments applicable to us will cause us to continue to incur additional compliance and administrative burdens and costs. Any inability to meet applicable requirements within the required timeframes may subject us to sanctions or other restrictions by governments and/or regulators that could adversely impact our broader business objectives.

Global regulatory and legislative actions and reforms have made compliance in the regulatory environment in which we operate more costly and future actions and reforms could adversely impact our financial condition and results of operations.

As in the U.S., regulatory and legislative actions outside the U.S. have been augmented substantially and made more complex by measures such as the EU's Alternative Investment Fund Managers Directive and MiFID II. Further, ongoing changes in the EU's regulatory framework applicable to our business, including changes related to Brexit and any other changes in the composition of the EU's member states, may add further complexity to our global risks and operations. Moreover, the adoption of new laws, regulations or standards and changes in the interpretation or enforcement of existing laws, regulations or standards have directly affected, and will continue to affect, our business. With new laws and changes in interpretation of existing requirements, the associated time we must dedicate to and related costs we must incur in meeting the regulatory complexities of our business have increased. We may be required to continue to invest significant additional management

time and resources to address new regulations being adopted pursuant to MiFID II and other laws. For example, MiFID II requires the unbundling of research and execution charges for trading. The industry's response to the unbundling rules is still evolving and could lead to increased research costs. Outlays associated with meeting regulatory complexities have also increased as we expand our business into new jurisdictions.

The EU's GDPR strengthened and unified data protection rules for individuals within the EU. GDPR also addresses export of personal data outside the EU. The primary objectives of GDPR are to give citizens control of their personal data and to simplify the regulatory environment for international business by unifying data protection regulation within the EU. Compliance with the stringent data protection rules under GDPR requires an extensive review of all of our global data processing systems. The failure to comply properly with GDPR rules on a timely basis and to maintain ongoing compliance with such rules may subject us to enforcement proceedings and significant fines and costs. For example, a failure to comply with GDPR could result in fines up to 20 million Euros or 4% of our annual global revenues, whichever is higher.

Compliance activities to address these and other new legal requirements have required, and will continue to require, us to expend additional time and resources, and, consequently, we are incurring increased costs of doing business, which potentially negatively impacts our profitability and future financial results. Finally, any further regulatory and legislative actions and reforms affecting the investment management industry, including compliance initiatives, may negatively impact revenues by increasing our costs of accessing or operating in financial markets or by making certain investment offerings less favorable to our clients.

Failure to comply with the laws, rules or regulations in any of the jurisdictions in which we operate could result in substantial harm to our reputation and results of operations.

As with all investment management companies, our activities are highly regulated in almost all countries in which we conduct business. Failure to comply with the applicable laws, rules, regulations, codes, directives, notices or guidelines in any of our jurisdictions could result in civil liability, criminal liability and/or sanctions against us, including fines, censures, injunctive relief, the suspension or expulsion from a particular jurisdiction or market, or the revocation of licenses or charters, any of which could adversely affect our reputation and operations. Moreover, any potential accounting or reporting error, whether financial or otherwise, if material, could damage our reputation and adversely affect our business. While management has focused attention and resources on our compliance policies, procedures and practices, the regulatory environments of the jurisdictions where we conduct our business, or where our products are organized or sold, are complex, uncertain and subject to change. Local regulatory environments may vary widely and place additional demands on our sales, investment, legal and compliance personnel. In recent years, the regulatory environments in which we operate have seen significant increased and evolving regulations, which have imposed and may continue to impose additional compliance and operational requirements and costs on us in the applicable jurisdictions. Regulators could also change their policies or laws in a manner that might restrict or otherwise impede our ability to offer our services and products in their respective markets, or we may be unable to keep up with, or adapt to, the ever changing, complex regulatory requirements in such jurisdictions or markets, which could further negatively impact our business.

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.

We are subject to income taxes as well as non-income-based taxes, and are subject to ongoing tax audits, in various jurisdictions in which we operate. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits and the actual outcomes could have a material impact on our net income or financial condition. Changes in tax laws or tax rulings may at times materially impact our effective tax rate.

Further, pursuant to ongoing efforts to encourage global tax compliance, the OECD has adopted certain common reporting standards aimed at ensuring that persons with financial assets located outside of their tax residence country pay required taxes. Such standards may subject us to additional reporting, compliance and administrative costs, and burdens in jurisdictions where we operate as a qualifying financial institution.

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.

We operate in a highly regulated industry and routinely receive and respond to regulatory and governmental requests for documents or other information, subpoenas, examinations and investigations in connection with our business activities. Further, regulatory or governmental examinations or investigations that have been inactive could become active. In addition, from time to time, we are named as a party in litigation. We may be obligated, and under our certificate of incorporation, bylaws and standard form of director indemnification agreement are obligated under certain conditions, or may choose, to indemnify directors, officers or personnel against liabilities and expenses they may incur in connection with such matters to the extent permitted under applicable law. Even if claims made against us are without merit, litigation typically is an expensive process. Risks associated with legal liability often are difficult to assess or quantify and their existence and magnitude can remain unknown for significant periods of time. Eventual financial exposures from and expenses incurred relating to any examinations, investigations, litigation, and/or settlements could adversely impact our AUM, increase costs and/or negatively impact our profitability and financial results. Examinations, investigations, allegations, findings or judgments of wrongdoing by regulatory or governmental authorities or in litigation against us, or settlements with respect thereto, could affect our regulatory licenses, reputation, increase our costs of doing business and/or negatively impact our revenues, any of which could have a material negative impact on our financial results. For a discussion of certain legal proceedings and regulatory matters in which we are involved, see the “Legal Proceedings” section in Note 16 – Commitments and Contingencies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

Our contractual obligations may subject us to indemnification costs and liability to third parties.

In the ordinary course of business, we enter into contracts with third parties, including, without limitation, clients, vendors, and other service providers, that contain a variety of representations and warranties and that provide for indemnifications by us in certain circumstances. Pursuant to such contractual arrangements, we may be subject to indemnification costs and liability to third parties if, for example, we breach any material obligations under the agreements or agreed standards of care, or in the event such third parties have certain legal claims asserted against them. The terms of these indemnities vary from contract to contract, and future indemnification claims against us could negatively impact our financial condition.

Failure to protect our intellectual property may negatively impact our business.

Although we take steps to safeguard and protect our intellectual property, including but not limited to our trademarks, patents, copyrights and trade secrets, there can be no assurance that we will be able effectively to protect our rights. If our intellectual property rights were violated, we could be subject to economic and reputational harm that could negatively impact our business and competitiveness in the marketplace. Conversely, while we take efforts to avoid infringement of the intellectual property of third parties, if we are deemed to infringe on a third party’s intellectual property rights it could expose us to litigation risks, license fees and reputational harm.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We conduct our worldwide operations using a combination of owned and leased facilities. While we believe our facilities are suitable and adequate to conduct our business at present, we will continue to acquire, lease and dispose of facilities throughout the world as necessary.

We own our San Mateo, California corporate headquarters and various other office buildings in the U.S. and internationally. We lease excess owned space to third parties under leases with terms through 2030. Our owned properties consist of the following:

Location	Owned Square Footage	Owned Square Footage Leased to Third Parties
San Mateo, California	743,793	357,383
St. Petersburg, Florida	560,948	314,685
Rancho Cordova, California	445,023	62,660
Hyderabad, India	379,052	—
Poznan, Poland	284,436	—
Ft. Lauderdale, Florida	102,246	20,264
Edinburgh, Scotland	87,016	26,210
Other	90,891	12,091
Total	**2,693,405**	**793,293**

We lease office space in 16 states in the U.S. and Washington, D.C., and internationally, including, for example, in Australia, Brazil, Canada, the People’s Republic of China (including Hong Kong), Germany, India, Japan, Luxembourg, Mexico, Poland, Singapore, South Korea, United Arab Emirates and the U.K. As of September 30, 2020, we leased and occupied approximately 2,175,000 square feet of office space worldwide, and subleased to third parties approximately 417,000 square feet of excess leased space.

Item 3. Legal Proceedings.

Incorporated herein by reference is information regarding certain legal proceedings and regulatory matters in which we are involved as set forth under “Legal Proceedings” contained in Note 16 – Commitments and Contingencies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

Item 4. Mine Safety Disclosures.

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following description of our executive officers is included as an unnumbered item in this Part I of this Annual Report in lieu of being included in our definitive proxy statement for our annual meeting of stockholders. Set forth below are the name, age, present title, and certain other information for each of our executive officers as of the filing date of this Annual Report. Each executive officer is appointed by our board of directors and holds his or her office until the earlier of his or her death, resignation, retirement, disqualification or removal.

Jennifer M. Johnson
Age 56

President of Franklin since December 2016, and Chief Executive Officer and director of Franklin since February 2020; formerly, Chief Operating Officer of Franklin from February 2017 to February 2020, Co-President of Franklin from October 2015 to December 2016, Executive Vice President and Chief Operating Officer of Franklin from March 2010 to September 2015, Executive Vice President–Operations and Technology of Franklin from December 2005 to March 2010, and Senior Vice President and Chief Information Officer of Franklin from May 2003 to December 2005; officer and/or director of certain subsidiaries of Franklin, including certain of the specialist investment managers acquired through the Legg Mason transaction; director or trustee of certain funds registered as investment companies managed or advised by subsidiaries of Franklin.

Gregory E. Johnson
Age 59

Executive Chairman of Franklin since February 2020, Chairman of the Board of Franklin since June 2013 and director of Franklin since January 2007; Chairman of the San Francisco Giants, a professional baseball organization, since November 2019; formerly, Chief Executive Officer of Franklin from July 2005 to February 2020, Co-Chief Executive Officer of Franklin from January 2004 to July 2005, and President of Franklin from December 1999 to September 2015; officer and/or director of certain subsidiaries of Franklin; director or trustee of certain funds registered as investment companies managed or advised by subsidiaries of Franklin.

Rupert H. Johnson, Jr.
Age 80

Vice Chairman of Franklin since December 1999 and director of Franklin since 1971; officer and/or director of certain subsidiaries of Franklin; director or trustee of certain funds registered as investment companies managed or advised by subsidiaries of Franklin.

Matthew Nicholls
Age 48

Executive Vice President and Chief Financial Officer of Franklin since May 2019; officer and/or director of certain subsidiaries of Franklin, including certain of the specialist investment managers acquired through the Legg Mason transaction since August 2020. Formerly, with Citigroup, Inc. (a financial services firm) from 1995 to May 2019, as Managing Director, Global Head of Financial Institutions, Corporate Banking, and Global Head of Asset Management, Corporate and Investment Banking, from 2017 to May 2019, as Managing Director, Co-Head, Financial Institutions Corporate and Investment Banking, North America, and Global Head of Asset Management, Corporate and Investment Banking, from 2014 to 2017, as Managing Director, Co-Head, North America, Financial Institutions Corporate and Investment Banking from 2011 to 2014, as Managing Director and Co-Head, North America, Financial Institutions Corporate Banking from 2007 to 2011, and as Managing Director and Co-Head of Asset Management Banking from 2006 to 2007.

Jed A. Plafker
Age 49

Executive Vice President of Franklin since April 2019, formerly, Senior Vice President from June 2018 to April 2019; officer and/or director of certain subsidiaries of Franklin, including certain of the specialist investment managers acquired through the Legg Mason transaction, for example, as Manager of Brandywine Global Investment Management, LLC and Clarion Partners Holdings LLC since August 2020, and Director of ClearBridge Investments, LLC and Western Asset Management Company, LLC since August 2020; as well as Executive Vice President of Franklin Templeton Institutional, LLC since April 2009, President and director of Templeton Institutional, Inc. since September 2009, and President since February 2017 and director since December 2016 of Templeton Worldwide, Inc.

Alok Sethi
Age 59

Officer and/or director of various investment adviser, operations, and technology related subsidiaries of Franklin for more than the past five years, including, for example, as Senior Vice President of Franklin Advisers, Inc., Franklin Templeton Institutional, LLC and Templeton Investment Counsel, LLC since July 2014, Vice President of FASA, LLC since June 2014, and Vice President of Franklin Templeton Companies, LLC since June 2010.

Gwen L. Shaneyfelt
Age 58

Chief Accounting Officer of Franklin since April 2019; officer and/or director of certain subsidiaries of Franklin, including certain of the specialist investment managers acquired through the Legg Mason transaction, including, for example, as Vice President and Chief Financial Officer of Legg Mason, Inc., Director of ClearBridge Investments, LLC and Manager of Royce & Associates GP, LLC since August 2020; as well as Director of Franklin Templeton Fund Management Limited since May 2019, Manager of Franklin Templeton International Services S.à r.l. since November 2013, and Senior Vice President of Franklin Templeton Companies, LLC since March 2011.

Adam B. Spector
Age 52

Executive Vice President, Global Advisory Services, of Franklin since October 1, 2020, responsible for global retail and institutional distribution, including marketing and product strategy, and Managing Partner of Brandywine Global Investment Management, LLC, a specialist investment manager acquired through the Legg Mason transaction, since November 2014, responsible for the overall management of Brandywine including infrastructure, legal and compliance, business strategy, and sales and client service; formerly, Managing Director of Brandywine from 2012 to 2014, Head of Marketing, Sales and Client Service of Brandywine from 2003 to 2014, and Senior Vice President of Client Service of Brandywine from 1997 to 2003; officer and/or director of certain other subsidiaries of Franklin.

Craig S. Tyle
Age 60

Executive Vice President and General Counsel of Franklin since August 2005; formerly, a partner at Shearman & Sterling LLP (a law firm) from March 2004 to July 2005 and General Counsel for the Investment Company Institute (a trade group for the U.S. fund industry) from September 1997 through March 2004; officer and/or director of certain subsidiaries of Franklin; officer of certain funds registered as investment companies managed or advised by subsidiaries of Franklin.

Family Relationships

Jennifer M. Johnson and Gregory E. Johnson are siblings, and their uncle is Rupert H. Johnson, Jr. Each serves as both a director and an executive officer of Franklin.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the NYSE under the ticker symbol "BEN." At October 31, 2020, there were 2,731 stockholders of record of our common stock.

The following table provides information with respect to the shares of our common stock that we repurchased during the three months ended September 30, 2020.

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 2020	—	$ —	—	39,722,462
August 2020	669,887	21.06	669,887	39,052,575
September 2020	838,451	20.26	838,451	38,214,124
Total	**1,508,338**		**1,508,338**	

Under our stock repurchase program, which is not subject to an expiration date, we can repurchase shares of our common stock from time to time in the open market and in private transactions in accordance with applicable laws and regulations, including without limitation applicable federal securities laws. In order to pay taxes due in connection with the vesting of employee and executive officer stock and stock unit awards, we may repurchase shares under our program using a net stock issuance method. In April 2018, we announced that our Board of Directors authorized the repurchase of up to 80.0 million additional shares of our common stock under the stock repurchase program.

Item 6. Selected Financial Data.

FINANCIAL HIGHLIGHTS

as of and for the fiscal years ended September 30,	2020[1]	2019	2018	2017	2016
Summary of Operations[2] *(in millions)*					
Operating revenues	$ 5,566.5	$ 5,669.4	$ 6,204.5	$ 6,305.0	$ 6,534.6
Operating income	1,048.9	1,466.9	2,028.2	2,199.6	2,295.1
Operating margin	18.8%	25.9%	32.7%	34.9%	35.1%
Net income attributable to Franklin Resources, Inc.	798.9 [3]	1,195.7 [4]	764.4 [5]	1,696.7	1,726.7
Financial Data *(in millions)*					
Total assets	$ 20,220.9	$ 14,532.2	$ 14,383.5	$ 17,534.0	$ 16,098.8
Debt	3,017.1	696.9	695.9	1,044.2	1,401.2
Debt of consolidated investment products	1,333.4	50.8	32.6	53.4	682.2
Franklin Resources, Inc. stockholders' equity	10,114.5	9,906.5	9,899.2	12,620.0	11,935.8
Operating cash flows	1,021.4	201.6	2,229.7	1,135.4	1,727.7
Investing cash flows	(3,243.1)	(1,077.1)	(290.4)	52.0	192.2
Financing cash flows	194.2	(40.5)	(3,761.7)	(956.0)	(1,800.7)
Assets Under Management *(in billions)*					
Ending	$ 1,418.9	$ 692.6	$ 717.1	$ 753.2	$ 733.3
Average[6]	832.9	697.0	740.5	736.9	749.3
Per Common Share					
Earnings					
Basic	$ 1.59	$ 2.35	$ 1.39	$ 3.01	$ 2.94
Diluted	1.59	2.35	1.39	3.01	2.94
Cash dividends declared	1.08	1.04	3.92	0.80	0.72
Book value	20.43	19.84	19.07	22.74	20.93

1 Includes the impact of the Company's acquisition of Legg Mason, Inc. which was effective July 31, 2020. See Note 3 – Acquisitions in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report on Form 10-K for more information.
2 In fiscal year 2020, the Company changed the presentation of its consolidated statements of income to include dividend and interest income and other expenses from consolidated investment products in non-operating income. Amounts for the comparative prior fiscal years have been reclassified to conform to the current presentation. These reclassifications had no impact on previously reported net income attributable to Franklin Resources, Inc.
3 Includes an income tax benefit of $27.0 million, net of valuation allowance, from capital losses subsequent to the change in corporate tax structure of a foreign holding company to a U.S. branch.
4 Includes an income tax charge of $86.0 million due to a revision to the estimated income tax charge that was recognized in fiscal year 2018 resulting from enactment of the Tax Cuts and Jobs Act of 2017 ("the Tax Act").
5 Includes an estimated income tax charge of $968.8 million resulting from enactment of the Tax Act.
6 Represents simple monthly average AUM.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD-LOOKING STATEMENTS

The following discussion and analysis of the results of operations and financial condition of Franklin Resources, Inc. ("Franklin") and its subsidiaries (collectively, the "Company") should be read in conjunction with the "Forward-looking Statements" disclosure set forth in Part I and the "Risk Factors" set forth in Item 1A of Part I of this Annual Report on Form 10-K (this "Annual Report") and in any more recent filings with the U.S. Securities and Exchange Commission (the "SEC"), each of which describe our risks, uncertainties and other important factors in more detail.

OVERVIEW

We are a global investment management organization and derive our operating revenues and net income from providing investment management and related services in jurisdictions worldwide for investors in our investment products, which include our sponsored funds, as well as institutional and high-net-worth separate accounts, retail separately managed account programs, sub-advised products, and other investment vehicles. In addition to investment management, our services include fund administration, sales and distribution, and shareholder servicing. We may perform services directly or through third parties. We offer our services and products under our various distinct brand names, including, but not limited to, Franklin®, Templeton®, Legg Mason®, Balanced Equity Management®, Benefit Street Partners®, Darby®, Edinburgh Partners™, Fiduciary Trust™, Franklin Bissett®, Franklin Mutual Series®, K2® and LibertyShares®. In addition, pursuant to our acquisition of Legg Mason, Inc. ("Legg Mason") on July 31, 2020, we acquired certain additional brand names including Brandywine Global Investment Management®, Clarion Partners®, ClearBridge Investments®, Martin Currie®, QS Investors®, Royce® Investment Partners and Western Asset Management Company®. We offer a broad product mix of fixed income, equity, multi-asset, alternative and cash management asset classes and solutions that meet a wide variety of specific investment goals and needs for individual and institutional investors. We also provide sub-advisory services to certain investment products sponsored by other companies which may be sold to investors under the brand names of those other companies or on a co-branded basis.

The level of our revenues depends largely on the level and relative mix of assets under management ("AUM"). As noted in the "Risk Factors" section set forth above in Item 1A of Part I of this Annual Report, the amount and mix of our AUM are subject to significant fluctuations and can negatively impact our revenues and income. The level of our revenues also depends on mutual fund sales, the number of shareholder transactions and accounts, and the fees charged for our services, which are based on contracts with our funds and our clients. These arrangements could change in the future.

As further noted in the "Risk Factors" section, the outbreak and spread of contagious diseases such as the coronavirus disease 2019 ("COVID-19"), a highly transmissible and pathogenic disease, has adversely affected, and we expect will continue to adversely affect, our business, financial condition and results of operations. Global health concerns, and uncertainty regarding the impact of COVID-19, could lead to further and/or increased volatility in global capital and credit markets, adversely affect our key executives and other personnel, clients, investors, providers, suppliers, lessees, and other third parties, and negatively impact our AUM, revenues, income, business and operations. As of the time of this filing, as the COVID-19 pandemic continues to evolve, it is not possible to predict the full extent to which COVID-19 will adversely impact our business, liquidity, capital resources, financial results and operations due to numerous developing factors that are highly uncertain and rapidly changing.

During the fiscal year ended September 30, 2020 ("fiscal year 2020"), the global equity markets experienced volatility reflecting, among other things, ongoing global concerns about the COVID-19 pandemic, but provided overall strong positive returns. Despite easing of shutdown measures and some signs of economic recovery following significant accommodative economic efforts by governments and central banks, concerns about the severe economic impact of the ongoing COVID-19 pandemic persist. The S&P 500 Index and MSCI World Index increased 15.2% and 11.0% for the fiscal year.

Our total AUM was $1,418.9 billion at September 30, 2020, which was 105% higher than at September 30, 2019 reflecting an increase of $806.5 billion from acquisitions, partially offset by $61.6 billion of long-term net outflows, $9.9 billion of cash management net outflows and $8.7 billion from net market change, distributions and other. Simple monthly average AUM ("average AUM") increased 19% during fiscal year 2020.

The business and regulatory environments in which we operate globally remain complex, uncertain and subject to change. We are subject to various laws, rules and regulations globally that impose restrictions, limitations, registration, reporting and disclosure requirements on our business, and add complexity to our global compliance operations.

Uncertainties regarding the global economy remain for the foreseeable future. As we continue to confront the challenges of the current economic and regulatory environments, we remain focused on the investment performance of our products and on providing high quality service to our clients. We continuously perform reviews of our business model. While we remain focused on expense management, we will also seek to attract, retain and develop personnel and invest strategically in systems and technology that will provide a secure and stable environment. We will continue to seek to protect and further our brand recognition while developing and maintaining broker-dealer and client relationships. The success of these and other strategies may be influenced by the factors discussed in the "Risk Factors" section.

RESULTS OF OPERATIONS

(in millions, except per share data)

for the fiscal years ended September 30,	2020[1]	2019	2018	2020 vs. 2019	2019 vs. 2018
Operating revenues[2]	$ 5,566.5	$ 5,669.4	$ 6,204.5	(2%)	(9%)
Operating income[2]	1,048.9	1,466.9	2,028.2	(28%)	(28%)
Operating margin[3]	18.8%	25.9%	32.7%		
Net income attributable to Franklin Resources, Inc.	$ 798.9	$ 1,195.7	$ 764.4	(33%)	56%
Diluted earnings per share	$ 1.59	$ 2.35	$ 1.39	(32%)	69%
As adjusted (non-GAAP):[4]					
Adjusted operating income	$ 1,491.1	$ 1,654.2	$ 2,093.5	(10%)	(21%)
Adjusted operating margin	38.5%	42.6%	49.8%		
Adjusted net income	$ 1,311.0	$ 1,331.3	$ 798.1	(2%)	67%
Adjusted diluted earnings per share	$ 2.61	$ 2.62	$ 1.45	0%	81%

1 Includes the impact of the Company's acquisition of Legg Mason, Inc. which was effective July 31, 2020. See Note 3 – Acquisitions in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for information.

2 In fiscal year 2020, the Company changed the presentation of its consolidated statements of income to include dividend and interest income and other expenses from consolidated investment products in non-operating income (expense). Amounts for the comparative prior fiscal years have been reclassified to conform to the current presentation. These reclassifications had no impact on previously reported net income attributable to Franklin Resources, Inc.

3 Defined as operating income divided by total operating revenues.

4 "Adjusted operating income," "adjusted operating margin," "adjusted net income" and "adjusted diluted earnings per share" are based on methodologies other than generally accepted accounting principles. See "Supplemental Non-GAAP Financial Measures" for definitions and reconciliations of these measures.

The Company acquired Legg Mason effective July 31, 2020, and the results of operations for fiscal year 2020 include two months of Legg Mason's results. Operating income decreased $418.0 million in fiscal year 2020 due to a 2% decrease in operating revenues and a 7% increase in operating expenses which reflected higher levels of compensation and benefits expense, including acquisition-related retention costs, other acquisition-related expenses, and amortization and impairments of intangible assets and goodwill. Net income attributable to Franklin Resources, Inc. decreased $396.8 million primarily due to the decrease in operating income, as the impact of declines in market valuations amid global concerns about the COVID-19 pandemic resulted in net investment and other losses of $38.4 million, as compared to net gains of $141.4 million in the prior year, less the portion attributable to noncontrolling interests, was largely offset by lower taxes on income.

Operating income decreased $561.3 million in the fiscal year ended September 30, 2019 ("fiscal year 2019") due to a 9% decrease in operating revenues and a 1% increase in operating expenses. Net income attributable to Franklin Resources, Inc. increased $431.3 million primarily due to a prior year estimated income tax charge of $968.8 million resulting from enactment of the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), partially offset by the decrease in operating income.

Diluted earnings per share decreased in fiscal year 2020 and increased in fiscal year 2019, consistent with the changes in net income and the impacts of 2% and 6% decreases in diluted average common shares outstanding primarily resulting from repurchases of shares of our common stock.

Adjusted operating income decreased $163.1 million in fiscal year 2020 primarily due to a 10% increase in compensation and benefits expense, excluding non-GAAP adjustments. Adjusted net income decreased $20.3 million primarily due to the decrease in adjusted operating income substantially offset by lower taxes on income, excluding the net income tax expense of non-GAAP adjustments.

Adjusted operating income decreased $439.3 million in fiscal year 2019 primarily due to an 8% decrease in adjusted operating revenues and a 6% increase in compensation and benefits expense, excluding non-GAAP adjustments. Adjusted net income attributable to Franklin Resources, Inc. increased $533.2 million primarily due to a prior-year estimated income tax charge of $968.8 million resulting from enactment of the Tax Act, partially offset by the decrease in adjusted operating income.

Adjusted diluted earnings per share decreased in fiscal year 2020 and increased in fiscal year 2019, consistent with the changes in adjusted net income and the impacts of the decreases in diluted average common shares outstanding.

ASSETS UNDER MANAGEMENT

In the fourth quarter of fiscal year 2020, we revised our presentation of AUM to disclose AUM by asset class and introduced a simplified presentation of long-term net flows to incorporate all client-driven flow activity, which is defined as long-term inflows net of long-term outflows. Additionally, we report cash management net flows as a separate component of total net flows. These changes reflect the new breadth of our business and the expansion of our client base and investment vehicle offerings, both of which expanded significantly beyond retail mutual funds following the acquisition of Legg Mason.

AUM by asset class was as follows:

(in billions)

as of September 30,	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Fixed Income	$ 656.7	$ 250.6	$ 258.5	162%	(3%)
Equity	432.0	263.9	304.6	64%	(13%)
Multi-Asset	133.8	123.6	126.7	8%	(2%)
Alternative	124.0	45.0	18.0	176%	150%
Cash Management	72.4	9.5	9.3	662%	2%
Total	**$ 1,418.9**	**$ 692.6**	**$ 717.1**	**105%**	**(3%)**
Average for the Year	**$ 832.9**	**$ 697.0**	**$ 740.5**	**19%**	**(6%)**

AUM at September 30, 2020 increased 105% from September 30, 2019 driven by $806.5 billion from acquisitions, partially offset by $61.6 billion of long-term net outflows, $9.9 billion of cash management net outflows and $8.7 billion from net market change, distributions and other.

AUM at September 30, 2019 decreased 3% from September 30, 2018 as $31.8 billion of long-term net outflows and $20.0 billion of net market change, distributions and other, were partially offset by $26.4 billion from an acquisition and $0.9 billion of cash management net inflows.

Changes in average AUM are generally more indicative of trends in revenue for providing investment management services than the year-over-year change in ending AUM.

Average AUM and the mix of average AUM by asset class are shown below.

(in billions)	Average AUM				
for the fiscal years ended September 30,	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Fixed Income	$ 330.5	$ 256.1	$ 275.2	29%	(7%)
Equity	290.3	275.5	310.8	5%	(11%)
Multi-Asset	123.0	122.2	129.3	1%	(5%)
Alternative	63.8	33.7	17.2	89%	96%
Cash Management	25.3	9.5	8.0	166%	19%
Total	**$ 832.9**	**$ 697.0**	**$ 740.5**	**19%**	**(6%)**

	Mix of Average AUM		
for the fiscal years ended September 30,	**2020**	**2019**	**2018**
Fixed Income	39%	37%	37%
Equity	35%	40%	42%
Multi-Asset	15%	17%	18%
Alternative	8%	5%	2%
Cash Management	3%	1%	1%
Total	**100%**	**100%**	**100%**

Components of the change in AUM are shown below. Net market change, distributions and other includes appreciation (depreciation), distributions to investors that represent return on investments and return of capital, and foreign exchange revaluation.

(in billions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Beginning AUM	$ 692.6	$ 717.1	$ 753.2	(3%)	(5%)
Long-term inflows	182.4	175.0	165.5	4%	6%
Long-term outflows	(244.0)	(206.8)	(203.5)	18%	2%
Long-term net flows	(61.6)	(31.8)	(38.0)	94%	(16%)
Cash management net flows	(9.9)	0.9	3.5	NM	(74%)
Total net flows	(71.5)	(30.9)	(34.5)	131%	(10%)
Acquisitions	806.5	26.4	9.8	NM	169%
Net market change, distributions and other	(8.7)	(20.0)	(11.4)	(57%)	75%
Ending AUM	**$ 1,418.9**	**$ 692.6**	**$ 717.1**	**105%**	**(3%)**

Components of the change in AUM by asset class were as follows:

(in billions)

for the fiscal year ended September 30, 2020	Fixed Income	Equity	Multi-Asset	Alternative	Cash Management	Total
AUM at October 1, 2019	$ 250.6	$ 263.9	$ 123.6	$ 45.0	$ 9.5	$ 692.6
Long-term inflows	79.7	64.3	27.8	10.6	—	182.4
Long-term outflows	(112.9)	(90.2)	(33.6)	(7.3)	—	(244.0)
Long-term net flows	(33.2)	(25.9)	(5.8)	3.3	—	(61.6)
Cash management net flows	—	—	—	—	(9.9)	(9.9)
Total net flows	(33.2)	(25.9)	(5.8)	3.3	(9.9)	(71.5)
Acquisitions	449.4	183.2	22.5	75.8	75.6	806.5
Net market change, distributions and other	(10.1)	10.8	(6.5)	(0.1)	(2.8)	(8.7)
AUM at September 30, 2020	**$ 656.7**	**$ 432.0**	**$ 133.8**	**$ 124.0**	**$ 72.4**	**$ 1,418.9**

(in billions)

for the fiscal year ended September 30, 2019	Fixed Income	Equity	Multi-Asset	Alternative	Cash Management	Total
AUM at October 1, 2018	$ 258.5	$ 304.6	$ 126.7	$ 18.0	$ 9.3	$ 717.1
Long-term inflows	75.6	58.5	34.8	6.1	—	175.0
Long-term outflows	(81.9)	(83.5)	(35.9)	(5.5)	—	(206.8)
Long-term net flows	(6.3)	(25.0)	(1.1)	0.6	—	(31.8)
Cash management net flows	—	—	—	—	0.9	0.9
Total net flows	(6.3)	(25.0)	(1.1)	0.6	0.9	(30.9)
Acquisition	—	—	—	26.4	—	26.4
Net market change, distributions and other	(1.6)	(15.7)	(2.0)	—	(0.7)	(20.0)
AUM at September 30, 2019	**$ 250.6**	**$ 263.9**	**$ 123.6**	**$ 45.0**	**$ 9.5**	**$ 692.6**

(in billions)

for the fiscal year ended September 30, 2018	Fixed Income	Equity	Multi-Asset	Alternative	Cash Management	Total
AUM at October 1, 2017	$ 286.0	$ 311.7	$ 132.5	$ 16.7	$ 6.3	$ 753.2
Long-term inflows	71.2	63.9	25.6	4.8	—	165.5
Long-term outflows	(82.4)	(88.5)	(29.0)	(3.6)	—	(203.5)
Long-term net flows	(11.2)	(24.6)	(3.4)	1.2	—	(38.0)
Cash management net flows	—	—	—	—	3.5	3.5
Total net flows	(11.2)	(24.6)	(3.4)	1.2	3.5	(34.5)
Acquisition	—	9.8	—	—	—	9.8
Net market change, distributions and other	(16.3)	7.7	(2.4)	0.1	(0.5)	(11.4)
AUM at September 30, 2018	**$ 258.5**	**$ 304.6**	**$ 126.7**	**$ 18.0**	**$ 9.3**	**$ 717.1**

AUM increased $726.3 billion or 105% during fiscal year 2020 as $806.5 billion from acquisitions was partially offset by $61.6 billion of long-term net outflows, $9.9 billion of cash management net outflows and $8.7 billion of net market change, distributions and other. Acquisitions included $797.4 billion from the acquisition of Legg Mason and $9.1 billion from other acquisitions. Long-term inflows increased 4% to $182.4 billion, as compared to the prior year, due to higher inflows in all long-term asset classes except multi-asset. Long-term outflows increased 18% to $244.0 billion due to higher outflows in all long-term asset classes except multi-asset, most significantly in fixed income products. Long-term net outflows included outflows of $27.6 billion from six fixed income funds, $7.3 billion from seven institutional products, $6.2 billion from three equity funds and $3.6 billion from a multi-asset fund, partially offset by inflows of $6.0 billion in two equity funds, $4.0 billion in three fixed income funds, $2.0 billion in two institutional products and $1.3 billion in a private open-end product. Net

market change, distributions and other primarily consists of $24.8 billion of long-term distributions, partially offset by $15.8 billion of market appreciation. The market appreciation occurred primarily in the equity asset class, and reflected positive returns in global equity markets as evidenced by increases of 15.2% and 11.0% in the S&P 500 Index and MSCI World Index.

AUM decreased $24.5 billion or 3% during fiscal year 2019 due to $31.8 billion of long-term net outflows and $20.0 billion of net market change, distributions and other, partially offset by $26.4 billion from an acquisition. Long-term inflows increased 6% to $175.0 billion due to higher inflows in all the long-term asset classes except the equity asset class, and long-term outflows increased 2% to $206.8 billion due to higher outflows in the multi-asset and alternative asset classes, partially offset by lower outflows in the equity asset class. Long-term net outflows included outflows of $7.0 billion from six institutional clients, of which $2.9 billion was from Canadian mandates and $2.1 billion was due to two clients' mandatory redemption policies following portfolio manager departures; $4.3 billion from two equity funds; $2.7 billion from a fixed income fund; $1.4 billion from an institutional fixed income product; $1.3 billion from a multi-asset fund; $1.2 billion from two sub-advised institutional products and $1.0 billion from a sub-advised variable annuity client. The outflows were partially offset by inflows of $1.9 billion in a fixed income fund and $1.8 billion in an equity fund. Net market change, distributions and other primarily consists of $31.5 billion of long-term distributions and a $2.9 billion decrease from foreign exchange revaluation, partially offset by $14.4 billion of market appreciation. The foreign exchange revaluation resulted from AUM in products that are not U.S. dollar denominated, which represented 14% of total AUM as of September 30, 2019, and was primarily due to strengthening of the U.S. dollar against the Euro, Canadian dollar, Australian dollar and Pound Sterling. The market appreciation occurred in all long-term asset classes except equity, and reflected positive returns in global fixed income markets as evidenced by a 7.6% increase in the Bloomberg Barclays Global Aggregate Index.

AUM by sales region was as follows:

(in billions)

as of September 30,	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
United States	$ 1,024.0	$ 477.9	$ 482.0	114%	(1%)
International					
Asia-Pacific	168.6	89.0	91.4	89%	(3%)
Europe, Middle East and Africa	141.8	87.9	98.3	61%	(11%)
Latin America[1]	59.4	13.5	15.6	340%	(13%)
Canada	25.1	24.3	29.8	3%	(18%)
Total international	$ 394.9	$ 214.7	$ 235.1	84%	(9%)
Total	**$ 1,418.9**	**$ 692.6**	**$ 717.1**	**105%**	**(3%)**

1 Includes North America-based advisers serving non-resident clients.

Average AUM by sales region was as follows:

(in billions)

for the fiscal years ended September 30,	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
United States	$ 587.2	$ 473.3	$ 491.1	24%	(4%)
International					
Asia-Pacific	102.4	90.4	95.2	13%	(5%)
Europe, Middle East and Africa	97.8	91.5	105.8	7%	(14%)
Latin America[1]	23.1	14.6	17.3	58%	(16%)
Canada	22.4	27.2	31.1	(18%)	(13%)
Total international	$ 245.7	$ 223.7	$ 249.4	10%	(10%)
Total	**$ 832.9**	**$ 697.0**	**$ 740.5**	**19%**	**(6%)**

1 Includes North America-based advisers serving non-resident clients.

The percentage of average AUM in the United States sales region was 70%, 68% and 66% for fiscal years 2020, 2019 and 2018.

The region in which investment products are sold may differ from the geographic area in which we provide investment management and related services to the products.

Investment Performance Overview

A key driver of our overall success is the long-term investment performance of our investment products. A measure of the performance of these products is the percentage of AUM exceeding peer group medians and benchmarks. We compare the relative performance of our mutual funds against peers, and our institutional products against benchmarks. Approximately half of our mutual fund AUM exceeded the peer group median comparisons for all periods presented. Our institutional products generated strong long-term results with at least 63% of AUM exceeding the benchmark comparisons for all periods presented, primarily driven by the performance of our fixed income products which had at least 73% of AUM exceeding the benchmark comparisons.

The performance of our mutual fund products against peer group medians and of our institutional products against benchmarks is presented in the table below.

	Peer Group Comparison[1] % of Mutual Fund AUM in Top Two Peer Group Quartiles				**Benchmark Comparison[2] % of Institutional AUM Exceeding Benchmark**			
as of September 30, 2020	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Fixed Income	58%	53%	51%	56%	73%	80%	92%	97%
Equity	48%	56%	56%	47%	28%	33%	27%	50%
Total AUM[3]	47%	48%	47%	58%	63%	69%	73%	84%

[1] Mutual fund performance is sourced from Morningstar and measures the percent of ranked AUM in the top two quartiles versus peers. Total mutual fund AUM measured for the 1-, 3-, 5- and 10-year periods represents 39%, 38%, 38% and 36% of our total AUM as of September 30, 2020.

[2] Institutional performance measures the percent of institutional AUM beating its benchmark. The benchmark comparisons are based on each account's/composite's (composites may include retail separately managed accounts and mutual fund assets managed as part of the same strategy) return as compared to a market index that has been selected to be generally consistent with the asset class of the account/composite. Total institutional AUM measured for the 1-, 3-, 5- and 10-year periods represents 55%, 54%, 52% and 48% of our total AUM as of September 30, 2020.

[3] Total AUM includes performance of our multi-asset and alternative AUM, which each represent 9% of our total AUM at September 30, 2020.

Mutual fund performance data includes U.S. and cross-border domiciled mutual funds and exchange-traded funds, and excludes cash management and fund of funds. These results assume the reinvestment of dividends, are based on data available as of October 12, 2020 and are subject to revision. While we remain focused on achieving strong long-term performance, our future peer group and benchmark rankings may vary from our past performance.

OPERATING REVENUES

The table below presents the percentage change in each operating revenue category.

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Investment management fees	$ 3,981.7	$ 3,985.2	$ 4,367.5	0%	(9%)
Sales and distribution fees	1,362.0	1,444.6	1,599.8	(6%)	(10%)
Shareholder servicing fees	195.1	216.3	221.9	(10%)	(3%)
Other	27.7	23.3	15.3	19%	52%
Total Operating Revenues	**$ 5,566.5**	**$ 5,669.4**	**$ 6,204.5**	**(2%)**	**(9%)**

Investment Management Fees

Investment management fees are generally calculated under contractual arrangements with our investment products and the products for which we provide sub-advisory services as a percentage of AUM. Annual fee rates vary by asset class and type of services provided. Fee rates for products sold outside of the U.S. are generally higher than for U.S. products.

Investment management fees decreased $3.5 million in fiscal year 2020 primarily due to a 7% decrease in average AUM, lower effective investment management fee rate and lower performance fees of the legacy Franklin business, largely offset by $427.6 million of revenue earned by Legg Mason subsequent to the acquisition. The decrease in average AUM of the legacy Franklin business occurred primarily in the fixed income and equity asset classes, partially offset by an increase in the alternative asset class, and across all sales regions except Europe, Middle East and Africa.

Investment management fees decreased $382.3 million in fiscal year 2019 primarily due to a 6% decrease in average AUM, a $59.6 million decrease from a change in presentation of certain fees from investment management fees to distribution fees upon adoption of new revenue recognition accounting guidance on October 1, 2018, and a lower effective investment management fee rate, partially offset by higher performance fees. The decrease in average AUM occurred primarily in the equity, fixed income and multi-asset asset classes, partially offset by an increase in the alternative asset class, and across all sales regions, most significantly in the U.S. and Europe, Middle East and Africa.

Our effective investment management fee rate excluding performance fees (investment management fees excluding performance fees divided by average AUM) was 47.3, 56.4 and 58.7 basis points for fiscal years 2020, 2019 and 2018. The rate decrease in fiscal year 2020 was primarily due to the Legg Mason acquisition, as Legg Mason generally has a lower overall effective fee rate due to a higher mix of institutional and fixed income AUM. The fee rate decrease is also due to higher weighting of AUM in lower-fee products, a shift from higher-fee products in the U.S. sales region to lower-fee products in Europe, Middle East and Africa sales regions for the fixed income asset class, and certain sponsored funds in India with total AUM of $3.4 billion at September 30, 2020, which are subject to the decision of the funds' trustees to wind up the funds (see Note 16 – Commitments and Contingencies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for further information), and for which the Company no longer earns investment management fees.

Performance-based investment management fees were $44.0 million, $52.9 million and $21.2 million for fiscal years 2020, 2019 and 2018. The decrease in fiscal year 2020 was primarily due to lower performance fees earned from a private debt fund, separate accounts, and a real estate fund, while the increase in fiscal year 2019 was primarily due to the higher fees earned from the same funds. The decrease in fiscal year 2020 was partially offset by $15.0 million of performance fees earned by Legg Mason subsequent to the acquisition.

U.S. industry asset-weighted average management fee rates were as follows:

(in basis points)	Industry Average[1]		
for the fiscal years ended September 30,	**2020**	**2019**	**2018**
Fixed Income[2]	27	29	30
Equity[3]	32	33	36
Multi-Asset	37	38	40
Alternative[4]	62	72	77
Cash Management	16	16	16

1 U.S. industry asset-weighted average management fee rates were calculated using information available from Lipper, a Refinitiv Company, as of September 30, 2020, 2019 and 2018 and include all U.S.-registered open-end funds that reported expense data to Lipper as of the funds' most recent annual report date, and for which expenses were equal to or greater than zero. As defined by Lipper, management fees include fees from providing advisory and fund administration services. The averages combine retail and institutional funds data and include all share classes and distribution channels, without exception. Variable annuity and fund of fund products are not included.

2 The decreases in the average rate in fiscal years 2020 and 2019 reflect higher weightings of two large low-fee passive funds and lower weightings of two large higher-fee actively managed funds.

3 The decreases in the average rate in fiscal years 2020 and 2019 reflect higher weightings of two large low-fee passive funds.

4 The decreases in the average rate in fiscal years 2020 and 2019 reflect higher weightings of one large low-fee passive fund.

The declines in U.S. industry average management fee rates for long-term asset classes generally reflect increased investor demand for lower-fee passive funds. Our actual effective investment management fee rates are generally higher than the U.S. industry average rates as we actively manage substantially all of our products and have a higher level of international AUM, both of which generate higher fees. Our fiscal year 2020 effective fee rates in the U.S. generally decreased to a greater extent than the average industry rates following the acquisition of Legg Mason on July 31, 2020 and are expected to decrease further in the fiscal year ending September 30, 2021 which will include a full year of Legg Mason results.

Our product offerings and global operations are diverse. As such, the impact of future changes in AUM on investment management fees will be affected by the relative mix of asset class, geographic region, distribution channel and investment vehicle of the assets.

Sales and Distribution Fees

Sales and distribution fees primarily consist of upfront sales commissions and ongoing distribution fees. Sales commissions are earned from the sale of certain classes of sponsored funds at the time of purchase ("commissionable sales") and may be reduced or eliminated depending on the amount invested and the type of investor. Therefore, sales fees generally will change with the overall level of gross sales, the size of individual transactions, and the relative mix of sales between different share classes and types of investors.

Our sponsored mutual funds generally pay us distribution fees in return for sales, marketing and distribution efforts on their behalf. The majority of our U.S. mutual funds, with the exception of certain money market funds and certain other funds specifically designed for purchase through separately managed account programs, have adopted distribution plans under Rule 12b-1 (the "Rule 12b-1 Plans") promulgated under the Investment Company Act of 1940. The Rule 12b-1 Plans permit the funds to pay us for marketing, marketing support, advertising, printing and sales promotion services relating to the distribution of their shares, subject to the Rule 12b-1 Plans' limitations on amounts based on daily average AUM. We earn distribution fees from our non-U.S. funds based on daily average AUM.

We pay substantially all of our sales and distribution fees to the financial advisers, broker-dealers and other intermediaries that sell our funds on our behalf. See the description of sales, distribution and marketing expenses below.

Sales and distribution fees by revenue driver are presented below.

(in millions)

for the fiscal years ended September 30,	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Asset-based fees	$ 1,096.3	$ 1,188.2	$ 1,314.3	(8%)	(10%)
Sales-based fees	245.9	244.0	270.3	1%	(10%)
Contingent sales charges	19.8	12.4	15.2	60%	(18%)
Sales and Distribution Fees	**$ 1,362.0**	**$ 1,444.6**	**$ 1,599.8**	**(6%)**	**(10%)**

Asset-based distribution fees decreased $91.9 million in fiscal year 2020 primarily due to decreases of $79.2 million from a 7% decrease in the related average AUM and $38.6 million from a higher mix of lower-fee U.S. assets, partially offset by a $35.3 million increase from fees earned by Legg Mason subsequent to the acquisition. Asset-based distribution fees decreased $126.1 million in fiscal year 2019 primarily due to decreases of $120.5 million from a 9% decrease in the related average AUM and $67.6 million from a lower mix of U.S. Class C assets which have higher fee rates than other share classes, partially offset by a $59.6 million increase from a change in presentation of certain fees to distribution fees from investment management fees upon adoption of new revenue recognition accounting guidance on October 1, 2018.

Sales-based fees increased $1.9 million in fiscal year 2020 primarily due to increases of $9.8 million from fees earned by Legg Mason subsequent to the acquisition, $7.2 million from higher U.S. product commissionable sales and, $2.9 million from a higher mix of equity sales, which typically generate higher sales fees than fixed income products. The increases were substantially offset by a decrease of $18.7 million from lower non-U.S. product commissionable sales. Sales-based fees decreased $26.3 million in fiscal year 2019 primarily due to decreases of $18.2 million from lower total commissionable sales and $5.3 million from a lower mix of U.S. product commissionable sales.

Contingent sales charges are earned from investor redemptions within a contracted period of time. Substantially all of these charges are levied on certain shares sold without a front-end sales charge, and vary with the mix of redemptions of these shares. Contingent sales charges increased $7.4 million in fiscal year 2020 and decreased $2.8 million in fiscal year 2019 primarily due to changes in redemptions.

Shareholder Servicing Fees

Substantially all shareholder servicing fees are earned from our sponsored funds for providing transfer agency services, which include providing shareholder statements, transaction processing, customer service and tax reporting. These fees are primarily determined based on a percentage of AUM and either the number of transactions in shareholder accounts or the number of shareholder accounts, while fees from certain funds are based only on AUM. In addition, fund reimbursements of expenses incurred while providing transfer agency services are recognized as revenue effective October 1, 2018 under new revenue recognition guidance.

Shareholder servicing fees decreased $21.2 million in fiscal year 2020 primarily due to lower levels of related AUM and transactions. Shareholder servicing fees decreased $5.6 million in fiscal year 2019 primarily due to lower levels of related AUM and transactions, partially offset by $8.6 million of fund expense reimbursement revenue.

Other

Other revenue increased $4.4 million and $8.0 million in fiscal years 2020 and 2019 primarily due to higher miscellaneous fee revenues.

OPERATING EXPENSES

The table below presents the percentage change in each operating expense category.

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Compensation and benefits	$ 1,873.9	$ 1,584.7	$ 1,390.6	18%	14%
Sales, distribution and marketing	1,703.1	1,819.6	2,039.7	(6%)	(11%)
Information systems and technology	288.4	258.5	243.9	12%	6%
Occupancy	147.9	133.6	128.6	11%	4%
Amortization of intangible assets	54.0	14.7	1.8	267%	717%
General, administrative and other	450.3	391.4	371.7	15%	5%
Total Operating Expenses	**$ 4,517.6**	**$ 4,202.5**	**$ 4,176.3**	**7%**	**1%**

Compensation and Benefits

The components of compensation and benefits expenses are presented below.

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Salaries, wages and benefits	$ 1,072.1	$ 974.9	$ 928.4	10%	5%
Variable compensation	551.2	490.6	454.3	12%	8%
Acquisition-related retention	195.8	63.7	7.9	207%	706%
Special termination benefits	54.8	55.5	—	(1%)	NM
Compensation and Benefits Expenses	**$ 1,873.9**	**$ 1,584.7**	**$ 1,390.6**	**18%**	**14%**

Salaries, wages and benefits increased $97.2 million and $46.5 million in fiscal year 2020 and 2019, primarily due to increases of $56.9 million and $23.8 million from higher average staffing levels primarily resulting from acquisitions, and $19.3 million and $24.5 million for annual salary increases that were effective December 1 of each fiscal year, partially offset by decreases of $5.9 million and $12.5 million from favorable foreign currency impacts. The increase in fiscal year 2020 also included a $16.2 million increase in other termination benefits.

Variable compensation increased $60.6 million and $36.3 million in fiscal year 2020 and 2019, primarily due to increases of $67.7 million and $52.4 million related to acquired firms' bonus plans and $10.0 million and $2.2 million related to private equity and other product performance fees, partially offset by decreases of $9.6 million and $18.0 million in bonus expense primarily due to lower expectations of our annual performance. Variable compensation related to unvested mutual fund awards decreased $11.3 million in fiscal year 2020 and increased $3.8 million in fiscal year 2019. The increases in fiscal year 2019 were also partially offset by a $7.9 million decrease in stock and stock unit award amortization.

Acquisition-related retention expenses increased $132.1 million in fiscal year 2020 primarily related to the acquisition of Legg Mason, and increased $55.8 million in fiscal year 2019 primarily related to the acquisition of Benefit Street Partners, L.L.C. ("BSP").

Special termination benefits relate to workforce optimization initiatives related to the acquisition of Legg Mason in fiscal year 2020, and voluntary separation and workforce reduction initiatives of 4.5% of our global workforce in fiscal year 2019.

We expect to incur acquisition-related retention expenses of approximately $150 million during the fiscal year ending September 30, 2021 ("fiscal year 2021"), and amounts that decrease by approximately $20 million per year in the following three fiscal years. At September 30, 2020, our global workforce had increased to approximately 11,800 employees from approximately 9,600 at September 30, 2019.

We continue to place a high emphasis on our pay for performance philosophy. As such, any changes in the underlying performance of our investment products or changes in the composition of our incentive compensation offerings could have an impact on compensation and benefits expenses going forward. However, in order to attract and retain talented individuals, our level of compensation and benefit expenses may increase more quickly or decrease more slowly than our revenue.

Sales, Distribution and Marketing

Sales, distribution and marketing expenses primarily relate to services provided by financial advisers, broker-dealers and other intermediaries to our sponsored funds, including marketing support services. Substantially all sales expenses are incurred from the same commissionable sales transactions that generate sales fee revenues and are determined as a percentage of sales. Substantially all distribution expenses are incurred from assets that generate distribution fees and are determined as a percentage of AUM. Marketing support expenses are based on AUM, sales or a combination thereof. Also included is the amortization of deferred sales commissions related to upfront commissions on shares sold without a front-end sales charge. The deferred sales commissions are amortized over the periods in which commissions are generally recovered from related revenues.

Sales, distribution and marketing expenses by cost driver are presented below.

(in millions)

for the fiscal years ended September 30,	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Asset-based expenses	$ 1,369.0	$ 1,476.0	$ 1,703.9	(7%)	(13%)
Sales-based expenses	253.8	257.8	255.1	(2%)	1%
Amortization of deferred sales commissions	80.3	85.8	80.7	(6%)	6%
Sales, Distribution and Marketing	**$ 1,703.1**	**$ 1,819.6**	**$ 2,039.7**	**(6%)**	**(11%)**

Asset-based expenses decreased $107.0 million in fiscal year 2020 primarily due to decreases of $107.4 million from an 8% decrease in the related average AUM and $53.4 million from a higher mix of lower-fee U.S. assets, partially offset by a $58.6 million increase in expenses incurred by Legg Mason subsequent to the acquisition. Asset-based expenses decreased $227.9 million in fiscal year 2019 primarily due to decreases of $161.4 million from a 10% decrease in the related average AUM, and $64.3 million from a lower mix of U.S. Class C assets which have higher expense rates than other share classes. Distribution expenses are generally not directly correlated with distribution fee revenues due to certain international fee structures that do not provide full recovery of distribution costs.

Sales-based expenses decreased $4.0 million in fiscal year 2020 primarily due to a $20.3 million decrease from lower non-U.S. product commissionable sales, largely offset by an $8.6 million increase in expenses incurred by Legg Mason subsequent to the acquisition and a $7.5 million increase from higher U.S. product commissionable sales. U.S. products typically generate higher sales commissions than non-U.S. products. Sales-based expenses increased $2.7 million in fiscal year 2019 primarily due to increases of $22.6 million from the recognition of sales commissions on U.S. Class C shares as expense at the time of sale and $10.0 million from revised U.S. dealer commission pricing effective September 2018, partially offset by decreases of $14.2 million from lower total commissionable sales and $12.6 million in India primarily related to regulatory-driven changes in fee structure. The recognition of sales commissions on U.S. Class C shares as expense at the time of sale is consistent with the treatment of contract costs with a useful life of one year or less under new revenue recognition accounting guidance adopted on October 1, 2018. The commissions relate to shares sold without a front-end sales charge and were deferred and amortized over one year in prior years.

Amortization of deferred sales commissions decreased $5.5 million in fiscal year 2020, primarily due to a $15.0 million decrease from lower sales of non-U.S. shares sold without front-end sales charge, partially offset by an $8.6 million increase from higher sales of U.S. shares. Amortization of deferred sales commissions increased $5.1 million in fiscal year 2019, as the impact of higher sales of shares sold without a front-end sales charge was largely offset by the change in accounting for U.S. Class C shares discussed above, which resulted in no further deferral and amortization. The unamortized deferred Class C commission balance of $9.1 million at September 30, 2018 was reversed against retained earnings upon adoption of the new accounting guidance.

Information Systems and Technology

Information systems and technology expenses increased $29.9 million in fiscal year 2020 primarily due to expenses of Legg Mason subsequent to closing of the acquisition. Information systems and technology expenses increased $14.6 million in fiscal year 2019 primarily due to higher external data service and software costs.

Occupancy

We conduct our worldwide operations using a combination of leased and owned facilities. Occupancy expenses include rent and other facilities-related costs including depreciation and utilities.

Occupancy expenses increased $14.3 million in fiscal year 2020 primarily due to expenses of Legg Mason subsequent to closing of the acquisition, and higher depreciation expense related to our buildings in San Mateo, California and Poznan, Poland which we occupied beginning in the second half of fiscal year 2019, partially offset by lower levels of rent expense and building maintenance costs. Occupancy expenses increased $5.0 million in fiscal year 2019 primarily due to higher levels of rent expense and building depreciation and maintenance costs, partially offset by a $6.3 million decrease in equipment impairment.

Amortization of intangible assets

Amortization of intangible assets increased $39.3 million in fiscal year 2020 primarily related to the acquisition of Legg Mason, and increased $12.9 million in fiscal year 2019 primarily related to the acquisition of BSP. See Note 9 – Goodwill and Other Intangible Assets in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for information on definite-lived intangible assets.

General, Administrative and Other

General, administrative and other operating expenses primarily consist of professional fees, fund-related service fees payable to external parties, impairments of intangible assets and goodwill, advertising and promotion, travel and entertainment, and other miscellaneous expenses.

General, administrative and other operating expenses increased $58.9 million in fiscal year 2020, primarily due to increases of $48.0 million in acquisition-related professional fees and $19.3 million of post-acquisition general and administrative expenses, both related to Legg Mason. Additionally, impairments of intangible assets and goodwill increased $42.1 million primarily related to assets recognized from the acquisitions of BSP and Onsa, Inc., (formally known as TokenVault, Inc.). The increases were partially offset by decreases of $24.6 million in travel and entertainment expenses and $13.8 million in advertising and promotion expenses, both primarily due to lower activity levels, and by a prior year litigation settlement.

General, administrative and other operating expenses increased $19.7 million in fiscal year 2019 primarily due to a $13.9 million litigation settlement and higher third-party service fees and professional fees. Third-party fees primarily for sub-advisory and fund administration services increased $13.7 million, including $8.6 million from the recognition of certain payments reimbursed by funds as expense upon adoption of new revenue recognition accounting guidance on October 1, 2018. Professional fees increased $10.6 million primarily related to the acquisition of BSP. The increases were partially offset by decreases of $11.1 million in contingent consideration expense for the K2 Advisors Holdings, LLC (“K2”) acquisition and $8.6 million in advertising and promotion.

OTHER INCOME (EXPENSES)

Other income (expenses) consisted of the following:

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**	**2020 vs. 2019**	**2019 vs. 2018**
Investment and other income (losses), net	$ (38.4)	$ 141.4	$ 200.3	NM	(29%)
Interest expense	(33.4)	(22.4)	(46.3)	49%	(52%)
Investment and other income of consolidated investment products, net	70.2	78.8	59.6	(11%)	32%
Expenses of consolidated investment products	(29.4)	(16.9)	(26.6)	74%	(36%)
Other Income (Expenses), Net	**$ (31.0)**	**$ 180.9**	**$ 187.0**	**NM**	**(3%)**

In fiscal year 2020, the Company changed the presentation of its consolidated statements of income to include dividend and interest income and other expenses from consolidated investment products ("CIPs") in non-operating income (expense). Amounts for the comparative prior fiscal years have been reclassified to conform to the current presentation. See Note 1 - Significant Accounting Policies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for more information.

Investment and other income (losses), net consists primarily of income (losses) from equity method investees, dividend and interest income, rental income from excess owned space in our San Mateo, California corporate headquarters and other office buildings which we lease to third parties, foreign currency exchange gains (losses), and gains (losses) on investments held by the Company.

Investment and other income (losses), net decreased $179.8 million in fiscal year 2020 primarily due to the impact of steep declines in market valuations on investment income, lower dividend and interest income, and foreign exchange losses, partially offset by an increase in rental income. Losses from equity method investees increased $87.7 million, primarily related to investments in two global equity funds. Dividend income decreased $48.1 million primarily due to lower yields on money market funds. Net foreign currency exchange losses were $22.3 million in fiscal year 2020 as compared to net gains of $13.1 million in the prior year. The decrease was primarily due to the impact of the weakening of the U.S. dollar against the Euro on cash and cash equivalents denominated in U.S. dollars held in Europe.

Interest income decreased $16.7 million primarily due to lower levels of cash equivalents and debt securities and lower interest rates. The decreases were partially offset by a $10.2 million increase in rental income due to additional leases which took effect in fiscal year 2020.

Investment and other income (losses), net decreased $58.9 million in fiscal year 2019 primarily due to losses from equity method investees, as compared to income in the prior year, lower interest income and losses on investments held by the Company, as compared to gains in the prior year. These decreases were largely offset by higher dividend income and higher foreign exchange gains. Equity method investees generated losses of $10.4 million as compared to income of $44.4 million in the prior year primarily due to changes in market valuations of investments held by two global equity funds. Interest income decreased $45.5 million primarily due to lower levels of cash equivalents and debt securities, partially offset by higher interest rates. Investments held by the Company generated net losses of $9.7 million primarily due to $9.0 million of other-than-temporary impairment of an available-for-sale debt security, as compared to net gains of $6.0 million in the prior year. The decreases were partially offset by a $45.9 million increase in dividend income primarily due to higher yields on, and investments in, money market funds. Net foreign currency exchange gains increased $12.5 million primarily from the impact of strengthening of the U.S. dollar against the Euro on cash and cash equivalents denominated in U.S. dollars held in Europe.

Interest expense increased $11.0 million in fiscal year 2020 primarily due to interest expense recognized on debt of Legg Mason subsequent to the acquisition. Interest expense decreased $23.9 million in fiscal year 2019 primarily due to $12.5 million of prior year costs related to early redemption of senior notes and lower debt balances.

Investment and other income of consolidated investment products, net consists of dividend and interest income and investment gains (losses) on investments held by CIPs. Expenses of consolidated investment products primarily consists of fund-related expenses, including professional fees and other administrative expenses, and interest expense. Significant portions of the investment and other income of consolidated investment products, net and expenses of consolidated investment products are offset in noncontrolling interests in our consolidated statements of income.

Investment and other income of consolidated investment products, net decreased $8.6 million in fiscal year 2020. Net losses on investments held by CIPs increased $12.6 million primarily from holdings of various alternative funds partially offset by gains from holdings of various equity funds and a U.S. fixed income fund. This decrease was partially offset by a $4.0 million increase in dividend and interest income of CIPs.

Investment and other income of consolidated investment products, net increased $19.2 million in fiscal year 2019. Net losses on investments held by CIPs decreased $28.7 million primarily from holdings of various global/international funds and a U.S. fixed income fund. This increase was partially offset by a $9.5 million decrease in investment income of CIPs.

Expenses of consolidated investment products increased $12.5 million in fiscal year 2020, primarily due to higher expenses incurred by two alternative funds. Expenses of consolidated investment products decreased $9.7 million in fiscal year 2019, primarily due to lower expenses incurred by an equity fund and a fixed income fund.

Our investments in sponsored funds include initial cash investments made in the course of launching mutual fund and other investment product offerings, as well as investments for other business reasons. The market conditions that impact our AUM similarly affect the investment income earned or losses incurred on our investments in sponsored funds.

Our cash, cash equivalents and investments portfolio by asset class and accounting classification at September 30, 2020, excluding third-party assets of CIPs, was as follows:

	Accounting Classification [1]					
(in millions)	**Cash and Cash Equivalents**	**Investments, at Fair Value**	**Equity Method Investments**	**Other Investments**	**Direct Investments in CIPs**	**Total Direct Portfolio**
Cash and Cash Equivalents	$ 3,026.8	$ —	$ —	$ —	$ —	$ 3,026.8
Investments						
Fixed Income	—	198.7	139.7	40.8	242.9	622.1
Equity	—	209.4	308.9	22.8	67.9	609.0
Multi-Asset	—	64.4	50.2	—	64.3	178.9
Alternative	—	32.3	183.4	19.9	410.2	645.8
Total investments	—	504.8	682.2	83.5	785.3	2,055.8
Total Cash and Cash Equivalents and Investments	**$ 3,026.8**	**$ 504.8**	**$ 682.2**	**$ 83.5**	**$ 785.3**	**$ 5,082.6**

[1] See Note 1 – Significant Accounting Policies and Note 6 – Investments in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for information on investment accounting classifications.

TAXES ON INCOME

The Tax Act, which was enacted into law in the U.S. in December 2017, includes various changes to the tax law, including a permanent reduction in the corporate income tax rate from 35% to 21% effective January 1, 2018 and assessment of a one-time transition tax on the deemed repatriation of post-1986 undistributed foreign subsidiaries' earnings. We completed our analysis of the Tax Act impact during the quarter ended December 31, 2018 with no significant adjustment to the provisional amounts previously recorded. The transition tax expense recognized in fiscal year 2018 was net of an $87.6 million tax benefit related to U.S. taxation of deemed foreign dividends. This benefit was reversed in fiscal year 2019 upon issuance of final regulations by the U.S. Department of Treasury.

Our effective income tax rate for fiscal year 2020 was 22.7% as compared to 26.8% in fiscal year 2019 and 66.5% in fiscal year 2018. The rate decrease in fiscal year 2020 was primarily due to the prior-year reversal of the tax benefit included in the transition tax related to U.S. taxation of deemed foreign dividends upon issuance of final regulations by the U.S. Department of Treasury for the Tax Act, tax benefits from capital losses subsequent to the change in corporate tax structure of a foreign holding company to a U.S. branch, and a statutory rate reduction enacted in India in December 2019. These decreases were partially offset by an increase in the tax rate due to a lower mix of earnings in lower tax jurisdictions. The Coronavirus Aid, Relief, and Economic Security Act, which includes several corporate tax provisions and was signed into law on March 27, 2020, did not have a material impact on our income taxes. The rate decrease in fiscal year 2019 was primarily

due to the prior year impact of the transition tax, net of the tax benefit from the revaluation of net deferred tax liabilities at the lower statutory rate, and the current year impact of the lower 21% statutory rate as compared to the prior-year blended statutory rate of 24.5%, partially offset by the reversal of the tax benefit related to the U.S. taxation of deemed foreign dividends. Our effective income tax rate excluding the one-time impacts of the Tax Act was 21.6% and 22.7% for fiscal years 2019 and 2018.

Our effective income tax rate reflects the relative contributions of earnings in the jurisdictions in which we operate, which have varying tax rates. Changes in our pre-tax income mix, tax rates or tax legislation in such jurisdictions may affect our effective income tax rate and net income.

SUPPLEMENTAL NON-GAAP FINANCIAL MEASURES

As supplemental information, we are providing performance measures for "adjusted operating income," "adjusted operating margin," "adjusted net income" and "adjusted diluted earnings per share," each of which is based on methodologies other than generally accepted accounting principles ("non-GAAP measures"). Management believes these non-GAAP measures are useful indicators of our financial performance and may be helpful to investors in evaluating our relative performance against industry peers as these measures exclude the impact of CIPs and mitigate the margin variability related to sales and distribution revenues and expenses across multiple distribution channels globally. These measures also exclude performance-based investment management fees which are fully passed through as compensation and benefits expense per the terms of a previous acquisition by Legg Mason and have no impact on net income. These non-GAAP measures also exclude acquisition-related expenses, certain items which management considers to be nonrecurring, unrealized investment gains and losses included in investment and other income (losses), net, and the related income tax effect of these adjustments, as applicable. These non-GAAP measures also exclude the impact on compensation and benefits expense which is offset by gains and losses in investment and other income (losses), net on investments made to fund deferred compensation plans and on seed investments under certain historical revenue sharing arrangements.

"Adjusted operating income," "adjusted operating margin," "adjusted net income" and "adjusted diluted earnings per share" are defined below, followed by reconciliations of operating income, operating margin, net income attributable to Franklin Resources, Inc. and diluted earnings per share on a U.S. GAAP basis to these non-GAAP measures. Non-GAAP measures should not be considered in isolation from, or as substitutes for, any financial information prepared in accordance with U.S. GAAP, and may not be comparable to other similarly titled measures of other companies. Additional reconciling items may be added in the future to these non-GAAP measures if deemed appropriate.

Adjusted Operating Income

We define adjusted operating income as operating income adjusted to exclude the following:

- Elimination of operating revenues upon consolidation of investment products.
- Acquisition-related retention compensation.
- Impact on compensation and benefits expense from gains and losses on investments related to Legg Mason deferred compensation plans and seed investments, which is offset in investment and other income (expense), net.
- Other acquisition-related expenses including professional fees and fair value adjustments related to contingent consideration liabilities.
- Amortization and impairment of intangible assets and goodwill.
- Special termination benefits related to workforce optimization initiatives related to the acquisition of Legg Mason in fiscal year 2020, and voluntary separation and workforce reduction initiatives of 4.5% of our global workforce in fiscal year 2019.

Adjusted Operating Margin

We calculate adjusted operating margin as adjusted operating income divided by adjusted operating revenues. We define adjusted operating revenues as operating revenues adjusted to exclude the following:

- Acquisition-related performance-based investment management fees which are passed through as compensation and benefits expense.
- Sales and distribution fees and a portion of investment management fees allocated to cover sales, distribution and marketing expenses paid to the financial advisers and other intermediaries who sell our funds on our behalf.
- Elimination of operating revenues upon consolidation of investment products.

Adjusted Net Income

We define adjusted net income as net income attributable to Franklin Resources, Inc. adjusted to exclude the following:

- Activities of CIPs, including investment and other income (losses), net, other expenses and income (loss) attributable to noncontrolling interests, net of revenues eliminated upon consolidation of investment products.
- Acquisition-related retention compensation.
- Other acquisition-related expenses including professional fees and fair value adjustments related to contingent consideration liabilities and the market-based component of retention awards.
- Amortization and impairment of intangible assets.
- Impairment of goodwill and write off of noncontrolling interests related to the wind down of a recently acquired business.
- Special termination benefits related to workforce optimization initiatives related to the acquisition of Legg Mason in fiscal year 2020, and voluntary separation and workforce reduction initiatives of 4.5% of our global workforce in fiscal year 2019.
- Net gains or losses on investments related to Legg Mason deferred compensation plans which are not offset by compensation and benefits expense.
- Unrealized investment gains and losses included in investment and other income (losses), net, other than those that are offset by compensation and benefits expense.
- Interest expense for amortization of Legg Mason debt premium from acquisition-date fair value adjustment.
- Net income tax expense of the above adjustments based on the respective blended rates applicable to the adjustments.

Adjusted Diluted Earnings Per Share

We define adjusted diluted earnings per share as diluted earnings per share adjusted to exclude the per share impacts of the adjustments applied to net income in calculating adjusted net income.

In calculating adjusted operating income, adjusted operating margin, adjusted net income and adjusted diluted earnings per share, we adjust for activities of CIPs because the impact of consolidated products are not considered reflective of the underlying results of our operations. We adjust for acquisition-related retention compensation, other acquisition-related expenses, amortization and impairment of intangible assets and goodwill, the write-off of noncontrolling interests, and interest expense for amortization of the Legg Mason debt premium to facilitate comparability of our operating results with the results of other asset management firms. We adjust for special termination benefits related to workforce optimization initiatives related to the acquisition of Legg Mason in fiscal year 2020 and certain voluntary separation and workforce reduction initiatives because these items are deemed nonrecurring. In calculating adjusted net income and adjusted diluted earnings per share, we adjust for unrealized investment gains and losses included in investment and other income (losses), net and net gains or losses on investments related to Legg Mason deferred compensation plans which are not offset by compensation and benefits expense because these items primarily relate to seed and strategic investments which have been and are generally expected to be held long term.

The calculations of adjusted operating income, adjusted operating margin, adjusted net income and adjusted diluted earnings per share are as follows:

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**
Operating income	**$ 1,048.9**	**$ 1,466.9**	**$ 2,028.2**
Add (subtract):			
Elimination of operating revenues upon consolidation of investment products[1]	23.6	30.7	35.2
Acquisition-related retention	195.8	63.7	7.9
Compensation and benefits expense from gain on deferred compensation and seed investments, net	1.2	—	—
Other acquisition-related expenses	57.4	9.4	14.7
Amortization of intangible assets	54.0	14.7	1.8
Impairment of goodwill and intangible assets	55.4	13.3	5.7
Special termination benefits	54.8	55.5	—
Adjusted operating income	**$ 1,491.1**	**$ 1,654.2**	**$ 2,093.5**
Total operating revenues	**$ 5,566.5**	**$ 5,669.4**	**$ 6,204.5**
Add (subtract):			
Acquisition-related pass through performance fees	(9.4)	—	—
Sales and distribution fees	(1,362.0)	(1,444.6)	(1,599.8)
Allocation of investment management fees for sales, distribution and marketing expenses	(341.1)	(375.0)	(439.9)
Elimination of operating revenues upon consolidation of investment products[1]	23.6	30.7	35.2
Adjusted operating revenues	**$ 3,877.6**	**$ 3,880.5**	**$ 4,200.0**
Operating margin	**18.8%**	**25.9%**	**32.7%**
Adjusted operating margin	**38.5%**	**42.6%**	**49.8%**

(in millions, except per share data) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**
Net income attributable to Franklin Resources, Inc.	**$ 798.9**	**$ 1,195.7**	**$ 764.4**
Add (subtract):			
Net income of consolidated investment products[1]	(4.6)	(3.7)	(5.8)
Acquisition-related retention	195.8	63.7	7.9
Other acquisition-related expenses	58.6	9.4	14.5
Amortization of intangible assets	54.0	14.7	1.8
Impairment of goodwill and intangible assets	55.4	13.3	5.7
Special termination benefits	54.8	55.5	—
Net gains on deferred compensation plan investments not offset by compensation and benefits expense	(0.1)	—	—
Unrealized investment losses included in investment and other income (losses), net	221.0	20.0	15.3
Interest expense for amortization of debt premium	(4.7)	—	—
Write off of noncontrolling interests	(16.7)	—	—
Net income tax expense of adjustments	(101.4)	(37.3)	(5.7)
Adjusted net income	**$ 1,311.0**	**$ 1,331.3**	**$ 798.1**
Diluted earnings per share	**$ 1.59**	**$ 2.35**	**$ 1.39**
Adjusted diluted earnings per share	**2.61**	**2.62**	**1.45**

[1] The impact of consolidated investment products is summarized as follows:

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**
Elimination of operating revenues upon consolidation	$ (23.6)	$ (30.7)	$ (35.2)
Other income, net	33.6	39.8	18.6
Less: income (loss) attributable to noncontrolling interests	5.4	5.4	(22.4)
Net income	**$ 4.6**	**$ 3.7**	**$ 5.8**

LIQUIDITY AND CAPITAL RESOURCES

Cash flows were as follows:

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**
Operating cash flows	$ 1,021.4	$ 201.6	$ 2,229.7
Investing cash flows	(3,243.1)	(1,077.1)	(290.4)
Financing cash flows	194.2	(40.5)	(3,761.7)

Net cash provided by operating activities increased in fiscal year 2020 primarily due to lower net purchases of investments by CIPs, decreases in investments, net, decreases in receivables and other assets, and a smaller decline in taxes payable, partially offset by decreases in accounts payable and accrued expenses, and decreases in net income. Net cash used in investing activities increased as compared to the prior year, primarily due to higher cash paid for acquisitions, and net purchases of investments by CLOs, partially offset by net consolidation of CIPs as compared to net deconsolidation in the prior year, higher net liquidation of our investments as compared to the prior year, and lower net additions of property, plant and equipment. Net cash provided by financing activities, as compared to net cash used in the prior year, primarily resulted from proceeds from debt of CIPs and lower repurchases of stock, partially offset by lower net subscriptions in CIPs by noncontrolling interests and payments on debt by CIPs.

Net cash provided by operating activities decreased in fiscal year 2019 primarily due to activities of CIPs which had net purchases of investments as compared to net liquidations in the prior year. Net cash used in investing activities increased primarily due to cash paid for BSP and higher net additions of property and equipment primarily related to construction of two new buildings at our corporate headquarters campus in San Mateo, California and a purchased office building in Poznan, Poland. Net cash used in financing activities decreased primarily due to lower dividends paid on, and repurchases of, common stock, higher net subscriptions in CIPs by noncontrolling interests, and a prior-year debt payment.

The assets and liabilities of CIPs attributable to third-party investors do not impact our liquidity and capital resources. We have no right to the CIPs' assets, other than our direct equity investment in them and investment management and other fees earned from them. The debt holders of the CIPs have no recourse to our assets beyond the level of our direct investment, therefore we bear no other risks associated with the CIPs' liabilities. Accordingly, the assets and liabilities of CIPs, other than our direct investments in them, are excluded from the amounts and discussion below.

Our liquid assets and debt consisted of the following:

(in millions)

as of September 30,	2020	2019	2018
Assets			
Cash and cash equivalents	$ 3,026.8	$ 5,803.4	$ 6,610.8
Receivables	1,114.8	740.0	733.7
Investments	982.2	2,029.4	2,130.6
Total Liquid Assets	**$ 5,123.8**	**$ 8,572.8**	**$ 9,475.1**
Liability			
Debt	$ 3,017.1	$ 696.9	$ 695.9

Liquidity

Liquid assets consist of cash and cash equivalents, receivables and certain investments. Cash and cash equivalents at September 30, 2020 primarily consist of money market funds and deposits with financial institutions. Liquid investments consist of investments in sponsored and other funds, direct investments in redeemable CIPs, other equity and debt securities, and time deposits with maturities greater than three months.

We utilize a significant portion of our liquid assets to satisfy operational and regulatory requirements and fund capital contributions to sponsored and other products. Certain of our subsidiaries are required by our internal policy or regulation to maintain minimum levels of cash and/or capital, and may be restricted in their ability to transfer cash to their parent companies. Liquid assets used to satisfy these purposes were $3,290.9 million at September 30, 2020 and $3,429.0 million at September 30, 2019, including $316.6 million and $263.3 million that was restricted by regulatory requirements. Should we require more capital than is available for use, we could elect to reduce the level of discretionary activities, such as share repurchases or investments in sponsored and other products, or we could raise capital through debt or equity issuance. These alternatives could result in increased interest expense, decreased dividend or interest income, or other dilution to our earnings.

Capital Resources

We believe that we can meet our present and reasonably foreseeable operating cash needs and future commitments through existing liquid assets, continuing cash flows from operations, the ability to issue debt or equity securities and borrowing capacity under our uncommitted private placement program.

In prior fiscal years, we issued senior unsecured unsubordinated notes for general corporate purposes, to redeem outstanding notes and to finance an acquisition. At September 30, 2020, $699.5 million of the notes were outstanding with an aggregate principal amount due of $700.0 million. The notes were issued at fixed interest rates and consist of $300.0 million at 2.800% per annum which mature in 2022 and $400.0 million at 2.850% per annum which mature in 2025.

Additionally, Legg Mason has outstanding senior and junior unsecured unsubordinated notes with an aggregate principal amount due of $2,000.0 million at September 30, 2020. The notes have fixed interest rates from 3.950% to 6.375% with interest payable semi-annually for senior notes and quarterly for junior notes, and have an aggregate carrying value, inclusive of unamortized premium, of $2,319.7 million at September 30, 2020.

The senior notes contain an optional redemption feature that allows us to redeem each series of notes prior to maturity in whole or in part at any time, at a make-whole redemption price. The junior notes due March 2056 and September 2056 may only be redeemed in whole prior to March 2021 and September 2021, respectively. The indentures governing the senior notes contain limitations on our ability and the ability of our subsidiaries to pledge voting stock or profit participating equity interests in our subsidiaries to secure other debt without similarly securing the notes equally and ratably. In addition, the indentures include requirements that must be met if we consolidate or merge with, or sell all of our assets to, another entity. We were in compliance with all debt covenants at September 30, 2020.

On October 19, 2020, the Company completed its offering and sale of the 1.600% Notes due 2030 with a principal amount of $750.0 million. The notes contain an optional redemption feature that allows the Company to redeem each series of notes prior to maturity in whole or in part at any time, at a make-whole redemption price.

At September 30, 2020, we had $500.0 million of short-term commercial paper available for issuance under an uncommitted private placement program which has been inactive since 2012 and is unrated.

Our ability to access the capital markets in a timely manner depends on a number of factors, including our credit rating, the condition of the global economy, investors' willingness to purchase our securities, interest rates, credit spreads and the valuation levels of equity markets. If we are unable to access capital markets in a timely manner, our business could be adversely impacted.

Uses of Capital

We expect that our main uses of cash will be to invest in and grow our business, pay stockholder dividends, invest in our products, pay income taxes and operating expenses of the business, enhance technology infrastructure and business processes, repurchase shares of our common stock, fund property and equipment purchases, and service and repay debt. While we expect to continue to repurchase shares to offset dilution from share-based compensation, and expect to continue to repurchase shares opportunistically from time to time, we will likely spend more of our post-dividend free cash flow investing in our business, including seed capital and acquiring resources to help grow our investment teams, affiliates and operations.

We repatriate the earnings in excess of regulatory, capital or operational requirements for all non-U.S. subsidiaries.

We declare dividends on a quarterly basis. We declared regular dividends of $1.08 per share ($0.27 per share per quarter) in fiscal year 2020, and of $1.04 per share ($0.26 per share per quarter) in fiscal year 2019. We currently expect to continue paying comparable regular dividends on a quarterly basis to holders of our common stock depending upon earnings and other relevant factors.

We maintain a stock repurchase program to manage our equity capital with the objective of maximizing shareholder value. Our stock repurchase program is effected through regular open-market purchases and private transactions in accordance with applicable laws and regulations, and is not subject to an expiration date. The size and timing of these purchases will depend on business conditions, price, market and other factors. During fiscal years 2020 and 2019, we repurchased 9.0 million and 24.6 million shares of our common stock at a cost of $219.4 million and $756.3 million. At September 30, 2020, 38.2 million shares remained available for repurchase under the authorization of 80.0 million shares approved by our Board of Directors in April 2018.

We redeemed $636.6 million, net of investments, in our sponsored products during fiscal year 2020, and invested $128.0 million, net of redemptions, during fiscal year 2019.

On July 31, 2020, we acquired all of the outstanding common stock of Legg Mason for a purchase consideration of $4.5 billion in cash and $0.2 billion related to the settlement of historical compensation arrangements. During the fiscal year 2020, we completed additional acquisitions with a total purchase consideration of $94.8 million in cash, including the acquisitions of Pennsylvania Trust Company, AdvisorEngine Inc., Athena Capital Advisors, LLC and Onsa, Inc. On February 1, 2019, we acquired all of the outstanding ownership interests in BSP for a purchase consideration of $720.1 million in cash.

In February 2020, we purchased an office building in Edinburgh, Scotland with a total cost of approximately $40 million. During fiscal year 2019, we completed construction of two new buildings at our corporate headquarters campus in San Mateo, California with a total cost of approximately $130 million and purchased an office building in Poznan, Poland with a total cost of approximately $86 million. The buildings are used in our business operations, and portions of the Edinburgh building and California campus are leased to third parties.

The funds that we manage have their own resources available for purposes of providing liquidity to meet shareholder redemptions, including securities that can be sold or provided to investors as in-kind redemptions, and lines of credit. Current increased liquidity risks and redemptions in these funds have required, and may continue to require, increased cash in the form of loans or other lines of credit to help settle redemptions and for other related purposes. While we have no legal or contractual obligation to do so, we have in certain instances voluntarily elected to provide the funds with direct or indirect financial support based on our business objectives. In April 2020, we authorized loans aggregating up to 5.0 billion Indian Rupees (approximately $66.2 million) to certain sponsored funds in India that had experienced increased liquidity risks and redemptions and that are subject to the decision of the fund's trustee to wind up the funds. See Note 16 – Commitments and Contingencies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for further information. The loans have a fixed interest rate of 8.0% per annum, are secured by the funds' assets and are due upon demand. At September 30, 2020, the loans have an aggregate outstanding balance of $42.4 million, and the remaining authorization available is approximately $4.9 million. We did not provide financial or other support to our sponsored funds during fiscal year 2019.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS AND CONTINGENT LIABILITIES

The following table summarizes our contractual obligations and commitments.

(in millions)	Payments Due by Fiscal Year						
as of September 30, 2020	**2021**	**2022**	**2023**	**2024**	**2025**	**There-after**	**Total**
Debt[1]							
Principal	$ —	$ 300.0	$ —	$ 250.0	$ 400.0	$ 1,750.0	$ 2,700.0
Interest	125.2	125.2	116.8	116.8	101.2	1,913.9	2,499.1
Operating leases	134.8	131.5	125.4	89.0	50.2	153.5	684.4
Purchase obligations[2]	186.7	112.4	60.9	46.2	28.7	8.2	443.1
Purchase consideration obligation[3]	47.9	31.9	—	—	—	—	79.8
Total Contractual Obligations	494.6	701.0	303.1	502.0	580.1	3,825.6	6,406.4
Committed capital contributions[4]	335.6	—	—	—	—	—	335.6
Contingent consideration liabilities[5]	1.7	10.2	8.1	7.1	—	—	27.1
Federal transition tax liability[6]	53.3	74.1	74.1	138.9	185.2	231.6	757.2
Total Contractual Obligations, Commitments, and Contingent Liabilities	**$ 885.2**	**$ 785.3**	**$ 385.3**	**$ 648.0**	**$ 765.3**	**$ 4,057.2**	**$ 7,526.3**

1 Debt principal represents amounts due on maturity. Excludes 1.600% notes with a principal amount of $750.0 million due 2030 which were issued on October 19, 2020. See Note 22 – Subsequent Event in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

2 Purchase obligations include contractual amounts that will be due to purchase goods and services to be used in our operations and may be canceled at earlier times than those indicated under certain conditions that may include termination fees.

3 Represents purchase consideration payments to be made in connection with the acquisition of Legg Mason.

4 Committed capital contributions relate to discretionary commitments to invest in sponsored funds and other investment products and entities, including CIPs. Generally, the timing of the funding of these commitments is unknown as they are callable on demand at any time prior to the expiration of the commitment periods.

5 The amount of contingent consideration liabilities reflected for any year represents the expected settlement amounts as of September 30, 2020. The fair value of the aggregate contingent consideration liability at September 30, 2020 totaled $25.3 million and is included in other liabilities in the consolidated balance sheet.

6 Transition tax on the deemed repatriation of post-1986 undistributed foreign subsidiaries' earnings under the Tax Act.

The debt holders of CIPs have no recourse to our assets beyond the level of our direct investments, therefore we bear no risks associated with these entities' liabilities and have not included them in the table above. See Note 11 – Consolidated Investment Products in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

At September 30, 2020, our consolidated balance sheet included liabilities for unrecognized tax benefits of $262.9 million and related accrued interest of $24.6 million (see Note 14 – Taxes on Income in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report). Because of the high degree of uncertainty regarding the timing and amounts of future cash outflows, unrecognized tax benefits and related accrued interest are not included in the table above.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. These estimates, judgments and assumptions are affected by our application of accounting policies. Further, global concerns about the COVID-19 pandemic have adversely affected, and we expect will continue to adversely affect, our business, financial condition and results of operations including the estimates and assumptions made by management. Actual results could differ from the estimates. Described below are the accounting policies that we believe are most critical to understanding our financial position and results of operations. For additional information about our accounting policies, see Note 1 – Significant Accounting Policies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

Consolidation

We consolidate our subsidiaries and investment products in which we have a controlling financial interest. We have a controlling financial interest when we own a majority of the voting interest in a voting interest entity ("VOE") or are the primary beneficiary of a variable interest entity ("VIE").

A VIE is an entity in which the equity investment holders have not contributed sufficient capital to finance its activities or do not have defined rights and obligations normally associated with an equity investment. The assessment of whether an entity is a VIE or VOE involves judgment and analysis on a structure-by-structure basis. When performing the assessment we consider factors such as the entity's legal organization and capital structure, the rights of the equity investment holders and our contractual involvement with and ownership interest in the entity. Substantially all of our VIEs are investment products and our variable interests consist of our equity ownership interests in and investment management fees earned from these products.

We are the primary beneficiary of a VIE if we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of or right to receive benefits from the VIE that could potentially be significant to the VIE. Investment management fees earned from VIEs are excluded from the primary beneficiary determination if they are deemed to be at market and commensurate with service. The key estimates and assumptions used in the analyses include the amount of AUM and the life of the investment product. These estimates and assumptions are subject to variability. For example, AUM is impacted by market volatility and the level of sales, redemptions, distributions to investors and reinvested distributions. There is judgment involved in assessing whether we have the power to direct the activities that most significantly impact VIEs' economic performance and the obligation to absorb losses of or right to receive benefits from VIEs that could potentially be significant to the VIEs. As of September 30, 2020, we were the primary beneficiary of 43 investment product VIEs.

Business Combinations

Business combinations are accounted for by recognizing the acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition-date estimated fair values. Any excess of the purchase consideration over the acquisition-date fair values of these identifiable assets and liabilities is recognized as goodwill. Determining the fair value of assets acquired and liabilities assumed involves the use of significant estimates and assumptions. During the measurement period, which is not to exceed one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in earnings.

Intangible assets acquired in business combinations consist primarily of investment management contracts and trade names. The fair values of the acquired management contracts are based on the net present value of estimated future cash flows attributable to the contracts, which include significant assumptions about forecasts of the AUM growth rate, pre-tax profit margin, discount rate, average effective fee rate and effective tax rate. The fair value of trade names is determined using the relief from royalty method based on net present value of estimated future cash flows, which include significant assumptions about royalty rate, revenue growth rate, discount rate and effective tax rate. Our estimates are based on assumptions believed to be reasonable, but are inherently uncertain and unpredictable and, as a result, may differ from actual results.

The Company's management contract intangible assets are amortized over their estimated useful lives, which range from three to fifteen years, using the straight-line method, unless the asset is determined to have an indefinite useful life. Indefinite-lived intangible assets represent contracts to manage investment assets for which there is no foreseeable limit on the contract period. Trade names are amortized over their estimated useful lives which range from five to twenty years using the straight-line method.

On July 31, 2020, the Company acquired all outstanding shares of Legg Mason common stock for purchase consideration of $4.5 billion in cash and $0.2 billion related to the settlement of historical compensation arrangements, and recognized $2.3 billion of goodwill, $2.7 billion of indefinite-lived intangible assets related to investment management contracts and $1.4 billion of definite-lived intangible assets primarily related to investment management contracts and trade names.

Goodwill and indefinite-lived intangible assets are tested for impairment annually and when an event occurs or circumstances change that more likely than not reduce the fair value of the related reporting unit or indefinite-lived intangible asset below its carrying value. We have one reporting unit, investment management and related services, consistent with our single operating segment, to which all goodwill has been assigned. We make significant estimates and assumptions when evaluating goodwill and other intangible assets for impairment.

We may first assess goodwill and indefinite-lived intangible assets for qualitative factors to determine whether it is necessary to perform a quantitative impairment test. The qualitative analysis considers entity-specific and macroeconomic factors and their potential impact on the key assumptions used in the determination of the fair value of the reporting unit or indefinite-lived intangible asset. A quantitative impairment test is performed if the results of the qualitative assessment indicate that it is more likely than not that the fair value of the reporting unit is less than its carrying value or an indefinite-lived intangible asset is impaired, or if a qualitative assessment is not performed. Quantitative tests compare the fair value of the asset to its carrying value.

The fair values of the reporting unit and indefinite-lived intangible assets are based on the net present value of estimated future cash flows, which include significant assumptions about the AUM growth rate, pre-tax profit margin, discount rate, average effective fee rate and effective tax rate. The most relevant of these assumptions to the determination of estimated fair value are the AUM growth rate, pre-tax profit margin and the discount rate.

We performed our annual impairment tests for goodwill and indefinite-lived intangible assets as of August 1, 2020. We performed a qualitative test for goodwill and a substantial portion of the indefinite-lived intangible assets and concluded it is more likely than not that the fair value of the specific intangible assets exceeds their carrying value. We performed a quantitative test for approximately 21% of indefinite-lived intangible assets, and recognized $30.0 million of impairments of indefinite-lived intangible assets. The Company recognized $23.7 million of impairment of goodwill directly attributable to the Company's decision to wind-down Onsa, Inc. which was acquired on October 24, 2019 and had not been integrated into the Company. The impairments of indefinite-lived intangible assets were primarily due to a reduction in the revenue growth rate assumption for a Benefit Street Partners' private debt fund resulting from declines in interest rates and continued market volatility. The estimated fair values of substantially all of the other indefinite-lived intangible assets exceeded their carrying values by more than 47%. We estimated the discounted future cash flows for indefinite-lived intangible assets using compounded annual AUM growth rates ranging from (10.0%) to 11.6%, which were developed taking into account ongoing volatility in the capital markets, and a discount rate of 8.1%, which is based on our weighted average cost of capital. A hypothetical 200 basis point decline in the AUM growth rates or a 200 basis point increase in the discount rate would not reduce the estimated fair values of the other indefinite-lived intangible assets below their carrying values.

We subsequently monitored market conditions and their potential impact on the assumptions used in the annual calculations of fair value to determine whether circumstances have changed that would more likely than not reduce the fair value of the reporting unit below its carrying value, or indicate that the other indefinite-lived intangible assets might be impaired. We considered, among other things, changes in our AUM and weighted-average cost of capital by assessing whether these changes would impact the reasonableness of the assumptions used in the impairment tests as of August 1, 2020. We also monitored fluctuations of our common stock per share price to evaluate our market capitalization relative to the reporting unit as a whole. Subsequent to August 1, 2020, there were no impairments of goodwill or indefinite-lived intangible assets as no events occurred or circumstances changed that would indicate these assets might be impaired.

We test definite-lived intangible assets for impairment quarterly. Impairment is indicated when the carrying value of an asset is not recoverable and exceeds its fair value. Recoverability is evaluated based on estimated undiscounted future cash flows using assumptions about the AUM growth rate, pre-tax profit margin, average effective fee rate and expected useful life as well as royalty rate for trade name intangible assets. The most relevant of these assumptions to determine future cash flows is the AUM growth rate. If the carrying value of an asset is not recoverable through undiscounted cash flows, impairment is recognized in the amount by which the carrying value exceeds the asset's fair value, as determined by discounted cash flows or other methods as appropriate for the asset type. We recognized $1.7 million of impairment of definite-lived intangible assets during fiscal year 2020 related to Edinburgh Partners management contracts due to the loss of a significant mandate.

While we believe that the assumptions used to estimate fair value in our impairment tests are reasonable and appropriate, future changes in the assumptions could result in recognition of impairment.

Fair Value Measurements

A substantial amount of our investments is recorded at fair value or amounts that approximate fair value on a recurring basis. We use a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based on whether the inputs to those valuation techniques are observable or unobservable. The assessment of the hierarchy level of the assets or liabilities measured at fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety. See Note 1 – Significant Accounting Policies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for more information on the fair value hierarchy.

As of September 30, 2020, Level 3 assets represented 24% of total assets measured at fair value, substantially all of which related to CIPs' investments in equity and debt securities, and real estate. There were $2.3 million of transfers into and $1.1 million of transfers out of Level 3 during fiscal year 2020.

The following are descriptions of the significant assets measured at fair value and their fair value methodologies.

Sponsored funds and separate accounts consist primarily of investments in nonconsolidated sponsored funds and to a lesser extent, separate accounts. Changes in the fair value of the investments are recognized as gains and losses in earnings. The fair values of funds are determined based on their published NAV or estimated using NAV as a practical expedient. The fair values of separate accounts are determined using quoted market prices, or independent third-party broker or dealer price quotes if quoted market prices are not available.

Investments related to long-term incentive plans consist primarily of investments in sponsored funds related to certain compensation plans that have certain vesting provisions. Changes in fair value are recognized as gains and losses in earnings. The fair values of the investments are determined based on the funds' published NAV or estimated using NAV as a practical expedient.

Other equity and debt securities consist of other equity investment securities and debt securities classified as trading or available-for-sale. Changes in the fair value of other equity and trading debt securities are recognized as gains and losses in earnings. Unrealized gains and losses on available-for-sale securities are recorded net of tax as part of accumulated other comprehensive income (loss) until realized, at which time they are recognized in earnings using the average cost method. The fair values of equity securities other than funds are determined using independent third-party broker or dealer price quotes or based on discounted cash flows using significant unobservable inputs. The fair values of debt securities are determined using independent third-party broker or dealer price quotes or based on discounted cash flows using significant unobservable inputs.

Investments of CIPs consist of marketable debt and equity securities and other investments that are not generally traded in active markets. Changes in the fair value of the investments are recognized as gains and losses in earnings. The fair values of marketable securities are determined using quoted market prices, or independent third-party broker or dealer price quotes if quoted market prices are not available. The investments that are not generally traded in active markets consist of equity and debt securities of entities in emerging markets, fund products, other equity and debt instruments, real estate and loans. The fair values are determined using significant unobservable inputs in either a market-based or income-based approach, except for fund products, for which fair values are estimated using NAV as a practical expedient.

Noncontrolling interests consist of third-party equity interests in CIPs and minority interests in certain subsidiaries. Noncontrolling interests that are redeemable or convertible for cash or other assets at the option of the noncontrolling interest holders and are classified as temporary equity at fair value, except when the fair value is less than the issuance date fair value, the reported amount is the issuance date fair value. Changes in fair value of redeemable noncontrolling interest is recognized as an adjustment to retained earnings. Nonredeemable noncontrolling interests do not permit the noncontrolling interest holders to request settlement, are reported at their issuance value and undistributed net income (loss) attributable to noncontrolling interests.

The fair value of third-party equity interests in CIPs are determined based on the published NAV or estimated using NAV a practical expedient. The fair value of redeemable noncontrolling interests related to minority interest in certain subsidiaries are derived using discounted cash flows and guideline public company methodology, which include significant assumptions about forecasts of the AUM growth rate, pre-tax profit margin, discount rate and operating income multiples.

Revenues

We earn revenue primarily from providing investment management and related services to our customers. In addition to investment management, services include fund administration, sales and distribution, and shareholder servicing. Revenues are recognized when our obligations related to the services are satisfied and it is probable that a significant reversal of the revenue amount would not occur in future periods. The obligations are satisfied over time as the services are rendered, except for the sales and distribution obligations for the sale of shares of sponsored funds, which are satisfied on trade date. Multiple services included in customer contracts are accounted for separately when the obligations are determined to be distinct. Management judgement is involved in assessing the probability of significant revenue reversal and in the identification of distinct services.

Fees from providing investment management and fund administration services ("investment management fees"), other than performance-based investment management fees, are determined based on a percentage of AUM, primarily on a monthly basis using daily average AUM, and are recognized as the services are performed over time. Performance-based investment management fees are generated when investment products' performance exceeds targets established in customer contracts. These fees are recognized when the amount is no longer probable of significant reversal and may relate to investment management services that were provided in prior periods.

Sales and distribution fees primarily consist of upfront sales commissions and ongoing distribution fees. Sales commissions are based on contractual rates for sales of certain classes of sponsored funds and are recognized on trade date. Distribution service fees are determined based on a percentage of AUM, primarily on a monthly basis using daily average AUM. As the fee amounts are uncertain on trade date, they are recognized over time as the amounts become known and may relate to sales and distribution services provided in prior periods.

AUM is generally based on the fair value of the underlying securities held by investment products and is calculated using fair value methods derived primarily from unadjusted quoted market prices, unadjusted independent third-party broker or dealer price quotes in active markets, or market prices or price quotes adjusted for observable price movements after the close of the primary market. The fair values of securities for which market prices are not readily available are valued internally using various methodologies which incorporate significant unobservable inputs as appropriate for each security type. Pricing of the securities is governed by our global valuation and pricing policy, which defines valuation and pricing conventions for each security type, including practices for responding to unexpected or unusual market events.

As substantially all of our AUM is valued based on observable market prices or inputs, market risk is the most significant risk underlying the valuation of our AUM.

Income Taxes

Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and the reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year when the reported amount of the asset or liability is expected to be recovered or settled, respectively. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying values of deferred tax assets to the amount that is more likely than not to be realized. For each tax position taken or expected to be taken in a tax return, we determine whether it is more likely than not that the position will be sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation. A tax position that meets the more likely than not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

As a multinational corporation, we operate in various locations outside the U.S. and generate earnings worldwide. We repatriate the foreign earnings that are in excess of regulatory, capital or operational requirements of all of our non-U.S. subsidiaries.

Loss Contingencies

We are involved in various lawsuits and claims encountered in the normal course of business. When such a matter arises and periodically thereafter, we consult with our legal counsel and evaluate the merits of the claims based on the facts available at that time. In management's opinion, an adequate accrual has been made as of September 30, 2020 to provide for any probable losses that may arise from such matters for which we could reasonably estimate an amount. See also Note 16 – Commitments and Contingencies in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

NEW ACCOUNTING GUIDANCE

See Note 2 – New Accounting Guidance in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report.

Selected Quarterly Financial Data (Unaudited)

(in millions, except per share data)

Quarter ended	December 31	March 31	June 30	September 30
Fiscal year 2020[1]				
Operating revenues	$ 1,389.2	$ 1,311.2	$ 1,161.1	$ 1,705.0
Operating income	372.9	339.9	232.5	103.6
Net income attributable to Franklin Resources, Inc.[2]	350.5	79.1	290.4	78.9
Earnings per share				
Basic	$ 0.70	$ 0.16	$ 0.58	$ 0.15
Diluted	0.70	0.16	0.58	0.15
Dividends declared per share	$ 0.27	$ 0.27	$ 0.27	$ 0.27
AUM *(in billions)*				
Ending	$ 698.3	$ 580.3	$ 622.8	$ 1,418.9
Average	693.8	655.8	605.0	1,227.8
Fiscal year 2019[1]				
Operating revenues	$ 1,385.4	$ 1,412.8	$ 1,448.4	$ 1,422.8
Operating income	385.3	367.3	349.2	365.1
Net income attributable to Franklin Resources, Inc.[3]	275.9	367.5	245.9	306.4
Earnings per share				
Basic	$ 0.54	$ 0.72	$ 0.48	$ 0.61
Diluted	0.54	0.72	0.48	0.61
Dividends declared per share	$ 0.26	$ 0.26	$ 0.26	$ 0.26
AUM *(in billions)*				
Ending	$ 649.9	$ 712.3	$ 715.2	$ 692.6
Average	683.2	688.6	710.8	702.0

1 In the quarter ended September 30, 2020, the Company changed the presentation of its consolidated statements of income to include dividend and interest income and other expenses from consolidated investment products in non-operating income. Amounts for the comparative prior fiscal quarters have been reclassified to conform to the current presentation. These reclassifications had no impact on previously reported net income attributable to Franklin Resources, Inc.

2 Information presented for the quarter ended September 30, 2020 includes the impact of the Legg Mason, Inc. acquisition effective July 31, 2020. See Note 3 – Acquisitions in the notes to consolidated financial statements in Item 8 of Part II of this Annual Report for more information.

3 The quarter ended June 30, 2019 includes an income tax charge of $86.4 million due to the reversal of a tax benefit recognized in fiscal year 2018 upon issuance of final regulations by the U.S. Department of Treasury.

Risk Factors

For a description of certain risk factors and other important factors that may affect us, our subsidiaries and our business, please see the description of the risk factors set forth under Item 1A of Part I of this Annual Report, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, our financial position is subject to market risk, including, but not limited to, potential loss due to changes in the value of financial instruments including those resulting from adverse changes in interest rates, foreign currency exchange rates and market valuation. Financial instruments include, but are not limited to, investment securities and debt obligations. Management is responsible for managing market risk. Our Enterprise Risk Management Committee is responsible for providing a framework to assist management to identify, assess and manage market and other risks.

Our market risk from assets and liabilities of CIPs is limited to that of our direct equity investments in them and investment management fees earned from them. Accordingly, the assets and liabilities of CIPs are excluded from the discussion below.

AUM Market Price Risk

We are exposed to market risk through our investment management and distribution fees, which are generally calculated as a percentage of AUM. Changes in equity market prices, interest rates, credit spreads, foreign exchange rates, or a combination of these factors could cause the value of AUM to decline, which would result in lower investment management and distribution fees. Our exposure to these risks is minimized as we sponsor a broad range of investment products in various global jurisdictions, which serves to mitigate the impact of changes in any particular market or region.

Assuming the respective effective fee rates remain unchanged, a proportional 10% change in the value of our average AUM would result in corresponding 10% changes in our investment management fees and asset-based distribution fee revenues and expenses, excluding performance-based investment management fees. Such a change for the fiscal year ended September 30, 2020 would have resulted in an increase or decrease in pre-tax earnings of $366.5 million.

Interest Rate Risk

We are exposed to changes in interest rates primarily through our investments in sponsored funds that invest in debt securities, which were $1,338.4 million at September 30, 2020. Our exposure to interest rate risks from these investments is minimized by the low average duration exposure mandate of a substantial majority of the funds. The investment mandates of the remaining funds consist of a broad range of products in various global jurisdictions, mitigating the impact of changes in any particular market or region. We had no exposure to changes in interest rates from debt obligations at September 30, 2020 as all of our outstanding debt was issued at fixed rates.

As of September 30, 2020, we have considered the potential impact of a 100 basis point movement in market interest rates on our portfolio of sponsored funds that invest in debt securities. Based on our analysis, we do not expect that such a change would have a material impact on our earnings in the next 12 months.

Foreign Currency Exchange Risk

We are subject to foreign currency exchange risk through our international operations. While the majority of our revenues are earned in the U.S., we also provide services and earn revenues in Europe, Middle East and Africa, Asia-Pacific and Americas excluding U.S. Our exposure to foreign currency exchange risk is minimized in relation to our results of operations since a significant portion of these revenues is denominated in U.S. dollars. This situation may change in the future as our business continues to grow outside the U.S. and expenses incurred denominated in foreign currencies increase.

The exposure to foreign currency exchange risk in our consolidated balance sheet mostly relates to cash and cash equivalents and investments that are denominated in foreign currencies, primarily in the Euro, Pound Sterling, Indian Rupee and Canadian dollar. These assets accounted for 19% of the total cash and cash equivalents and investments at September 30, 2020. Changes in the values of these assets resulting from changes in U.S. dollar exchange rates are recorded in accumulated other comprehensive income (loss), except for cash and cash equivalents held by subsidiaries for which the U.S. dollar is the functional currency, for which the changes are recorded in earnings. We also have exposure to foreign exchange revaluation of cash and cash equivalents and investments that are denominated in U.S. dollars and held by non-U.S. subsidiaries for which their local currency is the functional currency. These assets accounted for 6% of the total cash and cash equivalents and investments at September 30, 2020. Changes in the values of these assets resulting from changes in U.S. dollar exchange rates are recorded in earnings.

A 10% weakening of the U.S. dollar against the various foreign currencies to which we had exposure as described above would result in corresponding 10% increases in the U.S. dollar values of the foreign currency assets and 10% decreases in the foreign currency values of the U.S. dollar assets. Such a weakening as of September 30, 2020 would result in a $76.7 million increase in accumulated other comprehensive income and a $23.0 million decrease in pre-tax earnings. We generally do not use derivative financial instruments to manage foreign currency exchange risk exposure. As a result, both positive and negative currency fluctuations against the U.S. dollar may affect our results of operations and accumulated other comprehensive income (loss).

Market Valuation Risk

We are exposed to market valuation risks related to securities we hold that are carried at fair value. To mitigate the risks we maintain a diversified investment portfolio and, from time to time, we may enter into derivative agreements.

The following is a summary of the effect of a 10% increase or decrease in the carrying values of our financial instruments subject to market valuation risks at September 30, 2020. If such a 10% increase or decrease in carrying values were to occur, the changes from investments measured at fair value and direct investments in CIPs would result in a $129.0 million increase or decrease in our pre-tax earnings.

(in millions)	Carrying Value	Carrying Value Assuming a 10% Increase	Carrying Value Assuming a 10% Decrease
Investments, at fair value	$ 504.8	$ 555.3	$ 454.3
Direct investments in CIPs	785.3	863.8	706.8
Total	**$ 1,290.1**	**$ 1,419.1**	**$ 1,161.1**

Item 8. Financial Statements and Supplementary Data.

Index of Consolidated Financial Statements for the fiscal years ended September 30, 2020, 2019 and 2018.

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All schedules have been omitted as the information is provided in the financial statements or in related notes thereto or is not required to be filed, as the information is not applicable.

Certain required quarterly information is included in Item 7 of Part II of this Annual Report under the heading "Selected Quarterly Financial Data (Unaudited)" and incorporated herein by reference.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Franklin Resources, Inc. and its consolidated subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

On July 31, 2020, Franklin Resources, Inc. completed its acquisition of Legg Mason, Inc. ("Legg Mason"). Consistent with guidance issued by the Securities and Exchange Commission that an assessment of a recently acquired business may be omitted from management's report on internal control over financial reporting in the year of acquisition, management excluded an assessment of the effectiveness of the Company's internal control over financial reporting related to Legg Mason. Total assets and operating revenues of Legg Mason that were excluded from management's assessment constitute 12% of the Company's consolidated total assets as of September 30, 2020 and 9% of consolidated total operating revenues for the fiscal year ended September 30, 2020. Management's basis for exclusion included the size and complexity of the acquired business, the timing between acquisition and fiscal year end, and expected integration plans during the fiscal year ending September 30, 2021.

Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2020, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on that assessment, management concluded that, as of September 30, 2020, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of September 30, 2020 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm that audits the Company's consolidated financial statements, as stated in their report immediately following this report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of September 30, 2020.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Stockholders of Franklin Resources, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Franklin Resources, Inc. and its subsidiaries (the "Company") as of September 30, 2020 and 2019, and the related consolidated statements of income, of comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended September 30, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Legg Mason, Inc. from its assessment of internal control over financial reporting as of September 30, 2020 because Legg Mason, Inc. was acquired by the Company in a purchase business combination during 2020. We have also excluded Legg Mason, Inc. from our audit of internal control over financial reporting. Legg Mason, Inc. is a wholly-owned subsidiary whose total assets and total operating revenues excluded from management's assessment and our audit of internal control over financial reporting represent 12% and 9%, respectively, of the related consolidated financial statement amounts as of and for the year ended September 30, 2020.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisition of Legg Mason, Inc. - Fair Value of Indefinite-lived and Definite-lived Investment Management Contract Intangible Assets and One Redeemable Noncontrolling Interest

As described in Notes 1 and 3 to the consolidated financial statements, in July 2020, the Company completed its acquisition of Legg Mason, Inc. for a purchase consideration of $4.7 billion, which resulted in management recording $2.7 billion of indefinite-lived investment management contract intangible assets, $1.1 billion of definite-lived investment management contract intangible assets, and $186.4 million of redeemable noncontrolling interests. Fair values of acquired indefinite-lived and definite-lived investment management contract intangible assets are based on the net present value of estimated future cash flows attributable to the contracts, which include significant assumptions about forecasts of the assets under management ("AUM") growth rate, pre-tax profit margin, discount rate, average effective fee rate and effective tax rate. Fair values of redeemable noncontrolling interests are determined using discounted cash flows and guideline public company methods, which include significant assumptions about forecasts of the AUM growth rate, pre-tax profit margin, discount rate and public company earnings multiples.

The principal considerations for our determination that performing procedures relating to the fair value of indefinite-lived and definite-lived investment management contract intangible assets and redeemable noncontrolling interest from the acquisition of Legg Mason, Inc. is a critical audit matter are the significant judgment by management when developing the estimated fair value of indefinite-lived and definite-lived investment management contract intangible assets and redeemable noncontrolling interest; this in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to (i) the AUM growth rate and discount rate assumptions utilized within the net present value of estimated future cash flows for the valuation of the investment management contract intangible assets and redeemable noncontrolling interest and (ii) the public company earnings multiples utilized within the guideline public company method for the valuation of the redeemable noncontrolling interest. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the fair value of indefinite-lived and definite-lived investment management contract intangible assets and redeemable noncontrolling interest in the acquisition of Legg Mason, Inc., including controls over development of (i) the AUM growth rate and discount rate assumptions utilized within the net present value of estimated future cash flows and (ii) the public company earnings multiples utilized within the guideline public company method. These procedures also included, among others, identifying the acquired contracts by reading the purchase agreement and testing management's process for estimating the fair value of the acquired indefinite-lived and definite-lived investment management contract intangible assets and

redeemable noncontrolling interest. Testing management's process included (i) evaluating the appropriateness of the methods, (ii) testing the completeness, accuracy, and relevance of underlying data used in the methods, and (iii) evaluating management's significant assumptions related to the AUM growth rate and discount rate for the valuation of the investment management contract intangible assets and redeemable noncontrolling interest, and the public company earnings multiples for the valuation of the redeemable noncontrolling interest. Evaluating the reasonableness of the AUM growth rate and public company earnings multiples involved considering the past performance of the acquired business, the consistency with external market and industry data and whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's discounted cash flow method and guideline public company method and the reasonableness of the discount rate.

/s/ PricewaterhouseCoopers LLP

San Francisco, California
November 20, 2020

We have served as the Company's auditor since 1974.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)

for the fiscal years ended September 30,	2020	2019	2018
Operating Revenues			
Investment management fees	$ 3,981.7	$ 3,985.2	$ 4,367.5
Sales and distribution fees	1,362.0	1,444.6	1,599.8
Shareholder servicing fees	195.1	216.3	221.9
Other	27.7	23.3	15.3
Total operating revenues	5,566.5	5,669.4	6,204.5
Operating Expenses			
Compensation and benefits	1,873.9	1,584.7	1,390.6
Sales, distribution and marketing	1,703.1	1,819.6	2,039.7
Information systems and technology	288.4	258.5	243.9
Occupancy	147.9	133.6	128.6
Amortization of intangible assets	54.0	14.7	1.8
General, administrative and other	450.3	391.4	371.7
Total operating expenses	4,517.6	4,202.5	4,176.3
Operating Income	1,048.9	1,466.9	2,028.2
Other Income (Expenses)			
Investment and other income (losses), net	(38.4)	141.4	200.3
Interest expense	(33.4)	(22.4)	(46.3)
Investment and other income of consolidated investment products, net	70.2	78.8	59.6
Expenses of consolidated investment products	(29.4)	(16.9)	(26.6)
Other income (expenses), net	(31.0)	180.9	187.0
Income before taxes	1,017.9	1,647.8	2,215.2
Taxes on income	230.8	442.3	1,472.5
Net income	787.1	1,205.5	742.7
Less: net income (loss) attributable to			
Redeemable noncontrolling interests	48.6	6.2	(12.8)
Nonredeemable noncontrolling interests	(60.4)	3.6	(8.9)
Net Income Attributable to Franklin Resources, Inc.	**$ 798.9**	**$ 1,195.7**	**$ 764.4**
Earnings per Share			
Basic	$ 1.59	$ 2.35	$ 1.39
Diluted	1.59	2.35	1.39

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

for the fiscal years ended September 30,	2020	2019	2018
Net Income	$ 787.1	$ 1,205.5	$ 742.7
Other Comprehensive Income (Loss)			
Currency translation adjustments, net of tax	25.8	(52.5)	(91.9)
Net unrealized gains (losses) on defined benefit plans, net of tax	(1.8)	(2.0)	1.9
Net unrealized gains on investments, net of tax	—	1.5	4.3
Total other comprehensive income (loss)	24.0	(53.0)	(85.7)
Total comprehensive income	811.1	1,152.5	657.0
Less: comprehensive income (loss) attributable to			
Redeemable noncontrolling interests	48.6	6.2	(12.8)
Nonredeemable noncontrolling interests	(60.4)	3.6	(8.9)
Comprehensive Income Attributable to Franklin Resources, Inc.	**$ 822.9**	**$ 1,142.7**	**$ 678.7**

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share data)

as of September 30,	2020	2019
Assets		
Cash and cash equivalents	$ 3,026.8	$ 5,803.4
Receivables	1,114.8	740.0
Investments (including $504.8 and $589.7 at fair value at September 30, 2020 and 2019)	1,270.5	1,555.8
Assets of consolidated investment products		
Cash and cash equivalents	930.7	154.2
Receivables	85.8	99.0
Investments, at fair value	2,709.2	2,303.9
Property and equipment, net	813.8	683.7
Goodwill	4,500.8	2,130.3
Intangible assets, net	4,914.2	864.2
Operating lease right-of-use assets	534.8	—
Other	319.5	197.7
Total Assets	**$ 20,220.9**	**$ 14,532.2**
Liabilities		
Compensation and benefits	$ 1,064.0	$ 502.4
Accounts payable and accrued expenses	283.7	222.9
Dividends	143.2	137.4
Commissions	268.0	254.0
Income taxes	703.3	824.7
Debt	3,017.1	696.9
Liabilities of consolidated investment products		
Accounts payable and accrued expenses	510.1	81.5
Debt	1,333.4	50.8
Deferred tax liabilities	305.3	120.1
Operating lease liabilities	621.0	—
Other	456.1	270.6
Total liabilities	8,705.2	3,161.3
Commitments and Contingencies (Note 16)		
Redeemable Noncontrolling Interests	541.9	746.7
Stockholders' Equity		
Preferred stock, $1.00 par value, 1,000,000 shares authorized; none issued	—	—
Common stock, $0.10 par value, 1,000,000,000 shares authorized; 495,116,677 and 499,303,269 shares issued and outstanding at September 30, 2020 and 2019	49.5	49.9
Retained earnings	10,472.6	10,288.2
Accumulated other comprehensive loss	(407.6)	(431.6)
Total Franklin Resources, Inc. stockholders' equity	10,114.5	9,906.5
Nonredeemable noncontrolling interests	859.3	717.7
Total stockholders' equity	10,973.8	10,624.2
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	**$ 20,220.9**	**$ 14,532.2**

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions) as of and for the fiscal years ended September 30, 2020, 2019 and 2018	Franklin Resources, Inc. — Common Stock — Shares	Common Stock — Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
Balance at October 1, 2017	**554.9**	**$ 55.5**	**$ —**	**$ 12,849.3**	**$ (284.8)**	**$ 12,620.0**	**$ 315.8**	**$ 12,935.8**
Adoption of new accounting guidance			2.1	(1.6)	(0.1)	0.4		0.4
Net income (loss)				764.4		764.4	(8.9)	755.5
Other comprehensive loss					(85.7)	(85.7)		(85.7)
Dividends declared on common stock ($3.92 per share)				(2,131.3)		(2,131.3)		(2,131.3)
Repurchase of common stock	(39.9)	(4.0)	(170.4)	(1,252.3)		(1,426.7)		(1,426.7)
Issuance of common stock	3.3	0.3	130.8			131.1		131.1
Stock-based compensation			10.6			10.6		10.6
Acquisition	0.8	0.1	26.9			27.0		27.0
Net distributions and other							(6.0)	(6.0)
Net consolidation of investment product							2.4	2.4
Purchase of noncontrolling interest				(10.6)		(10.6)	5.4	(5.2)
Balance at September 30, 2018	**519.1**	**$ 51.9**	**$ —**	**$ 10,217.9**	**$ (370.6)**	**$ 9,899.2**	**$ 308.7**	**$ 10,207.9**
Adoption of new accounting guidance				22.9	(8.0)	14.9		14.9
Net income				1,195.7		1,195.7	3.6	1,199.3
Other comprehensive loss					(53.0)	(53.0)		(53.0)
Dividends declared on common stock ($1.04 per share)				(528.3)		(528.3)		(528.3)
Repurchase of common stock	(24.6)	(2.5)	(133.8)	(620.0)		(756.3)		(756.3)
Issuance of common stock	4.8	0.5	129.8			130.3		130.3
Stock-based compensation			4.0			4.0		4.0
Net subscriptions and other							165.0	165.0
Net consolidation of investment product							24.3	24.3
Acquisition							216.1	216.1
Balance at September 30, 2019	**499.3**	**$ 49.9**	**$ —**	**$ 10,288.2**	**$ (431.6)**	**$ 9,906.5**	**$ 717.7**	**$ 10,624.2**
Net income (loss)				798.9		798.9	(60.4)	738.5
Other comprehensive income					24.0	24.0		24.0
Dividends declared on common stock ($1.08 per share)				(539.0)		(539.0)		(539.0)
Repurchase of common stock	(9.0)	(0.9)	(143.0)	(75.5)		(219.4)		(219.4)
Issuance of common stock	4.8	0.5	126.7			127.2		127.2
Stock-based compensation			16.3			16.3		16.3
Net subscriptions and other							186.4	186.4
Deconsolidation of investment products							(6.8)	(6.8)
Acquisitions							39.1	39.1
Wind-down of a subsidiary							(16.7)	(16.7)
Balance at September 30, 2020	**495.1**	**$ 49.5**	**$ —**	**$ 10,472.6**	**$ (407.6)**	**$ 10,114.5**	**$ 859.3**	**$ 10,973.8**

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

for the fiscal years ended September 30,	2020	2019	2018
Net Income	**$ 787.1**	**$ 1,205.5**	**$ 742.7**
Adjustments to reconcile net income to net cash provided by operating activities:			
Stock-based compensation	122.3	111.5	117.8
Amortization of deferred sales commissions	80.3	85.8	80.7
Depreciation and other amortization	74.5	78.7	74.6
Amortization of intangible assets	54.0	14.7	1.8
Impairments of intangible assets and goodwill	55.4	13.3	5.7
Losses (income) from investments in equity method investees	98.1	10.4	(44.4)
Net losses on investments of consolidated investment products	36.8	26.3	55.0
Net (purchase) liquidation of investments by consolidated investment products	(746.9)	(1,497.6)	365.7
Deferred income taxes	(7.1)	(1.3)	(50.6)
Other	(26.1)	11.8	28.0
Changes in operating assets and liabilities:			
Decrease (increase) in receivables and other assets	135.7	(34.2)	(90.1)
Decrease (increase) in receivables of consolidated investment products	(4.2)	(34.3)	68.5
Decrease (increase) in investments, net	554.7	142.5	(39.2)
Decrease in operating lease right-of-use assets	38.2	—	—
Increase (decrease) in accrued compensation and benefits	(10.5)	89.4	(19.1)
Decrease in commissions payable	(33.8)	(43.9)	(15.4)
Increase (decrease) in income taxes payable	(123.0)	(210.1)	965.2
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(97.4)	126.0	(23.0)
Increase in accounts payable and accrued expenses of consolidated investment products	70.6	107.1	5.8
Decrease in operating lease liabilities	(37.3)	—	—
Net cash provided by operating activities	**1,021.4**	**201.6**	**2,229.7**
Purchase of investments	(467.4)	(393.9)	(358.2)
Liquidation of investments	880.0	343.2	286.2
Purchase of investments by consolidated collateralized loan obligations	(369.2)	—	—
Liquidation of investments by consolidated collateralized loan obligations	92.0	—	—
Purchase of investments by consolidated investment products	—	—	(73.8)
Liquidation of investments by consolidated investment products	—	—	73.3
Issuance of loans receivable, net	(40.6)	—	—
Additions of property and equipment, net	(103.7)	(233.7)	(106.5)
Acquisitions, net of cash acquired	(3,821.4)	(684.2)	(86.8)
Net consolidation (deconsolidation) of investment products	587.2	(108.5)	(24.6)
Net cash used in investing activities	**(3,243.1)**	**(1,077.1)**	**(290.4)**

[Table continued on next page]

See Notes to Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

[Table continued from previous page]

(in millions)

for the fiscal years ended September 30,	2020	2019	2018
Issuance of common stock	$ 20.6	$ 23.3	$ 24.8
Dividends paid on common stock	(533.2)	(518.6)	(2,116.9)
Repurchase of common stock	(218.2)	(754.5)	(1,424.8)
Payments on debt	—	—	(361.9)
Proceeds from loan	0.2	1.7	—
Payments on loan	(0.4)	(1.5)	—
Proceeds from debt of consolidated investment products	635.2	19.9	—
Payments on debt by consolidated investment products	(140.9)	(2.0)	(21.0)
Payments on contingent consideration liabilities	(0.6)	(20.4)	(21.6)
Noncontrolling interests	431.5	1,211.6	159.7
Net cash provided by (used in) financing activities	**194.2**	**(40.5)**	**(3,761.7)**
Effect of exchange rate changes on cash and cash equivalents	27.4	(37.0)	(16.7)
Decrease in cash and cash equivalents	(2,000.1)	(953.0)	(1,839.1)
Cash and cash equivalents, beginning of year	5,957.6	6,910.6	8,749.7
Cash and Cash Equivalents, End of Year	**$ 3,957.5**	**$ 5,957.6**	**$ 6,910.6**
Supplemental Disclosure of Cash Flow Information			
Cash paid for income taxes	$ 359.4	$ 520.8	$ 523.5
Cash paid for interest	18.9	27.4	38.6
Cash paid for interest by consolidated investment products	9.9	2.3	2.6

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Significant Accounting Policies

Business. Franklin Resources, Inc. ("Franklin") is a holding company with subsidiaries (collectively, the "Company") operating under its Franklin Templeton and/or subsidiary brand names. The Company provides investment management and related services in jurisdictions worldwide for investors in investment products which include sponsored funds, as well as institutional and high-net-worth separate accounts, retail separately managed account programs, sub-advised products, and other investment vehicles. In addition to investment management, the Company's services include fund administration, sales and distribution, and shareholder servicing.

Basis of Presentation. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Management believes that the accounting estimates are appropriate, and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual amounts may differ from these estimates. Certain comparative amounts for prior fiscal years have been reclassified to conform to the financial statement presentation as of and for the fiscal year ended September 30, 2020 ("fiscal year 2020").

In the quarter ended September 30, 2020, the Company changed the presentation of its consolidated statements of income to include dividend and investment income and expenses of consolidated investment products in other income, net. Amounts for the comparative prior fiscal year periods have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net income or financial position. Management believes the revised presentation is more useful to readers of its financial statements and more accurately portrays the nature of the consolidated investment products ("CIP") revenue and expenses as the operations of CIPs are not related to the Company's core business.

The following table presents the effects of the change in the presentation of operating revenues, operating expenses and other income, net to the Company's previously reported consolidated statements of income:

(in millions)	2019			2018		
for the fiscal years ended September	**As Reported**	**Adjustments**	**As Amended**	**As Reported**	**Adjustments**	**As Amended**
Operating Revenues						
Other	$ 128.4	$ (105.1)	$ 23.3	$ 129.9	$ (114.6)	$ 15.3
Operating Expenses						
General, administrative and other[1]	420.7	(14.6)	406.1	397.7	(24.2)	373.5
Other Income (Expenses)						
Investment and other income (losses), net	115.1	26.3	141.4	145.3	55.0	200.3
Interest expense	(24.7)	2.3	(22.4)	(48.7)	2.4	(46.3)
Investment and other income of consolidated investment products, net	—	78.8	78.8	—	59.6	59.6
Expenses of consolidated investment products	—	(16.9)	(16.9)	—	(26.6)	(26.6)
Other income (expenses), net	$ 90.4	$ 90.5	$ 180.9	$ 96.6	$ 90.4	$ 187.0

[1] General, administrative and other includes amortization of intangible assets.

Consolidation. The consolidated financial statements include the accounts of Franklin and its subsidiaries and CIPs in which it has a controlling financial interest. The Company has a controlling financial interest when it owns a majority of the voting interest in a voting interest entity ("VOE") or is the primary beneficiary of a variable interest entity ("VIE"). Intercompany accounts and transactions have been eliminated.

A VIE is an entity in which the equity investment holders have not contributed sufficient capital to finance its activities or do not have defined rights and obligations normally associated with an equity investment. Substantially all of the Company's VIEs are investment products, and its variable interests consist of its equity ownership interests in and investment management fees earned from these products.

The Company is the primary beneficiary of a VIE if it has the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of or right to receive benefits from the VIE that could potentially be significant to the VIE. Investment management fees earned from VIEs are excluded from the primary beneficiary determination if they are deemed to be at market and commensurate with service. The key estimates and assumptions used in the analyses include the amount of assets under management ("AUM") and the life of the investment product.

Related Parties include sponsored funds and equity method investees. A substantial amount of the Company's operating revenues and receivables are from related parties.

Earnings per Share. Basic and diluted earnings per share are computed using the two-class method, which considers participating securities as a separate class of shares. The Company's participating securities consist of its nonvested stock and stock unit awards that contain nonforfeitable rights to dividends or dividend equivalents. Basic earnings per share is computed by dividing net income available to the Company's common stockholders, adjusted to exclude earnings allocated to participating securities, by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed on the basis of the weighted-average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period.

Business combinations are accounted for by recognizing the acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition-date estimated fair values. Any excess of the purchase consideration over the acquisition-date fair values of these identifiable assets and liabilities is recognized as goodwill. During the measurement period, which is not to exceed one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed due to new information about facts that existed as of the acquisition date, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded in earnings.

Intangible assets acquired in business combinations consist primarily of investment management contracts and trade names. The fair values of the acquired management contracts are based on the net present value of estimated future cash flows attributable to the contracts, which include significant assumptions about forecasts of the AUM growth rate, pre-tax profit margin, discount rate, average effective fee rate and effective tax rate. The fair value of trade names is determined using the relief from royalty method based on net present value of estimated future cash flows, which include significant assumptions about royalty rate, revenue growth rate, discount rate and effective tax rate. The management contract intangible assets are amortized over their estimated useful lives, which range from three to 15 years, using the straight-line method, unless the asset is determined to have an indefinite useful life. Indefinite-lived intangible assets represent contracts to manage investment assets for which there is no foreseeable limit on the contract period. Trade names intangible assets are amortized over their estimated useful lives which range from five to twenty years using the straight-line method.

Goodwill and indefinite-lived intangible assets are tested for impairment annually as of August 1 and when an event occurs or circumstances change that more likely than not reduce the fair value of the related reporting unit or indefinite-lived intangible asset below its carrying value. The Company has one reporting unit, investment management and related services, consistent with its single operating segment, to which all goodwill has been assigned. Amortization and impairment are recognized in general, administrative and other expense.

Goodwill and indefinite-lived intangible assets may first be assessed for qualitative factors to determine whether it is necessary to perform a quantitative impairment test. The qualitative analysis considers entity-specific and macroeconomic factors and their potential impact on the key assumptions used in the determination of the fair value of the reporting unit or indefinite-lived intangible asset. A quantitative impairment test is performed if the results of the qualitative assessment indicate that it is more likely than not that the fair value of the reporting unit is less than its carrying value or an indefinite-lived intangible asset is impaired, or if a qualitative assessment is not performed.

If a quantitative goodwill impairment test indicates that the carrying value of the goodwill exceeds the fair value of the reporting unit, impairment is recognized in the amount of the excess of the carrying value over the implied fair value of the goodwill, which considers the fair value assigned to all other assets and liabilities of the reporting unit.

If a quantitative indefinite-lived intangible assets impairment test indicates that the carrying value of the asset exceeds the fair value, impairment is recognized in the amount of the difference in values.

The fair values of the reporting unit and indefinite-lived intangible assets are based on the net present value of estimated future cash flows, which include assumptions about the AUM growth rate, pre-tax profit margin, discount rate, average effective fee rate and effective tax rate.

Definite-lived intangible assets are tested for impairment quarterly. Impairment is indicated when the carrying value of an asset is not recoverable and exceeds its fair value. Recoverability is evaluated based on estimated undiscounted future cash flows using assumptions about the AUM growth rate, pre-tax profit margin, average effective fee rate and expected useful lives as well as royalty rate for trade name intangible assets. If the carrying value of an asset is not recoverable through undiscounted cash flows, impairment is recognized in the amount by which the carrying value exceeds the asset's fair value, as determined by discounted cash flows or other methods as appropriate for the asset type.

Fair Value Measurements. The Company uses a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based on whether the inputs to those valuation techniques are observable or unobservable. The three levels of fair value hierarchy are set forth below. The assessment of the hierarchy level of the assets or liabilities measured at fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities, which may include published net asset values ("NAV") for fund products.
Level 2	Observable inputs other than Level 1 quoted prices, such as non-binding quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or model-based valuation methodologies that utilize significant assumptions that are observable or corroborated by observable market data.
Level 3	Unobservable inputs that are supported by little or no market activity. These inputs require significant management judgment and reflect the Company's estimation of assumptions that market participants would use in pricing the asset or liability.

Quoted market prices may be adjusted if events occur, such as significant price changes in proxies traded in relevant markets after the close of corresponding markets, trade halts or suspensions, or unscheduled market closures. These proxies consist of correlated country-specific exchange-traded securities, such as futures, American Depositary Receipts indices or exchange-traded funds. The price adjustments are primarily determined based on third-party factors derived from model-based valuation techniques for which the significant assumptions are observable in the market.

A substantial amount of the Company's investments is recorded at fair value or amounts that approximate fair value on a recurring basis. Investments in fund products for which fair value is estimated using NAV as a practical expedient (when the NAV is available to the Company as an investor but is not publicly available) are not classified in the fair value hierarchy. Fair values are estimated for disclosure purposes for financial instruments that are not measured at fair value.

Cash and Cash Equivalents primarily consist of nonconsolidated sponsored money market funds and deposits with financial institutions and are carried at cost. Due to the short-term nature and liquidity of these financial instruments, their carrying values approximate fair value.

The Company maintains cash and cash equivalents with financial institutions in various countries, limits the amount of credit exposure with any given financial institution and conducts ongoing evaluations of the creditworthiness of the financial institutions with which it does business.

Receivables consist primarily of fees receivable from investment products and are carried at invoiced amounts. Due to the short-term nature and liquidity of the receivables, their carrying values approximate fair value.

Investments consist of investments in sponsored funds and separate accounts, investments related to long-term incentive plans, other equity and debt securities, investments in equity method investees and other investments.

Sponsored funds and separate accounts consist primarily of nonconsolidated sponsored funds and to a lesser extent, separate accounts. Sponsored funds and separate accounts are carried at fair value with changes in the fair value recognized as gains and losses in earnings. The fair values of funds are determined based on their published NAV or estimated using NAV as a practical expedient. The fair values of separate accounts are determined using quoted market prices, or independent third-party broker or dealer price quotes if quoted market prices are not available.

Investments related to long-term incentive plans consist primarily of investments in sponsored funds related to certain compensation plans that have vesting provision and are carried at fair value. Changes in fair value are recognized as gains and losses in earnings. The fair values of the investments are determined based on the funds' published NAV or estimated using NAV as a practical expedient.

Other equity and debt securities consist of equity investment securities and debt securities classified as trading or available-for-sale and are carried at fair value. Changes in the fair value of trading securities are recognized as gains and losses in earnings. Unrealized gains and losses on available-for-sale securities are recorded net of tax as part of accumulated other comprehensive income (loss) until realized, at which time they are recognized in earnings using the average cost method. The fair values of equity securities are determined using independent third-party broker or dealer price quotes or based on discounted cash flows using significant unobservable inputs. The fair values of debt securities are determined using independent third-party broker or dealer price quotes or based on discounted cash flows using significant unobservable inputs.

Investments in Equity Method Investees consist of equity investments in entities, including sponsored funds, over which the Company is able to exercise significant influence, but not control. Significant influence is generally considered to exist when the Company's ownership interest in the investee is between 20% and 50%, although other factors, such as representation on the investee's board of directors and the impact of commercial arrangements, also are considered in determining whether the equity method of accounting is appropriate. Investments in limited partnerships and limited liability companies are accounted for using the equity method when the Company's investment is more than minor or when the Company is the general partner. Under the equity method of accounting, the investments are initially carried at cost and subsequently adjusted by the Company's proportionate share of the entities' net income, which is recognized in earnings.

Other Investments consist of equity investments in entities over which the Company is unable to exercise significant influence and do not have a readily determinable fair value, and time deposits with maturities greater than three months from the date of purchase. The equity investments are measured at cost adjusted for observable price changes and impairment, if any, which are recognized in earnings. The fair value of the entities is generally estimated using significant unobservable inputs in either a market-based or income-based approach. The time deposits are carried at cost, which approximates fair value due to their short-term nature and liquidity. Life settlement contracts, which were disposed during fiscal year 2020, were carried at fair value, determined based on discounted cash flows using significant unobservable inputs.

Impairment of Investments. Investments in available-for-sale securities, equity method investees and equity investments that do not have a readily determinable fair value are evaluated for impairment on a quarterly basis. The evaluation of equity investments considers qualitative factors, including the financial condition and specific events related to an investee, that may indicate the fair value of the investment is less than its carrying value. Impairment of equity securities is recognized in earnings.

Cash and Cash Equivalents of CIPs consist of highly liquid investments, including money market funds, which are readily convertible into cash, and deposits with financial institutions, and are carried at cost. Due to the short-term nature and liquidity of these financial instruments, their carrying values approximate fair value.

Receivables of CIPs consist of investment and share transaction related receivables and are carried at transacted amounts. Due to the short-term nature and liquidity of the receivables, their carrying values approximate fair value.

Investments of CIPs consist of marketable debt and equity securities and other investments that are not generally traded in active markets and are carried at fair value. Changes in the fair value of the investments are recognized as gains and losses in earnings. The fair values of marketable securities are determined using quoted market prices, or independent third-party broker or dealer price quotes if quoted market prices are not available.

The investments that are not generally traded in active markets consist of equity and debt securities of entities in emerging markets, fund products, other equity and debt instruments, real estate and loans. The fair values are determined using significant unobservable inputs in either a market-based or income-based approach, except for fund products, for which fair values are estimated using NAV as a practical expedient.

Property and Equipment, net are recorded at cost and depreciated using the straight-line method over their estimated useful lives which range from three to 35 years. Expenditures for repairs and maintenance are charged to expense when incurred. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the lease term, whichever is shorter.

Internal and external costs incurred in connection with developing or obtaining software for internal use are capitalized and amortized over the shorter of the estimated useful lives of the software or the license terms, beginning when the software project is complete and the application is put into production.

Property and equipment are tested for impairment when there is an indication that the carrying value of an asset may not be recoverable. Carrying values are not recoverable when the undiscounted cash flows estimated to be generated by the assets are less than their carrying values. When an asset is determined to not be recoverable, the impairment is measured based on the excess, if any, of the carrying value of the asset over its respective fair value. Fair value is determined by discounted future cash flows models, appraisals or other applicable methods.

Leases consist primarily of operating leases relating to real estate. At the inception of a contract, the Company determines whether it is or contains a lease, which includes consideration of whether there are identified assets in the contract and if the Company has control over such assets. Right-of-use (“ROU”) assets and lease liabilities are recognized for all arrangements that qualify as a lease, except for those with original lease terms of twelve months or less.

ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments using an incremental borrowing rate estimated on a collateralized basis with similar terms for the specific interest rate environment. Leases with fixed payments are expensed on a straight-line basis over the lease term. Variable lease payments based on usage, changes in an index or market rate are expensed as incurred. The lease terms include options to extend or terminate the lease when it is reasonably certain they will be exercised.

Lease and nonlease payment components are accounted for separately. ROU assets are tested for impairment when there is an indication that the carrying value of an asset may not be recoverable.

Deferred Sales Commissions consist of upfront commissions paid to financial advisers and broker-dealers on shares of sponsored funds sold without a front-end sales charge, and are amortized over the periods in which they are generally recovered from related revenues, which range from 18 months to seven years. Deferred sales commissions are included in other assets in the consolidated balance sheet.

Debt consists of senior notes and junior notes which are carried at amortized cost. The fair value is estimated using quoted market prices, independent third-party broker or dealer price quotes, or prices of publicly traded debt with similar maturities, credit risk and interest rates. Amortization of debt premium and discount are recognized in interest expense.

Debt of CIPs is carried at amortized cost. The fair value is estimated using a discounted cash flow model that considers current interest rate levels, the quality of the underlying collateral and current economic conditions. At September 30, 2020, debt of CIPs also included debt of consolidated collateralized loan obligations (“CLOs”) which was measured primarily based on the fair value of the assets of the CLOs less the fair value of the Company’s own economic interests in the CLOs.

Noncontrolling Interests consist of third-party equity interests in CIPs and minority interests in certain subsidiaries. Noncontrolling interests that are redeemable or convertible for cash or other assets at the option of the holder are classified as temporary equity at the higher of fair value on reporting date or issuance-date fair value. Changes in fair value of redeemable noncontrolling interest is recognized as an adjustment to retained earnings. Nonredeemable noncontrolling interests are classified as a component of equity. Net income (loss) attributable to third-party investors is reflected as net income (loss) attributable to nonredeemable and redeemable noncontrolling interests in the consolidated statements of income. Sales and redemptions of shares of CIPs by third-party investors are a component of the change in noncontrolling interests included in financing activities in the consolidated statements of cash flows.

The fair values of third-party equity interests in CIPs are determined based on the published NAV or estimated using NAV a practical expedient. The fair values of redeemable noncontrolling interests related to minority interest in certain subsidiaries are determined using discounted cash flows and guideline public company methods, which include significant assumptions about forecasts of the AUM growth rate, pre-tax profit margin, discount rate and public company earnings multiples.

Revenues. The Company earns revenue primarily from providing investment management and related services to its customers, which are generally investment products or investors in separate accounts. Related services include fund administration, sales and distribution, and shareholder servicing. Revenues are recognized when the Company’s obligations related to the services are satisfied and it is probable that a significant reversal of the revenue amount would not occur in future periods. The obligations are satisfied over time as the services are rendered, except for the sales and distribution obligations for the sale of shares of sponsored funds which are satisfied on trade date. Multiple services included in customer contracts are accounted for separately when the obligations are determined to be distinct.

Fees from providing investment management and fund administration services (“investment management fees”), other than performance-based investment management fees, are determined based on a percentage of AUM, primarily on a monthly basis using daily average AUM, and are recognized as the services are performed over time. Performance-based investment management fees are generated when investment products’ performance exceeds targets established in customer contracts. These fees are recognized when the amount is no longer probable of significant reversal and may relate to investment management services that were provided in prior periods.

Sales and distribution fees primarily consist of upfront sales commissions and ongoing distribution fees. Sales commissions are based on contractual rates for sales of certain classes of sponsored funds and are recognized on trade date. Distribution service fees are determined based on a percentage of AUM, primarily on a monthly basis using daily average AUM. As the fee amounts are uncertain on trade date, they are recognized over time as the amounts become known and may relate to sales and distribution services provided in prior periods.

Shareholder servicing fees are primarily determined based on a percentage of AUM on a monthly basis using daily average AUM and either the number of transactions in shareholder accounts or the number of shareholder accounts, while fees from certain investment products are based only on AUM. The fees are recognized as the services are performed over time.

AUM is generally based on the fair value of the underlying securities held by investment products and is calculated using fair value methods derived primarily from unadjusted quoted market prices, unadjusted independent third-party broker or dealer price quotes in active markets, or market prices or price quotes adjusted for observable price movements after the close of the primary market in accordance with the Company’s global valuation and pricing policy. The fair values of securities for which market prices are not readily available are valued internally using various methodologies which incorporate significant unobservable inputs as appropriate for each security type and represent an insignificant percentage of total AUM.

Revenue is recorded gross of payments made to third-party service providers in the Company’s role as principal as it controls the delegated services provided to customers.

Costs of obtaining a contract with a customer include internal and external sales commissions paid upon inception of a contract. The cost to obtain a contract is capitalized if it is incremental and would not have been incurred if the contract had not been obtained. Capitalized contract costs are amortized based on average investor tenure, which range from five to 10 years.

Stock-Based Compensation. The fair value of stock-based payment awards is estimated on the date of grant based on the market price of the underlying shares of the Company’s common stock and is amortized to compensation expense on a straight-line basis over the related vesting period, which is generally three years. Expense relating to awards subject to performance conditions is recognized if it is probable that the conditions will be achieved. The probability of achievement is assessed on a quarterly basis. Forfeitures are accounted for as they occur.

Postretirement Benefits. Defined contribution plan costs are expensed as incurred.

Income Taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and the reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year when the reported amount of the asset or liability is expected to be recovered or settled, respectively. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying values of deferred tax assets to the amount that is more likely than not to be realized. For each tax position taken or expected to be taken in a tax return, the Company determines whether it is more likely than not that the position will be sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation. A tax position that meets the more likely than not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Interest on tax matters is recognized in interest expense and penalties in other operating expenses.

As a multinational corporation, the Company operates in various locations outside the U.S. and generates earnings worldwide. The Company repatriates its foreign earnings that are in excess of regulatory, capital or operational requirements of all of its non-U.S. subsidiaries.

Foreign Currency Translation and Transactions. Assets and liabilities of non-U.S. subsidiaries for which the local currency is the functional currency are translated at current exchange rates as of the end of the accounting period. The related revenues and expenses are translated at average exchange rates in effect during the period. Net exchange gains and losses resulting from translation are excluded from income and are recorded as part of accumulated other comprehensive income (loss). Transactions denominated in a foreign currency are revalued at the current exchange rate at the transaction date and any related gains and losses are recognized in earnings.

Note 2 – New Accounting Guidance

Recently Adopted Accounting Guidance

On October 1, 2019, the Company adopted new guidance issued by the Financial Accounting Standards Board (“FASB”) for leases. The new guidance requires lessees to recognize assets and liabilities arising from substantially all leases. The guidance also requires an evaluation at the inception of a contract to determine whether the contract is or contains a lease. The Company adopted the new guidance using the modified retrospective approach and recognized right-of-use assets of $274.5 million and lease liabilities of $315.2 million, substantially all of which relate to real estate leases. The right-of-use assets recognized as of October 1, 2019 were net of $40.7 million of deferred rent previously included in other liabilities on the consolidated balance sheet. See Note 15 – Leases for additional disclosures.

Accounting Guidance Not Yet Adopted

The FASB issued new guidance for the accounting for credit losses in June 2016. The new guidance requires the application of a current expected credit loss model for financial assets measured at amortized cost, including receivables, and an allowance for credit loss model for available-for-sale debt securities. The Company will adopt the guidance on October 1, 2020 and expects to recognize a cumulative effect adjustment to retained earnings of approximately $6 million.

Note 3 – Acquisitions

Legg Mason, Inc.

On July 31, 2020, the Company acquired all outstanding shares of Legg Mason, Inc. (“Legg Mason”) common stock for a purchase consideration of $4.5 billion in cash and $0.2 billion related to the settlement of historical compensation arrangements. Legg Mason has outstanding debt with an aggregate principal amount due of $2.0 billion. The acquisition of Legg Mason, a global investment management organization, establishes the Company as of one of the world’s largest independent, specialized global investment managers, significantly deepens the Company’s presence in key geographies and creates an expansive investment platform that is well balanced between institutional and retail client AUM. The EnTrust business was acquired by its management concurrent with the closing of the acquisition.

The purchase price allocation is preliminary and subject to change during the measurement period, which is not to exceed one year from the acquisition date. At this time, the Company does not expect material changes to the assets acquired or liabilities assumed with the exception of deferred tax assets and liabilities which were valued using preliminary assumptions.

The initial estimated fair values of the assets acquired and liabilities and noncontrolling interests assumed were as follows:

(in millions) **as of July 31, 2020**	**Estimated Fair Value**
Cash and cash equivalents	$ 681.1
Cash and cash equivalents of consolidated investment products	253.4
Investments	471.8
Investments of consolidated investment products	402.9
Receivables	525.7
Indefinite-lived intangible assets	2,727.8
Definite-lived intangible assets[1]	1,353.8
Goodwill	2,325.0
Deferred tax assets	148.4
Other assets	530.7
Debt	(2,324.4)
Debt of consolidated investment products	(330.8)
Compensation and benefits	(579.9)
Deferred tax liabilities	(315.4)
Other liabilities	(926.4)
Redeemable noncontrolling interests	(186.4)
Nonredeemable noncontrolling interests	(20.1)
Total Identifiable Net Assets	**$ 4,737.2**

1 Includes $1,123.2 million related to management contracts and $230.6 million related to trade names.

The goodwill is primarily attributable to expected growth opportunities and synergies from the combined operations and is not deductible for tax purposes.

The intangible assets relate to acquired investment management contracts and trade names. Indefinite-lived intangible assets represent contracts for which there is no foreseeable limit on the contract period. Definite-lived intangible assets are amortized over their estimated useful lives, which range from 5.0 years to 7.0 years for those related to the contracts and 5.0 years to 20.0 years for those related to trade names. The definite-lived intangible assets related to the contracts and trade names have estimated weighted-average useful lives of 5.9 years and 14.5 years, respectively.

The Legg Mason debt is recorded at fair value on acquisition-date and includes a premium of $324.4 million.

Transaction costs incurred in connection with the acquisition were $57.4 million in fiscal year 2020. These costs were primarily comprised of professional fees, recorded in general, administrative and other expenses. The Company also incurred $119.6 million of acquisition-related compensation and benefits expense in fiscal year 2020, primarily related to the acceleration of expense for historical Legg Mason compensation arrangements and retention bonuses.

Revenue and net loss of Legg Mason included in total operating revenues and net income attributable to Franklin Resources, Inc. in the accompanying consolidated statements of income from the acquisition date through September 30, 2020 were $475.7 million and $28.7 million, respectively.

The following unaudited pro forma summary presents combined results of operations of the Company as if the Legg Mason acquisition and concurrent divestiture of EnTrust business had occurred on October 1, 2018. The pro forma adjustments include acquisition-related costs, adjustments to intangible amortization expense, and interest expense related to debt assumed. These pro forma results are not indicative of future results of operations that would have been achieved nor are they indicative of future results of operations of the combined entity.

(in millions)

for the fiscal year ended September 30,	**2020**	**2019**
Revenues	$ 7,862.0	$ 8,436.0
Net Income Attributable to Franklin Resources, Inc.	967.5	886.6

Benefit Street Partners L.L.C.

On February 1, 2019, the Company acquired all of the outstanding ownership interests in Benefit Street Partners L.L.C. ("BSP"), a U.S. alternative credit manager, for a purchase consideration of $720.1 million in cash, of which $135.0 million was used to retire debt. The acquisition provides the Company private credit capabilities that complement its alternative and fixed income strategies available to clients.

The estimated fair values of the assets acquired and liabilities and noncontrolling interests assumed were as follows:

(in millions)

as of February 1, 2019	**Estimated Fair Value**
Cash	$ 33.2
Investments	138.8
Investments of consolidated investment products	84.9
Indefinite-lived intangible assets	280.1
Definite-lived intangible assets	75.8
Goodwill	345.7
Other assets	35.2
Other liabilities	(57.5)
Nonredeemable noncontrolling interests	(216.1)
Total Identifiable Net Assets	**$ 720.1**

The goodwill is primarily attributable to expected growth from the private credit asset class. The amount of goodwill expected to be deductible for tax purposes is $453.2 million, which includes deferred payments that are recognized as compensation expense for accounting purposes.

Costs incurred in connection with the acquisition were $6.8 million in the fiscal year ended September 30, 2019 ("fiscal year 2019").

The Company has not presented pro forma combined results of operations for the acquisition of BSP, because the results of operations as reported in the accompanying consolidated statements of income would not have been materially different.

Note 4 – Earnings per Share

The components of basic and diluted earnings per share were as follows:

(in millions, except per share data) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**
Net income attributable to Franklin Resources, Inc.	$ 798.9	$ 1,195.7	$ 764.4
Less: allocation of earnings to participating nonvested stock and stock unit awards	15.3	10.9	17.6
Net Income Available to Common Stockholders	**$ 783.6**	**$ 1,184.8**	**$ 746.8**
Weighted-average shares outstanding – basic	491.9	503.6	537.4
Dilutive effect of nonparticipating nonvested stock unit awards	0.5	0.7	0.6
Weighted-Average Shares Outstanding – Diluted	**492.4**	**504.3**	**538.0**
Earnings per Share			
Basic	$ 1.59	$ 2.35	$ 1.39
Diluted	1.59	2.35	1.39

Nonparticipating nonvested stock unit awards excluded from the calculation of diluted earnings per share because their effect would have been antidilutive were 0.5 million for fiscal year 2020, 0.2 million for fiscal year 2019, and 0.3 million for the fiscal year ended September 30, 2018 (“fiscal year 2018”).

Note 5 – Revenues

Operating revenues by geographic area were as follows:

(in millions) **for the fiscal year ended September 30, 2020**	**United States**	**Luxembourg**	**Americas Excluding United States**	**Asia-Pacific**	**Europe, Middle East and Africa, Excluding Luxembourg**	**Total**
Investment management fees	$ 2,482.5	$ 910.1	$ 269.2	$ 217.6	$ 102.3	$ 3,981.7
Sales and distribution fees	928.8	366.1	51.9	13.6	1.6	1,362.0
Shareholder servicing fees	158.6	25.5	0.3	8.4	2.3	195.1
Other	24.9	1.2	—	0.6	1.0	27.7
Total	**$ 3,594.8**	**$ 1,302.9**	**$ 321.4**	**$ 240.2**	**$ 107.2**	**$ 5,566.5**

(in millions) **for the fiscal year ended September 30, 2019**	**United States**	**Luxembourg**	**Americas Excluding United States**	**Asia-Pacific**	**Europe, Middle East and Africa, Excluding Luxembourg**	**Total**
Investment management fees	$ 2,260.6	$ 1,064.7	$ 325.4	$ 241.8	$ 92.7	$ 3,985.2
Sales and distribution fees	941.3	437.2	63.3	1.3	1.5	1,444.6
Shareholder servicing fees	175.7	30.1	0.1	10.4	—	216.3
Other	18.6	1.5	—	1.0	2.2	23.3
Total	**$ 3,396.2**	**$ 1,533.5**	**$ 388.8**	**$ 254.5**	**$ 96.4**	**$ 5,669.4**

(in millions) for the fiscal year ended September 30, 2018	United States	Luxembourg	Americas Excluding United States	Asia-Pacific	Europe, Middle East and Africa, Excluding Luxembourg	Total
Investment management fees	$ 2,309.5	1,213.5	$ 463.8	$ 283.3	$ 97.4	$ 4,367.5
Sales and distribution fees	1,108.2	482.2	6.4	2.9	0.1	1,599.8
Shareholder servicing fees	177.2	33.7	0.2	10.8	—	221.9
Other	12.6	2.3	—	0.4	—	15.3
Total	**$ 3,607.5**	**$ 1,731.7**	**$ 470.4**	**$ 297.4**	**$ 97.5**	**$ 6,204.5**

Operating revenues are attributed to geographic areas based on the locations of the subsidiaries that provide the services, which may differ from the regions in which the related investment products are sold.

Note 6 – Investments

The disclosures below include details of the Company's investments, excluding those of CIPs. See Note 11 – Consolidated Investment Products for information related to the investments held by these entities.

Investments consisted of the following:

(in millions) as of September 30,	2020	2019
Investments, at fair value		
Sponsored funds and separate accounts	$ 303.4	$ 533.6
Investments related to long-term incentive plans	146.6	—
Other equity and debt investments	54.8	44.6
Life settlement contracts	—	11.5
Total investments, at fair value	504.8	589.7
Investments in equity method investees	682.2	933.4
Other investments	83.5	32.7
Total	**$ 1,270.5**	**$ 1,555.8**

The Company recognized other-than-temporary impairment of $9.7 million during fiscal year 2020, and $10.5 million and $1.7 million during fiscal years 2019 and 2018.

Note 7 – Fair Value Measurements

The disclosures below include details of the Company's fair value measurements, excluding those of CIPs. See Note 11 – Consolidated Investment Products for information related to fair value measurements of the assets and liabilities of these entities.

The assets and liabilities measured at fair value on a recurring basis were as follows:

(in millions) **as of September 30, 2020**	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Assets					
Investments, at fair value					
Sponsored funds and separate accounts	$ 176.3	$ 40.9	$ 17.4	$ 68.8	$ 303.4
Investments related to long-term incentive plans	145.5	—	—	1.1	146.6
Other equity and debt investments	2.1	1.5	—	51.2	54.8
Contingent consideration asset	—	—	39.7	—	39.7
Total Assets Measured at Fair Value	**$ 323.9**	**$ 42.4**	**$ 57.1**	**$ 121.1**	**$ 544.5**
Liabilities					
Contingent consideration liabilities	$ —	$ —	$ 25.3	$ —	$ 25.3

(in millions) **as of September 30, 2019**	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Assets					
Investments, at fair value					
Sponsored funds and separate accounts	$ 417.4	$ 26.2	$ 20.6	$ 69.4	$ 533.6
Other equity and debt investments	2.2	5.4	—	37.0	44.6
Life settlement contracts	—	—	11.5	—	11.5
Total Assets Measured at Fair Value	**$ 419.6**	**$ 31.6**	**$ 32.1**	**$ 106.4**	**$ 589.7**

Investments for which fair value was estimated using reported NAV as a practical expedient primarily consist of nonredeemable private debt, equity and infrastructure funds, and redeemable global equity funds and investments related to long-term incentive plans. The investments in nonredeemable funds are expected to be returned through distributions over the life of the funds as a result of liquidations of the funds' underlying assets. Investments with known liquidation periods were $51.2 million with an expected weighted-average life of 1.9 years at September 30, 2020, and $46.9 million with an expected weighted-average life of 1.3 years at September 30, 2019. The liquidation period for an investment in a private debt fund of $40.2 million and $48.6 million at September 30, 2020 and 2019 is unknown. The Company's unfunded commitments to the funds totaled $9.5 million and $4.7 million at September 30, 2020 and 2019. The redeemable global equity funds investment of $25.3 million and $10.1 million at September 30, 2020 and 2019 can be redeemed monthly, and investments related to long-term incentive plans of $1.1 million at September 30, 2020 can be redeemed semi-monthly.

Changes in the Level 3 assets and liabilities were as follows:

(in millions) for the fiscal years ended September 30,	2020 Investments	2020 Contingent Consideration Asset	2020 Contingent Consideration Liabilities	2019 Investments	2019 Contingent Consideration Liability
Balance at beginning of year	$ 32.1	$ —	$ —	$ 32.6	$ (38.7)
Acquisitions	—	39.7	(27.9)	—	—
Total realized and unrealized gains (losses)					
Included in investment and other income (losses), net	—	—	—	7.0	—
Included in general, administrative and other expense	—	—	2.0	—	(2.0)
Purchases	22.6	—	—	10.7	—
Sales	(19.0)	—	—	(6.5)	—
Settlements	(8.4)	—	0.6	(4.6)	40.7
Consolidation of investment product	(10.0)	—	—	—	—
Transfers into Level 3	0.1	—	—	—	—
Transfers out of Level 3	—	—	—	(7.1)	—
Balance at End of Year	**$ 17.4**	**$ 39.7**	**$ (25.3)**	**$ 32.1**	**$ —**
Change in unrealized gains (losses) included in net income relating to assets and liabilities held at end of year	$ (1.4)	$ —	$ —	$ 3.4	$ —

Financial instruments that were not measured at fair value were as follows:

(in millions) as of September 30,	Fair Value Level	2020 Carrying Value	2020 Estimated Fair Value	2019 Carrying Value	2019 Estimated Fair Value
Financial Assets					
Cash and cash equivalents	1	$ 3,026.8	$ 3,026.8	$ 5,803.4	$ 5,803.4
Other investments					
Time deposits	2	19.2	19.2	15.4	15.4
Equity securities	3	64.3	67.3	17.3	19.2
Loans receivable	3	42.4	42.4	—	—
Financial Liability					
Debt	2	$ 3,017.1	$ 3,086.5	$ 696.9	$ 718.7

Note 8 – Property and Equipment

Property and equipment, net consisted of the following:

(in millions) **as of September 30,**		**2020**		**2019**	**Useful Lives In Years**
Buildings and leasehold improvements	$	877.4	$	789.2	5 – 35
Software		576.2		522.4	3 - 10
Equipment and furniture		374.0		324.3	3 - 10
Land		83.0		80.1	N/A
Total cost		1,910.6		1,716.0	
Less: accumulated depreciation and amortization		(1,096.8)		(1,032.3)	
Property and Equipment, Net	**$**	**813.8**	**$**	**683.7**	

Depreciation and amortization expense related to property and equipment was $95.2 million, $83.2 million and $78.9 million in fiscal years 2020, 2019 and 2018. The Company recognized $6.6 million of equipment impairment during fiscal year 2018, and insignificant impairment amounts during fiscal year 2019. No impairment of equipment was recorded in fiscal year 2020.

Note 9 – Goodwill and Other Intangible Assets

Goodwill and other intangible assets, net consisted of the following:

(in millions) **as of September 30,**		**2020**		**2019**
Goodwill	$	4,500.8	$	2,130.3
Indefinite-lived intangible assets		3,500.8		799.4
Definite-lived intangible assets, net		1,413.4		64.8
Goodwill and Other Intangible Assets, Net	**$**	**9,415.0**	**$**	**2,994.5**

Changes in the carrying value of goodwill were as follows:

(in millions) **for the fiscal years ended September 30,**		**2020**		**2019**
Balance at beginning of year	$	2,130.3	$	1,794.8
Acquisitions		2,389.1		345.7
Impairment		(23.7)		—
Foreign exchange revaluation		5.1		(10.2)
Balance at End of Year	**$**	**4,500.8**	**$**	**2,130.3**

During the fiscal year 2020, a $23.7 million impairment of goodwill was recognized due to the decision to wind-down operations of Onsa Inc. (formally known as TokenVault, Inc.) which was acquired in fiscal year 2020. During fiscal years 2019 and 2018, no impairment of goodwill was recognized.

The Company recognized impairments of indefinite-lived intangible assets of $30.0 million and $9.3 million during fiscal years 2020 and 2019. The impairment in fiscal year 2020 was primarily attributable to a BSP related management contract due to declines in revenue growth rates. The impairment in fiscal year 2019 was related to Canadian management contracts due to revised estimates of future pre-tax profit margins and AUM growth rates for the associated fund products. No impairment of indefinite-lived intangible assets was recognized during fiscal year 2018.

Definite-lived intangible assets were as follows:

(in millions) as of September 30,	2020 Gross Carrying Value	2020 Accumulated Amortization	2020 Net Carrying Value	2019 Gross Carrying Value	2019 Accumulated Amortization	2019 Net Carrying Value
Management contracts	$ 1,283.2	$ (109.6)	$ 1,173.6	$ 125.4	$ (60.6)	$ 64.8
Trade names	230.6	(4.0)	226.6	—	—	—
Developed software	14.4	(1.2)	13.2	—	—	—
Total	$ 1,528.2	$ (114.8)	$ 1,413.4	$ 125.4	$ (60.6)	$ 64.8

The Company recognized impairment of definite-lived intangible assets of $1.7 million, $4.0 million and $5.7 million during fiscal years 2020, 2019 and 2018, primarily due to investor redemptions.

Definite-lived intangible assets had a weighted-average remaining useful life of 7.5 years at September 30, 2020, with estimated remaining amortization expense as follows:

(in millions) for the fiscal years ending September 30,	Amount
2021	$ 231.4
2022	231.4
2023	231.4
2024	224.5
2025	212.4
Thereafter	282.3
Total	**$ 1,413.4**

Note 10 – Debt

The disclosures below include details of the Company’s debt, excluding that of CIPs. See Note 11 – Consolidated Investment Products for information related to the debt of these entities.

Debt consisted of the following:

(in millions) as of September 30,	2020	Effective Interest Rate	2019	Effective Interest Rate
Notes issued by Franklin Resources, Inc.				
$300 million 2.800% senior notes due September 2022	$ 299.8	2.93%	$ 299.8	2.93%
$400 million 2.850% senior notes due March 2025	399.7	2.97%	399.6	2.97%
Total notes issued by Franklin Resources, Inc.	699.5		699.4	
Notes issued by Legg Mason (a subsidiary of Franklin)				
$250 million 3.950% senior notes due July 2024	272.4	1.53%	—	N/A
$450 million 4.750% senior notes due March 2026	523.0	1.80%	—	N/A
$550 million 5.625% senior notes due January 2044	747.5	3.38%	—	N/A
$250 million 6.375% junior notes due March 2056	260.7	6.08%	—	N/A
$500 million 5.450% junior notes due September 2056	516.1	5.25%	—	N/A
Total notes issued by Legg Mason	2,319.7		—	
Other				
Loan due December 2019	—	N/A	0.2	9.30%
Debt issuance costs	(2.1)		(2.7)	
Total	**$ 3,017.1**		**$ 696.9**	

At September 30, 2020, Franklin's outstanding senior unsecured unsubordinated notes had an aggregate principal amount due of $700.0 million. The notes have fixed interest rates with interest payable semi-annually.

At September 30, 2020, Legg Mason's outstanding senior and junior unsecured unsubordinated notes had an aggregate principal amount due of $2,000.0 million. The notes have fixed interest rates with interest payable semi-annually for senior notes and quarterly for junior notes.

The senior notes contain an optional redemption feature that allows the Company to redeem each series of notes prior to maturity in whole or in part at any time, at a make-whole redemption price. The junior notes due March 2056 and September 2056 may only be redeemed in whole prior to March 2021 and September 2021, respectively. The indentures governing the senior notes contain limitations on the Company's ability and the ability of its subsidiaries to pledge voting stock or profit participating equity interests in its subsidiaries to secure other debt without similarly securing the notes equally and ratably. In addition, the indentures include requirements that must be met if the Company consolidates or merges with, or sells all or substantially all of its assets to, another entity. The Company was in compliance with all debt covenants at September 30, 2020.

At September 30, 2020, the Company had $500.0 million of short-term commercial paper available for issuance under an uncommitted private placement program which has been inactive since 2012.

On October 19, 2020, the Company completed its offering and sale of the 1.600% Notes due 2030 with a principal amount of $750.0 million. See Note 22 – Subsequent Event for additional information.

Note 11 – Consolidated Investment Products

CIPs consist of mutual and other investment funds, limited partnerships and similar structures, and CLOs, all of which are sponsored by the Company, and include both VOEs and VIEs. CLOs are asset-backed financing entities collateralized by a pool of corporate loans. The Company had 72 CIPs, including four CLOs, as of September 30, 2020 and 60 CIPs, none of which were CLOs, as of September 30, 2019.

The balances related to CIPs included in the Company's consolidated balance sheets were as follows:

(in millions)

as of September 30,	**2020**	**2019**
Assets		
Cash and cash equivalents	$ 930.7	$ 154.2
Receivables	85.8	99.0
Investments, at fair value	2,709.2	2,303.9
Total Assets	**$ 3,725.7**	**$ 2,557.1**
Liabilities		
Accounts payable and accrued expenses	$ 510.1	$ 81.5
Debt	1,333.4	50.8
Other liabilities	12.1	—
Total liabilities	1,855.6	132.3
Redeemable Noncontrolling Interests	397.3	746.7
Stockholders' Equity		
Franklin Resources, Inc.'s interests	788.4	1,129.6
Nonredeemable noncontrolling interests	684.4	548.5
Total stockholders' equity	1,472.8	1,678.1
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	**$ 3,725.7**	**$ 2,557.1**

The CIPs did not have a significant impact on net income attributable to the Company in fiscal years 2020, 2019 and 2018.

The Company has no right to the CIPs' assets, other than its direct equity investments in them and investment management and other fees earned from them. The debt holders of the CIPs have no recourse to the Company's assets beyond the level of its direct investment, therefore the Company bears no other risks associated with the CIPs' liabilities.

Fair Value Measurements

Assets and liabilities of CIPs measured at fair value on a recurring basis were as follows:

(in millions) **as of September 30, 2020**	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Assets					
Cash and cash equivalents of CLOs	$ 488.8	$ —	$ —	$ —	$ 488.8
Receivables of CLOs	—	21.2	—	—	21.2
Investments					
Equity and debt securities	177.6	285.7	469.7	261.1	1,194.1
Loans	—	1,151.0	24.9	—	1,175.9
Real Estate	—	—	339.2	—	339.2
Total Assets Measured at Fair Value	**$ 666.4**	**$ 1,457.9**	**$ 833.8**	**$ 261.1**	**$ 3,219.2**

(in millions) **as of September 30, 2019**	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**	**Total**
Assets					
Investments					
Equity and debt securities	$ 195.2	$ 1,307.5	$ 427.8	$ 204.1	$ 2,134.6
Real estate	—	—	152.7	—	152.7
Loans	—	—	16.6	—	16.6
Total Assets Measured at Fair Value	**$ 195.2**	**$ 1,307.5**	**$ 597.1**	**$ 204.1**	**$ 2,303.9**

Investments for which fair value was estimated using reported NAV as a practical expedient consist of nonredeemable real estate and private equity funds. These investments are expected to be returned through distributions over the life of the funds as a result of liquidations of the funds' underlying assets over a weighted-average period of 4.2 years and 4.4 years at September 30, 2020 and 2019. The CIPs' unfunded commitments to these funds totaled $94.0 million and $168.7 million, of which the Company was contractually obligated to fund $11.4 million and $20.6 million based on its ownership percentage in the CIPs, at September 30, 2020 and 2019.

Changes in Level 3 assets were as follows:

(in millions) **for the fiscal year ended September 30, 2020**	**Equity and Debt Securities**	**Real Estate**	**Loans**	**Total Level 3 Assets**
Balance at beginning of year	$ 427.8	$ 152.7	$ 16.6	$ 597.1
Acquisition	—	20.3	17.6	37.9
Realized and unrealized losses included in investment and other income of consolidated investment products, net	(57.9)	(5.2)	(1.8)	(64.9)
Purchases	200.5	154.9	—	355.4
Sales and settlements	(57.4)	—	(7.5)	(64.9)
Deconsolidations	(47.8)	—	—	(47.8)
Transfers into Level 3	2.2	—	—	2.2
Transfers out of Level 3	(1.1)	—	—	(1.1)
Foreign exchange revaluation	3.4	16.5	—	19.9
Balance at End of Year	**$ 469.7**	**$ 339.2**	**$ 24.9**	**833.8**
Change in unrealized losses included in net income relating to assets held at end of year	$ (57.9)	$ (5.2)	$ (0.7)	$ (63.8)

(in millions) **for the fiscal year ended September 30, 2019**	**Equity and Debt Securities**	**Real Estate**	**Loans**	**Total Level 3 Assets**
Balance at beginning of year	$ 317.7	$ —	$ 32.3	$ 350.0
Acquisition	84.9	—	—	84.9
Realized and unrealized gains (losses) included in investment and other income of consolidated investment products, net	(5.9)	5.0	(3.3)	(4.2)
Purchases	167.5	147.0	9.2	323.7
Sales and settlements	(101.6)	—	(21.6)	(123.2)
Transfers into Level 3	0.5	—	—	0.5
Transfers out of Level 3	(29.0)	—	—	(29.0)
Foreign exchange revaluation	(6.3)	0.7	—	(5.6)
Balance at End of Year	**$ 427.8**	**$ 152.7**	**$ 16.6**	**$ 597.1**
Change in unrealized gains (losses) included in net income relating to assets held at end of year	$ (12.0)	$ 5.0	$ (0.6)	$ (7.6)

Valuation techniques and significant unobservable inputs used in Level 3 fair value measurements were as follows:

(in millions) **as of September 30, 2020**	**Fair Value**	**Valuation Technique**	**Significant Unobservable Inputs**	**Range (Weighted Average[1])**
Equity and debt securities	$ 244.9	Discounted cash flow	Discount rate	4.0%–23.0% (11.5%)
			Discount for lack of marketability	17.0%
			Risk premium	9.7%–19.3% (16.7%)
	116.3	Market pricing	Private sale pricing	$0.02–$100.00 ($13.01) per share
	108.5	Market comparable companies	Enterprise value/ EBITDA multiple	7.0–19.1 (10.8)
			Discount for lack of marketability	20.0%–25.2% (21.9%)
			Risk premium	55.0%
			Enterprise value/ Revenue multiple	7.5
			Price-to-earnings ratio	9.4–10.0 (9.7)
Real estate	231.8	Discounted cash flow	Discount rate	4.5%–6.5% (5.2%)
			Exit capitalization rate	6.0%
	107.4	Yield capitalization	Equivalent yield	4.3%–6.1% (5.2%)

(in millions) **as of September 30, 2019**	**Fair Value**	**Valuation Technique**	**Significant Unobservable Inputs**	**Range (Weighted Average[1])**
Equity and debt securities	$ 212.7	Discounted cash flow	Discount rate	4.8%–17.4% (10.0%)
			Discount for lack of marketability	17.0%–24.7% (20.0%)
	192.8	Market comparable companies	Enterprise value/ EBITDA multiple	4.5–21.9 (10.8)
			Discount for lack of marketability	15.0%–30.0% (23.1%)
			Risk premium	18.9%
			Enterprise value/ Revenue multiple	3.7
	22.3	Market pricing	Private sale pricing	$0.25–$20.13 ($2.06) per share
Real estate	84.7	Discounted cash flow	Discount rate	6.4%–7.4% (7.1%)
	68.0	Yield capitalization	Equivalent yield	4.3%–6.1% (5.4%)

[1] Based on the relative fair value of the instruments.

If the relevant significant inputs used in the market-based valuations, other than the discount for lack of marketability and risk premium, were independently higher (lower), the resulting fair value of the assets would be higher (lower). If the relevant significant inputs used in the discounted cash flow or yield capitalization valuations, as well as the discount for lack of marketability and risk premium in the market-based valuations, were independently higher (lower) as of September 30, 2020, the resulting fair value of the assets would be lower (higher).

Financial instruments of CIPs that were not measured at fair value were as follows:

(in millions)		2020		2019	
as of September 30,	Fair Value Level	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Asset					
Cash and cash equivalents	1	$ 441.9	$ 441.9	$ 154.2	$ 154.2
Financial Liabilities					
Debt of CLOs	2	1,179.7	1,225.0	—	—
Other debt	3	153.7	155.2	50.8	51.0

Debt

Debt of CIPs consisted of the following:

(in millions)	2020		2019	
as of September 30,	Amount	Weighted-Average Effective Interest Rate	Amount	Weighted-Average Effective Interest Rate
Debt of CLOs	$ 1,179.7	2.85%	$ —	N/A
Other debt	153.7	2.97%	50.8	5.09%
Total	**$ 1,333.4**		**$ 50.8**	

The debt of CLOs had floating interest rates based on LIBOR ranging from 1.48% to 8.19% at September 30, 2020. The other debt had fixed and floating interest rates primarily based on LIBOR ranging from 1.00% to 5.81% at September 30, 2020, and from 2.08% to 7.94% at September 30, 2019.

The contractual maturities for debt of CIPs at September 30, 2020 were as follows:

(in millions) for the fiscal years ending September 30,	Amount
2021	$ 76.4
2022	—
2023	—
2024	35.1
2025	39.3
Thereafter	1,182.6
Total	**$ 1,333.4**

Collateralized Loan Obligations

The unpaid principal balance and fair value of the investments of CLOs were as follows:

(in millions) as of September 30,	2020
Unpaid principal balance	$ 1,196.5
Difference between unpaid principal balance and fair value	(45.5)
Fair Value	**$ 1,151.0**

Investments 90 days or more past due were $3.9 million at September 30, 2020.

The Company recognized $1.3 million of net losses during fiscal year 2020 related to its own economic interests in the CLOs.

The aggregate principal amount due of the debt of CLOs was $1,235.8 million at September 30, 2020.

Note 12 – Redeemable Noncontrolling Interests

Changes in redeemable noncontrolling interests were as follows:

(in millions) for the fiscal years ended September 30,	2020 CIPs	2020 Minority Interests	2020 Total	2019[1]	2018[1]
Balance at beginning of year	$ 746.7	$ —	$ 746.7	$ 1,043.6	$ 1,941.9
Acquisition	22.1	164.3	186.4	—	—
Business divestiture	—	(21.3)	(21.3)	—	—
Net income (loss)	45.0	3.6	48.6	6.2	(12.8)
Net subscriptions (distributions) and other	247.1	(2.0)	245.1	1,046.6	170.9
Net deconsolidations	(663.6)	—	(663.6)	(1,349.7)	(1,056.4)
Balance at End of Year	**$ 397.3**	**$ 144.6**	**$ 541.9**	**$ 746.7**	**$ 1,043.6**

1 Represents redeemable noncontrolling interests of CIPs.

Note 13 – Nonconsolidated Variable Interest Entities

VIEs for which the Company is not the primary beneficiary consist of sponsored funds and other investment products in which the Company has an equity ownership interest. The Company's maximum exposure to loss from these VIEs consists of equity investments, investment management and other fee receivables, and loans and related interest receivable as follows:

(in millions) as of September 30,	2020	2019
Investments	$ 439.2	$ 458.1
Receivables	168.0	149.5
Loans receivable	42.4	—
Total	**$ 649.6**	**$ 607.6**

While the Company has no legal or contractual obligation to do so, it routinely makes cash investments in the course of launching sponsored funds. As it has done in the past, the Company also may voluntarily elect to provide its sponsored funds with additional direct or indirect financial support based on its business objectives. In April 2020, the Company authorized loans aggregating up to 5.0 billion Indian Rupees (approximately $66.2 million) to certain sponsored funds in India that had experienced increased liquidity risks and redemptions. The funds are subject to the decision of the funds' trustee to wind up the funds. See Note 16 – Commitments and Contingencies for further information. The loans have a fixed interest rate of 8.0% per annum, are secured by the funds' assets and are due upon demand. At September 30, 2020, the loans have an aggregate outstanding balance of $42.4 million, and the remaining authorization available is approximately $4.9 million. The Company did not provide financial or other support to its sponsored funds during fiscal year 2019.

Note 14 – Taxes on Income

The Tax Cuts and Jobs Act ("the Tax Act"), which was enacted into law in the U.S. in December 2017, includes various changes to the tax law, including a permanent reduction in the corporate income tax rate and assessment of a one-time transition tax on the deemed repatriation of post-1986 undistributed foreign subsidiaries' earnings. The estimated related changes in the Company's deferred tax assets and deferred tax liabilities resulted in a $35.6 million decrease in deferred tax assets, an $88.9 million decrease in deferred tax liabilities and a $53.3 million net tax benefit in fiscal year 2018. The Company also reclassified $0.1 million from accumulated other comprehensive loss to retained earnings related to stranded tax effects resulting from the change in tax rate during fiscal year 2018.

The Company completed its analysis of the Tax Act impact during the first quarter of fiscal year 2019 with no significant adjustment to the provisional amounts previously recorded. The estimated transition tax expense recognized in fiscal year 2018 of $983.2 million was net of an $87.6 million tax benefit related to U.S. taxation of deemed foreign dividends. This benefit was reversed during fiscal year 2019 upon issuance of final regulations by the U.S. Department of Treasury, resulting in increased income tax expense and gross unrecognized tax benefits.

The remaining federal portion of the transition tax liability was $757.2 million at September 30, 2020, and will be paid over the next six years, with 8% of the original liability payable in each of the next three years, 15% in year four, 20% in year five and 25% in year six.

The Tax Act reduced the federal corporate income tax rate from 35% to 21% effective January 1, 2018. The Company's federal statutory rate for fiscal year 2018 was a blended rate of 24.5%, based on the pre- and post-Tax Act rates.

Prior to the Tax Act, the Company had not provided for U.S. income taxes on undistributed earnings and other outside basis differences of its non-U.S. subsidiaries as it was the Company's intention for these tax basis differences to remain indefinitely reinvested. Following the Company's change in policy effective April 1, 2020 to repatriate earnings of all non-U.S. subsidiaries, other outside basis differences, which arose primarily from purchase accounting adjustments, undistributed earnings that are considered indefinitely reinvested and foreign earnings that are restricted by operational and regulatory requirements, remain indefinitely reinvested. These basis differences could reverse through sales of the subsidiaries or the receipt of dividends from the subsidiaries, as well as various other events, none of which are considered probable as of September 30, 2020. The Company has made no provision for U.S. income taxes on these outside basis differences, and determination of the amount of unrecognized deferred tax liability related to such basis differences is not practicable.

The Coronavirus Aid, Relief, and Economic Security Act, which includes several corporate tax provisions and was signed into law on March 27, 2020, did not have a material impact on the Company's income taxes.

Taxes on income were as follows:

(in millions)

for the fiscal years ended September 30,	**2020**	**2019**	**2018**
Current expense			
Federal	$ 154.9	$ 343.4	$ 1,343.7
State	28.8	37.0	38.0
Non-U.S.	54.2	66.8	141.1
Deferred benefit	(7.1)	(4.9)	(50.3)
Total	**$ 230.8**	**$ 442.3**	**$ 1,472.5**

Income before taxes consisted of the following:

(in millions)

for the fiscal years ended September 30,	**2020**	**2019**	**2018**
U.S.	$ 771.7	$ 1,151.1	$ 1,458.1
Non-U.S.	246.2	496.7	757.1
Total	**$ 1,017.9**	**$ 1,647.8**	**$ 2,215.2**

The Company's income in certain countries is subject to reduced tax rates due to tax rulings and incentives. The impact of the reduced rates on income tax expense was $2.7 million or $0.01 per diluted share for fiscal year 2020, $4.1 million or $0.01 per diluted share for fiscal year 2019, and $31.3 million or $0.06 per diluted share for fiscal year 2018. One tax incentive remained in effect at September 30, 2020 which will expire in December 2023.

The significant components of deferred tax assets and deferred tax liabilities were as follows:

(in millions) **as of September 30,**	**2020**	**2019**
Deferred Tax Assets		
Capitalized mixed service costs	$ 326.1	$ —
Net operating loss and state credit carry-forwards	317.0	31.9
Deferred compensation and benefits	160.6	39.7
Foreign tax credit carry-forwards	103.0	—
Debt premium	81.9	—
Stock-based compensation	26.6	19.6
Unrealized foreign exchange losses	1.2	11.0
Other	120.9	30.4
Total deferred tax assets	1,137.3	132.6
Valuation allowance	(320.6)	(26.9)
Deferred tax assets, net of valuation allowance	816.7	105.7
Deferred Tax Liabilities		
Goodwill and other purchased intangibles	1,009.4	159.5
Depreciation on property and equipment	23.6	22.5
Other	44.9	23.0
Total deferred tax liabilities	1,077.9	205.0
Net Deferred Tax Liability	**$ 261.2**	**$ 99.3**

Deferred income tax assets and liabilities that relate to the same tax jurisdiction are presented net on the consolidated balance sheets. The components of the net deferred tax liability were classified in the consolidated balance sheets as follows:

(in millions) **as of September 30,**	**2020**	**2019**
Other assets	$ 44.1	$ 20.8
Deferred tax liabilities	305.3	120.1
Net Deferred Tax Liability	**$ 261.2**	**$ 99.3**

The Company recorded on a preliminary basis the deferred tax effects associated with the fair value of assets acquired and liabilities assumed from the acquisition of Legg Mason and acquired attributes that carry over to post-acquisition tax periods, including U.S. state and foreign net operating losses and foreign tax credits. Utilization of the U.S. state net operating losses and federal credit carry-forwards may be subject to annual limitations due to ownership change provisions under Section 382 of the Internal Revenue Code. Foreign tax credits can only be used to offset tax attributable to foreign source income.

At September 30, 2020, there were $107.3 million of non-U.S. tax effected net operating loss carry-forwards which expire between fiscal years 2021 and 2040. In addition, there were $199.4 million in tax effected state net operating loss carry-forwards that expire between fiscal years 2021 and 2041, with some having an indefinite carry-forward period. The Company also has federal net operating losses of $9.3 million, the majority of which will carry-forward indefinitely and $103.0 million of foreign tax credit carry-forwards that expire between fiscal years 2021 and 2028.

The Company recognizes a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion, or all, of a deferred tax asset will not be realized based on timing of expiration, nature, projected sources of income and limitations on utilization under the statute. The valuation allowance increased $293.7 million in fiscal year 2020 primarily related to carry-forward assets recognized in connection with the acquisition of Legg Mason, and decreased $0.6 million in fiscal year 2019. At September 30, 2020, a valuation allowance of $320.6 million was recorded for the following items: $202.2 million for federal, state, and foreign net operating loss carry-forwards, $45.0 million due to uncertainty of realizing the benefit of foreign tax credits, $38.4 million for other foreign deferred taxes including carried forward U.K. interest deductions, and $35.0 million for capital losses.

A reconciliation of the amount of tax expense at the federal statutory rate and taxes on income as reflected in the consolidated statements of income is as follows:

(in millions)

for the fiscal years ended September 30,	**2020**		**2019**		**2018**	
Federal taxes at statutory rate	$ 213.8	21.0%	$ 346.0	21.0%	$ 542.7	24.5%
Transition tax on deemed repatriation of undistributed foreign earnings	—	—	86.0	5.2%	983.2	44.4%
Revaluation of net deferred tax liabilities	—	—	—	—	(53.3)	(2.4%)
Other Tax Act impacts	—	—	0.4	—	38.9	1.8%
State taxes, net of federal tax effect	28.2	2.8%	29.7	1.8%	16.6	0.7%
Capital loss on investments, net of valuation allowance	(27.0)	(2.7%)	—	—	—	—
Effect of non-U.S. operations	6.9	0.7%	(21.3)	(1.3%)	(61.9)	(2.8%)
Effect of net loss (income) attributable to noncontrolling interests	2.5	0.2%	(2.1)	(0.1%)	5.3	0.2%
Other	6.4	0.7%	3.6	0.2%	1.0	0.1%
Tax Provision	**$ 230.8**	**22.7%**	**$ 442.3**	**26.8%**	**$ 1,472.5**	**66.5%**

Other Tax Act impacts consist primarily of foreign dividend distribution taxes and tax withholdings.

The Company recognized a tax benefit in fiscal year 2020 for capital losses that were realized from sales of investments subsequent to the change in corporate tax structure of a foreign holding company to a U.S. branch. The benefit reflects the Company's ability to carryback losses for the last three tax years at historical Federal statutory tax rates. The remaining capital losses can be carried forward, which the Company assessed for realizability.

A reconciliation of the beginning and ending balances of gross unrecognized tax benefits is as follows:

(in millions)

for the fiscal years ended September 30,	**2020**	**2019**	**2018**
Balance at beginning of year	$ 202.6	$ 77.5	$ 81.1
Additions from business combinations	141.8	—	—
Additions for tax positions of prior years	0.9	131.8	3.6
Reductions for tax positions of prior years	(0.6)	(2.9)	(6.6)
Tax positions related to the current year	12.2	10.7	11.6
Settlements with taxing authorities	(0.3)	(2.2)	—
Expirations of statute of limitations	(13.7)	(12.3)	(12.2)
Balance at End of Year	**$ 342.9**	**$ 202.6**	**$ 77.5**

If recognized, $303.1 million for 2020 and the balance for 2019 and 2018, net of any deferred tax benefits, would favorably affect the Company's effective income tax rate in future periods.

The Company accrues interest and penalties related to unrecognized tax benefits in general, administrative and other expenses. Accrued interest on uncertain tax positions at September 30, 2020 and 2019 was $21.7 million and $11.9 million, and is not presented in the unrecognized tax benefits table above. Accrued penalties at September 30, 2020 was $2.9 million and insignificant in 2019.

The Company files a consolidated U.S. federal income tax return, multiple U.S. state and local income tax returns, and income tax returns in multiple non-U.S. jurisdictions. The Company is subject to examination by the taxing authorities in these jurisdictions. The Company's major tax jurisdictions and the tax years for which the statutes of limitations have not expired are as follows: India 2003 to 2020; Brazil 2008 to 2020, Canada 2011 to 2020; Hong Kong 2014 to 2020; Singapore 2015 to 2020; Luxembourg and the U.K. 2019 to 2020; U.S. federal 2017 to 2020; the City of New York 2012 to 2020; and the States of California, and Minnesota 2016 to 2020; and the States of Florida, Maryland, Massachusetts, New York, and Pennsylvania 2017 to 2020.

The Company has ongoing examinations in various stages of completion in the State of Illinois, City of New York, and in Canada, France, Germany and India. Examination outcomes and the timing of settlements are subject to significant uncertainty. Such settlements may involve some or all of the following: the payment of additional taxes, the adjustment of deferred taxes and/or the recognition of unrecognized tax benefits. The Company has recognized a tax benefit only for those positions that meet the more-likely-than-not recognition threshold. It is reasonably possible that the total unrecognized tax benefit as of September 30, 2020 could decrease by an estimated $35.4 million within the next twelve months as a result of the expiration of statutes of limitations in the U.S. federal and certain U.S. state and local and non-U.S. tax jurisdictions, and potential settlements with U.S. states and non-U.S. taxing authorities.

Note 15 – Leases

Lessee Arrangements

The leases had a weighted-average remaining lease term of 6.5 years as of September 30, 2020, and generally include one or more options to renew.

Lease expense was as follows:

(in millions)

for the fiscal year ended September 30, 2020		**Amount**
Operating lease cost[1]	$	72.5
Finance lease cost		0.5
Variable lease cost		6.0
Less: sublease income		(4.2)
Total lease expense	**$**	**74.8**

[1] Substantially all is included in occupancy expense.

Supplemental cash flow information related to leases was as follows:

(in millions)

for the fiscal year ended September 30, 2020		**Amount**
Operating cash flows from operating leases included in the measurement of operating lease liabilities	$	65.1
ROU assets obtained in exchange for new/modified operating lease liabilities		13.7

The weighted-average discount rate for the operating lease liabilities as of September 30, 2020 was 3.5%. The maturities of the liabilities were as follows:

(in millions)

for the fiscal years ending September 30,		**Amount**
2021	$	134.8
2022		131.5
2023		125.4
2024		89.0
2025		50.2
Thereafter		153.5
Total lease payments		684.4
Less: interest		(63.4)
Operating lease liabilities	**$**	**621.0**

As of September 30, 2019, future minimum lease payments under long-term non-cancelable operating leases were as follows:

(in millions) for the fiscal years ending September 30,	Amount
2020	$ 49.5
2021	45.3
2022	40.9
2023	39.1
2024	36.7
Thereafter	149.1
Total Minimum Lease Payments	**$ 360.6**

Lessor Arrangements

The Company leases excess owned space in its San Mateo, California corporate headquarters and other office buildings, primarily in the U.S., to third parties, and generally include one or more options to renew. The Company subleases excess leased office spaces to various firms, primarily in the U.S., and generally include options to renew or terminate within a specified period.

The maturities of lease payments due to the Company and weighted-average remaining lease term as of September 30, 2020 were as follows:

(in millions) for the fiscal years ending September 30,	Subleases	Leases
2021	$ 19.0	$ 31.2
2022	19.2	28.0
2023	18.7	28.8
2024	8.5	29.8
2025	0.2	29.9
Thereafter	0.1	70.7
Total	**$ 65.7**	**$ 218.4**
Weighted-average remaining lease term	3.4 years	7.2 years

Note 16 – Commitments and Contingencies

Legal Proceedings

India Credit Fund Closure Matters. Effective April 24, 2020, a subsidiary of Franklin, Franklin Templeton Trustee Services Private Limited (“FTTS”), announced its decision to wind-up six fixed income mutual fund schemes of the Franklin Templeton Mutual Fund in India (referred to herein as the “Funds” or the “India Fixed Income Funds”), which at the time had collective assets under management of approximately USD $3.4 billion. FTTS took action to convene unitholder meetings for the Funds to approve the appointment of liquidators, and the asset management company to the Funds, Franklin Templeton Asset Management (India) Private Limited (“FTAMI”), ceased earning investment management fees on the Funds. Certain Fund unitholders and others subsequently commenced multiple writ petition actions in India (some of which were promptly voluntarily dismissed), challenging the decision to wind up the Funds and alleging that the Company Respondents (as defined below) violated various regulations of the Securities and Exchange Board of India (“SEBI”), mismanaged the Funds, misrepresented or omitted certain information relating to the Funds, and/or engaged in other alleged misconduct. The petitions were filed in May 2020 and June 2020 in the High Court of Gujarat, the High Court of Madras, and the High Court of Delhi, and named as respondents one or more of Franklin, its subsidiaries Templeton International, Inc., FTTS, FTAMI, and certain individual directors, officers, and employees of FTAMI (collectively, the “Company Respondents”), as well as SEBI and other governmental authorities. The petitioners sought a wide range of relief, including, among other items, an order quashing the

wind-up notice and blocking the unitholder vote, initiating various investigations into the Company Respondents, and allowing the unitholder petitioners to redeem their investments with interest.

On June 3, 2020, the High Court of Gujarat granted an *ex parte* interim injunction order, staying the operation and implementation of the unitholder voting process. On June 19, 2020, the petitions were transferred to the High Court of Karnataka for hearing and resolution. In the course of the hearings, on September 24, 2020, the Company learned that a “first information report” or “FIR” had been registered by the Economic Offenses Wing of the Chennai police department against certain of the Company Respondents in connection with a complaint made by one of the petitioners. In light of the registration of the FIR, which is the preliminary step in an investigation, the court disposed of the petition that had sought an order for such an investigation.

On October 24, 2020, the High Court of Karnataka issued its judgment, in which it upheld the decision taken by FTTS to wind up the Funds and held that there was “nothing wrong with the decision making process,” but determined that consent of the unitholders is required to implement the decision. The court did not grant the other relief sought by the petitioners. The court stayed the operation of its judgment for a period of six weeks, during which time the court held that there will not be any redemptions from the Funds. The deadline for any party to file an appeal is 90 days from the date of the judgment. Certain Company Respondents intend to appeal parts of the judgment.

Separately, on May 27, 2020, SEBI initiated a forensic audit/inspection of Franklin Templeton Mutual Fund, FTAMI, and FTTS and appointed an outside auditor to conduct the review. The auditor submitted a confidential report to SEBI containing certain preliminary observations, to which SEBI sought responses from FTAMI and FTTS, and such responses were provided in September 2020. The matter is currently under review by SEBI. As part of the judgment issued by the High Court of Karnataka, the court directed SEBI to decide whether or not to take action within six weeks from the date it receives a final report by the forensic auditor.

The Company strongly believes that the decision by FTTS to wind up the India Fixed Income Funds was taken in the best interests of investors and fully pursuant to applicable SEBI regulations. Nonetheless, to implement the decision, FTTS ultimately may be required, or may determine, to obtain unitholder consent. If that effort is unsuccessful and/or if unitholder redemptions from the Funds are not suspended until the process for seeking such consent is complete, the Funds could experience significant redemption pressures. In the event that the Funds are unable to meet investor redemption requests in an orderly fashion, including if redemptions require the Funds to undertake distressed sales of assets resulting in the reduction of the net asset values of the Funds, additional litigation and/or regulatory or governmental investigations and proceedings could be initiated. In addition, if SEBI were to commence a regulatory proceeding in connection with the forensic audit, and ultimately conclude that the respondents violated applicable regulations, it is possible that certain Franklin subsidiaries and related individuals could be subject to the imposition of regulatory sanctions. While the Company believes that it would have meritorious defenses to any such actions, such matters could involve the risk of significant financial penalties and other liabilities, reputational harm, and restrictions on the Company’s asset management activities in India, all of which could adversely impact the Company’s financial results. The Company cannot at this time predict the eventual outcome of the matters described above or reasonably estimate the possible loss or range of loss that may arise from any negative outcome of such matters, including due to the current stage of these matters.

Other Litigation Matters. The Company is from time to time involved in other litigation relating to claims arising in the normal course of business. Management is of the opinion that the ultimate resolution of such claims will not materially affect the Company’s business, financial position, results of operations or liquidity. In management’s opinion, an adequate accrual has been made as of September 30, 2020 to provide for any probable losses that may arise from such matters for which the Company could reasonably estimate an amount.

Indemnifications and Guarantees

In the ordinary course of business or in connection with certain acquisition agreements, the Company enters into contracts that provide for indemnifications by the Company in certain circumstances. In addition, certain Company entities guarantee certain financial and performance-related obligations of various Franklin subsidiaries. The Company is also subject to certain legal requirements and agreements providing for indemnifications of directors, officers and personnel against liabilities and expenses they may incur under certain circumstances in connection with their service in those positions. The terms of these indemnities and guarantees vary pursuant to applicable facts and circumstances, and from agreement to agreement. Future payments for claims against the Company under these indemnities or guarantees could negatively impact the Company's financial condition. In management's opinion, no material loss was deemed probable or reasonably possible pursuant to such indemnification agreements and/or guarantees as of September 30, 2020.

Other Commitments and Contingencies

While the Company has no legal or contractual obligation to do so, it routinely makes cash investments in the course of launching sponsored funds. At September 30, 2020, the Company had $335.6 million of committed capital contributions which relate to discretionary commitments to invest in sponsored funds and other investment products and entities, including CIPs. These unfunded commitments are not recorded in the Company's consolidated balance sheet.

Note 17 – Stock-Based Compensation

The Company's stock-based compensation plans consist of the Amended and Restated Annual Incentive Compensation Plan (the "AIP"), the 2002 Universal Stock Incentive Plan, as amended and restated (the "USIP") and the amended and restated Franklin Resources, Inc. 1998 Employee Stock Investment Plan (the "ESIP"). In connection with the acquisition of Legg Mason, the Company assumed the Legg Mason 2017 Equity Incentive Plan, which was amended and restated as the Amended and Restated Franklin Resources, Inc. 2017 Equity Incentive Plan (the "EIP"). The Compensation Committee of the Board of Directors determines the terms and conditions of awards under the AIP, the USIP, the ESIP and the EIP.

Stock-based compensation expenses were as follows:

(in millions)

for the fiscal years ended September 30,	**2020**	**2019**	**2018**
Stock and stock unit awards	$ 117.1	$ 105.7	$ 111.6
Employee stock investment plan	5.2	5.8	6.2
Total	**$ 122.3**	**$ 111.5**	**$ 117.8**

Stock and Stock Unit Awards

Under the terms of the AIP, eligible employees may receive cash, equity awards and/or mutual fund unit awards generally based on the performance of the Company and/or its funds, and the individual employee. The USIP and EIP provide for the issuance of the Company's common stock for various stock-related awards to officers, directors and employees. There are 120.0 million shares authorized under the USIP and 23.0 million shares authorized under the EIP, of which 4.5 million shares and 18.3 million shares were available for grant at September 30, 2020.

Stock awards entitle holders to the right to sell the underlying shares of the Company's common stock once the awards vest. Stock unit awards entitle holders to receive the underlying shares of common stock once the awards vest. Awards vest based on the passage of time or the achievement of predetermined Company financial performance goals.

Stock and stock unit award activity was as follows:

(shares in thousands) **for the fiscal year ended September 30, 2020**	**Time-Based Shares**	**Performance-Based Shares**	**Total Shares**	**Weighted-Average Grant-Date Fair Value**
Nonvested balance at September 30, 2019	3,778	1,854	5,632	$ 34.06
Granted	11,540	3,891	15,431	23.05
Vested	(2,798)	(374)	(3,172)	32.89
Forfeited/canceled	(379)	(563)	(942)	33.26
Nonvested balance at September 30, 2020	**12,141**	**4,808**	**16,949**	**$ 24.30**

Total unrecognized compensation expense related to nonvested stock and stock unit awards was $338.2 million at September 30, 2020. This expense is expected to be recognized over a remaining weighted-average vesting period of 3.1 years. The weighted-average grant-date fair values of stock awards and stock unit awards granted during fiscal years 2020, 2019 and 2018 were $23.05, $30.75 and $42.63 per share. The total fair value of stock and stock unit awards vested during the same periods was $72.2 million, $84.2 million and $91.5 million.

The Company generally does not repurchase shares upon vesting of stock and stock unit awards. However, in order to pay taxes due in connection with the vesting of employee and executive officer stock and stock unit awards, shares are repurchased using a net stock issuance method.

Employee Stock Investment Plan

The ESIP allows eligible participants to buy shares of the Company's common stock at a discount of its market value on defined dates. A total of 1.0 million shares were issued under the ESIP during fiscal year 2020, and 5.9 million shares were reserved for future issuance at September 30, 2020.

Note 18 – Defined Contribution Plans

The Company sponsors a 401(k) plan which covers substantially all U.S. employees meeting certain employment requirements. Participants may contribute up to 50% of their eligible salary and up to 100% of the cash portion of their year-end bonus, as defined by the plan and subject to Internal Revenue Code limitations, each year to the plan. The Company increased its matching contribution rate from 75% to 85% for a period of three years beginning January 1, 2020. Certain of the Company's non-U.S. subsidiaries also sponsor defined contribution plans primarily for the purpose of providing deferred compensation incentives for employees and to comply with local regulatory requirements. The total expenses recognized for defined contribution plans were $59.2 million, $52.2 million and $49.8 million for fiscal years 2020, 2019 and 2018.

Note 19 – Segment and Geographic Information

The Company has one operating segment, investment management and related services. See Note 5 – Revenues for total operating revenues disaggregated by geographic location.

(in millions) **as of September 30,**	**2020**	**2019**
Property and Equipment, Net		
United States	$ 634.4	$ 542.8
Europe, Middle East and Africa	133.0	90.0
Asia-Pacific	37.7	40.7
Americas excluding United States	8.7	10.2
Total	**$ 813.8**	**$ 683.7**

Note 20 – Investment and Other Income (Losses), Net

Investment and other income (losses), net consisted of the following:

(in millions) **for the fiscal years ended September 30,**	**2020**	**2019**	**2018**
Dividend income	$ 48.9	$ 97.0	$ 51.1
Interest income	14.3	31.0	76.5
Gains (losses) on investments, net	(16.8)	(9.7)	6.0
Income (losses) from investments in equity method investees	(98.1)	(10.4)	44.4
Rental income	30.0	19.8	15.9
Foreign currency exchange (losses) gains, net	(22.3)	13.1	0.6
Other, net	5.6	0.6	5.8
Investment and Other Income (Losses), Net	**$ (38.4)**	**$ 141.4**	**$ 200.3**

Substantially all dividend income was generated by investments in nonconsolidated sponsored funds. Interest income was primarily generated by cash equivalents, debt securities of U.S. states and political subdivisions. Gains (losses) on investments, net consists primarily of realized and unrealized gains (losses) on equity securities measured at fair value and other-than-temporary impairment of investments.

Proceeds from the sale of available-for-sale securities were $1.6 million and $85.5 million in fiscal years 2020 and 2018. There were no sales of available-for-sale securities in fiscal year 2019.

Net losses recognized on equity securities measured at fair value and trading debt securities that were held by the Company at September 30, 2020 and 2019 were $2.6 million and $0.1 million, and the net loss recognized on trading investment securities that were held by the Company at September 30, 2018 was $1.7 million.

Note 21 – Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) by component were as follows:

(in millions) **as of and for the fiscal years ended September 30, 2020, 2019 and 2018**	**Currency Translation Adjustments**	**Unrealized Losses on Defined Benefit Plans**	**Unrealized Gains on Investments**	**Total**
Balance at October 1, 2017	**$ (281.0)**	**$ (6.0)**	**$ 2.2**	**$ (284.8)**
Adoption of new accounting guidance	—	(0.1)	—	(0.1)
Other comprehensive income (loss)				
Other comprehensive income (loss) before reclassifications, net of tax	(85.5)	1.5	7.3	(76.7)
Reclassifications to compensation and benefits expense, net of tax	—	0.4	—	0.4
Reclassifications to net investment and other income (losses), net of tax	(6.4)	—	(3.0)	(9.4)
Total other comprehensive income (loss)	(91.9)	1.9	4.3	(85.7)
Balance at September 30, 2018	**$ (372.9)**	**$ (4.2)**	**$ 6.5**	**$ (370.6)**
Adoption of new accounting guidance	—	—	(8.0)	(8.0)
Other comprehensive income (loss)				
Other comprehensive loss before reclassifications, net of tax	(53.9)	(2.4)	(5.4)	(61.7)
Reclassifications to compensation and benefits expense, net of tax	—	0.4	—	0.4
Reclassifications to net investment and other income (losses), net of tax	1.4	—	6.9	8.3
Total other comprehensive income (loss)	(52.5)	(2.0)	1.5	(53.0)
Balance at September 30, 2019	**$ (425.4)**	**$ (6.2)**	**$ —**	**$ (431.6)**
Other comprehensive income (loss)				
Other comprehensive income (loss) before reclassifications, net of tax	23.8	(2.1)	(1.3)	20.4
Reclassifications to compensation and benefits expense, net of tax	—	0.3	—	0.3
Reclassifications to net investment and other income (losses), net of tax	2.0	—	1.3	3.3
Total other comprehensive income (loss)	25.8	(1.8)	—	24.0
Balance at September 30, 2020	**$ (399.6)**	**$ (8.0)**	**$ —**	**$ (407.6)**

Note 22 – Subsequent Event

On October 19, 2020, the Company completed its offering and sale of the 1.600% Notes due 2030 with a principal amount of $750.0 million. Interest on the notes will be payable semi-annually on April 30 and October 30 of each year, beginning on April 30, 2021. The notes contain an optional redemption feature that allows the Company to redeem each series of notes prior to maturity in whole or in part at any time, at a make-whole redemption price.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

The Company's management evaluated, with the participation of the Company's principal executive and principal financial officers, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2020. Based on their evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures as of September 30, 2020 were designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms, and (ii) accumulated and communicated to management, including the principal executive and principal financial officers, as appropriate, to allow timely decisions regarding disclosure.

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended September 30, 2020, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

On July 31, 2020, Franklin Resources, Inc. completed its acquisition of Legg Mason, Inc. ("Legg Mason"). Consistent with guidance issued by the SEC that an assessment of a recently acquired business may be omitted from management's report on internal control over financial reporting in the year of acquisition, management excluded an assessment of the effectiveness of the Company's internal control over financial reporting related to Legg Mason. Total assets and operating revenues of Legg Mason that were excluded from management's assessment constitute 12% of the Company's consolidated total assets as of September 30, 2020 and 9% of consolidated total operating revenues for the fiscal year ended September 30, 2020. Management's basis for exclusion included the size and complexity of the acquired business, the timing between acquisition and fiscal year end, and expected integration plans during the fiscal year ending September 30, 2021.

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm are set forth in Item 8 of Part II of this Annual Report on Form 10-K, which is incorporated herein by reference.

The effectiveness of the Company's internal control over financial reporting as of September 30, 2020 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm that audits the Company's consolidated financial statements, as stated in their report which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of September 30, 2020.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item 10 with respect to executive officers of Franklin is contained at the end of Part I of this Annual Report under the heading “Information About Our Executive Officers.”

Code of Ethics. Franklin has adopted a Code of Ethics and Business Conduct (the “Code of Ethics”) that applies to Franklin’s principal executive officer, principal financial officer, principal accounting officer, controller, and any persons performing similar functions, as well as all directors, officers and employees of Franklin and its subsidiaries and affiliates. The Code of Ethics is posted on our website at www.franklinresources.com under “Corporate Governance.” A copy of the Code of Ethics is available in print free of charge to any stockholder who requests a copy. Interested parties may address a written request for a printed copy of the Code of Ethics to: Secretary, Franklin Resources, Inc., One Franklin Parkway, San Mateo, California 94403-1906. We intend to satisfy the disclosure requirement regarding any amendment to, or a waiver from, a provision of the Code of Ethics for Franklin’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website.

The other information required by this Item 10 is incorporated by reference from the information to be provided under the sections titled “Proposal No. 1 Election of Directors–Nominees” and “Information about the Board and its Committees–The Audit Committee” from Franklin’s definitive proxy statement for its annual meeting of stockholders to be filed with the SEC within 120 days after September 30, 2020 (“2021 Proxy Statement”).

Item 11. Executive Compensation.

The information required by this Item 11 is incorporated by reference from the information to be provided under the sections of our 2021 Proxy Statement titled “Director Fees,” “Compensation Discussion and Analysis” and “Executive Compensation.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item 12 is incorporated by reference from the information to be provided under the sections of our 2021 Proxy Statement titled “Stock Ownership of Certain Beneficial Owners,” “Stock Ownership and Stock-Based Holdings of Directors and Executive Officers” and “Executive Compensation–Equity Compensation Plan Information.”

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item 13 is incorporated by reference from the information to be provided under the sections of our 2021 Proxy Statement titled “Proposal No. 1 Election of Directors–General,” “Corporate Governance–Director Independence Standards” and “Certain Relationships and Related Transactions.”

Item 14. Principal Accountant Fees and Services.

The information required by this Item 14 is incorporated by reference from the information to be provided under the section of our 2021 Proxy Statement titled “Fees Paid to Independent Registered Public Accounting Firm.”

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) The financial statements filed as part of this report are listed in Item 8 of this Annual Report.

(a)(2) No financial statement schedules are required to be filed as part of this report because all such schedules have been omitted. Such omission has been made on the basis that information is provided in the financial statements, or in the related notes thereto, in Item 8 of this Annual Report or is not required to be filed as the information is not applicable.

(a)(3) The exhibits listed on the Exhibit Index to this Annual Report are incorporated herein by reference.

Item 16. Form 10-K Summary.

None.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of February 17, 2020, by and among Registrant, Legg Mason, Inc. and Alpha Sub, Inc., incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on February 18, 2020 (File No. 001-09318)*
3.1	Certificate of Incorporation of Registrant, as filed November 28, 1969, incorporated by reference to Exhibit (3)(i) to our Annual Report on Form 10-K for the fiscal year ended September 30, 1994 (File No. 001-09318) (the “1994 Annual Report”)
3.2	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed March 1, 1985, incorporated by reference to Exhibit 3(ii) to the 1994 Annual Report
3.3	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed April 1, 1987, incorporated by reference to Exhibit 3(iii) to the 1994 Annual Report
3.4	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed February 2, 1994, incorporated by reference to Exhibit 3(iv) to the 1994 Annual Report
3.5	Certificate of Amendment of Certificate of Incorporation of Registrant, as filed February 4, 2005, incorporated by reference to Exhibit (3)(i)(e) to our Quarterly Report on Form 10-Q for the period ended December 31, 2004 (File No. 001-09318)
3.6	Amended and Restated Bylaws of Registrant (as adopted and effective October 22, 2018), incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on October 24, 2018 (File No. 001-09318)
4.1	Indenture, dated as of May 19, 1994, between Registrant and The Bank of New York Mellon Trust Company, N.A. (as successor to Chemical Bank), as trustee, incorporated by reference to Exhibit 4 to our Registration Statement on Form S-3 filed on April 14, 1994 (File No. 033-53147)
4.2	First Supplemental Indenture, dated October 9, 1996, between Registrant and The Bank of New York Mellon Trust Company, N.A. (as successor to The Chase Manhattan Bank), as trustee, incorporated by reference to Exhibit 4.2 to our Registration Statement on Form S-3 filed on October 4, 1996 (File No. 333-12101)
4.3	Second Supplemental Indenture, dated May 20, 2010, between Registrant and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on May 20, 2010 (File No. 001-09318)
4.4	Third Supplemental Indenture, dated September 24, 2012 (inclusive of the form of note of Registrant’s 2.800% Notes due 2022), between Registrant and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on September 24, 2012 (File No. 001-09318)
4.5	Fourth Supplemental Indenture, dated March 30, 2015 (inclusive of the form of note of Registrant’s 2.850% Notes due 2025), between Registrant and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on March 30, 2015 (File No. 001-09318)
4.6	Indenture, dated as of October 6, 2020, between Registrant and The Bank of New York Mellon Trust Company, N.A., as trustee, incorporated by reference to Exhibit 4.3 to our Registration Statement on Form S-3ASR filed on October 6, 2020 (File No. 033-249350)
4.7	Officer’s Certificate, dated October 19, 2020 (inclusive of the form of note of Registrant’s 1.600% Notes due 2030), incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on October 19, 2020 (File No. 011-09318)

Exhibit No.	Description
4.8	Base Indenture, dated as of January 22, 2014, for Senior Notes between Legg Mason, Inc. and The Bank of New York Mellon, as trustee, incorporated by reference to Exhibit 4.1 to Legg Mason's Registration Statement on Form S-3ASR filed on February 19, 2016 (File No. 333-209616)
4.9	First Supplemental Indenture, dated as of January 22, 2014 (inclusive of the form of note of Legg Mason's 5.625% Senior Notes due 2044), between Legg Mason, Inc. and The Bank of New York Mellon, as trustee, incorporated by reference to Exhibit 4.2 to Legg Mason's Current Report on Form 8-K filed on January 22, 2014 (File No. 001-08529)
4.10	Second Supplemental Indenture, dated as of June 26, 2014, between Legg Mason, Inc. and The Bank of New York Mellon, as trustee, incorporated by reference to Exhibit 4.1 to Legg Mason's Current Report on Form 8-K filed on June 26, 2014 (File No. 001-08529)
4.11	Third Supplemental Indenture, dated as of June 26, 2014 (inclusive of the form of note of Legg Mason's 3.950% Senior Notes due 2024), between Legg Mason, Inc. and The Bank of New York Mellon, as trustee, incorporated by reference to Exhibit 4.2 to Legg Mason's Current Report on Form 8-K filed on June 26, 2014 (File No. 001-08529)
4.12	Fourth Supplemental Indenture, dated as of March 22, 2016 (inclusive of the form of note of Legg Mason's 4.750% Senior Notes due 2026), between Legg Mason, Inc. and The Bank New York Mellon, as trustee, incorporated by reference to Exhibit 4.2 to Legg Mason's Current Report on Form 8-K filed on March 22, 2016 (File No. 001-08529)
4.13	Form of Indenture for Junior Subordinated Notes between Legg Mason, Inc. and The Bank of New York Mellon, as trustee, incorporated by reference to Exhibit 4.2 to Legg Mason's Registration Statement on Form S-3ASR filed on February 19, 2016 (File No. 333-209616)
4.14	First Supplemental Indenture, dated as of March 14, 2016 (inclusive of the form of note of Legg Mason's 6.375% Junior Subordinated Notes due 2056), between Legg Mason, Inc. and The Bank New York Mellon, as trustee, incorporated by reference to Exhibit 4.2 to Legg Mason's Current Report on Form 8-K filed on March 14, 2016 (File No. 001-08529)
4.15	Second Supplemental Indenture, dated as of August 8, 2016 (inclusive of the form of note of Legg Mason's 5.45% Junior Subordinated Notes due 2056), between Legg Mason, Inc. and The Bank New York Mellon, as trustee, incorporated by reference to Exhibit 4.3 to Legg Mason's Current Report on Form 8-K filed on August 8, 2016 (File No. 001-08529)
4.16	Description of Registrant's Securities (filed herewith)
10.1	Representative Form of Amended and Restated Indemnification Agreement with directors of Registrant, incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the period ended March 31, 2006 (File No. 001-09318)**
10.2	Representative Forms of Notice of Restricted Stock Award and Restricted Stock Award Agreement (RSA) under our 2002 Universal Stock Incentive Plan for certain time-based awards to executive officers of Registrant (filed herewith)**
10.3	Representative Form of Notice of Restricted Stock Unit Award and Restricted Stock Unit Award Agreement (RSU) under our 2002 Universal Stock Incentive Plan for certain performance-based awards to executive officers of Registrant (filed herewith)**
10.4	2006 Directors Deferred Compensation Plan, as amended and restated effective November 5, 2020 (filed herewith)**
10.5	1998 Employee Stock Investment Plan (as amended and restated effective December 10, 2019), incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on February 12, 2020 (File No. 001-09318)**
10.6	2002 Universal Stock Incentive Plan (as amended and restated effective June 14, 2017), incorporated by reference to Exhibit 10.6 to our Annual Report on Form 10-K for the fiscal year ended September 30, 2017 (File No. 001-09318)**
10.7	Amended and Restated Annual Incentive Compensation Plan (as amended and restated effective December 10, 2019), incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended December 31, 2019 (File No. 001-09318)**
10.8	2014 Key Executive Incentive Compensation Plan (as adopted and effective December 10, 2013), incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on March 13, 2014 (File No. 001-09318)**
10.9	Amended and Restated 2017 Equity Incentive Plan, incorporated by reference to Exhibit 99.1 to our Registration Statement on Form S-8 filed on October 6, 2020 (File No. 333-249336)**
10.10	Non-Employee Director Compensation as of February 11, 2020, incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the period ended March 31, 2020 (File No. 001-09318)**

Exhibit No.	Description
10.11	Named Executive Officer Compensation as of October 1, 2020 (filed herewith)**
10.12	Offer Letter, dated March 6, 2019, between Registrant and Matthew Nicholls, incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended June 30, 2019 (File No. 001-09318)**
21	List of Subsidiaries (filed herewith)
23	Consent of Independent Registered Public Accounting Firm (filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following materials from Registrant’s Annual Report on Form 10-K for the fiscal year ended September 30, 2020, formatted in Inline Extensible Business Reporting Language (iXBRL), include: (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Stockholders’ Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related notes (filed herewith)
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

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* Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

** Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FRANKLIN RESOURCES, INC.

Date:	November 20, 2020	By:	/s/ Matthew Nicholls
			Matthew Nicholls, Executive Vice President and Chief Financial Officer
Date:	November 20, 2020	By:	/s/ Gwen L. Shaneyfelt
			Gwen L. Shaneyfelt, Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Date:	November 20, 2020	By:	/s/ Jennifer M. Johnson
			Jennifer M. Johnson, President, Chief Executive Officer and Director (Principal Executive Officer)
Date:	November 20, 2020	By:	/s/ Matthew Nicholls
			Matthew Nicholls, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	November 20, 2020	By:	/s/ Gwen L. Shaneyfelt
			Gwen L. Shaneyfelt, Chief Accounting Officer (Principal Accounting Officer)
Date:	November 20, 2020	By:	/s/ Peter K. Barker
			Peter K. Barker, Director
Date:	November 20, 2020	By:	/s/ Mariann Byerwalter
			Mariann Byerwalter, Director
Date:	November 20, 2020	By:	/s/ Gregory E. Johnson
			Gregory E. Johnson, Executive Chairman, Chairman of the Board and Director
Date:	November 20, 2020	By:	/s/ Rupert H. Johnson, Jr.
			Rupert H. Johnson, Jr., Vice Chairman and Director
Date:	November 20, 2020	By:	/s/ Anthony J. Noto
			Anthony J. Noto, Director
Date:	November 20, 2020	By:	/s/ Mark C. Pigott
			Mark C. Pigott, Director
Date:	November 20, 2020	By:	/s/ Laura Stein
			Laura Stein, Director
Date:	November 20, 2020	By:	/s/ Seth H. Waugh
			Seth H. Waugh, Director
Date:	November 20, 2020	By:	/s/ Geoffrey Y. Yang
			Geoffrey Y. Yang, Director

EXHIBIT 4.16

DESCRIPTION OF REGISTRANT'S SECURITIES

As of the date of the Annual Report on Form 10-K of which this Exhibits is part, Franklin Resources, Inc., a Delaware corporation (hereinafter, the "Company"), had one class of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934, as amended: Common Stock, par value $0.10 per share (the "Common Stock"). The following summary includes a brief description of the Common Stock, as well as certain related additional information.

General. The Company has authority to issue 1,000,000,000 shares of Common Stock, and 1,000,000 shares of preferred stock, par value $1.00 per share (the "Preferred Stock"), issuable in one or more series from time to time by resolution of the Company's Board of Directors (the "Board").

Voting Rights. Holders of Common Stock are entitled to one vote for each share held of record and are vested with all of the voting power, except as the Board may provide in the future with respect to any class or series of Preferred Stock that it may authorize in the future. Any action to be taken at a meeting of the stockholders may be taken without a meeting by written consent.

Dividend Rights. Holders of Common Stock are entitled to receive dividends when, as, and if declared by the Board out of any funds legally available for dividends, subject to the preferences applicable to any shares of Preferred Stock outstanding at the time.

No Preemption, Conversion or Redemption Rights; No Sinking Fund Provisions. Shares of Common Stock are not redeemable and have no subscription, conversion or preemption rights. There are no sinking fund provisions.

Right to Receive Liquidation Distributions. Holders of Common Stock are entitled, upon liquidation, to share ratably in all assets remaining after payment of liabilities.

Anti-Takeover Effects of the Certificate of Incorporation and Bylaws. The provisions of the Company's Certificate of Incorporation, as amended (the "Certificate of Incorporation") and Amended and Restated Bylaws (the "Bylaws") described below may have the effect of delaying, deferring or preventing a change in control of the Company:

- Board may adopt, amend or repeal bylaws without stockholder approval;
- the Bylaws specify advanced notice procedures that stockholders must follow in order to bring business at an annual or special meeting of stockholders, and proxy access procedures for director nominations at annual meetings;
- the Bylaws provide that the Chairman of the Board or the Chief Executive Officer of the Company shall call a special meeting of stockholders upon the written request of a stockholder, or group of stockholders, owning not less than 25% of the outstanding capital stock of the Company continuously for at least one year, provided that the stockholder or stockholders satisfy the procedural requirements specified in the Bylaws;
- the Bylaws otherwise limit the ability to call special meetings of stockholders to the Board or the Chairman of the Board;
- vacancies on the Board can be filled by a majority vote of the remaining members of the Board, even where less than a quorum, or by decision of a sole remaining director, or by a vote of the stockholders required for the election of directors generally;
- the Board is authorized to issue Preferred Stock without stockholder approval; and
- the Company is incorporated in Delaware and is thus subject to the provisions of the General Corporation Law of the State of Delaware (the "DGCL"), including Section 203 of the DGCL regarding business combinations with an interested stockholder.

The foregoing summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Certificate of Incorporation and Bylaws. For additional information we encourage you to read the Certificate of Incorporation and Bylaws, including amendments, all of which are exhibits to the Company's Annual Report on Form 10-K, and applicable provisions of the DGCL.

EXHIBIT 10.2

FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK AWARD

Name: ______________________________
Address: ______________________________

In accordance with the Franklin Resources, Inc. 2002 Universal Stock Incentive Plan (the "2002 Plan"), as an incentive for increased efforts and successful achievements, Franklin Resources, Inc. (the "Company"), has awarded Participant shares of common stock of the Company subject to the terms and conditions of the accompanying Restricted Stock Award Agreement (the "Award Agreement"), this Notice of Restricted Stock Award (the "Notice of Award" and together with the Award Agreement, the "Award") and the 2002 Plan, as follows (capitalized terms used but not defined in this Notice of Award have the same meaning as set forth in the 2002 Plan):

Award Number:	
Award Date:	
Total Number of Shares (the "Shares") Awarded:	
Grant Date Value of Award (USD):	
Restrictive Covenants Apply:	**[Insert "Yes" or "No"]**

Subject to Participant's Continuous Status as an Employee and other limitations set forth in the Award and the 2002 Plan, the Shares shall vest in the amounts and on the dates (each, a "Vesting Date") set forth in the Vesting Schedule below:

[Vesting schedule terms subject to approval of the Compensation Committee of the Board of Directors of the Company.]

Vesting Dates	**Number of Shares**

The Shares subject to this Award shall vest only by Participant's Continuous Status as an Employee and such status is at the will of the Company or the applicable Subsidiary (not through the act of being hired, being granted this Award or acquiring Shares hereunder). Nothing in this Award, or in the 2002 Plan, which is incorporated herein by this reference, affects the Company's, or a Subsidiary's, right to terminate, or to change the terms of, Participant's employment at any time, with or without cause.

From time to time, the Company may be in a "Blackout Period" and/or subject to applicable securities laws that could subject Participant to liability for engaging in any transaction involving the sale of the Shares. Prior to the sale of any Shares acquired under this Award, it is Participant's responsibility to determine whether or not such sale of Shares will subject Participant to liability under insider trading rules or other applicable securities laws.

In receiving this Award, Participant is hereby notified that the following constitute certain of the terms, conditions and obligations of receiving, holding and potentially vesting in, and settlement of the Award:

(i) Participant may receive the 2002 Plan prospectus in connection with the Form S-8 registration statement for the 2002 Plan, any updates thereto, the 2002 Plan, the Award Agreement and this Notice of Award (collectively, the "2002 Plan Documents") in electronic form either through the Company's intranet, the website of the third-party

stock administration provider used by the Company, or another form of electronic communication (e.g., e-mail), as determined by the Company;

(ii) Participant has access to the Company’s intranet and the internet;

(iii) Participant may be required to acknowledge receipt of electronic or paper copies of the 2002 Plan Documents and the Company’s most recent annual report to stockholders; and

(iv) Participant has familiarized himself or herself with, and has acknowledged the contents of and accepted the Award subject to, the terms and provisions of the 2002 Plan Documents.

Participant may receive, without charge, upon written or oral request, paper copies of any or all of the 2002 Plan Documents, documents incorporated by reference in the Form S-8 registration statement for the 2002 Plan, and the Company’s most recent annual report to stockholders by requesting them from Stock Administration at the Company, One Franklin Parkway, San Mateo, CA 94403-1906. Telephone +1 (650) 312-2000. Email [ ]. Participant may also withdraw Participant’s consent to receive any or all documents electronically by notifying Stock Administration at the above address in writing.

If restrictive covenants apply to the Award (as indicated above), such restrictive covenants shall be governed by the provisions of Exhibit A to the Award Agreement and, for the avoidance of doubt, Exhibit A shall form part of the Award Agreement. In these circumstances, Participant shall be required to accept the Award by electronic or other means, as determined by the Company.

If restrictive covenants do not apply to the Award (as indicated above), the terms, conditions, obligations and requirements of this Notice of Award shall apply as a condition of receiving and holding the Award without the need for any manual or other execution of this Notice of Award by Participant or the Company, and Participant shall be deemed for all purposes to have accepted the Award in the absence of any written notice from Participant to the contrary. Notwithstanding the foregoing, however, as a condition to holding the Award and/or the vesting or settlement of the Award, upon the Company’s request at any time, the Company may require Participant to sign this Notice of Award either manually or electronically.

FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

This Restricted Stock Award Agreement, together with any Exhibits or Appendix(es) attached hereto (hereinafter, collectively, the "Agreement"), is made as of the Award Date set forth in the Notice of Restricted Stock Award (the "Notice of Award") between Franklin Resources, Inc. (the "Company") and Participant named therein ("Participant").

WITNESSETH:

WHEREAS, the Board and stockholders of the Company have adopted the Franklin Resources, Inc. 2002 Universal Stock Incentive Plan (the "2002 Plan"), authorizing the grant of common stock of the Company ("Stock") to eligible individuals as an incentive in connection with the performance of services for the Company and its Subsidiaries, as defined in the 2002 Plan, which is incorporated herein by this reference (capitalized terms used but not defined in this Agreement have the same meaning as set forth in the 2002 Plan or the Notice of Award, as applicable); and

WHEREAS, the Company recognizes the efforts of Participant on behalf of the Company and its Subsidiaries and desires to motivate Participant in Participant's work and provide an inducement to remain in the service of the Company and its Subsidiaries; and

WHEREAS, the Company has determined that it would be to the advantage and in the interest of the Company and its stockholders to award the Stock provided for in this Agreement and the Notice of Award to Participant, subject to certain restrictions, as an incentive for increased efforts and successful achievements;

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Restricted Stock Award.

(a) The Company is issuing to Participant Shares as set forth in the Notice of Award, subject to the rights of and limitations on Participant as owner thereof as set forth in this Agreement. Such Shares are being issued in book entry form and maintained on the books of Computershare, the Company's transfer agent, or any successor thereto. All Shares issued hereunder shall be deemed issued to Participant as fully paid and non-assessable shares, and, subject to the restrictions set forth in the 2002 Plan and this Agreement, Participant shall have all rights of a stockholder with respect thereto, including the right to vote, to receive dividends (including stock dividends), to participate in stock splits or other recapitalizations, and to exchange such Shares in a tender offer, merger, consolidation or other reorganization. The Company shall pay any applicable stock transfer taxes. Participant hereby acknowledges that Participant is acquiring the Stock issued hereunder for investment and not with a view to the distribution thereof, and that Participant does not intend to subdivide Participant's interest in the Stock with any other person.

(b) If so indicated on the Notice of Award, the restrictive covenants set forth on Exhibit A, attached hereto, shall apply and shall form a part of this Agreement. The Award shall be in consideration of Participant's execution of this Agreement and the covenants herein.

2. Transfer Restriction. No Stock issued to Participant hereunder shall be sold, transferred by gift, pledged, hypothecated, or otherwise transferred or disposed of by Participant prior to the date on which it becomes vested under Section 3, except by will or the laws of descent and distribution. This Section shall not preclude Participant from exchanging the Stock awarded hereunder pursuant to a cash or stock tender offer, merger, reorganization or consolidation. Notwithstanding the foregoing, any securities (including stock dividends and stock splits) received with respect to shares of Stock which are not yet vested under Section 3 shall be subject to the provisions of this Agreement in the same manner and shall become fully vested at the same time as the Stock with respect to which such additional securities were issued.

3. Vesting.

(a) Participant's interest in the Stock awarded under Section 1 shall become vested and non-forfeitable in accordance with the Vesting Schedule in the Notice of Award so long as Participant maintains a Continuous Status as an Employee, subject to Section 12 below. Upon vesting, the Company shall, within thirty (30) days of such vesting, deliver to Participant the certificates evidencing the non-forfeitable shares (free of restrictive legends on such stock certificates), provided the withholding requirements of Section 4 have been satisfied. Alternatively, provided the withholding requirements of Section 4 have been satisfied, the Committee may permit or require that such non-forfeitable shares of Stock (free of the restrictive notations on shares of Stock issued in book-entry form) be deposited directly with a brokerage firm or transfer agent determined acceptable to the Company for such purpose or to a designated agent of the Company, and the Committee may utilize electronic or automated methods of share transfer.

(b) If Participant ceases to maintain a Continuous Status as an Employee for any reason other than death or disability (as described in Section 3(c)), all shares of Stock to the extent not yet vested under Section 3(a) on the date Participant ceases to maintain a Continuous Status as an Employee shall be forfeited by Participant without payment of any consideration to Participant therefor. Any shares of Stock so forfeited shall be canceled and returned to the status of authorized but unissued shares, to be held for future distributions under the 2002 Plan.

(c) If Participant dies or in the event of termination of Participant's Continuous Status as an Employee as a result of disability (as determined by an executive officer of the Company in accordance with the policies of the Company) while an employee of the Company or any of its Subsidiaries, Participant's interest in all shares of Stock awarded hereunder shall become fully vested as of the date of death or termination of employment on account of such disability. Unless changed by the Committee, "disability" means that Participant ceases to be an employee on account of disability as a result of which Participant is determined to be disabled by the determining authority under the long-term or total permanent disability policy, or government social security or other similar benefit program, of the country or location in which Participant is employed and in the absence of such determining authority, as determined by the Committee in accordance with the policies of the Company.

4. Withholding of Taxes.

(a) General. Participant is ultimately liable and responsible for all taxes owed by Participant in connection with the Stock awarded, regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the Stock awarded. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Stock awarded or the subsequent sale of any of the Stock. The Company and its Subsidiaries do not commit and are under no obligation to structure the Award to reduce or eliminate Participant's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Stock awarded (*e.g.*, vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state or local taxes or any applicable foreign taxes and including any employment tax obligation (the "Tax Withholding Obligation"), Participant must agree to the satisfaction of such Tax Withholding Obligation in a manner acceptable to the Company, including by one of the following methods:

(i) *By Share Withholding.* Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, Participant authorizes the Company (in the exercise of its sole discretion) to withhold from those unrestricted shares of Stock to be delivered to Participant upon vesting under Section 3 above the whole number of shares sufficient to satisfy the Tax Withholding Obligation. Share withholding will result in the delivery of a lower number of unrestricted shares of Stock to Participant. Share withholding will generally be used to satisfy the tax liability of individuals subject to the short swing profit restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(ii) *By Sale of Shares*. Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, and provided that the terms of this clause (ii) do not violate Section 13(k) of the Securities Exchange Act of 1934, as amended, Participant's acceptance of the Stock awarded constitutes Participant's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those unrestricted shares of Stock to be delivered to Participant upon vesting under Section 3 above as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the applicable Tax Withholding Obligation. Such shares will be sold on the day such Tax Withholding Obligation arises (*e.g.*, a Vesting Date) or as soon thereafter as practicable. Participant will be responsible for all brokers' fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Tax Withholding Obligation, the Company agrees to pay such excess in cash to Participant. Participant acknowledges that the Company is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Tax Withholding Obligation. Accordingly, Participant agrees to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of days as determined by the Committee or its designee) before any Tax Withholding Obligation arises (*e.g.*, a Vesting Date), Participant may request permission to satisfy the Tax Withholding Obligation by check, wire transfer or other means, by submitting such request, in writing, to the Company. Alternatively, the Company may require that Participant satisfy any Tax Withholding Obligation in any such manner. If the Company approves Participant's request, or so requires, within five (5) business days of the relevant Vesting Date (or such fewer number of days as determined by the Committee or its designee) Participant must deliver to the Company the amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Committee or its designee.

5. Successors. This Agreement shall (a) inure to the benefit of, and be enforceable by, the Company successors and assigns, and (b) be binding on Participant's executors, administrators, heirs and successors, in the event the Participant dies and Section 2 of this Agreement applies. Nothing contained in the 2002 Plan, the Notice of Award or this Agreement shall be interpreted as imposing any liability on the Company or the Committee in favor of Participant or any purchaser or other transferee of Stock or Shares with respect to any loss, cost or expense which Participant, purchaser or other transferee may incur in connection with, or arising out of any transaction involving, any Stock or Shares subject to the 2002 Plan, the Notice of Award or this Agreement.

6. Integration. The terms of the 2002 Plan, the Notice of Award and this Agreement are intended by the Company and Participant to be the final expression of their agreement with respect to the shares of Stock and may not be contradicted by evidence of any prior or contemporaneous agreement. The Company and Participant further intend that the 2002 Plan, the Notice of Award and this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any arbitration, judicial, administrative or other legal proceeding involving the 2002 Plan, the Notice of Award or this Agreement. Accordingly, the 2002 Plan, the Notice of Award and this Agreement contain the entire understanding between the parties and supersede all prior oral, written and implied agreements, understandings, commitments and practices among the parties.

7. Waivers. Any failure to enforce any terms or conditions of the 2002 Plan, the Notice of Award or this Agreement by the Company or by Participant shall not be deemed a waiver of that term or condition, nor shall any waiver or relinquishment of any right or power for all or any other times.

8. Severability of Provisions. If any provision of the 2002 Plan, the Notice of Award or this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision thereof; and the 2002 Plan, the Notice of Award and this Agreement shall be construed and enforced as if none of them included such provision.

9. Committee Decisions Conclusive. This Agreement and the Notice of Award are administered and interpreted by the Committee and the Committee has full and exclusive discretion to interpret and administer this Agreement and the Notice of Award. All actions, interpretations and decisions of the Committee are conclusive and binding on all persons, and will be given the maximum possible deference allowed by law.

10. Mandatory Direct Discussion, Mediation, and Arbitration. To the extent permitted by law, any claim, disagreement, or dispute arising out of or relating to the 2002 Plan, the Notice of Award, and/or this Agreement, including the meaning or interpretation thereof (a "Dispute"), shall be resolved solely and exclusively by direct discussion and mandatory mediation followed, if necessary, by final and binding arbitration in accordance with the terms and procedures specified in this Section 10. These terms and procedures apply solely to the resolution of a Dispute as defined in this Agreement. Any other claim, issue, or complaint raised by Participant who is subject to the Franklin Templeton Investments Alternative Dispute Resolution Policy and Agreement (the "ADR Agreement"), which claims, issues or complaints are not covered by this Agreement will be resolved according to the terms and procedures of the ADR Agreement. With regard to any Dispute as defined in this Agreement, if there is a difference between the terms or procedures defined in the ADR Agreement, and the terms and procedures defined in this Agreement, this Agreement's terms and procedures shall control. Participant and the Company specifically agree to waive the right to pursue any Dispute before a court or jury.

(a) Direct Discussion. Upon written notice of any Dispute, Participant and the Company (each referred to as a "party" and together as the "parties") shall first attempt to resolve the Dispute by direct discussion.

(b) Mediation. If a Dispute is not resolved by direct discussion then either party may request mediation of the Dispute by sending a written notice requesting mediation to the other party. The parties will mutually agree to the selection of a mediator, whose compensation will be borne by the Company.

(c) Arbitration. If a Dispute is not resolved by direct discussion and mandatory mediation, then either party may request final and binding arbitration of the Dispute by sending a written notice requesting arbitration to the other party. The Dispute will be heard by a single arbitrator unless, within 45 days of receiving the initial written demand for arbitration, either party elects by written notice to the other party for the arbitration to be heard by a panel of three arbitrators. If a single arbitrator is used, the parties will mutually agree to the selection of the arbitrator. If either party elects for the arbitration to be heard by a panel of three arbitrators, each party will select one arbitrator, and the arbitrators selected by the parties will, within a reasonable period of time, then appoint a third arbitrator to serve as chair of the panel.

The arbitration will be conducted in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association ("AAA") as amended and effective November 1, 2009 (the "AAA Rules") but without necessarily retaining AAA or any other third-party to administer the arbitration. The parties will determine whether a third-party administration service is necessary and, if jointly deemed necessary, agree to a mutually acceptable arbitration administration service, whether AAA or otherwise, within 45 days of receipt of the initial written demand for arbitration. If the parties do not agree about whether a third-party is needed to administer the arbitration, or if the parties cannot reach agreement as to which administration service to use within 45 days, any arbitration will be administered by AAA. The location for the arbitration shall be in the county or comparable jurisdiction of Participant's employment. Judgment on the award rendered may be entered in any court having jurisdiction.

The Company will pay all of the costs of arbitration that are attributable to the employer pursuant to the AAA Rules, unless applicable law requires the Company to pay a greater share or all of the costs. In addition, if a single arbitrator is used, or if the Company elects for the arbitration to be heard by a panel of three arbitrators, the compensation and expenses of the arbitrator(s) will be paid by the Company. If Participant elects for the arbitration to be heard by a panel of three arbitrators, Participant will be responsible for paying one-half of the arbitrators' compensation and expenses.

All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section. To the extent permitted by law, Participant waives the right to participate in a class, representative or collective action, as a class representative, class member, as an opt-in party, or private attorney general or join or consolidate claims with claims of any other person or entity, with respect to any Dispute, whether before a court or jury or in arbitration. Nothing in this Agreement, however, is intended or understood to limit, contradict, or preclude the rights reserved by law for Participant to initiate any administrative claim, or to excuse Participant from bringing an administrative claim before any agency in order to fulfill any obligation by Participant to exhaust administrative remedies. The provisions of this Section are intended by Participant and the Company to be exclusive for all purposes and applicable to any and all Disputes.

Except as otherwise provided in this Agreement, or as otherwise mutually agreed by the parties, the arbitrator(s) will conduct the arbitration pursuant to the AAA Rules, the U.S. Federal Arbitration Act, 9 U.S.C. section 1, et seq., and the U.S. Federal Rules of Evidence. The arbitrator(s) shall have jurisdiction and authority only to award Participant an amount equal to or less than the amount of the Award challenged in the Dispute, subject to the same terms and conditions as the Notice of Award in Dispute, and shall not have jurisdiction or authority to make any other award of any type, including, without limitation, punitive damages, unforeseeable economic damages, damages for pain, suffering or emotional distress, or any other kind or form of damages (the "Arbitrator Authority"). Thus, the arbitrator(s) shall not have jurisdiction or authority to grant preliminary or final injunctive relief or specific performance. The remedy, if any, awarded by the arbitrator(s) within the Arbitrator Authority shall be the sole and exclusive remedy for any Dispute that is subject to arbitration under this Section.

If Participant is an Associated Person employed by a Member Firm (as each such term is defined by the rules of the Financial Industry Regulatory Authority ("FINRA")), nothing in this Agreement prohibits or restricts Participant or the Member Firm from filing an arbitration claim involving a Dispute in the FINRA arbitration forum as specified in FINRA rules. In such a case, the parties each reserve the right to elect to have the arbitration heard by a panel of three arbitrators regardless of the dollar amount of the claim. The parties further agree that the authority of the arbitrator(s) in any FINRA arbitration of a Dispute is limited to the Arbitrator Authority defined above. Unless otherwise mutually agreed by the parties, the arbitrator(s) will conduct the arbitration pursuant to the FINRA Code of Arbitration Procedure for Industry Disputes (the "FINRA Code") and the Federal Rules of Evidence. All fees, costs, and expenses of FINRA arbitration, whether a single arbitrator or a panel of arbitrators is selected, including any hearing session fees, arbitration fees, surcharges, and filing fees, will be allocated as specified in the FINRA Code.

11. Delaware Law. The 2002 Plan, the Notice of Award and this Agreement are governed by, and all Disputes arising under or in connection with the 2002 Plan, the Notice of Award and this Agreement shall be resolved in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules, to the extent not pre-empted by the federal laws of the United States of America.

12. Forfeiture.

(a) Forfeiture Pursuant to Restatement of Financial Results. Notwithstanding anything in the Award to the contrary, in the event that (i) the Company issues a restatement of financial results to correct a material error; (ii) the Committee determines, in good faith, that fraud or willful misconduct by Participant was a significant contributing factor to the need to issue such restatement; and (iii) some or all of the shares of Stock that were granted and/or other property earned prior to such restatement by Participant would not have been granted and/or earned, as applicable, based upon the restated financial results, Participant shall immediately return to the Company those shares of Stock, property received with respect to those shares of Stock, including any cash dividends paid with respect to those shares

of Stock, any pre-tax- income derived from ownership and any gross proceeds from disposition of such Stock and property, that would not have been granted and/or earned based upon the restated financial results (the "Repayment Obligation"), and all such shares of Stock (whether or not vested) shall immediately be forfeited. The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums and property owed by the Company to Participant.

(b) Forfeiture Pursuant to Fraud or Breach of Securities Law. Notwithstanding anything in the Award to the contrary, in the event that Participant:

(i) is convicted by any court for fraud;

(ii) is finally adjudicated by any court or is otherwise finally determined by a Regulatory Agency to be in violation of any Securities Law where the violation related to a period of time during which Participant was an employee; or

(iii) enters into a settlement agreement with a Regulatory Agency, with or without admission of any liability, in relation to or in connection with an allegation concerning a violation of any Securities Law by Participant where the violation or alleged violation related to a period of time during which Participant was an employee, and the terms of the settlement agreement result in (x) Participant making, or being required to make, payment of any penalty or a payment in lieu of any penalty or redress in respect of such violation, or alleged violation; (y) the publication of any statement of reprimand or censure; or (z) Participant suffering any other penalty including (without limitation) suspension or termination of Participant's status for the purposes of any Securities Law, all of Participant's shares of Stock granted pursuant to this Agreement that have not vested shall immediately be forfeited without any payment to Participant therefor and Participant will immediately cease to have any further rights over or interest in such shares of Stock.

Notwithstanding the foregoing, the Committee may determine, in its sole discretion, that only a portion of Participant's shares of Stock specified by the Committee (or no such shares of Stock) shall be forfeited.

For the purposes of this Section 12(b), the following words shall have the following meanings:

"Regulatory Agency" shall mean in any jurisdiction any department of government, independent agency, authority appointed by statute or by government in connection with the supervision and/or enforcement of any Securities Law including, but not limited to, the U.S. Securities and Exchange Commission;

"Securities Law" shall mean any enactment, law, statute, rule, requirement or regulation in any jurisdiction relating to Securities that is or was applicable to the Company or that is or was applicable to Participant; and

"Securities" shall mean any shares, bonds, derivatives or other financial instruments or financial assets or any interest therein.

(c) Other Repayment/Forfeiture. Any benefits Participant may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, (ii) similar laws, and implementing rules and regulations, of the European Union (as implemented by its member states and by the European Securities and Markets Authority) and of any other jurisdiction and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to Participant.

END OF AGREEMENT

EXHIBIT A
TO
FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

This Exhibit A to the Agreement shall apply if so indicated in the Notice of Award.

1. Confidentiality.

(a) Confidential Information Obligations and Restrictions. Participant shall keep confidential and, except as the Company may otherwise consent to in writing, shall not divulge, communicate, disclose, or use to the detriment of the Company Group or for the benefit of any other person or persons, misuse in any way, or make any use of, except for the benefit of the Company Group, at any time either between the Award Date and the applicable Vesting Date or at any time thereafter, any Confidential Information (as defined below). Participant shall not disclose, deliver, reproduce, or in any way allow any such Confidential Information to be disclosed, delivered to or used by any third-parties without the specific direction or consent of a duly authorized representative of the Company, except in connection with the discharge of Participant's duties. Any Confidential Information now or hereafter acquired by Participant with respect to the business of the Company Group shall be deemed a valuable, special and unique asset of the Company Group that is received by Participant in confidence and as a fiduciary, and Participant shall remain a fiduciary to the Company with respect to all of such information. Notwithstanding anything to the contrary herein, Participant shall not have any obligation to keep confidential any information (and the term "Confidential Information" shall not be deemed to include any information) that (i) is generally available to the public through no fault or wrongful act of Participant in breach of the terms hereof, (ii) is disseminated by the Company Group publicly without requiring confidentiality, (iii) is required by law or regulation to be disclosed by Participant, or (iv) is required to be disclosed by Participant to any Government Agency (as defined below) or person to whom disclosure is required by judicial or administrative process.

(b) Permissible Disclosure of Confidential Information.

(i) Participant Rights Protected. Nothing in this Agreement shall limit or interfere with Participant's right to file a charge or complaint with any Government Agency (as defined below) or ability, without notice to or authorization from the Company, to communicate with any Government Agency for the purpose of reporting a reasonable belief that a possible violation of law has occurred or may occur, or to participate, cooperate, provide information (including documents) or testify in any inquiry, investigation, proceeding or action that may be conducted by any Government Agency. Participant will not be held criminally or civilly liable under any U.S. federal or state trade secret law, including the Defend Trade Secrets Act of 2016 (as amended from time to time) (or applicable law in jurisdictions other than the U.S. that afford equivalent disclosure protections) for the disclosure of any Confidential Information or other trade secret that is made in confidence to a Government Agency (or, in jurisdictions other than the U.S., to equivalent governmental agencies) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. Participant will also not be held criminally or civilly liable under any U.S. federal or state trade secret law (or applicable law in jurisdictions other than the U.S. that afford equivalent disclosure protections) for the disclosure of any Confidential Information or other trade secret that is made in a complaint or other document filed in a legal proceeding, if such filing is made under seal (or, in the case of jurisdictions other than the U.S., in any manner that has equivalent effect). If Participant files a claim against the Company or any member of the Company Group alleging that the Company (or any member of the Company Group) retaliated against Participant for reporting a suspected violation of law, Participant may disclose the Confidential Information or other trade secret to Participant's attorney and use the Confidential Information or other trade secret information in such legal proceeding provided Participant (i) files any document containing the Confidential Information or other trade secret under seal and (ii) does not otherwise disclose the Confidential Information or other trade secret, except pursuant to an order issued by the tribunal with jurisdiction over Participant's claim.

(ii) Responding to Legal Process. Separately, to the extent Participant receives any subpoena, court order, or other legal process issued in any private litigation or arbitration regarding any matter or action involving the Company Group, then to the extent permitted by law or regulation, Participant shall, before providing any Confidential Information, give prompt prior written notice to the Company's General Counsel in order to provide the Company with a reasonable opportunity to take appropriate steps to protect its Confidential Information to the fullest extent possible.

2. Return of Confidential Material. Upon the completion or other termination of Participant's services for the Company Group, Participant shall promptly surrender and deliver to the Company all records, materials, equipment, drawings, documents, notes and books and data of any nature pertaining to any Confidential Information of the Company Group or to Participant's services, and Participant will not take any description containing or pertaining to any Confidential Information or data of the Company Group which Participant may produce or obtain during the course of Participant's services.

3. Non Solicit; Non Interference. Participant agrees that the Company Group has invested substantial time, effort and expense in compiling its Confidential Information, in assembling its present staff of personnel and in attracting and/or contracting with its current clients and customers and its prospective clients and customers. In consideration of the Company Group granting access to Confidential Information, and in order to protect both the confidentiality of Confidential Information and the Company Group's connections with staff, clients and customers and prospective clients and customers, Participant agrees that, subject to any applicable jurisdiction specific limitations set forth in Section 4(a) and 4(b) below, during Participant's employment and during the Restricted Period, Participant shall not:

(a) either on Participant's own account or in conjunction with or on behalf of any other person, directly or indirectly, solicit, approach, counsel, entice away or attempt to entice away any individual who during the Relevant Period is or was a Senior Employee of the Company Group in the Restricted Area to leave the employ of the Company Group, including by means of the supply of names or expressing views on qualifications or otherwise; or

(b) either on Participant's own account or in conjunction with or on behalf of any other person, solicit, approach, contact, or have business dealings with, directly or indirectly, any Restricted Person for the purpose of diverting the Restricted Person's account or other business relationship away from the Company Group; provided, that nothing contained in this Section 3(b) shall be deemed to prohibit Participant from seeking or doing any business which is not in direct or indirect competition with the business carried on by the Company Group.

4. Certain Limitations. If a court determines that a restriction set forth in Section 3(a) or 3(b) cannot be enforced as written because it is overbroad in part (such as time, scope of activity, or geography), the parties agree that a court shall enforce the restrictions to such lesser extent as is allowed by law and/or reform the overbroad part of the restriction to make it enforceable. If, despite the foregoing, any provision contained in this Exhibit A is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect. In addition, the following provisions shall apply to limit, in whole or in part, the application of Section 3(a) and 3(b) of this Exhibit A during the Restricted Period only:

(a) **California**. For so long as Participant resides in California and California law controls, Section 3(a) shall be limited to solicitation by unlawful means, including use of Confidential Information, and Section 3(b) shall be limited to solicitation to the extent that Participant's solicitation involves use or disclosure of Confidential Information.

(b) **New York**. For so long as Participant resides in New York and New York law controls, Restricted Person as used in Section 3(b) shall not include a client or customer (person or entity) with whom Participant had a client relationship prior to Participant's employment with the Company Group.

5. Consideration. The Award shall be in consideration for Participant's execution of this Agreement and the covenants contained herein, which include the aforementioned restrictions and, in particular, the non-interference and non-solicit obligations set out in Section 3(a) and 3(b) of this Exhibit A.

6. Acceptance. Participant accepts that the restrictions contained in this Exhibit A are reasonable and necessary for the protection of the legitimate interests of the Company Group.

7. Award Agreement Restrictive Covenants. Participant expressly acknowledges that the restrictive covenants contained in this Exhibit A to the Award Agreement do not replace and/or supersede any other restrictive covenants agreed between Participant and the Employer. Restrictive covenants contained in Exhibit A are in addition to any other restrictive covenants agreed and may be enforced separately and independently.

8. Definitions. For purposes of this Exhibit A, the capitalized terms used above shall have the following meanings:

(a) "Company Group" means the Company and its Subsidiaries, partnerships, joint ventures and related and affiliated business entities.

(b) "Confidential Information" means information disclosed to Participant or known by Participant as a consequence of or through the unique position of Participant's employment with the Company or any of its Subsidiaries (including information conceived, originated, discovered or developed by Participant) prior to or after the Award Date, and not generally or publicly known, about the Company or its business, including, without limitation, data, information or other compilation of information of the Company Group relating to the products, processes, technical data, research and development, formulas, programs, test data, customer lists, investor lists, business plans, marketing plans, investment plans and strategies, pricing strategies or other subject matter pertaining to any business of the Company Group or any of its funds, clients, customers, consultants, licensees or affiliates, or private or otherwise protected data relating to employee applicants or employees of the Company Group, each as Participant may produce, obtain or otherwise learn of during the course of Participant's performance of services, including information expressly deemed to be confidential by the Company Group.

(c) "Government Agency" includes any U.S. or non U.S. national, federal, provincial, regional, state, or local governmental agency, commission or legislative body, or self-regulatory organization, including, by way of representative example only, any securities and financial regulators or employment and labor regulators.

(d) "Relevant Period" means the 12-month period up to and including the date of Participant's termination of employment with the Company Group (or, where Participant is placed on garden leave, the 12-month period up to and including the date of the commencement of such period of garden leave).

(e) "Restricted Area" means those geographic regions or territories within any country or state in which any member of the Company Group operates where during the last two years of Participant's employment with the Company Group, as applicable: (i) Participant is or was engaged to provide services or materially involved in providing services (including account management, both individually and with colleagues, and client services undertaken in locations outside Participant's place of work); and/or (ii) Participant has or had geographic responsibility.

(f) "Restricted Period" means the 12-month period after the date of Participant's termination of employment with the Company Group. The Restricted Period shall be reduced by any period spent on garden leave.

(g) "Restricted Person" means any person in the Restricted Area who was an investor or business partner, a client or customer, or prospective client or customer of the Company Group during the Relevant Period and with whom Participant had material business dealings during the Relevant Period.

(h) "Senior Employee" means any employee with whom Participant had material business dealings during the Relevant Period and who: (i) has direct business contact with clients or customers or prospective

clients or customers as part of such employee’s day to day work; or (ii) operates at a senior professional level or holds a management/executive role.

9. Survival. This Exhibit A shall survive the expiration or termination of Participant’s employment and shall survive the expiration or termination of the Agreement.

APPENDIX A
TO
FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT
FOR NON-U.S. RESIDENT PARTICIPANTS

Notwithstanding the terms of the Restricted Stock Award Agreement (the "Base Agreement") to which this Appendix A is attached, if Participant is not resident in the United States at the time of grant of the Award or at any time between the time of grant and vesting of the Award, the following terms and provisions shall amend and supersede the terms and provisions set forth in the Base Agreement to the extent set forth herein. In the event of any conflict between the Base Agreement and this Appendix A, the terms of this Appendix A shall prevail.

I. Vesting.

Section 3(b) of the Base Agreement is amended to read in full as follows:

(b) In the event of termination of Participant's Continuous Status as an Employee (whether or not in breach of local labor laws and whether or not later found to be invalid) for any reason other than death or disability (as described in Section 3(c)), Participant's rights under the 2002 Plan, including but not limited to the right to receive shares of Stock, if any, and the vesting thereof will terminate effective as of the date that Participant is no longer an active employee of the Company or one of its Subsidiaries and will not be extended by any notice period, whether mandated under local law or agreed upon between the Company or a Subsidiary and Participant (*e.g*., active employment would not include a period of "garden leave" or similar period required pursuant to local law or the terms of any agreement between the Company or a Subsidiary and Participant). For the avoidance of doubt, the foregoing provision expressly applies to any case where Participant's employment is terminated by Participant for any reason, by the Company or a Subsidiary with or without cause for any reason, or in the event of any other termination of Participant's employment caused directly or indirectly by the Company or a Subsidiary. All shares of Stock to the extent not yet vested under Section 3(a) on the date Participant ceases to be an active employee shall be forfeited by Participant without payment of any consideration to Participant therefor. Any shares of Stock so forfeited shall be canceled and returned to the status of authorized but unissued shares, to be held for future distributions under the 2002 Plan. The Company shall have the exclusive discretion to determine when Participant is no longer an active employee for purposes of the grant of the shares of Stock.

II. Withholding of Taxes.

Section 4 of the Base Agreement is amended to read in full as follows:

(a) General. Regardless of any action the Company or any of its Subsidiaries, including Participant's actual employer (the "Employer"), takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the shares of Stock, including the grant and issuance of the shares of Stock, the vesting of the shares of Stock, the subsequent sale of any of the unrestricted shares of Stock acquired pursuant to the vesting thereof and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the shares of Stock to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Payment of Withholding Taxes. Prior to any event in connection with the shares of Stock awarded (*e.g.*, vesting) that the Company determines may result in any obligation to withhold or account for Tax-Related Items, Participant shall pay, or make adequate arrangements satisfactory to the Company and/or to the Employer (in their sole discretion) to satisfy, all withholding and payment on account obligations of the Company and/or the Employer (the "Tax Withholding Obligation"). In this regard, Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation payable to Participant by the Company or the Employer. Alternatively, or in addition, if permissible under local law, the Company or the Employer, or their respective agents, may, in their sole discretion, satisfy the Tax Withholding Obligation by one of the following methods:

(i) *By Share Withholding.* Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, Participant authorizes the Company (in the exercise of its sole discretion) to withhold from those unrestricted shares of Stock to be delivered to Participant upon vesting under Section 3 above the whole number of shares sufficient to satisfy the Tax Withholding Obligation. If the obligation of Tax-Related Items is satisfied by Share withholding (*i.e.*, reducing the number of unrestricted shares of Stock delivered upon vesting of the Units) as set forth herein, for tax purposes, Participant is deemed to have been issued the full number of shares subject to the shares awarded, notwithstanding that a number of the shares is held back solely for the purpose of satisfying the Tax Withholding Obligation. Share withholding will generally be used to satisfy the tax liability of individuals subject to the short swing profit restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(ii) *By Sale of Shares*. Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, and provided that the terms of this clause (ii) do not violate Section 13(k) of the Securities Exchange Act of 1934, as amended, Participant's acceptance of the Stock awarded constitutes Participant's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell or arrange for the sale of unrestricted Share of Stock to be delivered to Participant upon the vesting under Section 3 above to satisfy the Tax Withholding Obligation. Such shares will be sold on the day such Tax Withholding Obligation arises (*e.g.*, a Vesting Date) or as soon thereafter as practicable. Participant will be responsible for all brokers' fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. If the Tax Withholding Obligation is satisfied by sale of shares, the Company and the Employer will endeavor to sell only the number of shares required to satisfy Participant's and/or the Employer's obligation for Tax-Related Items; however, Participant agrees that the Company and/or the Employer may sell more shares than necessary to cover the Tax-Related Items and that, in such event, the Company will reimburse Participant for the excess amount withheld, in cash and without interest. Participant acknowledges that the Company is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy Participant's obligation for Tax-Related Items. Accordingly, Participant agrees to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of days as determined by the Committee or its designee) before any Tax Withholding Obligation arises (*e.g.*, a Vesting Date), Participant may request permission to satisfy the Tax Withholding Obligation by check, wire transfer or other means, by submitting such request, in writing, to the Company. If the Company approves Participant's request, within five (5) business days of the relevant Vesting Date (or such fewer number of days as determined by the Committee or its designee) Participant must deliver to the Company the amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check in U.S. dollars payable to the Company, or (z) such other means as specified from time to time by the Committee or its designee.

Participant shall pay to the Company or to the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's participation in the 2002 Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver unrestricted shares of Stock or the proceeds of the sale of shares of Stock to Participant if Participant fails to comply with Participant's obligation in connection with the Tax-Related Items.

III. Forfeiture.

Section 12 of the Base Agreement is supplemented by the following provision:

In its sole discretion, the Committee may amend or waive the provisions of Section 12 of the Base Agreement, in whole or in part, to the extent necessary or advisable to comply with applicable laws, as determined by the Committee.

IV. Additional Provisions.

The Base Agreement is further amended by adding the following after the text of Section 12:

13. Requirements of Law. The granting of the Award under the 2002 Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. No shares of Stock will be issued or delivered to Participant under the 2002 Plan unless and until there has been compliance with such applicable laws, as determined by the Company.

14. Nature of the Grant. In accepting the Award, Participant acknowledges that:

(a) the 2002 Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of shares of Stock, or benefits in lieu of shares of Stock even if shares of Stock or other services have been awarded repeatedly in the past;

(c) all decisions with respect to future grants of shares of Stock, if any, will be at the sole discretion of the Company;

(d) Participant's participation in the 2002 Plan is voluntary;

(e) the Award and the shares of Stock subject to the Award are not intended to replace any pension rights or compensation;

(f) notwithstanding any language in the Agreement or the Notice of Award to the contrary, awards under the 2002 Plan, including the Award, and the shares of Stock subject to the Award, are an extraordinary item that do not constitute compensation of any kind for services of any kind rendered to the Company or to the Employer, and the Award is outside the scope of Participant's employment contract, if any;

(g) notwithstanding any language in the Agreement or the Notice of Award to the contrary, awards under the 2002 Plan, including the Award, and the shares of Stock subject to the Award, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculation of any overtime, severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company the Employer, or any Subsidiary or affiliate of the Company;

(h) the grant of the Award will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Subsidiary or affiliate of the Company;

(i) the future value of the shares of Stock is unknown and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages arises from the forfeiture of the Award resulting from termination of Participant's Continuous Status as an Employee of the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws and whether or not later found to be invalid), and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any such claim against the Company or the Employer, waives Participant's ability, if any, to bring such claim, and releases the Company or any Subsidiary or affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the 2002 Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents to request dismissal or withdrawal of such claim; and

(k) further, no claim or entitlement to compensation or damages arises if, in satisfying Participant's (and/or the Employer's) obligation for Tax-Related Items pursuant to Section 4 of the Base Agreement (as modified by this Appendix A), the Company and/or the Employer withholds an amount in excess of the amount legally required to be withheld, and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any such claim against the Company or the Employer, waives Participant's ability, if any, to bring such claim, and releases the Company or any Subsidiary or affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the 2002 Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents to request dismissal or withdrawal of such claim.

15. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the 2002 Plan or acquisition or sale of shares of Stock. Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding his or her participation in the 2002 Plan before taking any action related to the 2002 Plan.

16. ***Data Protection.***

In connection with implementing, administering and managing the 2002 Plan, the Company is the Controller with respect to processing Personal Data, as these terms are defined below. Information concerning the Company's employee privacy practices and notices can be obtained through the Global Privacy Office at DataProtectionOfficer@FranklinTempleton.com.

Participant is responsible for: (i) providing the Employer and the Company with accurate and up-to-date Personal Data; and (ii) updating those Personal Data in the event of any material changes.

"Controller" means the entity that decides how and why Personal Data are processed.

"Personal Data" means any information relating to an identified or identifiable natural person (a 'data subject'); an identifiable natural person is one who can be identified

"process", "processing" or "processed" means anything that is done with Personal Data, including collecting, storing, accessing, using, editing, disclosing or deleting those data.

17. Language. If Participant has received the Agreement or any other document related to the 2002 Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the 2002 Plan, on the Award and on any Shares acquired under the 2002 Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the 2002 Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK AWARD

Name: ______________________________
Address: ______________________________

In accordance with the Franklin Resources, Inc. 2002 Universal Stock Incentive Plan (the "2002 Plan"), as an incentive for increased efforts and successful achievements, Franklin Resources, Inc. (the "Company"), has awarded Participant shares of common stock of the Company subject to the terms and conditions of the accompanying Restricted Stock Award Agreement (the "Award Agreement"), this Notice of Restricted Stock Award (the "Notice of Award" and together with the Award Agreement, the "Award") and the 2002 Plan, as follows (capitalized terms used but not defined in this Notice of Award have the same meaning as set forth in the 2002 Plan):

Award Number:	______________________
Award Date:	______________________
Total Number of Shares (the "Shares") Awarded:	______________________
Grant Date Value of Award (USD):	______________________
Restrictive Covenants Apply:	**[Insert "Yes" or "No"]**

Subject to Participant's Continuous Status as an Employee and other limitations set forth in the Award and the 2002 Plan, the Shares shall vest in the percentages and on the dates (each, a "Vesting Date") set forth in the table below.

Vesting Dates	% of Shares Vesting on Vesting Dates

[Vesting schedule terms subject to approval of the Compensation Committee of the Board of Directors of the Company.]

Unless otherwise set forth in the Award and the 2002 Plan, if Participant's Continuous Status as an Employee terminates for any reason prior to a Vesting Date, the unvested Shares shall be forfeited and deemed reconveyed to the Company on the date of such termination, and the Company shall thereafter be the legal and beneficial owner of such reconveyed Shares and shall have all rights and interest in or related thereto without further action by Participant.

Participant acknowledges and agrees that the Shares subject to this Award shall vest only by Participant's Continuous Status as an Employee on the applicable Vesting Dates and that such status is at the will of the Company or the applicable Subsidiary (not through the act of being hired, being granted this Award or acquiring Shares hereunder). Participant further acknowledges and agrees that nothing in this Award nor in the 2002 Plan, which is incorporated herein by this reference, affects the Company's, or a Subsidiary's, right to terminate, or to change the terms of, Participant's employment at any time, with or without cause.

Participant further acknowledges that, from time to time, the Company may be in a "Blackout Period" and/or subject to applicable securities laws that could subject Participant to liability for engaging in any transaction involving the sale of the Shares. Participant further acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is Participant's responsibility to determine whether or not such sale of Shares will subject Participant to liability under insider trading rules or other applicable securities laws.

Participant hereby: (i) consents to access the 2002 Plan prospectus in connection with the Form S-8 registration statement for the 2002 Plan, any updates thereto, the 2002 Plan, the Award Agreement and this Notice of Award (collectively, the "2002 Plan Documents") in electronic form either through the Company's Intranet or another form of electronic communication (e.g. e-mail); (ii) represents that Participant has access to the Company's Intranet and the Internet; (iii) acknowledges receipt of electronic copies, or that Participant is already in possession of paper copies, of the 2002 Plan Documents and the Company's most recent annual report to stockholders; and (iv) acknowledges that Participant is familiar with and has accepted the Award subject to the terms and provisions of the 2002 Plan Documents.

Participant may receive, without charge, upon written or oral request, paper copies of any or all of the 2002 Plan Documents, documents incorporated by reference in the Form S-8 registration statement for the 2002 Plan, and the Company's most recent annual report to stockholders by requesting them from Stock Administration at the Company, One Franklin Parkway, San Mateo, CA 94403-1906. Telephone (650) 312-2000. Email [___________]. Participant may also withdraw Participant's consent to receive any or all documents electronically by notifying Stock Administration at the above address in writing.

* * *

By accepting the Award, whether in electronic form or otherwise, Participant agrees that the Award is granted under and governed by the terms and conditions of the 2002 Plan, this Notice of Award and the Award Agreement.

_______________________________	_______________________________
Participant Signature	Authorized Franklin Resources, Inc. Officer Signature
_______________________________	_______________________________
Printed Name	Printed Name
_______________________________	_______________________________
Date	Date

FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

This Restricted Stock Award Agreement, together with any Exhibits or Appendix(es) attached hereto (hereinafter, collectively, the "Agreement"), is made as of the Award Date set forth in the Notice of Restricted Stock Award (the "Notice of Award") between Franklin Resources, Inc. (the "Company") and Participant named therein ("Participant").

WITNESSETH:

WHEREAS, the Board and stockholders of the Company have adopted the Franklin Resources, Inc. 2002 Universal Stock Incentive Plan (the "2002 Plan"), authorizing the grant of common stock of the Company ("Stock") to eligible individuals as an incentive in connection with the performance of services for the Company and its Subsidiaries, as defined in the 2002 Plan, which is incorporated herein by this reference (capitalized terms used but not defined in this Agreement have the same meaning as set forth in the 2002 Plan or the Notice of Award, as applicable); and

WHEREAS, the Company recognizes the efforts of Participant on behalf of the Company and its Subsidiaries and desires to motivate Participant in Participant's work and provide an inducement to remain in the service of the Company and its Subsidiaries; and

WHEREAS, the Company has determined that it would be to the advantage and in the interest of the Company and its stockholders to award the Stock provided for in this Agreement and the Notice of Award to Participant, subject to certain restrictions, as an incentive for increased efforts and successful achievements;

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Restricted Stock Award.

(a) The Company is issuing to Participant Shares as set forth in the Notice of Award, subject to the rights of and limitations on Participant as owner thereof as set forth in this Agreement. Such Shares are being issued in book entry form and maintained on the books of Computershare, the Company's transfer agent, or any successor thereto. All Shares issued hereunder shall be deemed issued to Participant as fully paid and non-assessable shares, and, subject to the restrictions set forth in the 2002 Plan and this Agreement, Participant shall have all rights of a stockholder with respect thereto, including the right to vote, to receive dividends (including stock dividends), to participate in stock splits or other recapitalizations, and to exchange such Shares in a tender offer, merger, consolidation or other reorganization. The Company shall pay any applicable stock transfer taxes. Participant hereby acknowledges that Participant is acquiring the Stock issued hereunder for investment and not with a view to the distribution thereof, and that Participant does not intend to subdivide Participant's interest in the Stock with any other person.

(b) If so indicated on the Notice of Award, the restrictive covenants set forth on the Restrictive Covenants Exhibit, attached hereto, shall apply and shall form a part of the Agreement.

2. Transfer Restriction. No Stock issued to Participant hereunder shall be sold, transferred by gift, pledged, hypothecated, or otherwise transferred or disposed of by Participant prior to the date on which it becomes vested under Section 3, except by will or the laws of descent and distribution. This Section shall not preclude Participant from exchanging the Stock awarded hereunder pursuant to a cash or stock tender offer, merger, reorganization or consolidation. Notwithstanding the foregoing, any securities (including stock dividends and stock splits) received with respect to shares of Stock which are not yet vested under Section 3 shall be subject to the provisions of this Agreement in the same manner and shall become fully vested at the same time as the Stock with respect to which such additional securities were issued.

3. Vesting.

(a) Participant's interest in the Stock awarded under Section 1 shall become vested and nonforfeitable in accordance with the Vesting Schedule in the Notice of Award so long as Participant maintains a Continuous Status as an Employee on each applicable Vesting Date, subject to Section 12 below. Upon vesting, the Company shall, within thirty (30) days of such vesting, deliver to Participant the certificates evidencing the nonforfeitable Shares (free of restrictive legends on such stock certificates), provided the withholding requirements of Section 4 have been satisfied. Alternatively, provided the withholding requirements of Section 4 have been satisfied, the Committee may permit or require that such nonforfeitable shares of Stock (free of the restrictive notations on shares of Stock issued in book-entry form) be deposited directly with a brokerage firm or transfer agent determined acceptable to the Company for such purpose or to a designated agent of the Company, and the Committee may utilize electronic or automated methods of share transfer.

(b) If Participant ceases to maintain a Continuous Status as an Employee for any reason, all shares of Stock to the extent not yet vested under Section 3(a) on the date Participant ceases to maintain a Continuous Status as an Employee shall be forfeited by Participant without payment of any consideration to Participant therefor. Any shares of Stock so forfeited shall be canceled and shall be returned to the status of authorized but unissued Shares, to be held for future distributions under the Company's 2002 Plan. Notwithstanding the above, an executive officer of the Company, in his or her sole discretion, may determine whether a portion or all of the unvested shares of Stock awarded hereunder become vested as of the date of death or termination of employment on account of disability (as determined by an executive officer of the Company in accordance with the policies of the Company). Unless changed by the Board, "disability" means that Participant ceases to be an employee on account of disability as a result of which Participant is determined to be disabled by the determining authority under the long-term or total permanent disability policy, or government social security or other similar benefit program, of the country or location in which Participant is employed and in the absence of such determining authority by the Board in accordance with the policies of the Company.

4. Withholding of Taxes.

(a) General. Participant is ultimately liable and responsible for all taxes owed by Participant in connection with the Stock awarded, regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the Stock awarded. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Stock awarded or the subsequent sale of any of the Stock. The Company and its Subsidiaries do not commit and are under no obligation to structure the Award to reduce or eliminate Participant's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Stock awarded (*e.g.*, vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state or local taxes or any applicable foreign taxes and including any employment tax obligation (the "Tax Withholding Obligation"), Participant must agree to the satisfaction of such Tax Withholding Obligation in a manner acceptable to the Company, including by means of one of the following methods:

(i) *By Share Withholding.* Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, Participant authorizes the Company (in the exercise of its sole discretion) to withhold from those unrestricted shares of Stock to be delivered to Participant upon vesting under Section 3 above the whole number of Shares sufficient to satisfy the Tax Withholding Obligation. Share withholding will result in the delivery of a lower number of unrestricted shares of Stock to Participant. Share withholding will generally be used to satisfy the tax liability of individuals subject to the short-swing profit restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(ii) *By Sale of Shares*. Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, and provided that the terms of this clause (ii) do not violate Section 13(k) of the Securities Exchange Act of 1934, as amended, Participant's acceptance of the Stock awarded constitutes Participant's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those unrestricted shares of Stock to be delivered to Participant upon vesting under Section 3 above as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (*e.g.*, a Vesting Date) or as soon thereafter as practicable. Participant will be responsible for all brokers' fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Tax Withholding Obligation, the Company agrees to pay such excess in cash to Participant. Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Tax Withholding Obligation. Accordingly, Participant agrees to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of days as determined by the Committee or its designee) before any Tax Withholding Obligation arises (*e.g.*, a Vesting Date), Participant may request permission to satisfy the Tax Withholding Obligation by check, wire transfer or other means, by submitting such request, in writing, to the Company. Alternatively, the Company may require that Participant satisfy any Tax Withholding Obligation in any such manner. If the Company approves Participant's request, or so requires, within five (5) business days of a Vesting Date (or such fewer number of days as determined by the Committee or its designee) Participant must deliver to the Company the amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Committee or its designee.

5. Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns. Nothing contained in the 2002 Plan, the Notice of Award or this Agreement shall be interpreted as imposing any liability on the Company or the Committee in favor of Participant or any purchaser or other transferee of Stock with respect to any loss, cost or expense which such Participant, purchaser or other transferee may incur in connection with, or arising out of any transaction involving, any Stock subject to the 2002 Plan, the Notice of Award or this Agreement.

6. Integration. The terms of the 2002 Plan, the Notice of Award and this Agreement are intended by the Company and Participant to be the final expression of their agreement with respect to the shares of Stock and may not be contradicted by evidence of any prior or contemporaneous agreement. The Company and Participant further intend that the 2002 Plan, the Notice of Award and this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any arbitration, judicial, administrative or other legal proceeding involving the 2002 Plan, the Notice of Award or this Agreement. Accordingly, the 2002 Plan, the Notice of Award and this Agreement contain the entire understanding between the parties and supersede all prior oral, written and implied agreements, understandings, commitments and practices among the parties.

7. Waivers. Any failure to enforce any terms or conditions of the 2002 Plan, the Notice of Award or this Agreement by the Company or by Participant shall not be deemed a waiver of that term or condition, nor shall any waiver or relinquishment of any right or power for all or any other times.

8. Severability of Provisions. If any provision of the 2002 Plan, the Notice of Award or this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision thereof; and the 2002 Plan, the Notice of Award and this Agreement shall be construed and enforced as if none of them included such provision.

9. Committee Decisions Conclusive. All decisions of the Committee arising under the 2002 Plan, the Notice of Award or this Agreement shall be conclusive.

10. Mandatory Direct Discussion, Mediation, and Arbitration. To the extent permitted by law, any claim, disagreement, or dispute arising out of or relating to the 2002 Plan, the Notice of Award, and/or this Agreement, including the meaning or interpretation thereof (a "Dispute"), shall be resolved solely and exclusively by direct discussion and mandatory mediation followed, if necessary, by final and binding arbitration in accordance with the terms and procedures specified in this Section 10. These terms and procedures apply solely to the resolution of a Dispute as defined in this Agreement. Any other claim, issue, or complaint raised by the Participant who is subject to the Franklin Templeton Investments Alternative Dispute Resolution Policy and Agreement (the "ADR Agreement"), which claims, issues or complaints are not covered by this Agreement will be resolved according to the terms and procedures of the ADR Agreement. With regard to any Dispute as defined in this Agreement, if there is a difference between the terms or procedures defined in the ADR Agreement, and the terms and procedures defined in this Agreement, this Agreement's terms and procedures shall control. The Participant and the Company specifically agree to waive the right to pursue any Dispute before a court or jury.

(a) Direct Discussion. Upon written notice of any Dispute, the Participant and the Company (each referred to as a "party" and together as the "parties") shall first attempt to resolve the Dispute by direct discussion.

(b) Mediation. If a Dispute is not resolved by direct discussion then either party may request mediation of the Dispute by sending a written notice requesting mediation to the other party. The parties will mutually agree to the selection of a mediator, whose compensation will be borne by the Company.

(c) Arbitration. If a Dispute is not resolved by direct discussion and mandatory mediation, then either party may request final and binding arbitration of the Dispute by sending a written notice requesting arbitration to the other party. The Dispute will be heard by a single arbitrator unless, within 45 days of receiving the initial written demand for arbitration, either party elects by written notice to the other party for the arbitration to be heard by a panel of three arbitrators. If a single arbitrator is used, the parties will mutually agree to the selection of the arbitrator. If either party elects for the arbitration to be heard by a panel of three arbitrators, each party will select one arbitrator, and the arbitrators selected by the parties will, within a reasonable period of time, then appoint a third arbitrator to serve as chair of the panel.

The arbitration will be conducted in accordance with the Employment Arbitration Rules and Mediation Procedures of the AAA as amended and effective November 1, 2009 (the "AAA Rules") but without necessarily retaining AAA or any other third party to administer the arbitration. The parties will determine whether a third party administration service is necessary and, if jointly deemed necessary, agree to a mutually acceptable arbitration administration service, whether AAA or otherwise, within 45 days of receipt of the initial written demand for arbitration. If the parties do not agree about whether a third party is needed to administer the arbitration, or if the parties cannot reach agreement as to which administration service to use within 45 days, any arbitration will be administered by AAA. The location for the arbitration shall be in the county or comparable jurisdiction of the Participant's employment. Judgment on the award rendered may be entered in any court having jurisdiction.

The Company will pay all of the costs of arbitration that are attributable to the employer pursuant to the AAA Rules, unless applicable law requires the Company to pay a greater share or all of the costs. In addition, if a single arbitrator is used, or if the Company elects for the arbitration to be heard by a panel of three arbitrators, the compensation and expenses of the arbitrator(s) will be paid by the Company. If the Participant elects for the arbitration to be heard by a panel of three arbitrators, the Participant will be responsible for paying one-half of the arbitrators' compensation and expenses.

All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section. To the extent permitted by law, the Participant waives the right to participate in a class, representative or collective action, as a class representative, class member, as an opt-in party, or private attorney general or join or consolidate claims with claims of any other person or entity, with respect to any Dispute, whether before a court or jury or in arbitration. Nothing in this Agreement, however, is intended or understood to limit, contradict, or preclude the rights reserved by law for the Participant to initiate any administrative claim, or to excuse the Participant from bringing an administrative claim before any agency in order to fulfill any obligation by the Participant to exhaust administrative remedies. The provisions of this Section are intended by the Participant and the Company to be exclusive for all purposes and applicable to any and all Disputes.

Except as otherwise provided in this Agreement, or as otherwise mutually agreed by the parties, the arbitrator(s) will conduct the arbitration pursuant to the AAA Rules, the U.S. Federal Arbitration Act, 9 U.S.C. section 1, et seq., and the U.S. Federal Rules of Evidence. The arbitrator(s) shall have jurisdiction and authority only to award the Participant an amount equal to or less than the amount of the Award challenged in the Dispute, subject to the same terms and conditions as the Notice of Award in Dispute, and shall not have jurisdiction or authority to make any other award of any type, including, without limitation, punitive damages, unforeseeable economic damages, damages for pain, suffering or emotional distress, or any other kind or form of damages (the "Arbitrator Authority"). Thus, the arbitrator(s) shall not have jurisdiction or authority to grant preliminary or final injunctive relief or specific performance. The remedy, if any, awarded by the arbitrator(s) within the Arbitrator Authority shall be the sole and exclusive remedy for any Dispute that is subject to arbitration under this Section.

If the Participant is an Associated Person employed by a Member Firm (as each such term is defined by the rules of the Financial Industry Regulatory Authority ("FINRA")), nothing in this Agreement prohibits or restricts the Participant or the Member Firm from filing an arbitration claim involving a Dispute in the FINRA arbitration forum as specified in FINRA rules. In such a case, the parties each reserve the right to elect to have the arbitration heard by a panel of three arbitrators regardless of the dollar amount of the claim. The parties further agree that the authority of the arbitrator(s) in any FINRA arbitration of a Dispute is limited to the Arbitrator Authority defined above. Unless otherwise mutually agreed by the parties, the arbitrator(s) will conduct the arbitration pursuant to the FINRA Code of Arbitration Procedure for Industry Disputes (the "FINRA Code") and the Federal Rules of Evidence. All fees, costs, and expenses of FINRA arbitration, whether a single arbitrator or a panel of arbitrators is selected, including any hearing session fees, arbitration fees, surcharges, and filing fees, will be allocated as specified in the FINRA Code.

11. Delaware Law. The 2002 Plan, the Notice of Award and this Agreement are governed by, and all Disputes arising under or in connection with the 2002 Plan, the Notice of Award and this Agreement shall be resolved in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules, to the extent not preempted by the federal laws of the United States of America.

12. Forfeiture.

(a) Forfeiture Pursuant to Restatement of Financial Results. Notwithstanding anything in the Award to the contrary, in the event that (i) the Company issues a restatement of financial results to correct a material error; (ii) the Committee determines, in good faith, that fraud or willful misconduct by Participant was a significant contributing factor to the need to issue such restatement; and (iii) some or all of the shares of Stock that were granted and/or other property earned prior to such restatement by Participant would not have been granted and/or earned, as applicable, based upon the restated financial results, Participant shall immediately return to the Company those shares of Stock, property received with respect to those shares of Stock, including any cash dividends paid with respect to those shares of Stock, any pre-tax income derived from ownership and any gross proceeds from disposition of such Stock and property, that would not have been granted and/or earned based upon the restated financial results (the "Repayment Obligation"), and all such shares of Stock (whether or not vested) shall immediately be forfeited. The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums and property owed by the Company to Participant.

(b) Forfeiture Pursuant to Fraud or Breach of Securities Law. Notwithstanding anything in the Award to the contrary, in the event that Participant:

(i) is convicted by any court for fraud;

(ii) is finally adjudicated by any court or is otherwise finally determined by a Regulatory Agency to be in violation of any Securities Law where the violation related to a period of time during which Participant was an Employee; or

(iii) enters into a settlement agreement with a Regulatory Agency, with or without admission of any liability, in relation to or in connection with an allegation concerning a violation of any Securities Law by Participant where the violation or alleged violation related to a period of time during which Participant was an Employee, and the terms of the settlement agreement result in (x) Participant making, or being required to make, payment of any penalty or a payment in lieu of any penalty or redress in respect of such violation, or alleged violation; (y) the publication of any statement of reprimand or censure; or (z) Participant suffering any other penalty including (without limitation) suspension or termination of his status for the purposes of any Securities Law, all of Participant's shares of Stock granted pursuant to this Agreement that have not vested shall immediately be forfeited without any payment to Participant therefor and Participant will immediately cease to have any further rights over or interest in such shares of Stock.

Notwithstanding the foregoing, the Committee may determine, in its sole discretion, that only a portion of Participant's shares of Stock specified by the Committee (or no such shares of Stock) shall be forfeited.

For the purposes of this Section 12(b), the following words shall have the following meanings:

"Regulatory Agency" shall mean in any jurisdiction any department of government, independent agency, authority appointed by statute or by government in connection with the supervision and/or enforcement of any Securities Law including, but not limited to, the U.S. Securities and Exchange Commission;

"Securities Law" shall mean any enactment, law, statute, rule, requirement or regulation in any jurisdiction relating to Securities that is or was applicable to the Company or that is or was applicable to Participant; and

"Securities" shall mean any shares, bonds, derivatives or other financial instruments or financial assets or any interest therein.

(c) Other Repayment/Forfeiture. Any benefits Participant may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, (ii) similar laws, and implementing rules and regulations, of the European Union (as implemented by its member states and by the European Securities and Markets Authority) and of any other jurisdiction and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to Participant.

END OF AGREEMENT

RESTRICTIVE COVENANTS EXHIBIT
TO
FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT

1. Restrictive Covenants. This Section 1 of this Restrictive Covenants Exhibit to the Award Agreement shall apply if so indicated on the Notice of Award.

(a) Confidentiality.

(i) Confidential Information Obligations and Restrictions. Participant shall keep confidential and, except as the Company may otherwise consent to in writing, shall not divulge, communicate, disclose, or use to the detriment of the Company Group or for the benefit of any other person or persons, misuse in any way, or make any use of, except for the benefit of the Company Group, at any time either between the Award Date and the applicable Vesting Date or at any time thereafter, any Confidential Information (as defined below). Participant shall not disclose, deliver, reproduce, or in any way allow any such Confidential Information to be disclosed, delivered to or used by any third parties without the specific direction or consent of a duly authorized representative of the Company, except in connection with the discharge of Participant's duties. Any Confidential Information now or hereafter acquired by Participant with respect to the business of the Company Group shall be deemed a valuable, special and unique asset of the Company Group that is received by Participant in confidence and as a fiduciary, and Participant shall remain a fiduciary to the Company with respect to all of such information. Notwithstanding anything to the contrary herein, Participant shall not have any obligation to keep confidential any information (and the term "Confidential Information" shall not be deemed to include any information) that (A) is generally available to the public through no fault or wrongful act of Participant in breach of the terms hereof, (B) is disseminated by the Company Group publicly without requiring confidentiality, (C) is required by law or regulation to be disclosed by Participant, or (D) is required to be disclosed by Participant to any government agency or person to whom disclosure is required by judicial or administrative process.

(ii) Permissible Disclosure of Confidential Information.

(A) Employee Rights Protected. Nothing in this Agreement shall limit or interfere with Participant's right to file a charge or complaint with any Government Agency (as defined below) or ability, without notice to or authorization from the Company, to communicate with any Government Agency for the purpose of reporting a reasonable belief that a possible violation of law has occurred or may occur, or to participate, cooperate, provide information (including documents) or testify in any inquiry, investigation, proceeding or action that may be conducted by any Government Agency. Participant will not be held criminally or civilly liable under any U.S. federal or state trade secret law for the disclosure of any Confidential Information or other trade secret that is made in confidence to a Government Agency or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. Participant will also not be held criminally or civilly liable under any U.S. federal or state trade secret law for the disclosure of any Confidential Information or other trade secret that is made in a complaint or other document filed in a legal proceeding, if such filing is made under seal. If Participant files a claim against the Company or any member of the Company Group alleging that the Company (or any member of the Company Group) retaliated against Participant for reporting a suspected violation of law, Participant may disclose the Confidential Information or other trade secret to Participant's attorney and use the Confidential Information or other trade secret information in the legal proceeding provided Participant (i) files any document containing the Confidential Information or other trade secret under seal and (ii) does not otherwise disclose the Confidential Information or other trade secret, except pursuant to an order issued by the tribunal with jurisdiction over Participant's claim.

(B) Responding to Legal Process. Separately, to the extent Participant receives any subpoena, court order, or other legal process issued in any private litigation or arbitration regarding any matter or action involving the Company Group, then to the extent permitted by law or regulation, Participant shall, before providing any Confidential Information, give prompt prior written notice to the Company's General Counsel in order to provide the Company with a reasonable opportunity to take appropriate steps to protect its Confidential Information to the fullest extent possible.

(b) Return of Confidential Material. Upon the completion or other termination of Participant's services for the Company Group, Participant shall promptly surrender and deliver to the Company all records, materials, equipment, drawings, documents, notes and books and data of any nature pertaining to any Confidential Information of the Company Group or to Participant's services, and Participant will not take any description containing or pertaining to any Confidential Information or data of the Company Group which Participant may produce or obtain during the course of Participant's services.

(c) Non-Solicit; Non-Interference. Participant agrees that the Company Group has invested substantial time, effort and expense in compiling its Confidential Information, in assembling its present staff of personnel and in attracting and/or contracting with its current clients and customers and its prospective clients and customers. In order to protect the confidentiality of Confidential Information and its connections with staff, clients and customers and prospective clients and customers, Participant agrees that, subject to any applicable jurisdiction specific limitations set forth in Section 1(c)(iii)(A)-(B) below, during Participant's employment and during the Restricted Period, Participant shall not:

(i) either on Participant's own account or in conjunction with or on behalf of any other person, directly or indirectly, solicit, approach, counsel, entice away or attempt to entice away any individual who during the Relevant Period is or was a Senior Employee of the Company Group to leave the employ of the Company Group, including by means of the supply of names or expressing views on suitability or otherwise; or

(ii) either on Participant's own account or in conjunction with or on behalf of any other person, solicit, approach, contact, communicate with, or have business dealings, directly or indirectly, with any person who was an investor or business partner, a client or customer or prospective client or customer of the Company Group during the Relevant Period and with whom Participant had material business dealings during the Relevant Period; provided, that nothing contained in this Section 1(c)(ii) shall be deemed to prohibit Participant from seeking or doing any business which is not in direct or indirect competition with the business carried on by the Company Group.

(iii) Certain Limitations. If a court determines that a restriction set forth in Section 1(c)(i) or (ii) cannot be enforced as written because it is overbroad in part (such as time, scope of activity, or geography), the parties agree that a court shall enforce the restrictions to such lesser extent as is allowed by law and/or reform the overbroad part of the restriction to make it enforceable. If, despite the foregoing, any provision contained in this Section 1 is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect. In addition, the following provisions shall apply to limit, in whole or in part, the application of Section 1(c)(ii) of this Restrictive Covenants Exhibit:

(A) **California**. For so long as Participant resides in California and California law controls Section 1(c)(ii) shall only be applicable to solicitation to the extent that Participant's solicitation involves use or disclosure of the Company's trade secrets.

(B) **New York**. For so long as Participant resides in New York and New York law controls, Section 1(c)(ii) shall be deemed modified so that client or customer means a client or customer (person or entity) that Participant has relevant business-related dealings with or access to Confidential Information for the first time during employment with the Company Group.

(d) Participant accepts that the restrictions contained in this Section 1 are reasonable and necessary for the protection of the legitimate interests of the Company Group.

(e) Definitions. For purposes of this Section 1, the capitalized terms below shall have the following meanings:

(i) "Company Group" means the Company and its Subsidiaries, partnerships, joint ventures and related and affiliated business entities.

(ii) "Confidential Information" means information disclosed to Participant or known by Participant as a consequence of or through the unique position of Participant's employment with the Company or any of its Subsidiaries (including information conceived, originated, discovered or developed by Participant) prior to or after the Award Date, and not generally or publicly known, about the Company or its business, including, without limitation, data, information or other compilation of information of the Company Group relating to the products, processes, technical data, research and development, formulas, programs, test data, customer lists, investor lists, business plans, marketing plans, investment plans and strategies, pricing strategies or other subject matter pertaining to any business of the Company Group or any of its clients, customers, consultants, licensees or affiliates which Participant may produce, obtain or otherwise learn of during the course of Participant's performance of services, including information expressly deemed to be confidential by the Company Group.

(iii) "Government Agency" includes any U.S. or non-U.S. national, federal, provincial, regional, state, or local governmental agency, commission or legislative body, or self-regulatory organization, including, by way of representative example only, any securities and financial regulators or employment and labor regulators.

(iv) "Restricted Area" means those territories within any country or state in which any member of the Company Group operates and where Participant was engaged to provide services or materially involved or the geographic regions or territories for which Participant is or was responsible during the last two years of employment with the Company Group.

(v) "Relevant Period" means the 12-month period up to and including the date of Participant's termination of employment with the Company Group (or, where Participant is placed on garden leave, the 12-month period up to and including the date of the commencement of such period of garden leave).

(vi) "Restricted Period" means the 12-month period after the date of Participant's termination of employment with the Company Group. The Restricted Period shall be reduced by any period spent on garden leave.

(vii) "Senior Employee" means any employee with whom Participant had material business dealings during the Relevant Period and who: (a) has direct business contact with clients or customers or prospective clients or customers as part of such employee's day-to-day work; or (b) operates at a senior professional level or holds a management/executive role.

(f) Survival. This Section 1 shall survive the expiration or termination of Participant's employment and shall survive the expiration or termination of the Award Agreement.

APPENDIX A
TO
FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT
FOR NON-U.S. RESIDENT PARTICIPANTS

Notwithstanding the terms of the Restricted Stock Award Agreement (the "Base Agreement") to which this Appendix A is attached, if Participant is not resident in the United States at the time of grant of the Award or at any time between the time of grant and vesting of the Award, the following terms and provisions shall amend and supersede the terms and provisions set forth in the Base Agreement to the extent set forth herein. In the event of any conflict between the Base Agreement and this Appendix A, the terms of this Appendix A shall prevail.

A. Vesting.

Section 3(b) of the Base Agreement is amended to read in full as follows:

(b) In the event of termination of Participant's Continuous Status as an Employee (whether or not in breach of local labor laws and whether or not later found to be invalid) for any reason, Participant's rights under the 2002 Plan, including but not limited to the right to receive shares of Stock, if any, and the vesting thereof will terminate effective as of the date that Participant is no longer an active employee of the Company or one of its Subsidiaries and will not be extended by any notice period, whether mandated under local law or agreed upon between the Company or a Subsidiary and Participant (*e.g.*, active employment would not include a period of "garden leave" or similar period required pursuant to local law or the terms of any agreement between the Company or a Subsidiary and Participant). For avoidance of doubt, the foregoing provision expressly applies to any case where Participant's employment is terminated by Participant for any reason, by the Company or a Subsidiary with or without cause for any reason, or in the event of any other termination of Participant's employment caused directly or indirectly by the Company or a Subsidiary. All shares of Stock to the extent not yet vested under Section 3(a) on the date Participant ceases to be an active employee shall be forfeited by Participant without payment of any consideration to Participant therefor. Any shares of Stock so forfeited shall be canceled and returned to the status of authorized but unissued shares, to be held for future distributions under the Company's 2002 Plan. The Committee shall have the exclusive discretion to determine when Participant is no longer an active employee for purposes of the grant of the shares of Stock.

B. Withholding of Taxes.

Section 4 of the Base Agreement is amended to read in full as follows:

(a) General. Regardless of any action the Company or any of its Subsidiaries, including Participant's actual employer (the "Employer"), takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the shares of Stock, including the grant and issuance of the shares of Stock, the vesting of the shares of Stock, the subsequent sale of any of the unrestricted shares of Stock acquired pursuant to the vesting thereof and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the shares of Stock to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Payment of Withholding Taxes. Prior to any event in connection with the shares of Stock awarded (*e.g.*, vesting) that the Company determines may result in any obligation to withhold or account for Tax-Related Items, Participant shall pay, or make adequate arrangements satisfactory to the Company and/or to the Employer (in their sole discretion) to satisfy, all withholding and payment on account obligations of the Company and/or the Employer (the "Tax Withholding Obligation"). In this regard, Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation payable to Participant by the Company or the Employer. Alternatively, or in addition, if permissible under local law, the Company or the Employer, or their respective agents, may, in their sole discretion, satisfy the Tax Withholding Obligation by means of one of the following methods:

(i) *By Share Withholding.* Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, Participant authorizes the Company (in the exercise of its sole discretion) to withhold from those unrestricted shares of Stock to be delivered to Participant upon vesting under Section 3 above the whole number of shares sufficient to satisfy the Tax Withholding Obligation. If the obligation of Tax-Related Items is satisfied by Share withholding (*i.e.*, reducing the number of unrestricted shares of Stock delivered upon vesting of the Units) as set forth herein, for tax purposes, Participant is deemed to have been issued the full number of shares subject to the shares awarded, notwithstanding that a number of the shares is held back solely for the purpose of satisfying the Tax Withholding Obligation. Share withholding will generally be used to satisfy the tax liability of individuals subject to the short-swing profit restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(ii) *By Sale of Shares*. Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, and provided that the terms of this clause (ii) do not violate Section 13(k) of the Securities Exchange Act of 1934, as amended, Participant's acceptance of the Stock awarded constitutes Participant's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell or arrange for the sale of unrestricted Share of Stock to be delivered to Participant upon the vesting under Section 3 above to satisfy the Tax Withholding Obligation. Such shares will be sold on the day such Tax Withholding Obligation arises (*e.g.*, a vesting date) or as soon thereafter as practicable. Participant will be responsible for all brokers' fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. If the Tax Withholding Obligation is satisfied by sale of shares, the Company and the Employer will endeavor to sell only the number of shares required to satisfy Participant's and/or the Employer's obligation for Tax-Related Items; however, Participant agrees that the Company and/or the Employer may sell more shares than necessary to cover the Tax-Related Items and that, in such event, the Company will reimburse Participant for the excess amount withheld, in cash and without interest. Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy Participant's obligation for Tax-Related Items. Accordingly, Participant agrees to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of days as determined by the Committee or its designee) before any Tax Withholding Obligation arises (*e.g.*, a vesting date), Participant may request permission to satisfy the Tax Withholding Obligation by check, wire transfer or other means, by submitting such request, in writing, to the Company. If the Company approves Participant's request, within five (5) business days of a vesting date (or such fewer number of days as determined by the Committee or its designee) Participant must deliver to the Company the amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check in U.S. dollars payable to the Company, or (z) such other means as specified from time to time by the Committee or its designee.

Participant shall pay to the Company or to the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's participation in the 2002 Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver unrestricted shares of Stock or the proceeds of the sale of shares of Stock to Participant if Participant fails to comply with Participant's obligation in connection with the Tax-Related Items.

C. Forfeiture.

Section 12 of the Base Agreement is supplemented by the following provision:

In its sole discretion, the Committee may amend or waive the provisions of Section 12 of the Base Agreement, in whole or in part, to the extent necessary or advisable to comply with applicable laws, as determined by the Committee.

D. Additional Provisions.

The Base Agreement is further amended by adding the following after the text of Section 12:

13. Requirements of Law. The granting of the Award under the 2002 Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. No shares of Stock will be issued or delivered to Participant under the 2002 Plan unless and until there has been compliance with such applicable laws, as determined by the Company.

14. Nature of the Grant. In accepting the Award, Participant acknowledges that:

(a) the 2002 Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of shares of Stock, or benefits in lieu of shares of Stock even if shares of Stock or other services have been awarded repeatedly in the past;

(c) all decisions with respect to future grants of shares of Stock, if any, will be at the sole discretion of the Company;

(d) Participant's participation in the 2002 Plan is voluntary;

(e) the Award and the shares of Stock subject to the Award are not intended to replace any pension rights or compensation;

(f) notwithstanding any language in the Agreement or the Notice of Award to the contrary, awards under the 2002 Plan, including the Award, and the shares of Stock subject to the Award, are an extraordinary item that do not constitute compensation of any kind for services of any kind rendered to the Company or to the Employer, and the Award is outside the scope of Participant's employment contract, if any;

(g) notwithstanding any language in the Agreement or the Notice of Award to the contrary, awards under the 2002 Plan, including the Award, and the shares of Stock subject to the Award, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculation of any overtime, severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company the Employer, or any Subsidiary or affiliate of the Company;

(h) the grant of the Award will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Subsidiary or affiliate of the Company;

(i) the future value of the shares of Stock is unknown and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages arises from the forfeiture of the Award resulting from termination of Participant's Continuous Status as an Employee of the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws and whether or not later found to be invalid), and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or the Employer, waives Participant's ability, if any, to bring such claim, and releases the Company or any Subsidiary or affiliate from any claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the 2002 Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents to request dismissal or withdrawal of such claims; and

(k) further, no claim or entitlement to compensation or damages arises if, in satisfying Participant's (and/or the Employer's) obligation for Tax-Related Items pursuant to Section 4 of the Base Agreement (as modified by this Appendix A), the Company and/or the Employer withholds an amount in excess of the amount legally required to be withheld, and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or the Employer, waives Participant's ability, if any, to bring such claim, and releases the Company or any Subsidiary or affiliate from any claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the 2002 Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents to request dismissal or withdrawal of such claims.

15. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the 2002 Plan or acquisition or sale of shares of Stock. Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding his or her participation in the 2002 Plan before taking any action related to the 2002 Plan.

16. ***Data Protection.***

The Company's External Privacy and Cookies Notice (the "External Privacy Notice") is available online at: http://www.franklintempletonglobal.com/franklintempletonglobal/privacy (and "GDPR Frequently Asked Questions" can be found at the same URL).

The information in this Section 16 is provided to Participants by the Company for the exclusive purpose of processing Personal Data (as defined in the External Privacy Notice) in the context of implementing, administering and managing the 2002 Plan. For the purposes of this Section 17, the Company is the controller. Where local data protection laws require the appointment of a local representative, such representative will be the Company's Data Protection Officer. A glossary of terms used in this Section 16 is provided below.

This Section 16 applies in addition to the Company's Employee Privacy Notice which can be accessed via Passport.

Participant is responsible for: (i) providing the Employer and the Company with accurate and up-to-date Personal Data; and (ii) updating those Personal Data in the event of any material changes.

For any questions related to this Section 16 or relating to the Company's processing of Personal Data, please contact the Data Protection Officer at [__________].

Glossary

'controller' means the entity that decides how and why Personal Data are processed.

'process', 'processing' or 'processed' means anything that is done with Personal Data, including collecting, storing, accessing, using, editing, disclosing or deleting those data.

17. Language. If Participant has received the Agreement or any other document related to the 2002 Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

18. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the 2002 Plan, on the Award and on any Shares acquired under the 2002 Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the 2002 Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

EXHIBIT 10.3

FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK UNIT AWARD

Name: ________________________________
Address: ________________________________

In accordance with the Franklin Resources, Inc. 2002 Universal Stock Incentive Plan (the "2002 Plan"), as an incentive for increased efforts and successful achievements, Franklin Resources, Inc. (the "Company") has awarded Participant Restricted Stock Units ("Units") over common stock of the Company subject to the terms and conditions of the accompanying Restricted Stock Unit Award Agreement (the "Award Agreement"), this Notice of Restricted Stock Unit Award (the "Notice of Award" and together with the Award Agreement, the "Award") and the 2002 Plan, as follows (capitalized terms used but not defined in this Notice of Award have the same meaning as set forth in the 2002 Plan):

Award Number:	________________
Award Date:	________________
Total Number of Units Awarded:	________________
Grant Date Value of Award (USD):	________________
Restrictive Covenants Apply:	**[Insert "Yes" or "No"]**

Vesting Schedule:

[Vesting schedule performance terms subject to approval of the Compensation Committee of the Board of Directors of the Company.]

For purposes of this Notice of Award and the Award Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company (other than pursuant to Section 16 of the Award Agreement).

The Units subject to this Award shall vest only by Participant's Continuous Status as an Employee and such status is at the will of the Company or the applicable Subsidiary (not through the act of being hired, being granted this Award or acquiring Units hereunder). Nothing in this Award, or in the 2002 Plan, which is incorporated herein by this reference, affects the Company's, or a Subsidiary's, right to terminate, or to change the terms of, Participant's employment at any time, with or without cause.

From time to time, the Company may be in a "Blackout Period" and/or subject to applicable securities laws that could subject Participant to liability for engaging in any transaction involving the sale of the Shares. Prior to the sale of any Shares acquired under this Award, it is Participant's responsibility to determine whether or not such sale of Shares will subject Participant to liability under insider trading rules or other applicable securities laws.

In receiving this Award, Participant is hereby notified that the following constitute certain of the terms, conditions and obligations of receiving, holding and potentially vesting in, and settlement of the Award:

(i) Participant may receive the 2002 Plan prospectus in connection with the Form S-8 registration statement for the 2002 Plan, any updates thereto, the 2002 Plan, the Award Agreement and this Notice of Award (collectively, the "2002 Plan Documents") in electronic form either through the Company's intranet, the website of the third-party stock administration provider used by the Company, or another form of electronic communication (*e.g.,* e-mail), as determined by the Company;

(ii) Participant has access to the Company's intranet and the internet;

(iii) Participant may be required to acknowledge receipt of electronic or paper copies of the 2002 Plan Documents and the Company's most recent annual report to stockholders; and

(iv) Participant has familiarized himself or herself with and has acknowledged the contents of and accepted the Award subject to the terms and provisions of the 2002 Plan Documents.

Participant may receive, without charge, upon written or oral request, paper copies of any or all of the 2002 Plan Documents, documents incorporated by reference in the Form S-8 registration statement for the 2002 Plan, and the Company's most recent annual report to stockholders by requesting them from Stock Administration at the Company, One Franklin Parkway, San Mateo, CA 94403-1906. Telephone +1 (650) 312-2000. Email [ ]. Participant may also withdraw Participant's consent to receive any or all documents electronically by notifying Stock Administration at the above address in writing.

If restrictive covenants apply to the Award (as indicated above), such restrictive covenants shall be governed by the provisions of Exhibit A to the Award Agreement and, for the avoidance of doubt, Exhibit A shall form part of the Award Agreement. In these circumstances, Participant shall be required to accept the Award by electronic or other means, as determined by the Company.

If restrictive covenants do not apply to the Award (as indicated above), the terms, conditions, obligations and requirements of this Notice of Award shall apply as a condition of receiving and holding the Award without the need for any manual or other execution of this Notice of Award by Participant or the Company, and Participant shall be deemed for all purposes to have accepted the Award in the absence of any written notice from Participant to the contrary. Notwithstanding the foregoing, however, as a condition to holding the Award and/or the vesting or settlement of the Award, upon the Company's request at any time, the Company may require Participant to sign this Notice of Award either manually or electronically.

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FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement, together with any Exhibits or Appendix(es) attached hereto (hereinafter, collectively, the "Agreement"), is made as of the Award Date set forth in the Notice of Restricted Stock Unit Award (the "Notice of Award") between Franklin Resources, Inc. (the "Company") and Participant named therein ("Participant").

WITNESSETH:

WHEREAS, the Board and stockholders of the Company have adopted the Franklin Resources, Inc. 2002 Universal Stock Incentive Plan (the "2002 Plan"), authorizing the grant of Restricted Stock Units ("Units") to eligible individuals as an incentive in connection with the performance of services for the Company and its Subsidiaries, as defined in the 2002 Plan, which is incorporated herein by this reference (capitalized terms used but not defined in this Agreement have the same meaning as set forth in the 2002 Plan or the Notice of Award, as applicable); and

WHEREAS, the Company recognizes the efforts of Participant on behalf of the Company and its Subsidiaries and desires to motivate Participant in Participant's work and provide an inducement to remain in the service of the Company and its Subsidiaries; and

WHEREAS, the Company has determined that it would be to the advantage and in the interest of the Company and its stockholders to award Units provided for in this Agreement and the Notice of Award to Participant, subject to certain restrictions, as an incentive for increased efforts and successful achievements;

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Restricted Stock Unit Award. The Company is awarding to Participant Units as set forth in the Notice of Award, subject to the rights of and limitations on Participant as owner thereof as set forth in this Agreement. If so indicated on the Notice of Award, the restrictive covenants set forth on Exhibit A, attached hereto, shall apply and shall form a part of this Agreement. The Award shall be in consideration of Participant's execution of this Agreement and the covenants herein.

2. Transfer Restriction. Units may not be transferred by Participant in any manner except that Units may be transferred by will or by the laws of descent and distribution if Participant dies while an employee of the Company or any of its Subsidiaries, and holds vested Units as of the date of his or her death.

3. Vesting.

(a) Units shall become vested in accordance with the Vesting Schedule in the Notice of Award so long as Participant maintains a Continuous Status as an Employee, subject to Section 16 below.

(b) If Participant ceases to maintain a Continuous Status as an Employee for any reason other than death or disability (as described in Section 3(c)), all Units to the extent not yet vested under Section 3(a) on the date Participant ceases to maintain a Continuous Status as an Employee shall be forfeited by Participant without payment of any consideration to Participant therefor. Any Units so forfeited shall be canceled and any Shares considered issuable pursuant to such Units, if applicable, shall be returned to the status of authorized but unissued Shares, to be held for future distributions under the Company's 2002 Plan.

(c) If Participant dies or in the event of termination of Participant's Continuous Status as an Employee as a result of disability (as determined by an executive officer of the Company in accordance with the policies of the

Company) while an employee of the Company or any of its Subsidiaries, Participant's interest in all Units awarded hereunder shall become fully vested as of the date of death or termination of employment on account of such disability, in which case such date shall be deemed the Vesting Date. Unless changed by the Committee, "disability" means that Participant ceases to be an employee on account of disability as a result of which Participant is determined to be disabled by the determining authority under the long-term or total permanent disability policy, or government social security or other similar benefit program, of the country or location in which Participant is employed and, in the absence of such determining authority, as determined by the Committee in accordance with the policies of the Company.

4. Vesting of Units and Issuance of Shares. Upon the Vesting Date, (i) one Share and (ii) an amount in cash equal to the cash dividends, if any, paid with respect to such share between the Award Date and the Vesting Date shall be issuable for each Unit that vests on such date, subject to the terms and provisions of the 2002 Plan, the Notice of Award and this Agreement. Upon satisfaction of any required tax or other withholding obligations as set forth in Section 6 of this Agreement, the Shares and cash amount (if any) will be issued to Participant (as evidenced by the appropriate entry in the books of the Company or a duly authorized transfer agent of the Company) as soon as practicable after the Vesting Date, but in any event, within the period ending on the later to occur of the date that is two and a half (2½) months from the end of (i) Participant's tax year that includes the applicable Vesting Date, or (ii) the Company's tax year that includes the applicable Vesting Date (such period, the "short-term deferral period"). Any fractional Unit remaining after all Units under this Award are fully vested shall be discarded and neither a fractional Share nor any dividends issued with respect to such fractional Share shall be issued at vesting of the fractional Unit. Notwithstanding the above, the Company may, in its discretion, pay to Participant all or a portion of any vested Units in cash in an amount equal to the Fair Market Value of the relevant number of Shares on the applicable Vesting Date, or on such other date or dates within the short-term deferral period which the Company may at its absolute discretion prescribe, less any tax or other withholding obligations set forth in Section 6 of this Agreement.

5. Right to Shares. Except as otherwise determined by the Committee, in its discretion, and as provided in Section 4, Participant shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Shares, including rights to dividend equivalent payments) issuable for a Unit under the Award until the Award is settled by the issuance of such Shares to Participant.

6. Withholding of Taxes.

(a) General. Participant is ultimately liable and responsible for all taxes owed by Participant in connection with the 2002 Plan including, without limitation, the award of Units, vesting of Units, issue and sale of Shares regardless of any action the Company or any of its Subsidiaries takes with respect to any tax withholding obligations that arise in connection with the 2002 Plan. Neither the Company nor any of its Subsidiaries makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of Units awarded or the subsequent sale of any of the Shares. The Company and its Subsidiaries do not commit, and are under no obligation to structure the Award, to reduce or eliminate Participant's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with Units awarded (*e.g.*, vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state or local taxes or any applicable foreign taxes and including any employment tax obligation (the "Tax Withholding Obligation"), Participant must agree to the satisfaction of such Tax Withholding Obligation in a manner acceptable to the Company, including by one of the following methods:

(i) *By Share Withholding.* Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, Participant authorizes the Company (in the exercise of its sole discretion) to withhold from those Shares issuable to Participant the whole number of Shares sufficient to satisfy the Tax Withholding Obligation. Share withholding will generally be used to satisfy the tax liability of individuals subject to the short swing profit restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(ii) *By Sale of Shares*. Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, and provided that the terms of this clause (ii) do not violate Section 13(k) of the Securities Exchange Act of 1934, as amended, Participant's acceptance of the Award constitutes Participant's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of Shares otherwise issuable to Participant as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the applicable Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (*e.g.*, a Vesting Date) or as soon thereafter as practicable. Participant will be responsible for all brokers' fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed the Tax Withholding Obligation, the Company agrees to pay such excess in cash to Participant. Participant acknowledges that the Company is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the Tax Withholding Obligation. Accordingly, Participant agrees to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of days as determined by the Committee or its designee) before any Tax Withholding Obligation arises (*e.g.*, a Vesting Date), Participant may request permission to satisfy the Tax Withholding Obligation by check, wire transfer or other means, by submitting such request, in writing, to the Company. Alternatively, the Company may require that Participant satisfy any Tax Withholding Obligation in any such manner. If the Company approves Participant's request, or so requires, within five (5) business days of the relevant Vesting Date (or such fewer number of days as determined by the Committee or its designee) Participant must deliver to the Company the amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Committee or its designee.

7. Successors. This Agreement shall (a) inure to the benefit of, and be enforceable by, the Company's successors and assigns, and (b) be binding on Participant's executors, administrators, heirs and successors, in the event that Participant dies and Section 2 of this Agreement applies. Nothing contained in the 2002 Plan, the Notice of Award or this Agreement shall be interpreted as imposing any liability on the Company or the Committee in favor of Participant or any purchaser or other transferee of Units or Shares with respect to any loss, cost or expense which such Participant, purchaser or other transferee may incur in connection with, or arising out of any transaction involving, any Units or Shares subject to the 2002 Plan, the Notice of Award or this Agreement.

8. No Compensation Deferrals. This Agreement, the Notice of Award and the 2002 Plan are intended to be exempt from or to comply with Section 409A ("Section 409A") of the United States Internal Revenue Code of 1986, as amended, and shall be administered and construed in accordance with such intent. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, unilaterally to amend or modify, or to take any other actions, as the Committee determines are necessary or appropriate with respect to, the 2002 Plan, the Notice of Award and/or this Agreement to ensure that no awards (including, without limitation, the Units) become subject to the requirements of Section 409A, provided, however, that the Company makes no representation that the Units are not subject to Section 409A nor makes any undertaking to preclude Section 409A from applying to the Units. In furtherance, and not in limitation, of the foregoing: (a) in no event may Participant designate, directly or indirectly, the calendar year of any payment to be made hereunder; and (b) notwithstanding any other provision of this Agreement to the contrary, a termination of employment hereunder shall mean and be interpreted consistent with a "separation from service" within the meaning of Section 409A with respect to any payment hereunder that constitutes a "deferral of compensation" under Section 409A that becomes due on account of such separation from service.

9. Integration. The terms of the 2002 Plan, the Notice of Award and this Agreement are intended by the Company and Participant to be the final expression of their agreement with respect to Units and may not be contradicted by evidence of any prior or contemporaneous agreement. The Company and Participant further intend that the 2002 Plan, the Notice of Award and this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any arbitration, judicial, administrative or other legal proceeding involving the 2002 Plan, the Notice of Award or this Agreement. Accordingly, the 2002 Plan, the Notice of Award and this Agreement contain the entire understanding between the parties and supersede all prior oral, written and implied agreements, understandings, commitments and practices among the parties.

10. Waivers. Any failure to enforce any terms or conditions of the 2002 Plan, the Notice of Award or this Agreement by the Company or by Participant shall not be deemed a waiver of that term or condition, nor shall any waiver or relinquishment of any right or power for all or any other times.

11. Severability of Provisions. If any provision of the 2002 Plan, the Notice of Award or this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision thereof; and the 2002 Plan, the Notice of Award and this Agreement shall be construed and enforced as if none of them included such provision.

12. Committee Decisions Conclusive. This Agreement and the Notice of Award are administered and interpreted by the Committee and the Committee has full and exclusive discretion to interpret and administer this Agreement and the Notice of Award. All actions, interpretations and decisions of the Committee are conclusive and binding on all persons, and will be given the maximum possible deference allowed by law.

13. Mandatory Direct Discussion, Mediation, and Arbitration. To the extent permitted by law, any claim, disagreement, or dispute arising out of or relating to the 2002 Plan, the Notice of Award, and/or this Agreement, including the meaning or interpretation thereof (a "Dispute"), shall be resolved solely and exclusively by direct discussion and mandatory mediation followed, if necessary, by final and binding arbitration in accordance with the terms and procedures specified in this Section 13. These terms and procedures apply solely to the resolution of a Dispute as defined in this Agreement. Any other claim, issue, or complaint raised by Participant who is subject to the Franklin Templeton Investments Alternative Dispute Resolution Policy and Agreement (the "ADR Agreement"), which claims, issues or complaints are not covered by this Agreement will be resolved according to the terms and procedures of the ADR Agreement. With regard to any Dispute as defined in this Agreement, if there is a difference between the terms or procedures defined in the ADR Agreement, and the terms and procedures defined in this Agreement, this Agreement's terms and procedures shall control. Participant and the Company specifically agree to waive the right to pursue any Dispute before a court or jury.

(a) Direct Discussion. Upon written notice of any Dispute, Participant and the Company (each referred to as a "party" and together as the "parties") shall first attempt to resolve the Dispute by direct discussion.

(b) Mediation. If a Dispute is not resolved by direct discussion then either party may request mediation of the Dispute by sending a written notice requesting mediation to the other party. The parties will mutually agree to the selection of a mediator, whose compensation will be borne by the Company.

(c) Arbitration. If a Dispute is not resolved by direct discussion and mandatory mediation, then either party may request final and binding arbitration of the Dispute by sending a written notice requesting arbitration to the other party. The Dispute will be heard by a single arbitrator unless, within 45 days of receiving the initial written demand for arbitration, either party elects by written notice to the other party for the arbitration to be heard by a panel of three arbitrators. If a single arbitrator is used, the parties will mutually agree to the selection of the arbitrator. If either party elects for the arbitration to be heard by a panel of three arbitrators, each party will select one arbitrator, and the arbitrators selected by the parties will, within a reasonable period of time, then appoint a third arbitrator to serve as chair of the panel.

The arbitration will be conducted in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association ("AAA") as amended and effective November 1, 2009 (the "AAA Rules") but without necessarily retaining AAA or any other third-party to administer the arbitration. The parties will determine whether a third-party administration service is necessary and, if jointly deemed necessary, agree to a mutually acceptable arbitration administration service, whether AAA or otherwise, within 45 days of receipt of the initial written demand for arbitration. If the parties do not agree about whether a third-party is needed to administer the arbitration, or if the parties cannot reach agreement as to which administration service to use within 45 days, any arbitration will be administered by AAA. The location for the arbitration shall be in the county or comparable jurisdiction of Participant's employment. Judgment on the award rendered may be entered in any court having jurisdiction.

The Company will pay all of the costs of arbitration that are attributable to the employer pursuant to the AAA Rules, unless applicable law requires the Company to pay a greater share or all of the costs. In addition, if a single arbitrator is used, or if the Company elects for the arbitration to be heard by a panel of three arbitrators, the compensation and expenses of the arbitrator(s) will be paid by the Company. If Participant elects for the arbitration to be heard by a panel of three arbitrators, Participant will be responsible for paying one-half of the arbitrators' compensation and expenses.

All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this Section. To the extent permitted by law, Participant waives the right to participate in a class, representative or collective action, as a class representative, class member, as an opt-in party, or private attorney general or join or consolidate claims with claims of any other person or entity, with respect to any Dispute, whether before a court or jury or in arbitration. Nothing in this Agreement, however, is intended or understood to limit, contradict, or preclude the rights reserved by law for Participant to initiate any administrative claim, or to excuse Participant from bringing an administrative claim before any agency in order to fulfill any obligation by Participant to exhaust administrative remedies. The provisions of this Section are intended by Participant and the Company to be exclusive for all purposes and applicable to any and all Disputes.

Except as otherwise provided in this Agreement, or as otherwise mutually agreed by the parties, the arbitrator(s) will conduct the arbitration pursuant to the AAA Rules, the U.S. Federal Arbitration Act, 9 U.S.C. section 1, et seq., and the U.S. Federal Rules of Evidence. The arbitrator(s) shall have jurisdiction and authority only to award Participant an amount equal to or less than the amount of the Award challenged in the Dispute, subject to the same terms and conditions as the Notice of Award in Dispute, and shall not have jurisdiction or authority to make any other award of any type, including, without limitation, punitive damages, unforeseeable economic damages, damages for pain, suffering or emotional distress, or any other kind or form of damages (the "Arbitrator Authority"). Thus, the arbitrator(s) shall not have jurisdiction or authority to grant preliminary or final injunctive relief or specific performance. The remedy, if any, awarded by the arbitrator(s) within the Arbitrator Authority shall be the sole and exclusive remedy for any Dispute that is subject to arbitration under this Section.

If Participant is an Associated Person employed by a Member Firm (as each such term is defined by the rules of the Financial Industry Regulatory Authority ("FINRA")), nothing in this Agreement prohibits or restricts Participant or the Member Firm from filing an arbitration claim involving a Dispute in the FINRA arbitration forum as specified in FINRA rules. In such a case, the parties each reserve the right to elect to have the arbitration heard by a panel of three arbitrators regardless of the dollar amount of the claim. The parties further agree that the authority of the arbitrator(s) in any FINRA arbitration of a Dispute is limited to the Arbitrator Authority defined above. Unless otherwise mutually agreed by the parties, the arbitrator(s) will conduct the arbitration pursuant to the FINRA Code of Arbitration Procedure for Industry Disputes (the "FINRA Code") and the Federal Rules of Evidence. All fees, costs, and expenses of FINRA arbitration, whether a single arbitrator or a panel of arbitrators is selected, including any hearing session fees, arbitration fees, surcharges, and filing fees, will be allocated as specified in the FINRA Code.

14. Delaware Law. The 2002 Plan, the Notice of Award and this Agreement are governed by, and all Disputes arising under or in connection with the 2002 Plan, the Notice of Award and this Agreement shall be resolved in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules, to the extent not pre-empted by the federal laws of the United States of America.

15. Country Appendices. If Participant relocates to a country outside the United States: (i) any special terms and conditions that may apply to Units granted to Participants in such country under Appendices to this Agreement will apply to Participant; or (ii) if the Company has not previously granted Restricted Stock Units to employees in such country, any other special terms and conditions will apply to Participant, in each case to the extent the Company determines that the application of such terms and conditions is necessary or advisable to comply with local law or facilitate the administration of the 2002 Plan, and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the Units (unless the Company specifically determines to incur such expense).

16. Forfeiture.

(a) Forfeiture Pursuant to Restatement of Financial Results. Notwithstanding anything in the Award to the contrary, in the event that (i) the Company issues a restatement of financial results to correct a material error; (ii) the Committee determines, in good faith, that fraud or willful misconduct by Participant was a significant contributing factor to the need to issue such restatement; and (iii) some or all of the Units that were granted and/or Shares and/or other property earned prior to such restatement by Participant would not have been granted and/or earned, as applicable, based upon the restated financial results, Participant shall immediately return to the Company all Shares and other property received with respect to those Units, including any cash dividends paid with respect to the Units or such Shares, any pre-tax-income derived from ownership and any gross proceeds from disposition of such Shares and property, that would not have been granted and/or earned based upon the restated financial results (the "Repayment Obligation"), and all such Units (whether or not vested) shall immediately be forfeited. The Company shall be able to enforce the Repayment Obligation by all legal means available, including, without limitation, by withholding such amount from other sums and property owed by the Company to Participant.

(b) Forfeiture Pursuant to Fraud or Breach of Securities Law. Notwithstanding anything in the Award to the contrary, in the event that Participant:

(i) is convicted by any court for fraud;

(ii) is finally adjudicated by any court or is otherwise finally determined by a Regulatory Agency to be in violation of any Securities Law where the violation related to a period of time during which Participant was an employee; or

(iii) enters into a settlement agreement with a Regulatory Agency, with or without admission of any liability, in relation to or in connection with an allegation concerning a violation of any Securities Law by Participant where the violation or alleged violation related to a period of time during which Participant was an employee, and the terms of the settlement agreement result in (x) Participant making, or being required to make, payment of any penalty or a payment in lieu of any penalty or redress in respect of such violation, or alleged violation; (y) the publication of any statement of reprimand or censure; or (z) Participant suffering any other penalty including (without limitation) suspension or termination of Participant's status for the purposes of any Securities Law, all of Participant's Units that have not vested shall immediately be forfeited without any payment to Participant therefor. Any Units so forfeited shall be canceled.

Notwithstanding the foregoing, the Committee may determine, in its sole discretion, that only a portion of Participant's Units specified by the Committee (or no Units) shall be forfeited.

For the purposes of this Section 16(b), the following words shall have the following meanings:

"Regulatory Agency" shall mean in any jurisdiction any department of government, independent agency, authority appointed by statute or by government in connection with the supervision and or enforcement of any Securities Law including, but not limited to, the U.S. Securities and Exchange Commission;

"Securities Law" shall mean any enactment, law, statute, rule, requirement or regulation in any jurisdiction relating to Securities that is or was applicable to the Company or that is or was applicable to Participant; and

"Securities" shall mean any shares, bonds, derivatives or other financial instruments or financial assets or any interest therein.

(c) Other Repayment/Forfeiture. Any benefits Participant may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, (ii) similar laws, and implementing rules and regulations, of the European Union (as implemented by its member states and by the European Securities and Markets Authority) and of any other jurisdiction and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to Participant.

END OF AGREEMENT

EXHIBIT A
TO
FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

This Exhibit A to the Agreement shall apply if so indicated in the Notice of Award.

1. Confidentiality.

(a) Confidential Information Obligations and Restrictions. Participant shall keep confidential and, except as the Company may otherwise consent to in writing, shall not divulge, communicate, disclose, or use to the detriment of the Company Group or for the benefit of any other person or persons, misuse in any way, or make any use of, except for the benefit of the Company Group, at any time either between the Award Date and the applicable Vesting Date or at any time thereafter, any Confidential Information (as defined below). Participant shall not disclose, deliver, reproduce, or in any way allow any such Confidential Information to be disclosed, delivered to or used by any third-parties without the specific direction or consent of a duly authorized representative of the Company, except in connection with the discharge of Participant's duties. Any Confidential Information now or hereafter acquired by Participant with respect to the business of the Company Group shall be deemed a valuable, special and unique asset of the Company Group that is received by Participant in confidence and as a fiduciary, and Participant shall remain a fiduciary to the Company with respect to all of such information. Notwithstanding anything to the contrary herein, Participant shall not have any obligation to keep confidential any information (and the term "Confidential Information" shall not be deemed to include any information) that (i) is generally available to the public through no fault or wrongful act of Participant in breach of the terms hereof, (ii) is disseminated by the Company Group publicly without requiring confidentiality, (iii) is required by law or regulation to be disclosed by Participant, or (iv) is required to be disclosed by Participant to any Government Agency (as defined below) or person to whom disclosure is required by judicial or administrative process.

(b) Permissible Disclosure of Confidential Information.

(i) Participant Rights Protected. Nothing in this Agreement shall limit or interfere with Participant's right to file a charge or complaint with any Government Agency (as defined below) or ability, without notice to or authorization from the Company, to communicate with any Government Agency for the purpose of reporting a reasonable belief that a possible violation of law has occurred or may occur, or to participate, cooperate, provide information (including documents) or testify in any inquiry, investigation, proceeding or action that may be conducted by any Government Agency. Participant will not be held criminally or civilly liable under any U.S. federal or state trade secret law, including the Defend Trade Secrets Act of 2016 (as amended from time to time) (or applicable law in jurisdictions other than the U.S. that afford equivalent disclosure protections) for the disclosure of any Confidential Information or other trade secret that is made in confidence to a Government Agency (or, in jurisdictions other than the U.S., to equivalent governmental agencies) or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. Participant will also not be held criminally or civilly liable under any U.S. federal or state trade secret law (or applicable law in jurisdictions other than the U.S. that afford equivalent disclosure protections) for the disclosure of any Confidential Information or other trade secret that is made in a complaint or other document filed in a legal proceeding, if such filing is made under seal (or, in the case of jurisdictions other than the U.S., in any manner that has equivalent effect). If Participant files a claim against the Company or any member of the Company Group alleging that the Company (or any member of the Company Group) retaliated against Participant for reporting a suspected violation of law, Participant may disclose the Confidential Information or other trade secret to Participant's attorney and use the Confidential Information or other trade secret information in such legal proceeding provided Participant (i) files any document containing the Confidential Information or other trade secret under seal and (ii) does not otherwise disclose the Confidential Information or other trade secret, except pursuant to an order issued by the tribunal with jurisdiction over Participant's claim.

(ii) Responding to Legal Process. Separately, to the extent Participant receives any subpoena, court order, or other legal process issued in any private litigation or arbitration regarding any matter or action involving the Company Group, then to the extent permitted by law or regulation, Participant shall, before providing any Confidential Information, give prompt prior written notice to the Company's General Counsel in order to provide the Company with a reasonable opportunity to take appropriate steps to protect its Confidential Information to the fullest extent possible.

2. Return of Confidential Material. Upon the completion or other termination of Participant's services for the Company Group, Participant shall promptly surrender and deliver to the Company all records, materials, equipment, drawings, documents, notes and books and data of any nature pertaining to any Confidential Information of the Company Group or to Participant's services, and Participant will not take any description containing or pertaining to any Confidential Information or data of the Company Group which Participant may produce or obtain during the course of Participant's services.

3. Non-Solicit; Non-Interference. Participant agrees that the Company Group has invested substantial time, effort and expense in compiling its Confidential Information, in assembling its present staff of personnel and in attracting and/or contracting with its current clients and customers and its prospective clients and customers. In consideration of the Company Group granting access to Confidential Information, and in order to protect both the confidentiality of Confidential Information and the Company Group's connections with staff, clients and customers and prospective clients and customers, Participant agrees that, subject to any applicable jurisdiction specific limitations set forth in Section 4(a) and 4(b) below, during Participant's employment and during the Restricted Period, Participant shall not:

(a) either on Participant's own account or in conjunction with or on behalf of any other person, directly or indirectly, solicit, approach, counsel, entice away or attempt to entice away any individual who during the Relevant Period is or was a Senior Employee of the Company Group in the Restricted Area to leave the employ of the Company Group, including by means of the supply of names or expressing views on qualifications or otherwise; or

(b) either on Participant's own account or in conjunction with or on behalf of any other person, solicit, approach, contact, or have business dealings with, directly or indirectly, any Restricted Person for the purpose of diverting the Restricted Person's account or other business relationship away from the Company Group; provided, that nothing contained in this Section 3(b) shall be deemed to prohibit Participant from seeking or doing any business which is not in direct or indirect competition with the business carried on by the Company Group.

4. Certain Limitations. If a court determines that a restriction set forth in Section 3(a) or 3(b) cannot be enforced as written because it is overbroad in part (such as time, scope of activity, or geography), the parties agree that a court shall enforce the restrictions to such lesser extent as is allowed by law and/or reform the overbroad part of the restriction to make it enforceable. If, despite the foregoing, any provision contained in this Exhibit A is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect. In addition, the following provisions shall apply to limit, in whole or in part, the application of Section 3(a) and 3(b) of this Exhibit A during the Restricted Period only:

(a) **California**. For so long as Participant resides in California and California law controls, Section 3(a) shall be limited to solicitation by unlawful means, including use of Confidential Information, and Section 3(b) shall be limited to solicitation to the extent that Participant's solicitation involves use or disclosure of Confidential Information.

(b) **New York**. For so long as Participant resides in New York and New York law controls, Restricted Person as used in Section 3(b) shall not include a client or customer (person or entity) with whom Participant had a client relationship prior to Participant's employment with the Company Group.

5. Consideration. The Award shall be in consideration for Participant's execution of this Agreement and the covenants contained herein, which include the aforementioned restrictions and, in particular, the non-interference and non-solicit obligations set out in Section3(a) and 3(b) of this Exhibit A.

6. Acceptance. Participant accepts that the restrictions contained in this Exhibit A are reasonable and necessary for the protection of the legitimate interests of the Company Group.

7. Award Agreement Restrictive Covenants. Participant expressly acknowledges that the restrictive covenants contained in this Exhibit A to the Award Agreement do not replace and/or supersede any other restrictive covenants agreed between Participant and the Employer. Restrictive covenants contained in Exhibit A are in addition to any other restrictive covenants agreed and may be enforced separately and independently.

8. Definitions. For purposes of this Exhibit A, the capitalized terms used above shall have the following meanings:

(a) "Company Group" means the Company and its Subsidiaries, partnerships, joint ventures and related and affiliated business entities.

(b) "Confidential Information" means information disclosed to Participant or known by Participant as a consequence of or through the unique position of Participant's employment with the Company or any of its Subsidiaries (including information conceived, originated, discovered or developed by Participant) prior to or after the Award Date, and not generally or publicly known, about the Company or its business, including, without limitation, data, information or other compilation of information of the Company Group relating to the products, processes, technical data, research and development, formulas, programs, test data, customer lists, investor lists, business plans, marketing plans, investment plans and strategies, pricing strategies or other subject matter pertaining to any business of the Company Group or any of its funds, clients, customers, consultants, licensees or affiliates, or private or otherwise protected data relating to employee applicants or employees of the Company Group, each as Participant may produce, obtain or otherwise learn of during the course of Participant's performance of services, including information expressly deemed to be confidential by the Company Group.

(c) "Government Agency" includes any U.S. or non-U.S. national, federal, provincial, regional, state, or local governmental agency, commission or legislative body, or self-regulatory organization, including, by way of representative example only, any securities and financial regulators or employment and labor regulators.

(d) "Relevant Period" means the 12-month period up to and including the date of Participant's termination of employment with the Company Group (or, where Participant is placed on garden leave, the 12-month period up to and including the date of the commencement of such period of garden leave).

(e) "Restricted Area" means those geographic regions or territories within any country or state in which any member of the Company Group operates where during the last two years of Participant's employment with the Company Group, as applicable: (i) Participant is or was engaged to provide services or materially involved in providing services (including account management, both individually and with colleagues, and client services undertaken in locations outside Participant's place of work); and/or (ii) Participant has or had geographic responsibility.

(f) "Restricted Period" means the 12-month period after the date of Participant's termination of employment with the Company Group. The Restricted Period shall be reduced by any period spent on garden leave.

(g) "Restricted Person" means any person in the Restricted Area who was an investor or business partner, a client or customer, or prospective client or customer of the Company Group during the Relevant Period and with whom Participant had material business dealings during the Relevant Period.

(h) "Senior Employee" means any employee with whom Participant had material business dealings during the Relevant Period and who: (i) has direct business contact with clients or customers or prospective

clients or customers as part of such employee's day to day work; or (ii) operates at a senior professional level or holds a management/executive role.

9. Survival. This Exhibit A shall survive the expiration or termination of Participant's employment and shall survive the expiration or termination of the Agreement.

APPENDIX A
TO
FRANKLIN RESOURCES, INC.
2002 UNIVERSAL STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR NON-U.S. RESIDENT PARTICIPANTS

Notwithstanding the terms of the Restricted Stock Unit Award Agreement (the "Base Agreement") to which this Appendix A is attached, if Participant is not resident in the United States at the time of grant of the Award or at any time between the time of grant and vesting, the following terms and provisions shall amend and supersede the terms and provisions set forth in the Base Agreement to the extent set forth herein. In the event of any conflict between the Base Agreement and this Appendix A, the terms of this Appendix A shall prevail.

I. Vesting.

Section 3(b) of the Base Agreement is amended to read in full as follows:

(b) In the event of termination of Participant's Continuous Status as an Employee (whether or not in breach of local labor laws and whether or not later found to be invalid) for any reason other than death or disability (as described in Section 3(c)), Participant's rights under the 2002 Plan, including but not limited to the right to receive the Units, if any, the vesting thereof and the right to dividend equivalent payments, if any, will terminate effective as of the date that Participant is no longer an active employee of the Company or one of its Subsidiaries and will not be extended by any notice period, whether mandated under local law or agreed upon between the Company or a Subsidiary and Participant (e.g., active employment would not include a period of "garden leave" or similar period required pursuant to local law or the terms of any agreement between the Company or a Subsidiary and Participant). For the avoidance of doubt, the foregoing provision expressly applies to any case where Participant's employment is terminated by Participant for any reason, by the Company or a Subsidiary with or without cause for any reason, or in the event of any other termination of Participant's employment caused directly or indirectly by the Company or a Subsidiary. All Units to the extent not yet vested under Section 3(a) on the date Participant ceases to be an active employee shall be forfeited by Participant without payment of any consideration to Participant therefor. Any Units so forfeited shall be canceled and any Shares considered issuable pursuant to such Units, if applicable, shall be returned to the status of authorized but unissued Shares, to be held for future distributions under the 2002 Plan. The Company shall have the exclusive discretion to determine when Participant is no longer an active employee for purposes of the grant of the Units.

II. Withholding of Taxes.

Section 6 of the Base Agreement is amended to read in full as follows:

(a) General. Regardless of any action the Company or any of its Subsidiaries, including Participant's actual employer (the "Employer"), takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer: (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Units, including the grant of the Units, the vesting of the Units and the issuance of Shares or the receipt of an equivalent cash payment, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends or dividend equivalent payments; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Payment of Withholding Taxes. Prior to any event in connection with Units awarded (*e.g.*, vesting) that the Company determines may result in any obligation to withhold or account for Tax-Related Items, Participant shall pay, or make adequate arrangements satisfactory to the Company and/or to the Employer (in their sole discretion) to satisfy, all withholding and payment on account obligations of the Company and/or the Employer (the "Tax Withholding Obligation"). In this regard, Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by Participant from Participant's wages or other cash compensation payable to Participant by the Company or the Employer or from any equivalent cash payment received upon vesting of the Units. Alternatively, or in addition, if permissible under local law, the Company or the Employer, or their respective agents, may, in their sole discretion, satisfy the Tax Withholding Obligation by one of the following methods:

(i) *By Share Withholding.* Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, Participant authorizes the Company (in the exercise of its sole discretion) to withhold from those Shares issuable to Participant the whole number of Shares sufficient to satisfy the Tax Withholding Obligation. If the obligation of Tax-Related Items is satisfied by Share withholding (*i.e.*, reducing the number of Shares issued upon vesting of the Units) as set forth herein, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the Units, notwithstanding that a number of the Shares is held back solely for the purpose of satisfying the Tax Withholding Obligation. Share withholding will generally be used to satisfy the obligation for Tax-Related Items of individuals subject to the short swing profit restrictions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(ii) *By Sale of Shares*. Unless the Company permits Participant to satisfy the Tax Withholding Obligation by some other means in accordance with clause (iii) below, and provided that the terms of this clause (ii) do not violate Section 13(k) of the Securities Exchange Act of 1934, as amended, Participant's acceptance of the Award constitutes Participant's instruction and authorization to the Company and any brokerage firm determined acceptable to the Company for such purpose to sell or arrange for the sale of Shares to be issued on the vesting of the Units to satisfy the Tax Withholding Obligation. Such Shares will be sold on the day such Tax Withholding Obligation arises (*e.g.*, a Vesting Date) or as soon thereafter as practicable. Participant will be responsible for all brokers' fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. If the Tax Withholding Obligation is satisfied by sale of Shares, the Company and the Employer will endeavor to sell only the number of Shares required to satisfy Participant's and/or the Employer's obligation for Tax-Related Items; however, Participant agrees that the Company and/or the Employer may sell more Shares than necessary to cover the Tax-Related Items and that, in such event, the Company will reimburse Participant for the excess amount withheld, in cash and without interest. Participant acknowledges that the Company is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy Participant's obligation for Tax-Related Items. Accordingly, Participant agrees to pay to the Company or any of its Subsidiaries as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of Shares described above.

(iii) *By Check, Wire Transfer or Other Means*. At any time not less than five (5) business days (or such fewer number of days as determined by the Committee or its designee) before any Tax Withholding Obligation arises (*e.g.*, a Vesting Date), Participant may request permission to satisfy the Tax Withholding Obligation by check, wire transfer or other means, by submitting such request, in writing, to the Company. If the Company approves Participant's request, within five (5) business days of the relevant Vesting Date (or such fewer number of days as determined by the Committee or its designee) Participant must deliver to the Company the amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Committee or its designee.

Participant shall pay to the Company or to the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Participant's participation in the 2002 Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver Shares or the proceeds of the sale of Shares to Participant if Participant fails to comply with Participant's obligation in connection with the Tax-Related Items.

III. Forfeiture.

Section 16 of the Base Agreement is supplemented by the following provision:

In its sole discretion, the Committee may amend or waive the provisions of Section 16 of the Base Agreement, in whole or in part, to the extent necessary or advisable to comply with applicable laws, as determined by the Committee.

IV. Additional Provisions.

The Base Agreement is further amended by adding the following after the text of Section 16:

17. Requirements of Law. The granting of Units under the 2002 Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. No Shares will be issued or delivered to Participant under the 2002 Plan unless and until there has been compliance with such applicable laws, as determined by the Company.

18. Nature of the Grant. In accepting the Units, Participant acknowledges that:

(a) the 2002 Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Units, or benefits in lieu of Units even if Units have been awarded repeatedly in the past;

(c) all decisions with respect to future grants of Units, if any, will be at the sole discretion of the Company;

(d) Participant’s participation in the 2002 Plan is voluntary;

(e) the Units and the Shares subject to the Units are not intended to replace any pension rights or compensation;

(f) notwithstanding any language in the Agreement or the Notice of Award to the contrary, the Units and the Shares subject to the Units are an extraordinary item that do not constitute compensation of any kind for services of any kind rendered to the Company or to the Employer, and the Units are outside the scope of Participant’s employment contract, if any;

(g) notwithstanding any language in the Agreement or the Notice of Award to the contrary, the Units and the Shares subject to the Units are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculation of any overtime, severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Subsidiary or affiliate of the Company;

(h) the grant of Units will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Subsidiary or affiliate of the Company;

(i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages arises from the forfeiture of the Units resulting from termination of Participant's Continuous Status as an Employee (for any reason whatsoever and whether or not in breach of local labor laws and whether or not later found to be invalid), and in consideration of the grant of the Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any such claim against the Company or the Employer, waives Participant's ability, if any, to bring such claim, and releases the Company or any Subsidiary or affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the 2002 Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents to request dismissal or withdrawal of such claim; and

(k) further, no claim or entitlement to compensation or damages arises if, in satisfying Participant's (and/or the Employer's) obligation for Tax-Related Items pursuant to Section 6 of the Agreement, as modified by this Appendix A, the Company and/or the Employer withholds an amount in excess of the amount legally required to be withheld, and in consideration of the grant of the Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any such claim against the Company or the Employer, waives Participant's ability, if any, to bring such claim, and releases the Company or any Subsidiary or affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the 2002 Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents to request dismissal or withdrawal of such claim.

19. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the 2002 Plan or acquisition or sale of Shares. Participant is hereby advised to consult with Participant's own personal tax, legal and financial advisors regarding his or her participation in the 2002 Plan before taking any action related to the 2002 Plan.

20. ***Data Protection.***

In connection with implementing, administering and managing the 2002 Plan, the Company is the Controller with respect to processing Personal Data, as these terms are defined below. Information concerning the Company's employee privacy practices and notices can be obtained through the Global Privacy Office at [______________].

Participant is responsible for: (i) providing the Employer and the Company with accurate and up-to-date Personal Data; and (ii) updating those Personal Data in the event of any material changes.

"Controller" means the entity that decides how and why Personal Data are processed.

"Personal Data" means any information relating to an identified or identifiable natural person (a 'data subject'); an identifiable natural person is one who can be identified.

"process", "processing" or "processed" means anything that is done with Personal Data, including collecting, storing, accessing, using, editing, disclosing or deleting those data.

21. Language. If Participant has received the Agreement or any other document related to the 2002 Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

22. Country Appendices. Notwithstanding any provision in the Base Agreement or this Appendix A to the contrary, the Units shall be subject to the special terms and provisions set forth in Appendices B through U to this Agreement for Participant's country of residence, if any. If Participant relocates to one of the countries included in Appendices B through U, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable to comply with local law or facilitate the administration of the 2002 Plan and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the Units (unless the Company specifically determines to incur such

expense). In the event of any conflict between this Appendix A and any applicable country Appendix (B through U), the terms of the applicable country Appendix shall prevail.

23. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the 2002 Plan, on the Units and on any Shares acquired under the 2002 Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the 2002 Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

EXHIBIT 10.4

FRANKLIN RESOURCES, INC.

2006 DIRECTORS DEFERRED COMPENSATION PLAN

Amended and Restated Exhibit D Effective as of November 5, 2020

Amended and Restated Effective as of March 13, 2013

Amended and Restated Effective as of December 12, 2008

Originally Effective as of December 15, 2005

FRANKLIN RESOURCES, INC.

2006 DIRECTORS DEFERRED COMPENSATION PLAN

Franklin Resources, Inc., a Delaware corporation, in order to retain the services of and provide incentives to its non-employee Directors, hereby adopts this amended and restated deferred compensation plan, effective as of March 13, 2013; this plan was previously amended and restated effective as of December 12, 2008, and originally adopted effective as of December 15, 2005.

RECITALS

WHEREAS, the Company (as defined below) has adopted a deferred compensation plan to permit its non-employee Directors (as defined below) to postpone receipt and taxation of certain specific amounts of compensation in accordance with the terms hereof;

NOW THEREFORE, the Company hereby amends and restates this deferred compensation plan.

ARTICLE 1

DEFINITIONS

1.1 "Beneficiary" shall mean the beneficiary or beneficiaries designated by a Director to receive his or her deferred compensation benefits in the event of the Director's death.

1.2 "Board of Directors" shall mean the board of directors of the Company.

1.3 "Change in Control" shall mean the occurrence of any change in ownership of the Company, change in effective control of the Company, or change in the ownership of a substantial portion of the assets of the Company, as defined in Code Section 409A(a)(2)(A)(v), the Treasury regulations thereunder, and any other published interpretive authority, as issued or amended from time to time.

1.4 "Code" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time.

1.5 "Committee" shall mean the Compensation Committee of the Board of Directors unless an alternate committee is designated by the Board of Directors to administer the Plan in accordance with Article 8 below.

1.6 "Common Stock" shall mean the common stock of the Company.

1.7 "Company" shall mean Franklin Resources, Inc., a Delaware corporation, and any successor organization thereto.

1.8 "Compensation" shall mean any fees (including meeting fees, committee fees, chairperson fees as well as all other fees) payable or an annual or other stock or Company equity or mutual fund grant issuable by the Company to a Director with respect to his or her service as a Director.

1.9 "Deferral" shall mean a contribution of Compensation credited under the Plan made by the Company (or a subsidiary of the Company, as applicable) on behalf of a specified Participant and shall include any notional distributions credited pursuant to Section 3.4 below.

1.10 "Deferred Compensation Account" shall mean the separate account established under the Plan and the Trust, if any, for each Participant. From time to time, the Company shall furnish each Participant with a statement of his or her Deferred Compensation Account balance.

1.11 "Director" shall mean:

(a) With respect to the period prior to January 1, 2009, (i) a member of the Board of Directors who is not an employee of the Company, or (ii) a member of the board of directors of any subsidiary of the Company who is not an employee of the Company or such subsidiary of the Company; and

(b) Effective as of January 1, 2009, (i) a member of the Board of Directors who is not an employee of the Company or any subsidiary or other affiliate of the Company, or (ii) a member of the board of directors of any subsidiary of the Company who is not an employee of the Company or any subsidiary or other affiliate of the Company.

1.12 "Disability" shall mean the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, as defined in Code Section 409A(a)(2)(C), the Treasury regulations thereunder, and any other published interpretive authority, as issued or amended from time to time.

1.13 "Participant" shall mean a Director who has elected to participate in the Plan; references to a Participant herein shall refer also to his or her designated Beneficiary where the context so requires. Notwithstanding any provision herein to the contrary, any individual whose participation in the Plan commenced prior to January 1, 2009 and who is a Director (within the meaning of Section 1.11(a)) shall remain eligible to participate thereafter.

1.14 "Plan" shall mean this Franklin Resources, Inc. 2006 Directors Deferred Compensation Plan.

1.15 "Separation from Service" shall mean a Participant's "separation from service" within the meaning of Section Code 409A(a)(2)(A)(i) and its related regulatory and administrative guidance, as determined by the Committee in its sole discretion.

1.16 "Trust" or "Trust Agreement" shall mean the Franklin Resources, Inc. Deferred Compensation Trust Agreement (if and when adopted by the Company) which is intended to conform to terms of the model trust described in Revenue Procedure 92-64, 1992-2 C.B. 422, including any amendments thereto, entered into between the Company and the Trustee to carry out the provisions of the Plan.

1.17 "Trust Fund" shall mean the cash and other property held and administered by the Trustee pursuant to the Trust (if any) to carry out the provisions of the Plan.

1.18 "Trustee" shall mean the designated trustee acting at any time under the Trust.

1.19 "Unforeseeable Emergency" shall mean an unforeseeable emergency as defined in Code Section 409A(a)(2)(B)(ii)(I) (as limited by Code Section 409A(a)(2)(B)(ii)(II)), the Treasury regulations thereunder, and any other published interpretive authority, as issued or amended from time to time.

ARTICLE 2

PARTICIPATION

2.1 Eligible Participants. The Committee shall, from time to time, designate by name those Directors who are eligible to participate in the Plan and the date upon which each such Director's participation may commence. All designated Directors shall be notified by the Committee of their eligibility to participate.

2.2 Withdrawal from Participation. A Director who has joined the Plan as a Participant in a prior year may elect to withdraw from active participation by completing the withdrawal form attached hereto as Exhibit E and delivering it to the Committee or its designee during the period prescribed by Section 3.1 for the submission of deferral elections. Any such withdrawal shall only be effective with respect to a Director's participation in the calendar year immediately following the calendar year during which the notice of withdrawal is submitted. Amounts previously credited to a withdrawing Director's Deferred Compensation Account shall remain subject to the terms of the Plan in all respects during the Director's period of inactive participation, and any earnings and losses and any notional dividends shall continue to be credited to such Director's Deferred Contribution Account in the manner provided by Sections 3.3 and 3.4, respectively, during such period. A Director who has withdrawn from the Plan may recommence active participation in a subsequent calendar year by timely submitting a deferral election as provided by Section 3.1.

ARTICLE 3

CONTRIBUTIONS AND DETERMINATION OF BENEFITS

3.1 Contributions to the Plan. Participants may make Deferrals by electing to defer the payment or issuance, as applicable, of all or any part of his or her Compensation in accordance with the terms hereof. Elections shall be made in the form attached hereto as Exhibit B and filed with the Committee or its designee. Elections must be made no later than the last day of

the deferral election period and shall apply only to Compensation for services to be performed after such election. The last day of the deferral election period shall be (i) December 31st of the calendar year prior to the calendar year in which the Participant will render the services for which he or she will receive any part of the Compensation payable to the Participant during that year or (ii) in the first year in which a Participant first becomes eligible to participate in the Plan (within the meaning of Section 1.409A-2(a)(7)(ii)), thirty (30) days after the Participant becomes eligible to participate in the Plan. No direct contributions by Participants are required or permitted. An election to defer Compensation shall be effective on the date an eligible Participant delivers a completed deferral election form to the Committee or its designee; provided, however, that, if the Participant delivers another properly completed election to defer Compensation prior to the close of the deferral election period described in this Section 3.1, the deferral election on the form bearing the latest date shall control. On the last day of the deferral election period, the controlling election made prior to the close of the period shall be irrevocable, except in accordance with Section 4.8(a). A Participant's deferral election shall remain in effect indefinitely for all years of service until terminated or modified by a subsequent deferral election form which shall become effective and irrevocable in accordance with the preceding provisions of this Section 3.1.

3.2 Investment Elections. In accordance with rules, procedures and options established by the Committee, and subject to Section 3.5 hereof, each Participant shall be permitted to provide written instructions regarding the investment of his or her Deferred Compensation Account. Each Participant may direct that his or her Deferred Compensation Account be invested in shares of Common Stock and/or one or more Franklin Templeton mutual funds as selected by the Participant; provided, however, that the Committee shall have the authority, in its sole discretion, with or without notice, to change or eliminate one or more of the foregoing investment alternatives available to the Participant at any time. Each Participant shall direct the investment of his or her Deferred Compensation Account by submitting to the Committee or its designee an Investment Direction in the form set forth at Exhibit D. In accordance with procedures established by the Committee or its designee, each Participant may change his or her investment directions effective as of the first day of any calendar quarter. Such changes may be made on a validly submitted Investment Direction in the form set forth at Exhibit D no later than the last day of any calendar quarter preceding the effective date of the change. If a Participant fails to provide any investment directions at a time when the Participant has a positive balance in the Deferred Compensation Account, the Company or the Committee shall deem the entire Deferred Compensation Account invested in shares of Company Common Stock. The Company may invest assets allocable to a Participant's Deferred Compensation Account in any manner, in any amount and for any period of time which the Company in its sole discretion may select; but the Company must credit or charge the Participant's Deferred Compensation Account with the same earnings, gains or losses that the Participant would have incurred if the Company had invested the assets allocable to the Participant's Deferred Compensation Account in the specific investments, in the specific amounts and for the specific periods directed by the Participant.

3.3 Investment Earnings or Losses. Any amounts credited to a Participant's Deferred Compensation Account may increase or decrease as a result of the Company's investment of such amounts, as described in Section 3.2 above. In a manner consistent with the allocations described in Section 3.2, the investment earnings or losses under this Section 3.3 shall be credited to a Participant's Deferred Compensation Account, as determined in good faith by the Committee. Each Participant and each Participant's Beneficiary understand and agree that they assume all risk in connection with any decrease in the value of the Deferred Compensation Account as invested in accordance with these Sections 3.2 and 3.3.

3.4 Contribution of Notional Distributions. The Deferred Compensation Account of each Participant shall be credited with notional dividends and other distributions at the same time, in the same form and in the same manner, and in equivalent amounts as dividends and other distributions that are payable from time to time with respect to investments selected by the Participant under the Deferred Compensation Account. Any such notional dividends and other distributions shall be valued as of the date on which they are credited to a Participant's Deferred Compensation Account and reallocated to acquire additional shares of the investments selected by a Participant under the Deferred Compensation Account. If such notional dividends and other distributions are credited in a form other than Common Stock, shares of Franklin Templeton mutual funds or cash, the Committee will determine their value in good faith.

3.5 Blackout Periods. Notwithstanding anything herein to the contrary, during any "blackout period" (as defined in Regulation BTR promulgated by the Securities and Exchange Commission and referred to hereinafter as "Regulation BTR") in connection with the Plan, if a Participant otherwise would defer receipt of such Participant's Director fees for services rendered as a Director during such blackout period under the Plan and/or direct the investment of such fees in shares of the Common Stock during such blackout period, the Company shall not cause an actual or deemed investment by the Company of such Director fees into shares of Common Stock during such blackout period, but, rather, shall take all steps necessary or appropriate to suspend such investment during, and until then end of, such blackout period required by Regulation BTR. As soon as practicable following the termination of the blackout period required by Regulation BTR, the Company shall cause an actual or deemed investment of the Director fees in shares of Common Stock in accordance with Section 3.2 and such Director's applicable deferral or investment election. Also, during any period that the Director fees are not invested in Common Stock as a result of this Section 3.5, such fees

will be credited with interest at the same rate applicable to dividends paid by a Franklin Templeton money market fund as determined by the Committee.

3.6 Valuation of Participant's Deferred Compensation Account. The value of a Participant's Deferred Compensation Account as of any date shall be determined based on the value of the underlying investments (selected by the Participant or otherwise in accordance with Section 3.2 hereof) as of the date the value of the Deferred Compensation Account is determined. The value of each underlying investment shall be determined based on the closing sales price for such investment as quoted or otherwise reported on the date of determination (or, if no closing sales price was reported on that date, on the last trading date such closing sales price was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable.

3.7 Distribution Election. At the time of making a deferral election under Section 3.1, the Participant shall elect the date or dates that distribution of the Participant's Deferred Compensation Account shall occur. Such election shall be made in the form attached hereto as Exhibit C and filed with the Committee or its designee. A Participant's distribution election shall remain in effect with respect to Deferrals for all years of service until terminated or modified by a subsequent distribution election form which shall become effective with respect to Deferrals for calendar years beginning after December 31st of the calendar year in which such subsequent distribution election is made unless Section 4.4 applies to such subsequent election.

ARTICLE 4

VESTING AND DISTRIBUTION OF BENEFITS

4.1 Vesting of Deferred Compensation Accounts. A Participant's Deferred Compensation Account shall be fully vested at all times.

4.2 Form of Payment. Distributions under the Plan shall be paid solely in cash.

4.3 Scheduled Distribution of Deferred Compensation Accounts. Subject to Sections 4.4, 4.5, 4.6, 4.7 and 4.8, distribution of a Participant's Deferred Compensation Account shall occur on the date or dates elected by the Participant pursuant to Section 3.7. The amount to be distributed from a Participant's Deferred Compensation Account will be determined in accordance with Section 3.6 as of the date of each distribution. In the event the valuation and distribution of all or a portion of a Participant's Deferred Compensation Account shall occur on the same date, the distribution of all or a portion of the Participant's Deferred Compensation Account shall be made as soon as administratively practicable following the valuation of the Participant's Deferred Compensation Account but in no event later than the latest date permitted by Section 1.409A-3(d) of the Treasury regulations.

4.4 Change of Distribution Schedule. A Participant may elect, at any time, to change his or her distribution date(s) with respect to Deferrals for calendar years ending before January 1st of the calendar year in which such election is made, provided that: (a) such election shall not take effect until at least twelve (12) months after the date on which the new election is made; (b) in the case of payment other than in the event of a Change in Control or upon the Participant's death or Disability, the new election delays payment for at least five (5) years from the date that payment would otherwise have been made absent the new election (or in the case of installment payments treated as a single payment, five (5) years from the date the first payment was scheduled to be paid); and (c) in the case of payments made on fixed payment dates, the new election is made not less than twelve (12) months before the date on which payment would have been made (or, in the case of installment payments, the first installment payment would have been made) absent the new election, and, in any case, in conformance with Code Section 409A(a)(4)(C), the Treasury regulations thereunder, and any other published interpretive authority, as issued or amended from time to time. Notwithstanding the foregoing, for purposes of application of the above limitations on changes to distribution date(s), the entitlement to receive distributions in a series of installment payments shall be treated as the entitlement to a single payment. Any change to a Participant's distribution election under this Section 4.4 shall be made in the form attached hereto as Exhibit C and filed with the Committee or its designee. Any such distribution election form with respect to such a change shall expressly state that it is made pursuant to this Section 4.4.

4.5 Change in Control. In the event of a Change in Control prior to complete distribution to a Participant of the entire balance of his or her Deferred Compensation Account, the remaining balance of the Participant's Deferred Compensation Account shall be determined and payable to the Participant either (a) in accordance with the Participant's distribution schedule, or (b) in a lump sum immediately prior to the consummation of the Change in Control, as previously elected by the Participant on Exhibit C.

4.6 Death Benefit. Upon the death of a Participant prior to complete distribution to him or her of the entire balance of his or her Deferred Compensation Account, the remaining balance of his or her Deferred Compensation Account on the date of death shall be payable to the Participant's Beneficiary designated on Exhibit A. The remaining balance of a Participant's

Deferred Compensation Account on the date of death shall be payable to the Participant's Beneficiary either (a) in accordance with the Participant's distribution schedule or (b) in a lump sum, as previously elected by the Participant on Exhibit C.

4.7 Disability Benefit. Upon a Participant's Disability prior to complete distribution to him or her of the entire balance of his or her Deferred Compensation Account, the remaining balance of his or her Deferred Compensation Account on the date of Disability shall be payable to the Participant either (a) in accordance with the Participant's distribution schedule or (b) in a lump sum, as previously elected by the Participant on Exhibit C. In the event of a Participant's Disability, the Committee may, in its sole discretion, permit cancellation of his or her Deferrals where such cancellation occurs by the later of the end of the calendar year, or March 15th of the calendar year following the date, in which or on which the Participant incurs the Disability. Any such distribution or cancellation shall be made in accordance with, as applicable, Code Section 409A(a)(2)(B)(ii), the Treasury Regulations under Section 409A and any other published interpretive authority, as issued from time to time, and any procedures that the Committee or its designee may establish consistent with the Plan and the foregoing.

4.8 Accelerated Full or Partial Distributions. Notwithstanding the foregoing, the Committee may accelerate the payment of a Participant's Deferred Compensation Account in any of the following circumstances, and in such event, the distributed amounts shall be deducted from the Participant's Deferred Compensation Account balance. Any such accelerated payment under Section 4.8 (b), (c), (d), (e) or (f) shall be in accordance with the applicable requirements of Section 1.409A-3(j)(4) of the Treasury regulations.

(a) Unforeseeable Emergency. In the event that a Participant suffers an Unforeseeable Emergency, the Committee may, in its sole discretion, permit (i) cancellation of his or her Deferrals and/or (ii) a distribution to the Participant from his or her Deferred Compensation Account of an amount no greater than the amount reasonably necessary to satisfy the emergency need plus any taxes reasonably anticipated to result from the distribution. Any such cancellation or distribution shall be made in accordance with, as applicable, Code Section 409A(a)(2)(B)(ii), the Treasury Regulations under Section 409A and any other published interpretive authority, as issued from time to time, and any procedures that the Committee or its designee may establish consistent with the Plan and the foregoing.

(b) Domestic Relations Order. In its sole discretion, the Committee may permit acceleration of the time or schedule of a payment under the Plan to an individual other than the Participant as may be necessary to fulfill a domestic relations order (as defined in Code Section 414(p)(1)(B)).

(c) Conflict of Interest. In its sole discretion, the Committee may permit the acceleration of the time or schedule of a payment under the Plan (i) to the extent necessary to permit any Participant who becomes employed in the Federal executive branch to comply with an ethics agreement with the Federal government; or (ii) to the extent reasonably necessary to avoid the violation of an applicable Federal, state, local, or foreign ethics or conflicts of interest law.

(d) De Minimis Distribution. In its sole discretion, the Committee may distribute a Participant's entire Deferred Compensation Account balance in a single lump sum payment to the Participant, provided that (i) the balance of the Participant's Deferred Compensation Account as of the relevant determination date does not exceed the applicable dollar amount then in effect under Section 402(g)(1)(B) of the Code; and (ii) the payment accompanies the termination of the entirety of the Participant's interest in the Plan within the meaning of Section 1.409A-3(j)(4)(v) of the Treasury regulations.

(e) Employment Taxes. In its sole discretion, the Committee may permit acceleration of the time or schedule of a distribution under the Plan as may be necessary to pay the Federal Insurance Contributions Act ("FICA") tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) (as applicable) on amounts deferred under the Plan. In addition, the Committee may permit acceleration of the time or schedule of a distribution under the Plan as may be necessary to pay the income tax at source on wages imposed under Code Section 3401 or the corresponding withholding provisions of applicable state, local, or non-U.S. tax laws as a result of the payment of the FICA tax, and to pay the additional income tax at source on wages attributable to the pyramiding Section 3401 wages and taxes. Notwithstanding the foregoing, the total accelerated distribution to a Participant under this Section 4.8(e) shall not exceed the aggregate amount of FICA taxes and the income tax withholding related to such amount of FICA taxes.

(f) Income Inclusion under Code Section 409A. In its sole discretion, the Committee may permit acceleration of the time or schedule of a distribution under the Plan at any time the Plan fails to meet the requirements of Code Section 409A and its related Treasury regulations. Notwithstanding the foregoing, the total accelerated distribution to a Participant under this Section 4.8(f) shall not exceed the amount required to be included as income by the Participant as a result of the failure to meet the requirements of Code Section 409A and the applicable Treasury regulations.

4.9 Delay of Distributions. To the extent permitted under Code Section 409A and the related Treasury regulations,

a scheduled distribution of a Participant's Deferred Compensation Account shall be delayed to a date after the scheduled payment date under any of the following circumstances:

(a) Company's Financial Exigency. A scheduled distribution of a Participant's Deferred Compensation Account shall be delayed to a date after the scheduled payment date if the making of the distribution on the scheduled payment date would jeopardize the Company's ability to continue as a going concern. Any such delayed distribution shall be made during the first taxable year of the Participant in which the making of the distribution would not have such effect on the Company.

(b) Payments that would Violate Federal Securities Laws or other Applicable Law. A scheduled distribution from a Participant's Deferred Compensation Account shall be delayed to a date after the scheduled payment date in the event the Committee reasonably anticipates that making the distribution will violate federal securities laws or other applicable law. The delayed distribution must be made at the earliest date at which the Committee reasonably anticipates that making the distribution will not cause such violation. For purposes of this Section 4.9(b), making a payment that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of applicable law.

(c) Other Events and Conditions. The Committee may delay a scheduled distribution from the Participant's Deferred Compensation Account upon such other events and conditions as may be prescribed in generally applicable guidance published in the Internal Revenue Bulletin relating to Code Section 409A.

4.10 Participant's Rights Unsecured. The right of Participants and their Beneficiaries to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Participants nor their Beneficiaries shall have any rights in or against any amount credited to their Deferred Compensation Accounts or any other specific assets of the Company, except as otherwise provided in the Trust Agreement. The Deferred Compensation Accounts shall be kept solely as nominal accounts, may be carried in cash or any other liquid assets, may be invested in Common Stock, or may be invested in any other assets as may be selected by the Committee in its sole and absolute discretion.

ARTICLE 5

DESIGNATION OF BENEFICIARY

5.1 Designation of Beneficiary. A Participant may designate a Beneficiary to receive any amount due hereunder to the Participant via written notice thereof to the Committee or its designee at any time prior to his or her death and may revoke or change the Beneficiary designated therein without the Beneficiary's consent by written notice delivered to the Committee or its designee at any time and from time to time prior to the Participant's death, provided that any such designation or change of designation naming a primary Beneficiary other than the Participant's spouse shall be effective only if written spousal consent is provided to the Committee or its designee. If a Participant's spouse is incapacitated, then the person who holds a power of attorney for the incapacitated spouse or other person authorized to act on behalf of the incapacitated spouse may provide the required spousal consent. If a Participant fails to designate a Beneficiary, or if no such designated Beneficiary shall survive him or her, then such amount shall be paid to his or her estate. The designations of Beneficiaries shall be made in the form attached hereto as Exhibit A.

ARTICLE 6

TRUST PROVISIONS

6.1 Trust Agreement. The Company may establish the Trust for the purpose of retaining assets set aside by the Company pursuant to the Trust Agreement for payment of all or a portion of the amounts payable pursuant to the Plan. Any benefits not paid from the Trust shall be paid from the Company's general funds, and any benefits paid from the Trust shall be credited against and reduce by a corresponding amount the Company's liability under the Plan. All Trust Funds shall be subject to the claims of general creditors of the Company in the event the Company is insolvent as defined in the Trust Agreement. The obligations of the Company to pay benefits under the Plan and the obligation of the Trustee to pay benefits under the Trust constitute an unfunded, unsecured promise to pay benefits in the future and the Participant and his or her Beneficiaries shall have no greater rights than general creditors of the Company. No Trust may hold assets located outside of the United States nor provide that assets will become restricted to the provision of benefits under the Plan in connection with a change in the Company's financial health.

ARTICLE 7

AMENDMENT AND TERMINATION

7.1 Amendment or Termination.

(a) The Committee shall have the general authority, in its sole discretion, to amend, suspend, or terminate the Plan at any time and for any reason it deems appropriate; provided however, that neither an amendment to the Plan nor the Plan's suspension or termination may adversely affect a Participant's vested rights hereunder without such Participant's prior written consent. Any amendment, suspension, or termination of the Plan must be pursuant to a written document that is executed by a duly-authorized officer of the Company. Except as required under Code Section 409A, no Deferrals shall be made during any suspension of the Plan or after termination of the Plan.

(b) Notwithstanding any provision in the Plan to the contrary, the Committee, in its sole discretion and without the consent of any Participant, may amend or modify the Plan in any manner to provide for the application and effects of Code Section 409A and any related regulatory or administrative guidance issued by the Internal Revenue Service. The Committee shall delay the payment of any benefits payable under this Plan to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies) and in such event, any such amount to which a Participant would otherwise be entitled during the six (6) month period immediately following his or her Separation from Service will be paid on the first business day following the expiration of such six (6) month period.

7.2 Liquidation of the Plan. To the extent permitted under Code Section 409A, in connection with the termination of the Plan under Section 7.1, the Committee may liquidate the Plan and distribute all Deferred Compensation Account balances; provided, however, that

(a) The termination and liquidation of the Plan does not occur proximate to a downturn in the financial health of the Company;

(b) All agreements, methods, programs, and other arrangements sponsored by the Company that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury regulations are also terminated and liquidated;

(c) No payments in liquidation of the Plan are made within twelve (12) months of the date on which the Company takes all necessary action to irrevocably terminate and liquidate the Plan other than payments that would have been payable under the terms of the Plan if the action to terminate and liquidate it had not occurred;

(d) All payments are made within twenty-four (24) months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan; and

(e) Neither the Company nor any related entity (within the meaning of Section 1.409A-1(g) of the Treasury regulations) adopts a new plan that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury regulations within three (3) years following the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

7.3 Termination in the Event of Insolvency. To the extent permitted under Code Section 409A, the Committee shall have the authority, in its sole discretion, to terminate the Plan and distribute each Participant's outstanding Deferred Compensation Account balance within twelve (12) months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U.S.C. § 503(b)(1)(A); provided that the total accelerated distribution under this Section 7.3 is included in the Participant's gross income in the latest of the following years (or, if earlier, the taxable year in which the amount is actually or constructively received):

(a) The calendar year in which the Plan termination and distribution occurs;

(b) The first calendar year in which the Participant's Deferred Compensation Account balance is no longer subject to a substantial risk of forfeiture; or

(c) The first calendar year in which distribution of the Participant's Deferred Compensation Account is administratively practicable.

7.4 Automatic Termination of Plan. The Plan shall automatically terminate on the date when no Participant (or Beneficiary) has any right to or expectation of payment of further benefits under the Plan.

7.5 Other Termination Events. The Committee shall have the authority to terminate the Plan and distribute all Deferred Compensation Account balances to Participants or, if applicable, their Beneficiaries, upon the occurrence of such other events and conditions as may be prescribed in generally applicable guidance published in the Federal Register or the Internal Revenue Bulletin relating to Code Section 409A.

ARTICLE 8

ADMINISTRATION

8.1 Administration. The Committee shall administer and interpret the Plan in accordance with the provisions of the Plan and the Trust Agreement (if any) and shall have the authority in its discretion to adopt, amend or rescind such rules and regulations as it deems advisable in the administration of the Plan. Any determination or decision by the Committee shall be made in its sole discretion and shall be conclusive and binding on all persons who at any time have or claim to have any interest under the Plan.

8.2 Code Section 409A. Notwithstanding anything in the Plan to the contrary, the Company intends that the Plan and payments thereunder comply with Code Section 409A, the regulations thereunder, and any other published interpretive authority, as issued or amended from time to time (collectively, “Code Section 409A”), and the Committee shall administer and construe the Plan in accordance with Code Section 409A. Any terms of the Plan that are undefined or ambiguous shall be interpreted in a manner that complies with Code Section 409A to the extent necessary to comply with Code Section 409A. If for any reason, such as imprecision in drafting, any provision of the Plan does not accurately reflect its intended compliance with Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted by the Company in a manner consistent with such intent. If, notwithstanding the foregoing provisions of this Section 8.2, any provision of the Plan would cause a Participant to incur any additional tax or interest under Code Section 409A, the Company shall reform such provision in a manner intended to avoid the incurrence by such Participant of any such additional tax or interest; provided that the Company shall maintain, to the extent reasonably practicable, the original intent and economic benefit to the Participant of the applicable provision without violating the provisions of Code Section 409A. Although the Company intends that the Plan and administration thereof comply with the requirements of Code Section 409A, the Company does not warrant that the Plan will qualify for favorable tax treatment under Code Section 409A or any other provision of federal, state, local, or non-United States law. The Company shall not be liable to any Participant for any tax, interest, or penalties the Participant might owe as a result of Participation in the Plan.

8.3 Liability of Committee, Indemnification. The Committee shall not be liable for any determination, decision, or action made in good faith with respect to the Plan. The Company will indemnify, defend and hold harmless the members of the Committee from and against any and all liabilities, costs, and expenses incurred by such person(s) as a result of any act, or omission, in connection with the performance of such persons’ duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, gross misconduct, breach of fiduciary duty or willful failure to follow the lawful instructions of the Board or criminal acts of such persons. All members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

8.4 Expenses. The cost of the establishment and the adoption of the Plan by the Company, including but not limited to legal and accounting fees, shall be borne by the Company. The expenses of administering the Plan shall be borne by the Company, and the Company shall bear, and shall not be reimbursed by the Trust, for any tax liability of the Company associated with the investment of assets held by the Trust.

ARTICLE 9

GENERAL AND MISCELLANEOUS

9.1 Rights Against Company. Except as expressly provided by the Plan, the establishment of the Plan shall not be construed as giving to any Participant, employee or any person, any legal, equitable or other rights against the Company, or against its officers, directors, agents or members, or as giving to any Participant or Beneficiary any equity or other interest in the assets or business of the Company or giving any Participant the right to be retained in the employ of the Company. In no event shall the terms of service of a Participant, expressed or implied, be modified or in any way affected by the adoption of the Plan or Trust or

any election under the Plan made by a Participant. The rights of a Participant or his or her Beneficiaries hereunder shall be solely those of an unsecured general creditor of the Company.

9.2 Claims Procedures. Claims for benefits under the Plan by a Participant (or his or her beneficiary or duly appointed representative) shall be filed in writing with the Committee. The Committee shall follow the procedures set forth in this Section 9.2 in processing a claim for benefits.

(a) A claim for benefits shall be considered filed only when actually received by the Committee on a form prescribed by the Committee. Within ninety (90) days following receipt by the Committee of a claim for benefits and all necessary documents and information, the Committee shall furnish the Participant or Beneficiary claiming benefits under the Plan (the "Claimant") with written notice of the decision rendered with respect to such claim. Should special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the expiration of the initial 90-day period. In the event the Claimant's claim is wholly or partially denied, the Committee's notice of denial will indicate the reason for denial, the pertinent provisions of the Plan on which the denial is based, an explanation of the claims appeal procedure set forth herein, and a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary.

(b) Any Claimant who has had a claim for benefits denied by the Committee, or is otherwise adversely affected by the action or inaction of the Committee, shall have the right to request further review by the Committee. Such request must be in writing, and must be received by the Committee within sixty (60) days after such person receives notice of the Committee's action. If written request for review is not made within such 60-day period, the Claimant shall forfeit his or her right to review. The Claimant or a duly authorized representative of the Claimant may review all pertinent documents and submit issues and comments in writing. The Committee shall then review the claim. The Committee may issue a written decision reaffirming, modifying or setting aside its former action within ninety (90) days after receipt of the written request for review. Should special circumstances require an extension of time for processing the appeal, written notice of the extension shall be furnished to the Claimant prior to the expiration of the initial 90-day period. An original or copy of the decision on appeal shall be furnished to the Claimant. The decision shall set forth the reasons and pertinent plan provisions or relevant laws on which the decision rests. The decision shall be final and binding upon the Claimant and the Committee and all other persons having or claiming to have an interest in the Plan or in any Account established under the Plan.

(c) In the event of any dispute over benefits under the Plan, all remedies available to the disputing individual under this Section 9.2 must be exhausted before legal recourse of any type is sought. A Claimant's failure to submit a claim or a request for review in accordance with the procedures and deadlines set forth in Section 9.2 shall result in an automatic, conclusive, and binding denial of the Claimant's claim or appeal, as the case may be.

9.3 Assignment or Transfer. No right, title or interest of any kind in the Plan shall be transferable or assignable by any Participant or Beneficiary or be subject to alienation, anticipation, encumbrance, garnishment, attachment, execution or levy of any kind, whether voluntary or involuntary, nor subject to the debts, contracts, liabilities, engagements, or torts of a Participant or his or her Beneficiary. Any attempt to alienate, anticipate, encumber, sell, transfer, assign, pledge, garnish, attach or otherwise subject to legal or equitable process or to dispose of any interest in the Plan shall be void.

9.4 Severability. If any provision of the Plan shall be declared illegal or invalid for any reason, said illegal or invalid provision shall not affect the remaining provisions of the Plan but shall be fully severable, and the Plan shall be construed and enforced as if said illegal or invalid provision was not part of the Plan.

9.5 Construction. The article and section headings and numbers are included only for convenience of reference and are not to be taken as limiting or extending the meaning of any of the terms and provisions of the Plan. Whenever appropriate, words used in the singular shall include the plural or the plural may be read as the singular. When used herein, the masculine gender includes the feminine and neuter genders, the feminine gender includes the masculine and neuter genders and the neuter gender includes the masculine and feminine genders.

9.6 Governing Law. The validity and effect of the Plan and the rights and obligations of all persons affected hereby shall be construed, administered and enforced in accordance with the laws of the State of California, without giving effect to any choice of law rule, except to the extent preempted by applicable federal law.

9.7 Payment Due to Incompetence. If the Committee receives evidence that a Participant or Beneficiary entitled to receive any payment under the Plan is physically or mentally incompetent to receive such payment, the Committee may, in its sole and absolute discretion, direct the payment to any other person who or trust which has been legally appointed or established for the benefit of such person.

9.8 Taxes. All amounts payable hereunder shall be reduced by any and all federal, state, and local taxes imposed upon the Participant or his or her Beneficiary which are required to be paid or withheld by the Company. The determination of the Company regarding applicable income and employment tax withholding requirements shall be final and binding on the Participant.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed by its duly authorized officer as of this 9th day of April, 2013.

FRANKLIN RESOURCES, INC.,
a Delaware corporation

By: /s/ Jennifer M. Johnson
Jennifer M. Johnson

Its: Executive Vice President and Chief Operating Officer

EXHIBIT A

FRANKLIN RESOURCES, INC.

2006 DIRECTORS DEFERRED COMPENSATION PLAN

BENEFICIARY DESIGNATION

In the event that I should die prior to the receipt of all amounts credited to my Deferred Compensation Account under the Franklin Resources, Inc. 2006 Directors Deferred Compensation Plan (the "Plan"), and in lieu of disposing of my interest[1] in my Deferred Compensation Account by my will or the laws of intestate succession, I hereby designate the following person(s) as primary Beneficiary(ies) and contingent Beneficiary(ies) of my interest in my Deferred Compensation Account (please attach additional sheets if necessary):

Primary Beneficiary(ies) (Select only one of the three alternatives)

☐ **(a) Individuals and/or Charities** **% Share**

Name____ _______

Address ____

Name____ _______

Address ____

Name____ _______

Address ____

Name____ _______

Address ____

1 A married Participant whose Deferred Compensation Account is community property may dispose only of his or her own interest in the Deferred Compensation Account. In such cases, the Participant's spouse may designate the Participant or any other person(s) as the beneficiary(ies) of his or her interest in the Deferred Compensation Account on a separate Beneficiary Designation.

☐ **(b) Residuary Testamentary Trust**

In trust, to the trustee of the trust named as the beneficiary of the residue of my probate estate.

☐ **(c) Living Trust**

The_____________________________________ Trust, dated ________________________
(print name of trust) (fill in date trust was established)

Contingent Beneficiary(ies) (Select only one of the three alternatives)

☐ **(a) Individuals and/or Charities** **% Share**

Name____ _______
Address ____
Name____ _______
Address ____
Name____ _______
Address ____

☐ **(b) Residuary Testamentary Trust**

In trust, to the trustee of the trust named as the beneficiary of the residue of my probate estate.

☐ **(c) Living Trust**

The_____________________________________ Trust, dated ___________________________________
(print name of trust) (fill in date trust was established)

Should all the individual primary Beneficiary(ies) fail to survive me or if the trust named as the primary Beneficiary does not exist at my death (or no will of mine containing a residuary trust is admitted to probate within six months of my death), the contingent Beneficiary(ies) shall be entitled to my interest in the Deferred Compensation Account in the shares indicated. Should any individual beneficiary fail to survive me or a charity named as a beneficiary no longer exists at my death, such beneficiary's share shall be divided among the remaining named primary or contingent Beneficiaries, as appropriate, in proportion to the percentage shares I have allocated to them. In the event that no individual primary Beneficiary(ies) or contingent Beneficiary(ies) survives me, no trust (excluding a residuary testamentary trust) or charity named as a primary Beneficiary or contingent Beneficiary exists at my death, and no will of mine containing a residuary trust is admitted to probate within six months of my death, then my interest in the Deferred Compensation Account shall be disposed of by my will or the laws of intestate succession, as applicable.

Capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in the Plan.

This Beneficiary Designation is effective until I file another such Beneficiary Designation with the Company. Any previous Beneficiary Designations are hereby revoked.

Submitted by:	Filing Acknowledgement:
☐ **Participant** ☐ **Participant's Spouse**	**Franklin Resources, Inc.**
____	By: ___________________________________
Name: ________________________________	Its: ___________________________________
Date: ________________________________	Filed with the records of the Company this _____ day of _________________, 20___

Spousal Consent for any interest in a Deferred Compensation Account that is Community Property

Participant's spouse should file a separate beneficiary designation for the spouse's community property interest in the Participant's Deferred Compensation Account.

Spousal Consent for any interest in a Deferred Compensation Account that is <u>not</u> Community Property (necessary if beneficiary is other than Spouse):

I hereby consent to this Beneficiary Designation. This consent does not apply to any subsequent Beneficiary Designation which may be filed by my spouse.

(Signature of Spouse)

Date: ___________________________

EXHIBIT B

FRANKLIN RESOURCES, INC.

2006 DIRECTORS DEFERRED COMPENSATION PLAN

DEFERRAL ELECTION FORM

Name: ___________________

I hereby elect to defer the following Compensation amounts in accordance with the terms of the Franklin Resources, Inc. 2006 Directors Deferred Compensation Plan (the "Plan"). This election shall be effective for amounts earned as a Director of the Company and/or any subsidiary of the Company. This election shall remain in effect indefinitely for all years of service until terminated or modified by a subsequent deferral election form which shall generally be effective for amounts earned in the calendar year following the calendar year such subsequent deferral election form is filed with the Company:

☐ _______% of my annual stock grant(s).

☐ _______% of my other stock grant(s).

☐ _______% of my Directors' fees.

☐ _______% of my meeting fees.

☐ _______% of my committee fees.

☐ _______% of my chairperson fees.

☐ _______% of all other fees.

Note: As stated above, this election shall remain in effect indefinitely for all years of service until terminated or modified by a subsequent deferral election form. You can file a new election form at any time with respect to deferrals in a subsequent calendar year. A new election form must be filed no later than December 31st of the calendar year prior to the calendar year for which the new election will be effective.

[Signature page follows]

Submitted by:	Filing Acknowledgement:
Participant	**Franklin Resources, Inc.**
____	By: _________________________________
Name: ______________________________	Its: _________________________________
Date: ______________________________	Filed with the records of the Company this _____ day of ________________, 20___

EXHIBIT C

FRANKLIN RESOURCES, INC.
2006 DIRECTORS DEFERRED COMPENSATION PLAN
DISTRIBUTION ELECTION FORM

Name: ___________________

Once I am eligible to receive distributions from the Plan, my Plan deferrals, as adjusted for income, gains or losses under the Plan, shall be paid to me on the following date(s) and in the following increment(s). If the payment date is a Saturday, Sunday or holiday, then the payment shall be made on the next business day. Please elect either "Lump Sum," "Equal Payments Over a Period of Years," or "Fixed Payment Dates," and then make the appropriate sub-election(s).

1. Lump Sum

☐ 100% upon a Separation from Service

2. Equal Payments Over a Period of Years

☐ Substantially equal quarterly installments over five (5) years beginning on the earlier of the January 20, April 20, July 20, or October 20 immediately following my Separation from Service and continuing on each January 20, April 20, July 20, or October 20 thereafter.

☐ Substantially equal quarterly installments over ten (10) years beginning on the earlier of the January 20, April 20, July 20, or October 20 immediately following my Separation from Service and continuing on each January 20, April 20, July 20, or October 20 thereafter. (Note: Elect this alternative if you are not a resident of California and intend to comply with California R&TC Section 17952.5.)

Important Note: For purposes of subsequent changes in the timing of the payments as elected above, a series of installment payments shall be treated as the entitlement to a single payment. In general, if you wish to change this election for amounts previously deferred, (a) any change shall not take effect for twelve (12) months from the date of the new election and (b) the commencement of payments (or a lump sum payment) shall occur no earlier than five (5) years after the date the first distribution would have been paid under the prior distribution schedule. If this Distribution Election Form is intended to change the timing of distributions of amounts previously deferred, please check below:

☐ This Distribution Election Form is made pursuant to Section 4.4 of the Plan.

3. Fixed Payment Dates

☐ ______________ ____

Percentage Month Day Year

☐ ______________ ____

Percentage Month Day Year

☐ ______________ ____

Percentage Month Day Year

☐ ______________ ____

Percentage Month Day Year

Important Note: For purposes of subsequent changes in the timing of the payments as elected above, a series of installment payments shall be treated as the entitlement to a single payment. In general, if you wish to change this election for amounts previously deferred, (a) any change shall not take effect for twelve (12) months from the date of the new election, (b) the commencement of payments (or a lump sum payment) shall occur no earlier than five (5) years after the date the first distribution would have been paid under the prior distribution schedule and (c) the change shall be made at least twelve (12) months before the date the first distribution would have been paid absent the change. If this Distribution Election Form is intended to change the timing of distributions of amounts previously deferred, please check below:

☐ This Distribution Election Form is made pursuant to Section 4.4 of the Plan.

Once the payout of my Plan deferrals has commenced, dividends and other distributions accrued with respect to my Plan deferrals shall be paid to me in the following manner:

Dividends and other distributions accrued with respect to Franklin Templeton Mutual Funds:

☐ Reinvested.

☐ Paid out on the next payment date.

Dividends and other distributions accrued with respect to Company Common Stock:

☐ Reinvested.

☐ Paid out on the next payment date.

Upon my death prior to the complete distribution of my Plan deferrals (as adjusted for income, gains and losses under the Plan), the remaining balance shall be payable to my designated beneficiary in the following manner:

☐ In a lump sum.

☐ In accordance with the distribution schedule elected by me on this Exhibit C.

In the event of my Disability prior to the complete distribution of my Plan deferrals (as adjusted for income, gains and losses under the Plan), the remaining balance shall be payable in the following manner:

☐ In a lump sum.

☐ In accordance with the distribution schedule elected by me on this Exhibit C.

In the event of a Change in Control prior to the complete distribution of my Plan deferrals (as adjusted for income, gains and losses under the Plan), the remaining balance shall be payable in the following manner:

☐ In a lump sum immediately prior to the consummation of a Change in Control.

☐ In accordance with the distribution schedule elected by me on this Exhibit C.

Submitted by:	Filing Acknowledgement:
Participant	**Franklin Resources, Inc.**
____	By: ___________________________________
Name: _______________________________	Its: ___________________________________
Date: ________________________________	Filed with the records of the Company this _____ day of _________________, 20___

EXHIBIT D

FRANKLIN RESOURCES, INC.

2006 DIRECTORS DEFERRED COMPENSATION PLAN

INVESTMENT DIRECTION

Effective Date of Change in Investment Direction: ____
(select first day of any upcoming calendar quarter)

The Change in Investment Direction applies to compensation received on and after the Effective Date only ☐ Yes ☐ No

The Change in Investment Direction applies to compensation received on and after Effective Date and the accumulated balance of the Deferred Compensation Account ☐ Yes ☐ No

The Participant hereby directs the investment of his or her Deferred Compensation Account in Franklin Resources, Inc. Common Stock and/or one or more Franklin Templeton mutual funds in accordance with the percentages indicated below.

INVESTMENT	**Percentage**
Franklin Resources, Inc. common stock	%
______________________________________	%
______________________________________	%
______________________________________	%
______________________________________	%
	100%

Submitted by:

Participant

____

Name: _______________________________

Date: ________________________________

Filing Acknowledgement:

Franklin Resources, Inc.

By: ___________________________________

Its: ___________________________________

Filed with the records of the Company this _____ day of _________________, 20___

EXHIBIT E

FRANKLIN RESOURCES, INC.

2006 DIRECTORS DEFERRED COMPENSATION PLAN

WITHDRAWAL FORM

Name: ___________________

I am currently a participant in the Franklin Resources, Inc. 2006 Directors Deferred Compensation Plan (the "Plan").

Effective **January 1, ______________ (*specify applicable calendar year)***, I hereby withdraw from the Plan, and no additional amounts of compensation payable to me on or after such date will be deferred under the Plan unless I file a subsequent election form. I shall be eligible to defer additional amounts under the Plan only by timely delivery to the Company of a new election form which shall generally be effective for amounts earned in the calendar year following the calendar year such subsequent deferral election form is filed with the Company. A new election form must be filed no later than December 31st of the calendar year prior to the calendar year for which the new election form will be effective.

My Plan deferrals (including amounts deferred during the remainder of the current calendar year), as adjusted for losses or gains under the Plan, shall be paid to me in accordance with my most recent Deferral Election Form unless I file a subsequent election form to which the Committee can give effect.

Submitted by:

Participant

____

Name: _______________________________

Date: ________________________________

Filing Acknowledgement:

Franklin Resources, Inc.

By: ___________________________________

Its: ___________________________________

Filed with the records of the Company this _____ day of _________________, 20___

EXHIBIT 10.11

NAMED EXECUTIVE OFFICER COMPENSATION
As of October 1, 2020

The following table sets forth the annual base salaries, as of October 1, 2020, of the Named Executive Officers[1] (the "NEOs") of Franklin Resources, Inc. (the "Company").

Name and Principal Positions	October 1, 2020 Annual Base Salary[2]
Jennifer M. Johnson *President and Chief Executive Officer*	$ 750,000
Gregory E. Johnson *Executive Chairman and Chairman of the Board*	$ 600,000
Matthew Nicholls *Executive Vice President and Chief Financial Officer*	$ 525,000
Craig S. Tyle *Executive Vice President and General Counsel*	$ 525,000
Jed A. Plafker *Executive Vice President*	$ 525,000

The NEOs are also eligible to:

Incentive Compensation[3]

(a) receive an annual cash incentive award pursuant to the Company's Amended and Restated Annual Incentive Compensation Plan (including Key Executive Pool) and/or the Company's 2014 Key Executive Incentive Compensation Plan, each as amended and restated;

(b) participate in the Company's equity incentive program under which they may be granted restricted stock awards and/or restricted stock unit awards (including both time- and performance-based awards) pursuant to the Company's 2002 Universal Stock Incentive Plan, as amended and restated; and

(c) receive additional cash and/or equity awards for special recognition of significant contributions or for retention purposes (which may include time- and performance-based awards).

Benefit Plans and Other Arrangements

(a) participate in the Company's broad-based benefit programs generally available to its salaried employees, including health, disability and life insurance programs, the Franklin Templeton 401(k) Retirement Plan and the Company's 1998 Employee Stock Investment Plan, as amended and restated (the "ESIP"); provided that Ms. J. Johnson and Mr. G. Johnson may not participate in the ESIP pursuant to applicable rules; and

(b) receive certain perquisites offered by the Company.

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1 The NEOs listed herein are the Company's current chief executive officer, current chief financial officer, and the three other most highly compensated executive officers of the Company as of September 30, 2019. Effective February 11, 2020, Ms. Johnson became Chief Executive Officer and Mr. Johnson became Executive Chairman.

2 Effective October 1, 2020, the annual base salaries of the NEOs were restored following a prior 20% reduction to their annual base salary levels that took effect on April 13, 2020.

3 Mr. Nicholls joined the Company in May 2019. Under the terms of his offer letter, Mr. Nicholls was eligible to earn a guaranteed annual incentive award of $2.6 million for fiscal year 2020, and has certain severance protections during the first two years of his employment.

EXHIBIT 21

FRANKLIN RESOURCES, INC.
LIST OF SUBSIDIARIES*
(as of September 30, 2020)

Name**	**State or Jurisdiction of Incorporation or Organization**
AdvisorEngine Inc.	Delaware
Alumcreek Holdings LLC	Delaware
Balanced Equity Management Pty. Limited	Australia
Brandywine Global Investment Management Europe Limited	United Kingdom
CCPF GP Holdco No.2 Limited	United Kingdom
CCPF No.2 (GP) Limited	United Kingdom
CCPF No.2 LP	United Kingdom
Clarion Gramercy Limited	Jersey (Channel Islands)
Clarion Gramercy (Deutschland) GmbH	Germany
Clarion Gramercy (UK) Limited	United Kingdom
Clarion Partners Europe, Ltd.	United Kingdom
Clarion Partners Holdings LLC	Delaware
Clarion Partners, LLC	New York
Clarion Partners Securities, LLC	Delaware
Clarion REIM South America Holdings, LLC	Delaware
Clarion REIM South America Invsetimentos Imobiliarios Ltda	Brazil
ClearBridge RARE Infrastructure International Pty Limited	Australia
ClearBridge RARE Infrastructure (North America) Pty Limited	Australia
CP Industrial Management, LLC	Delaware
CP Intermediate Holdco, Inc.	Delaware
CRM Software, LLC	Delaware
Darby - Hana Infrastructure Fund Management Co., Ltd.	South Korea
Fiduciary International Holding, Inc.	New York
Fiduciary Investment Management International, Inc.	Delaware
Fiduciary Trust Company International	New York
Fiduciary Trust Company International of Pennsylvania	Pennsylvania
Fiduciary Trust Company of Canada	Canada
Fiduciary Trust International, LLC	Delaware
Fiduciary Trust International of California	California
Fiduciary Trust International of Delaware	Delaware
Fiduciary Trust International of the South	Florida
Fiduciary Trust (International) Sàrl	Switzerland
Franklin Advisers GP, LLC	Delaware
Franklin Advisers, Inc.	California
Franklin Advisory Services, LLC	Delaware
Franklin Marketplace Loan GP, LLC	Delaware
Franklin Mutual Advisers, LLC	Delaware
Franklin SystematiQ Advisers, LLC	Delaware
Franklin Templeton Alternative Investments (India) Private Limited	India
Franklin Templeton Asset Management (India) Private Limited	India
Franklin Templeton Asset Management (Malaysia) Sdn. Bhd.	Malaysia

Name**	State or Jurisdiction of Incorporation or Organization
Franklin Templeton Asset Management Mexico, S.A. de C.V., Sociedad Operadora de Fondos de Inversion	Mexico
Franklin Templeton Austria GmbH	Austria
Franklin Templeton Capital Holdings Private Limited	Singapore
Franklin Templeton Chile SpA. V.	Chile
Franklin Templeton Companies, LLC	Delaware
Franklin Templeton Digital Advisory Services GmbH	Germany
Franklin Templeton Fund Management Limited	United Kingdom
Franklin Templeton Global Investors Limited	United Kingdom
Franklin Templeton GSC Asset Management Sdn. Bhd.	Malaysia
Franklin Templeton Holding Limited	Mauritius
Franklin Templeton International Services (India) Private Limited	India
Franklin Templeton International Services S.à r.l.	Luxembourg
Franklin Templeton Investímentos (Brasil) Ltda.	Brazil
Franklin Templeton Investment Management Limited	United Kingdom
Franklin Templeton Investment Management (Shanghai) Limited	China
Franklin Templeton Investment Services GmbH	Germany
Franklin Templeton Investment Services Mexico S. de R.L.	Mexico
Franklin Templeton Investment Trust Management Co., Ltd.	South Korea
Franklin Templeton Investments (Asia) Limited	Hong Kong
Franklin Templeton Investments Australia Limited	Australia
Franklin Templeton Investments Corp.	Canada
Franklin Templeton Investments Japan Limited	Japan
Franklin Templeton Investments (ME) Limited	Dubai, U.A.E.
Franklin Templeton Investments Poland sp. z o.o.	Poland
Franklin Templeton Investments South Africa (Pty) Ltd	South Africa
Franklin Templeton Investor Services, LLC	Delaware
Franklin Templeton Luxembourg S.A.	Luxembourg
Franklin Templeton Magyarorszag Kft.	Hungary
Franklin Templeton Management Luxembourg S.A.	Luxembourg
Franklin Templeton Overseas Investment Fund Management (Shanghai) Co., Limited	China
Franklin Templeton Private Equity, LLC	Delaware
Franklin Templeton Services, LLC	Delaware
Franklin Templeton Services (India) Private Limited	India
Franklin Templeton Servicios de Asesoria Mexico, S. de R.L. de C.V.	Mexico
Franklin Templeton Slovakia, s.r.o.	Slovakia
Franklin Templeton Social Infrastructure GP, S.à r.l.	Luxembourg
Franklin Templeton Strategic Investments Ltd.	Cayman Islands
Franklin Templeton Switzerland Ltd.	Switzerland
Franklin Templeton Trustee Services Private Limited	India
Franklin Templeton Turkey Advisory Services A.S.	Turkey
Franklin Templeton Uruguay S.A.	Uruguay
Franklin/Templeton Distributors, Inc.	New York
Franklin Venture Partners, LLC	Delaware
Franklin Venture Partners (Talos Cayman GP), LLC	Delaware
FT FinTech Holdings, LLC	Delaware

Name**	State or Jurisdiction of Incorporation or Organization
FT Opportunistic Distressed Fund Ltd.	Cayman Islands
FTC Investor Services Inc.	Canada
FTCI (Cayman) Ltd.	Cayman Islands
FTPE Advisers, LLC	Delaware
ITI Capital Markets Limited	India
Legg Mason Asset Management Australia Limited	Australia
Legg Mason Asset Management Hong Kong Limited	Hong Kong
Legg Mason Asset Management Singapore Pte. Limited	Singapore
Legg Mason Australia Holdings Pty Limited	Australia
Legg Mason (Chile) Inversiones Holdings Limitada	Chile
Legg Mason & Co (UK) Limited	United Kingdom
Legg Mason & Co., LLC	Maryland
Legg Mason Holding (Switzerland) GmbH	Switzerland
Legg Mason, Inc.	Maryland
Legg Mason Investments (Europe) Limited	United Kingdom
Legg Mason Investment Funds Limited	United Kingdom
Legg Mason Investments (Switzerland) GmbH	Switzerland
Legg Mason Overseas Investment Fund Management (Shanghai) Co., Ltd.	China
Legg Mason Partners Fund Advisor, LLC	Delaware
Legg Mason Royce Holdings, LLC	Delaware
LM (BVI) Limited	British Virgin Islands
LM Holdings Limited	United Kingdom
LM Holdings 2 Limited	United Kingdom
LM International Holding LP	Cayman Islands
Onsa Inc.	Delaware
Random Forest Capital, LLC	California
RARE Infrastructure Limited	Australia
RARE IP Trust	Australia
REDROSE Caesar S.à r.l.	Luxembourg
Riva Financial Systems Limited	Isle of Man
Royce & Associates GP, LLC	Delaware
Royce & Associates, LP	Delaware
Royce Fund Services, LLC	New York
Royce Management Company, LLC	Delaware
Templeton Asset Management (Labuan) Limited	Malaysia
Templeton Asset Management Ltd.	Singapore
Templeton Asset Management (Poland) TFI S.A.	Poland
Templeton do Brasil Ltda.	Brazil
Templeton Global Advisors Limited	The Bahamas
Templeton Global Holdings Ltd.	The Bahamas
Templeton International, Inc.	Delaware
Templeton Investment Counsel, LLC	Delaware
Templeton Restructured Investments, L.L.C.	Delaware
Templeton Restructured Investments III, Ltd.	Cayman Islands
Templeton Restructured Investments IV, Ltd.	Cayman Islands

Name**	State or Jurisdiction of Incorporation or Organization
Templeton Turkey Fund GP Ltd.	Cayman Islands
Templeton Worldwide, Inc.	Delaware
Templeton/Franklin Investment Services, Inc.	Delaware
TSEMF III (Jersey) Limited	Jersey (Channel Islands)
TSEMF IV (Jersey) Limited	Jersey (Channel Islands)
Western Asset Holdings (Australia) Pty Ltd	Australia
Western Asset Management (Brazil) Holdings Limitada	Brazil
Western Asset Management (Cayman) Holdings Limited	Cayman Islands
Western Asset Management Company Distribuidora de Titulos e Valores Mobiliarios Limitada	Brazil
Western Asset Management Company Limited	United Kingdom
Western Asset Management Company, LLC	California
Western Asset Management Company Pte Ltd.	Singapore
Western Asset Management Company Pty Ltd	Australia
WHITEROSE Caesar S.à r.l.	Luxembourg

* Certain subsidiaries have been omitted because, when considered in the aggregate, they do not constitute a significant subsidiary.

** Our subsidiaries currently do business principally under their respective corporate names except as follows:

- some of our subsidiaries may use the names Franklin Templeton, Franklin Templeton International and Templeton Worldwide;
- our Darby subsidiaries may use the name Darby Private Equity;
- Fiduciary Trust Company of Canada may use the names Fiduciary Trust Canada and Franklin Templeton Multi-Asset Solutions in various Canadian jurisdictions;
- Franklin Templeton Investments Corp. may use the names Franklin Templeton Canada, Franklin Templeton Investments Canada, Franklin Bissett Investment Management, Franklin Templeton Investments and Franklin Templeton Institutional in various Canadian jurisdictions;
- Legg Mason, Inc. may use the name Legg Mason Global Asset Management; and
- Royce & Associates, LP may use the name Royce Investment Partners.

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-249350) and Form S-8 (Nos. 333-173905, 333-143402, 333-128691, 333-103869, 333-100801, 333-89517, 333-83377, 333-70035, 333-57682, 333-48171, 333-240145 and 333-249336) of Franklin Resources, Inc. of our report dated November 20, 2020 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Francisco, California
November 20, 2020

EXHIBIT 31.1

CERTIFICATION

I, Jennifer M. Johnson, certify that:

1. I have reviewed this annual report on Form 10-K of Franklin Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 20, 2020

/s/ Jennifer M. Johnson

Jennifer M. Johnson
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Matthew Nicholls, certify that:

1. I have reviewed this annual report on Form 10-K of Franklin Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 20, 2020

/s/ MATTHEW NICHOLLS

Matthew Nicholls
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (FURNISHED HEREWITH)

I, Jennifer M. Johnson, President and Chief Executive Officer of Franklin Resources, Inc. (the "Company"), certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Annual Report on Form 10-K of the Company for the fiscal year ended September 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: November 20, 2020

/s/ Jennifer M. Johnson

Jennifer M. Johnson
President and Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (FURNISHED HEREWITH)**

I, Matthew Nicholls, Executive Vice President and Chief Financial Officer of Franklin Resources, Inc. (the “Company”), certify, as of the date hereof and solely for purposes of and pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Annual Report on Form 10-K of the Company for the fiscal year ended September 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Dated: November 20, 2020

/s/ MATTHEW NICHOLLS

Matthew Nicholls
Executive Vice President and Chief Financial Officer