

**AUTOMATIC
DIVIDEND
REINVESTMENT
AND CASH
PAYMENT PLAN**

FRANKLIN RESOURCES, INC.

DEAR SHAREHOLDER

Our Automatic Dividend Reinvestment and Cash Payment Plan provides a convenient way of increasing your investment in Franklin common stock.

You may reinvest your dividends automatically in additional shares of the Company's common stock or you may choose to send in cash payments to The Bank of New York, with a minimum investment of \$100 and a maximum of \$50,000 in any given month, whether or not you decide to reinvest your dividends. You incur no transaction expense or brokerage fees in increasing your equity position in Franklin should you choose either or both features of this Plan.

The Plan and an explanation of how it works, as well as its benefits, are set forth in this brochure. Your participation is entirely voluntary - and you may enroll or withdraw at any time. If you decide to participate, your dividend will be automatically reinvested by The Bank of New York. You may enroll by signing and returning the enclosed enrollment card to The Bank of New York.

We appreciate your investment in Franklin and are pleased to offer the opportunity of increasing the holdings of all shareholders of record.

Sincerely,



Charles B. Johnson,
President

AUTOMATIC DIVIDEND AND CASH PAYMENT PLAN

It's a Convenient and Cost Free Way...

No Matter How Few Shares You Own...

To Increase Your Common Shareholdings
in Franklin Resources, Inc.

Dividend Reinvestment Plan

You can invest your Franklin common stock dividends in additional shares of Franklin common stock. All the shares in your account will earn future dividends for you, which will further increase your investment in Franklin.

Cash Payment Plan

You can invest cash payments (with a minimum investment of \$100 per month and a maximum of \$50,000) in additional shares of Franklin common stock. You need not invest regularly and you may vary the amount invested each time. The Bank of New York will pool all optional cash payments received and purchase shares once each month. Dividends on any shares you acquire under this Plan will be reinvested in additional shares and not paid in cash. However, you will continue to receive your dividend checks on Franklin common stock presently held by you unless you also elect to participate in the Dividend Reinvestment Plan.

ADVANTAGES TO SHAREHOLDERS

No Cost

Franklin will pay all brokerage fees for you on purchases made through the Automatic Dividend Reinvestment and Cash Payment Plan.

No Lost Certificates

All shares purchased through dividend reinvestment and cash payment are held by The Bank of New York for the benefit of participants. Shareholders may also voluntarily deposit their existing stock certificates with The Bank of New York for safekeeping.

Ownership of Partial Shares

Your funds are fully invested in whole and partial shares — not held unproductively until enough funds have accumulated to purchase whole shares.

Convenience

To enroll, just complete and return the enclosed enrollment card. After each investment, you will receive an easy-to-read statement of your plan account, giving you a clear record of your transactions and share balance. The service is entirely voluntary and you may terminate at any time as provided in the Agreements relating to the Plan.

AND IT'S SO EASY TO ENROLL

Just follow these easy steps:

- ◆ Fill out the enrollment card, by printing or typing your name(s) and address in the spaces provided as your account is registered.
- ◆ The enrollment card must be signed by all registered owners and mailed in the envelope provided.

All communications regarding the Service should be sent to the following address:

The Bank of New York
Dividend Reinvestment Dept.
P.O. Box 11002
Church Street Station
New York, N.Y. 10277-0702

In Dividend Reinvestment, your participation begins on the next dividend record date after your card is received. In Cash Payment, it starts on the first purchase date after your first remittance is received.

AUTOMATIC DIVIDEND REINVESTMENT AND CASH PAYMENT PLAN AGREEMENT

1. As agent for the shareholder ("the participant"), The Bank of New York (the "Bank"), will apply

(a) all cash dividends on the shares of Franklin Resources, Inc. ("Franklin") Common Stock held by the participant and on any full shares or fractional interest in one share (to four decimal places) acquired by such participant through the Bank hereunder, and/or,

(b) all cash payments received from the participant in any month for such purpose (with a minimum of \$100 and a maximum of \$50,000) as the participant may elect, to the purchase of full and fractional shares of Franklin Common Stock for the participant's account. Such purchases may be made on any securities exchange where such shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Bank, in its sole discretion, may determine (the "Plan").

2. In making purchases for the participant's account, the Bank may commingle the participant's dividends and cash payments with those of other participants. Cash payment checks drawn on a foreign bank are subject to collection and collection fees. In the case of each purchase, the price at which the Bank shall be deemed to have acquired shares for the participant's account shall be the average price of all shares purchased by it for participants in the Plan with their aggregate funds used for such purchase. The Bank may hold the shares of all participants together in its name or in the name of its nominee. The Bank shall have no responsibility as to the market value of the Franklin Common Stock acquired for the participant's account. Cash payments will be invested by the Bank on the 15th day of each month, (the "Investment Date") unless the 15th falls on a Saturday, or Sunday or any other day on which the Bank is authorized or obligated to close in which case the Investment Date is the next trading day on which the Bank is open; except where necessary to comply with Rule 10b-6 under the Securities Exchange Act of 1934 or other applicable provisions of the Federal Securities laws. PARTICIPANTS' FUNDS HELD BY THE BANK WILL NOT BEAR INTEREST. It is understood that, in any event, the Bank shall have no liability in connection with any inability to purchase shares or the timing of any such purchases. A participant may withdraw such participant's entire cash payment by written notice received by the Bank not less than 48 hours before such payment is to be invested.

3. Following each purchase, the Bank will send to each participant whose funds have been applied to such purchase an advice of transactions in such participant's account since the last prior purchase for such account, including a statement showing the current shares in the account.

4. No certificates will be issued to the participant for shares in such account unless requested from the Bank in writing or such account is terminated. On written request, the Bank will send the participant certificates for any full shares credited to such account. Such requests shall be handled by the

Bank without charge to the participant. No certificate for a fractional share will be issued but dividends on a fractional interest in a share will be credited to the participant's account. Also, it is suggested that any request for shares to be issued should not be committed for sale prior to receiving your certificate.

5. All of the Bank's service charges for each purchase of stock will be paid for by Franklin on behalf of the participants. The Bank may charge for additional services performed at the request of the participant and not provided for herein.

6. It is understood that the reinvestment of dividends does not relieve the participant of any taxes which may be payable on such dividends. The Bank will report annually to each participant the amount of dividends credited to such account during the year.

7. The Bank will forward a proxy covering all shares owned by a participant to be voted and returned by the participant to the Company or its proxy agent.

8. A participant may terminate such participant's account at any time by giving written notice of termination to the Bank, but any such notice received by the Bank after a dividend record date from a participant shall not be effective until dividends paid for such record date have been credited to such account. Upon termination, a participant will receive a certificate for all full shares in such account and cash in lieu of fractional shares, less applicable broker commissions, transfer taxes and the Bank's fee of \$3.00. If a participant elects to receive all cash in lieu of shares, the Bank will sell all shares of the participant's account and will send the proceeds to such participant after a service charge of \$3.00 and applicable brokerage commissions. The Bank or Franklin may terminate any participant's account at any time in their respective discretion.

If a participant disposes of all shares registered in his name on the books of Franklin, the Bank may in its discretion continue to invest the dividends on the shares in such participant's Plan account, until otherwise notified in writing by the participant.

9. It is understood that stock dividends or stock splits or proceeds of sale of stock purchase rights on Franklin stock applicable to shares belonging to the participant under the Plan, whether held in such participant's Plan account or in such participant's own name, will be credited to such participant's Plan account. Any participant who wishes to exercise stock purchase rights must request that stock certificates be sent him by the Bank as provided in Item 4, prior to the record date of such rights offering.

10. Neither the Bank nor its nominee or nominees shall have any responsibility beyond the exercise of ordinary care for any action taken or omitted pursuant to this Agreement, nor shall they have any duties, responsibilities or liabilities except such as are expressly set forth herein. Neither shall they be liable hereunder for any act done in good faith or for any good faith omission to act, including without limitation, failure to terminate a participant's account prior to receipt of written notice of his death or with respect to the timing or the price of any purchase.

11. The participant shall have no right to draw checks or drafts against such participant's account or to give instructions to the Bank in respect to

any shares or cash held therein except as expressly provided herein.

12. A shareholder may, in accordance with such procedures as the Bank may adopt from time to time, deposit with the Bank for safekeeping certificates for shares of Franklin Common Stock registered in the name of such shareholder for a fee of \$7.50. (When sending stock certificates to the Bank for safekeeping, the shareholder must include a check in the amount of \$7.50, made out to the Bank of New York.) The Bank will register such shares in its or its nominee's name, but the shareholder will remain the beneficial owner of such shares and the Bank will maintain an individual account in the name of such shareholder to record such shareholder's beneficial ownership of such shares. Such shareholder shall be entitled to participate in the Plan with respect to such shares in the same manner as a certificated shareholder.

13. The Plan Administrator may use BNY Personal Brokerage, Inc. ("BNY"), a wholly owned subsidiary of the Bank of New York Company, Inc., for trading activity under the Plan on behalf of Plan participants. BNY receives a commission in connection with transactions it processes.

14. The participant agrees to notify the Bank promptly in writing of any change of address. Notices to the participant may be given by letter addressed to the participant at his last address of record with the Bank.

15. This Agreement may be amended or supplemented by the Bank at any time or times by mailing appropriate notice at least 30 days prior to the effective date thereof to the participant at such participant's last address of record. The amendment or supplement shall conclusively be deemed to be accepted by the participant unless prior to effective date thereof the Bank receives written notice of the termination of such participant's account. Any such amendment may include the appointment by the Bank in its place and stead of a successor agent under this Agreement provided such successor is a bank or trust company organized under the laws of the United States or any state thereof. Franklin is authorized to pay to such successor agent for the account of each participant in the dividend reinvestment plan all dividends and distributions payable on shares of Franklin stock in a participant's name or in such participant's account, the same to be applied by such successor agent as provided in this Agreement.

16. This agreement and the authorization card signed by the participant (which is deemed a part of this Agreement) and the participant's account shall be governed by and construed in accordance with the laws of the State of New York and the Rules of the Securities and Exchange Commission and the New York Stock Exchange. This Agreement cannot be changed orally.

AUTOMATIC DIVIDEND REINVESTMENT AND CASH PAYMENT PLAN



Franklin Resources, Inc.

777 Mariners Island Blvd.
San Mateo, CA 94404

FRI DRIP 07/96

FRANKLIN RESOURCES, INC.

Enrollment Card

Automatic Dividend Reinvestment and Cash Payment Plan for Holders of Common Stock of Franklin Resources, Inc.

TO PARTICIPATE IN THE PLAN, PLEASE COMPLETE THE REVERSE SIDE OF THIS CARD AND RETURN IT TO THE BANK OF NEW YORK IN THE ENVELOPE PROVIDED. THIS IS NOT A PROXY. YOU SHOULD NOT RETURN THIS CARD IF YOU WISH TO CONTINUE TO RECEIVE DIVIDENDS IN CASH AND DO NOT WISH TO BUY ADDITIONAL SHARES THROUGH THE BANK OF NEW YORK.

To Enroll: Check appropriate box below and sign your name as it appears on the *other side*.

- 1. *Dividend Reinvestment option* — I authorize Franklin Resources, Inc. to pay to The Bank of New York for my account all dividends and other distributions payable to me on shares of Franklin Resources, Inc. common stock registered in my name. I appoint The Bank of New York, as my agent under the terms of the Plan, to apply my cash dividends to the purchase of whole and partial shares of Franklin Resources, Inc. common stock, to be credited to my account.
- 2. *Cash Payment option* — I appoint The Bank of New York, as my agent under the terms of the Plan, to apply all payments to the purchase of whole and partial shares of Franklin Resources, Inc. common stock, to be credited to my account, and to apply cash dividends thereon to the purchase of additional whole and partial shares of Franklin Resources, Inc. common stock, to be credited to my account.
- 3. *Dividend Reinvestment and Cash Payment options* — I wish to enroll in both options as outlined above.
This authorization and appointment is given with the understanding that I/we may terminate at any time by so notifying my/our agent, The Bank of New York, in writing.

ALL PERSONS WHOSE
NAMES APPEAR ON THE
REVERSE SIDE OF THIS
CARD SHOULD SIGN
AUTHORIZATION.

_____	19 _____
SHAREHOLDER	DATE
_____	19 _____
SHAREHOLDER	DATE