

FRANKLIN RESOURCES INC

Form 10-Q

April 28, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from _____ to _____

Commission File Number: 001-09318

FRANKLIN RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-2670991

(I.R.S. Employer
Identification No.)

One Franklin Parkway, San Mateo, CA

(Address of principal executive offices)

(650) 312-2000

(Registrant's telephone number, including area code)

N/A

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

94403

(Zip Code)

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

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

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

Outstanding: 627,689,616 shares of common stock, par value \$0.10 per share, of Franklin Resources, Inc. as of April 21, 2014.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

FRANKLIN RESOURCES, INC.

Condensed Consolidated Statements of Income

Unaudited

(in millions, except per share data)	Three Months Ended		Six Months Ended	
	March 31, 2014	2013	March 31, 2014	2013
Operating Revenues				
Investment management fees	\$1,368.0	\$1,267.5	\$2,741.8	\$2,467.4
Sales and distribution fees	638.6	642.7	1,275.3	1,246.8
Shareholder servicing fees	67.7	76.6	143.8	151.0
Other, net	21.6	26.8	44.5	50.2
Total operating revenues	2,095.9	2,013.6	4,205.4	3,915.4
Operating Expenses				
Sales, distribution and marketing	766.3	780.8	1,543.0	1,511.7
Compensation and benefits	372.3	355.1	721.3	690.2
Information systems and technology	51.0	44.8	101.2	88.4
Occupancy	33.8	31.9	66.9	65.3
General, administrative and other	86.5	71.6	173.9	145.3
Total operating expenses	1,309.9	1,284.2	2,606.3	2,500.9
Operating Income	786.0	729.4	1,599.1	1,414.5
Other Income (Expenses)				
Investment and other income, net	17.0	96.5	65.2	142.0
Interest expense	(11.4) (10.9) (24.0) (25.4
Other income, net	5.6	85.6	41.2	116.6
Income before taxes	791.6	815.0	1,640.3	1,531.1
Taxes on income	238.8	221.6	491.5	433.0
Net income	552.8	593.4	1,148.8	1,098.1
Less: Net income (loss) attributable to				
Nonredeemable noncontrolling interests	(7.2) 17.8	(24.4) 5.1
Redeemable noncontrolling interests	(1.0) 2.8	8.4	4.1
Net Income Attributable to Franklin Resources, Inc.	\$561.0	\$572.8	\$1,164.8	\$1,088.9
Earnings per Share				
Basic	\$0.89	\$0.90	\$1.85	\$1.71
Diluted	0.89	0.90	1.84	1.70
Dividends per Share	\$0.120	\$0.097	\$0.24	\$