

FRANKLIN RESOURCES INC

Form 10-Q

February 01, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

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

For the quarterly period ended December 31, 2011

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: 215,942,632 shares of common stock, par value \$0.10 per share, of Franklin Resources, Inc. as of January 25, 2012.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

## FRANKLIN RESOURCES, INC.

## Condensed Consolidated Statements of Income

## Unaudited

	Three Months Ended December 31,	
(in thousands, except per share data)	2011	2010
Operating Revenues		
Investment management fees	\$1,075,137	\$1,066,507
Sales and distribution fees	524,304	552,203
Shareholder servicing fees	75,405	72,055
Other, net	27,030	9,548
Total operating revenues	1,701,876	1,700,313
Operating Expenses		
Sales, distribution and marketing	630,618	647,153
Compensation and benefits	300,412	292,394
Information systems and technology	41,434	40,367
Occupancy	31,842	30,868
General, administrative and other	65,190	30,297
Total operating expenses	1,069,496	1,041,079
Operating Income	632,380	659,234
Other Income (Expenses)		
Investment and other income, net	71,176	46,328
Interest expense	(8,565)	(7,895)
Other income, net	62,611	38,433
Income before taxes	694,991	697,667
Taxes on income	201,265	207,550
Net income	493,726	490,117
Less: Net income (loss) attributable to Nonredeemable noncontrolling interests	10,147	(11,877)
Redeemable noncontrolling interests	2,794	837
Net Income Attributable to Franklin Resources, Inc.	\$480,785	\$501,157
Earnings per Share		
Basic	\$2.21	\$2.24
Diluted	2.20	2.23
Dividends per Share	\$2.27	\$0.25

See Notes to Condensed Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.  
Condensed Consolidated Balance Sheets  
Unaudited

(in thousands)	December 31, 2011	September 30, 2011
Assets		
Current Assets		
Cash and cash equivalents	\$4,248,837	\$4,699,994
Cash and cash equivalents of consolidated variable interest entities	72,316	88,238
Receivables	781,645	772,475
Investment securities, trading	1,056,668	889,686
Investment securities, available-for-sale	756,165	990,976
Investments of consolidated variable interest entities, at fair value	10,561	10,994
Investments in equity method investees and other	20,693	21,861
Deferred taxes	106,648	107,898
Prepaid expenses and other	30,523	34,646
Total current assets	7,084,056	7,616,768
Banking/Finance Assets		
Cash and cash equivalents	590,705	410,381
Investment securities, available-for-sale	331,621	345,486
Loans receivable, net	390,120	401,860
Loans receivable of consolidated variable interest entities, net	124,529	149,386
Other	38,299	51,010
Total banking/finance assets	1,475,274	1,358,123
Non-Current Assets		
Investments of consolidated sponsored investment products	623,326	584,608
Investments of consolidated variable interest entities, at fair value	826,632	811,618
Investments in equity method investees and other	558,620	535,509
Property and equipment, net	594,668	589,748
Goodwill	1,535,602	1,536,212
Other intangible assets, net	606,625	611,979
Other	100,684	131,278
Total non-current assets	4,846,157	4,800,952
Total Assets	\$13,405,487	\$13,775,843

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See Notes to Condensed Consolidated Financial Statements.

FRANKLIN RESOURCES, INC.  
Condensed Consolidated Balance Sheets  
Unaudited

[Table continued from previous page]

	December 31, 2011	September 30, 2011
(dollars in thousands, except per share data)		
Liabilities and Stockholders' Equity		
Current Liabilities		
Compensation and benefits	\$228,043	\$400,885
Commercial paper	25,000	29,997
Current maturities of long-term debt	6,589	29,656
Current maturities of long-term debt of consolidated variable interest entities, at fair value	24,924	24,858
Accounts payable, accrued expenses and other	206,684	328,303
Commissions	343,911	369,539
Income taxes	205,773	128,826
Total current liabilities	1,040,924	1,312,064
Banking/Finance Liabilities		
Deposits	1,028,343	890,189
Long-term debt of consolidated variable interest entities	135,652	164,176
Federal Home Loan Bank advances	69,000	69,000
Other	957	970
Total banking/finance liabilities	1,233,952	1,124,335
Non-Current Liabilities		
Long-term debt	974,347	1,004,381
Long-term debt of consolidated variable interest entities, at fair value	823,741	846,369
Deferred taxes	278,772	274,435
Other	93,850	91,789
Total non-current liabilities	2,170,710	2,216,974
Total liabilities	4,445,586	4,653,373
Commitments and Contingencies (Note 9)		
Redeemable Noncontrolling Interests	26,509	18,611
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; 215,948,381 and 217,693,435 shares issued and outstanding, at December 31, 2011 and September 30, 2011	21,595	21,769
Retained earnings	8,198,497	8,443,531
Appropriated retained earnings of consolidated variable interest entities	40,619	18,969
Accumulated other comprehensive income	12,932	40,462
Total Franklin Resources, Inc. stockholders' equity	8,273,643	8,524,731
Nonredeemable noncontrolling interests	659,749	579,128
Total stockholders' equity	8,933,392	9,103,859
Total Liabilities and Stockholders' Equity	\$13,405,487	\$13,775,843
See Notes to Condensed Consolidated Financial Statements.		

## FRANKLIN RESOURCES, INC.

## Condensed Consolidated Statements of Cash Flows

Unaudited

	Three Months Ended December 31,	
(in thousands)	2011	2010
Net Income	\$493,726	\$490,117
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52,624	62,478
Stock-based compensation	25,660	21,775
Excess tax benefit from stock-based compensation	(17,374)	(12,047)
Net gains on sale of assets	(13,245)	(26,968)
Net losses on non-current investments of consolidated sponsored investment products	10,077	—
Net (gains) losses of consolidated variable interest entities	(22,328)	11,458
Equity in net income of affiliated companies	(22,472)	(23,892)
Other-than-temporary impairment of investments	—	13,156
Provision for loan losses	(266)	2,845
Deferred income taxes	7,049	5,957
Changes in operating assets and liabilities:		
Increase in receivables, prepaid expenses and other	(27,820)	(135,780)
Increase in trading securities, net	(147,097)	(182,115)
Increase in income taxes payable	98,357	118,828
(Decrease) increase in commissions payable	(25,628)	26,277
(Decrease) increase in other liabilities	(70,512)	9,130
Decrease in accrued compensation and benefits	(173,011)	(135,443)
Net cash provided by operating activities	167,740	245,776
Purchase of investments	(95,640)	(43,512)
Purchase of investments by consolidated variable interest entities	(73,193)	(176,137)
Liquidation of investments	285,573	190,477
Liquidation of investments by consolidated variable interest entities	95,849	251,815
Liquidation of banking/finance investments	12,847	13,690
Decrease (increase) in loans receivable, net	13,150	(28,049)
Decrease in loans receivable held by consolidated variable interest entities, net	24,586	43,980
Additions of property and equipment, net	(26,768)	(54,003)
Cash and cash equivalents recognized due to adoption of new consolidation guidance	—	45,841
Net cash provided by investing activities	236,404	244,102
Increase in deposits	138,154	21,610
Issuance of common stock	12,788	13,061
Dividends paid on common stock	(546,899)	(49,763)
Repurchase of common stock	(290,856)	(198,536)
Excess tax benefit from stock-based compensation	17,374	12,047
Decrease in commercial paper, net	(5,007)	(2,767)
Proceeds from issuance of debt	6,589	—
Payments on debt	(61,778)	—
Payments on debt by consolidated variable interest entities	(54,119)	(89,721)
Noncontrolling interests	102,326	1,357
Net cash used in financing activities	\$(681,428)	\$(292,712)

[Table continued on next page]

See Notes to Condensed Consolidated Financial Statements.



## FRANKLIN RESOURCES, INC.

## Condensed Consolidated Statements of Cash Flows

Unaudited

[Table continued from previous page]

	Three Months Ended December 31,	
(in thousands)	2011	2010
Effect of exchange rate changes on cash and cash equivalents	\$(9,471)	) \$148
(Decrease) increase in cash and cash equivalents	(286,755	) 197,314
Cash and cash equivalents, beginning of period	5,198,613	4,123,716
Cash and Cash Equivalents, End of Period	\$4,911,858	\$4,321,030
Components of Cash and Cash Equivalents		
Cash and cash equivalents, beginning of period		
Current assets	\$4,699,994	\$3,985,312
Current assets of consolidated variable interest entities	88,238	—
Banking/finance assets	410,381	138,404
Total	\$5,198,613	\$4,123,716
Cash and cash equivalents, end of period		
Current assets	\$4,248,837	\$4,101,724
Current assets of consolidated variable interest entities	72,316	73,236
Banking/finance assets	590,705	146,070
Total	\$4,911,858	\$4,321,030
Supplemental Disclosure of Non-Cash Information		
Decrease in noncontrolling interests due to net deconsolidation of certain sponsored investment products	\$(5,098	) \$(1,503 )
Increase in assets, net of liabilities, related to consolidation of variable interest entities	—	60,760
Supplemental Disclosure of Cash Flow Information		
Cash paid for income taxes	\$94,633	\$82,917
Cash paid for interest	18,190	16,935
Cash paid for interest by consolidated variable interest entities	11,473	9,679
See Notes to Condensed Consolidated Financial Statements.		



FRANKLIN RESOURCES, INC.

Notes to Condensed Consolidated Financial Statements

December 31, 2011

(Unaudited)

Note 1 – Basis of Presentation

The unaudited interim financial statements of Franklin Resources, Inc. (“Franklin”) and its consolidated subsidiaries (collectively, the “Company”) included herein have been prepared by the Company in accordance with the instructions to Form 10-Q and the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”). Under these rules and regulations, some information and footnote disclosures normally included in financial statements prepared under accounting principles generally accepted in the United States of America have been shortened or omitted. Management believes that all adjustments necessary for a fair statement of the financial position and the results of operations for the periods shown have been made. All adjustments are normal and recurring. These financial statements should be read together with the Company’s audited financial statements included in its Form 10-K for the fiscal year ended September 30, 2011 (“fiscal year 2011”). Certain amounts for the comparative prior fiscal year period have been reclassified to conform to the financial statement presentation as of and for the period ended December 31, 2011.

In the quarter ended September 30, 2011, the Company discontinued the classification of a portion of the investment management fees earned by certain of its non-U.S. subsidiaries as sales and distribution fees. Amounts for the comparative prior fiscal year period have been reclassified to conform to the current year presentation. This reclassification had no impact on previously reported net income or financial position and does not represent a restatement of any previously published financial results. See Note 1 – Significant Accounting Policies in the Company's Form 10-K for fiscal year 2011.

The following table presents the effects of the changes in the presentation of operating revenues to the Company’s previously-reported condensed consolidated statement of income:

(in thousands)	Three Months Ended December 31, 2010		
	As Reported	Adjustments	As Amended
Operating Revenues			
Investment management fees	\$1,040,878	\$ 25,629	\$ 1,066,507
Sales and distribution fees	577,832	(25,629 )	552,203
Shareholder servicing fees	72,055	—	72,055
Other, net	9,548	—	9,548
Total operating revenues	\$1,700,313	\$ —	\$ 1,700,313

Note 2 – New Accounting Guidance

On October 1, 2011, the Company adopted new Financial Accounting Standards Board (“FASB”) guidance that requires separate disclosures about purchases, sales, issuances and other settlements in the rollforward of activity in Level 3 fair value measurements. See Note 7 - Fair Value Measurements for the expanded disclosures.

There were no significant updates to new accounting guidance not yet adopted by the Company as disclosed in its Form 10-K for fiscal year 2011.

Note 3 – Stockholders' Equity, Redeemable Noncontrolling Interests and Comprehensive Income  
The changes in total stockholders' equity and redeemable noncontrolling interests were as follows:  
(in thousands)

	Franklin Resources, Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity	Redeemable Noncontrolling Interests
for the three months ended December 31, 2011				
Balance at October 1, 2011	\$8,524,731	\$ 579,128	\$9,103,859	\$ 18,611
Net income	480,785	10,147	490,932	2,794
Net income reclassified to appropriated retained earnings	21,650	(21,650 )	—	
Other comprehensive income				
Net unrealized losses on investments, net of tax	(4,797 )		(4,797 )	
Currency translation adjustments	(22,558 )		(22,558 )	
Net unrealized losses on defined benefit plans, net of tax	(175 )		(175 )	
Cash dividends on common stock	(493,332 )		(493,332 )	
Repurchase of common stock	(290,856 )		(290,856 )	
Noncontrolling interests				
Net subscriptions		92,124	92,124	10,202
Net deconsolidation of certain sponsored investment products		—	—	(5,098 )
Other <sup>1</sup>	58,195		58,195	
Balance at December 31, 2011	\$8,273,643	\$ 659,749	\$8,933,392	\$ 26,509

<sup>1</sup> Primarily relates to stock-based compensation plans.

	Franklin Resources, Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity	Redeemable Noncontrolling Interests
(in thousands)				
for the three months ended December 31, 2010				
Balance at October 1, 2010	\$7,726,994	\$ 3,452	\$7,730,446	\$ 19,533
Adjustment for adoption of new consolidation guidance	106,601		106,601	
Net income (loss)	501,157	(11,877 )	489,280	837
Net loss reclassified to appropriated retained earnings	(11,996 )	11,996	—	
Other comprehensive income				
Net unrealized gains on investments, net of tax	849		849	
Currency translation adjustments	12,667		12,667	
Net unrealized gains on defined benefit plans, net of tax	13		13	
Cash dividends on common stock	(56,012 )		(56,012 )	
Repurchase of common stock	(198,536 )		(198,536 )	
Noncontrolling interests				
Net deconsolidation of certain sponsored investment products		—	—	(1,503 )
Net subscriptions (redemptions)		(733 )	(733 )	2,090
Other <sup>1</sup>	47,991		47,991	

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Balance at December 31, 2010	\$8,129,728	\$ 2,838	\$8,132,566	\$ 20,957
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<sup>1</sup> Primarily relates to stock-based compensation plans.

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The components of comprehensive income, including amounts attributable to noncontrolling interests, were as follows:

(in thousands)	Three Months Ended December 31,	
	2011	2010
Net income	\$493,726	\$490,117
Net unrealized gains (losses) on investments, net of tax	(4,797)	) 849
Currency translation adjustments	(22,558)	) 12,667
Net unrealized gains (losses) on defined benefit plans, net of tax	(175)	) 13
Total comprehensive income	466,196	503,646
Less: comprehensive income (loss) attributable to		
Nonredeemable noncontrolling interests	10,147	(11,877)
Redeemable noncontrolling interests	2,794	837
Total Comprehensive Income Attributable to Franklin Resources, Inc.	\$453,255	\$514,686

During the three months ended December 31, 2011 and 2010, the Company repurchased 3.0 million and 1.7 million shares of its common stock at a cost of \$290.9 million and \$198.5 million under its stock repurchase program. In December 2011, the Company's Board of Directors authorized the repurchase of up to 10.0 million additional shares of its common stock under the stock repurchase program. At December 31, 2011, approximately 11.8 million shares of common stock remained available for repurchase under the stock repurchase program. The stock repurchase program is not subject to an expiration date.

#### Note 4 – Earnings per Share

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

(in thousands, except per share data)	Three Months Ended December 31,	
	2011	2010
Net Income Attributable to Franklin Resources, Inc.	\$480,785	\$501,157
Less: Allocation of earnings to participating nonvested stock and stock unit awards	3,342	2,126
Net Income Available to Common Stockholders	\$477,443	\$499,031
Weighted-average shares outstanding – basic	216,143	223,169
Effect of dilutive common stock options and non-participating nonvested stock unit awards	584	1,084
Weighted-Average Shares Outstanding – Diluted	216,727	224,253
Earnings per Share		
Basic	\$2.21	\$2.24
Diluted	2.20	2.23

Non-participating nonvested stock unit awards excluded from the calculation of diluted earnings per share because their effect would have been anti-dilutive were 0.5 million and 0.2 million for the three months ended December 31, 2011 and 2010.

#### Note 5 – Variable Interest Entities

The Company has interests in various types of variable interest entities ("VIEs"). It is the primary beneficiary of collateralized loan obligations ("CLOs") and auto loan securitization trusts ("securitization trusts") and therefore consolidates these VIEs. Other VIEs, for which the Company is not the primary beneficiary, primarily consist of certain sponsored and other investment products (collectively "other investment products") from which the Company earns investment management and related services fees and/or has an equity ownership interest in the VIE.

#### Collateralized Loan Obligations

The Company provides collateral management services to the CLOs, which are asset-backed financing entities collateralized by a pool of assets.

During the three months ended December 31, 2011, the changes in fair values of the underlying assets and liabilities of the CLOs resulted in a \$27.7 million net gain and \$5.0 million net loss, for a combined net gain of \$22.7 million. During the three months ended December 31, 2010, the changes in fair values of the underlying assets and liabilities resulted in a \$34.2 million

net gain and \$43.3 million net loss, for a combined net loss of \$9.1 million.

The following tables present the unpaid principal balance and fair value of investments, including investments 90 days or more past due, and long-term debt of the CLOs:

(in thousands)		Investments 90 Days or More Past Due		Long-term Debt	
as of December 31, 2011		Total Investments			
Unpaid principal balance	\$ 883,718	\$ 17,697		\$ 1,040,484	
Excess unpaid principal over fair value	(46,525)	(6,036)		(191,819)	
Fair value	\$ 837,193	\$ 11,661		\$ 848,665	
(in thousands)		Investments 90 Days or More Past Due		Long-term Debt	
as of September 30, 2011		Total Investments			
Unpaid principal balance	\$ 887,838	\$ 21,577		\$ 1,044,863	
Excess unpaid principal over fair value	(65,226)	(10,178)		(173,636)	
Fair value	\$ 822,612	\$ 11,399		\$ 871,227	

#### Automobile Loan Securitization Trusts

The Company retained certain interests in and servicing responsibilities for automobile loan securitization trusts, which originated from securitization transactions between the Company and the securitization trusts in previous years. The following table provides details of the loans serviced by the Company that were held by the securitization trusts and the loans that were managed together with them:

(in thousands)	December 31, 2011	September 30, 2011
Principal amount of loans		
Loans receivable of consolidated VIEs	\$ 128,901	\$ 155,071
Loans receivable	75,337	83,791
Total	\$ 204,238	\$ 238,862
Principal amount of loans 30 days or more past due		
Loans receivable of consolidated VIEs	\$ 3,322	\$ 3,651
Loans receivable	1,507	1,721
Total	\$ 4,829	\$ 5,372

The Company has provided guarantees to cover shortfalls for the securitization trusts in amounts due to the holders of the asset-backed securities if the shortfall exceeds cash on deposit. The maximum potential amount of future payments related to these guarantees was \$3.8 million at December 31, 2011 and September 30, 2011. The Company did not provide any additional financial or other support to the securitization trusts or the holders of the asset-backed securities during fiscal year 2011 or the three months ended December 31, 2011.

The original amount of loans serviced for the securitization trusts that were still in existence at December 31, 2011 and September 30, 2011 totaled \$1.2 billion. At December 31, 2011 and September 30, 2011, the securitization trusts had approximately 17,200 and 19,100 loans outstanding, with weighted-average annualized interest rates of 10.56% and 10.55%.

#### Other Investment Products

The carrying values of the Company's investment management and related service fees receivable from and the equity ownership interests in the other investment product VIEs as recorded in the Company's condensed consolidated balance sheets are set forth below. These amounts represent the Company's maximum exposure to loss from these investment products.

(in thousands)	December 31, 2011	September 30, 2011
Current Assets		
Receivables	\$41,710	\$42,218
Investment securities, available-for-sale	130,807	139,981
Investments in equity method investees and other	160	154
Total Current	172,677	182,353
Non-Current Assets		
Investments in equity method investees and other	40,237	36,584
Total	\$212,914	\$218,937

The Company's total assets under management ("AUM") of the other investment products was \$31.3 billion at December 31, 2011 and \$36.1 billion at September 30, 2011.

While the Company has no contractual obligation to do so, it routinely makes cash investments in the course of launching sponsored investment products. The Company also may voluntarily elect to provide its sponsored investment products with additional direct or indirect financial support based on its business objectives. The Company did not provide financial or other support to its investment products during fiscal year 2011 or the three months ended December 31, 2011.

#### Note 6 – Investments

Investments consisted of the following:

(in thousands)	December 31, 2011	September 30, 2011
Current		
Investment securities, trading	\$1,056,668	\$889,686
Investment securities, available-for-sale		
Sponsored investment products	701,572	925,711
Securities of U.S. states and political subdivisions	35,926	41,199
Securities of the U.S. Treasury and federal agencies	600	602
Other equity securities	18,067	23,464
Total investment securities, available-for-sale	756,165	990,976
Investments of consolidated VIEs, at fair value	10,561	10,994
Investments in equity method investees and other	20,693	21,861
Total Current	\$1,844,087	\$1,913,517
Banking/Finance		
Investment securities, available-for-sale		
Securities of U.S. states and political subdivisions	\$308	\$311
Securities of the U.S. Treasury and federal agencies	1,820	1,837
Corporate debt securities <sup>1</sup>	121,231	121,634
Mortgage-backed securities – agency residential	208,180	221,611
Other equity securities	82	93
Total investment securities, available-for-sale	331,621	345,486
Total Banking/Finance	\$331,621	\$345,486
Non-Current		
Investments of consolidated sponsored investment products	\$623,326	\$584,608
Investments of consolidated VIEs, at fair value	826,632	811,618
Investments in equity method investees and other	558,620	535,509
Total Non-Current	\$2,008,578	\$1,931,735

<sup>1</sup> Corporate debt securities are insured by the Federal Deposit Insurance Corporation or non-U.S. government agencies.

<sup>2</sup> Consists of U.S. government-sponsored enterprise obligations.

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At December 31, 2011 and September 30, 2011, current investment securities, trading included \$443.2 million and \$361.1 million of investments held by sponsored investment products that were consolidated in the Company's condensed consolidated financial statements.

At December 31, 2011 and September 30, 2011, banking/finance segment investment securities with aggregate carrying amounts of \$147.0 million and \$156.4 million were pledged as collateral for the ability to borrow from the Federal Reserve Bank, and \$57.0 million and \$60.8 million were pledged as collateral for outstanding Federal Home Loan Bank ("FHLB") borrowings and amounts available in secured FHLB short-term borrowing capacity (see Note 8 – Debt). In addition, investment management and related services segment securities with an aggregate carrying value of \$6.9 million were pledged as collateral primarily for financing arrangements at December 31, 2011 and September 30, 2011.

A summary of the gross unrealized gains and losses relating to investment securities, available-for-sale is as follows: (in thousands)

	Cost Basis	Gross Unrealized		
as of December 31, 2011		Gains	Losses	Fair Value
Sponsored investment products	\$656,542	\$72,115	\$(27,085)	) \$701,572
Securities of U.S. states and political subdivisions	34,854	1,380	—	) 36,234
Securities of the U.S. Treasury and federal agencies	2,397	25	(2)	) 2,420
Corporate debt securities	120,012	1,219	—	) 121,231
Mortgage-backed securities – agency residential	203,945	4,239	(4)	) 208,180
Other equity securities	17,651	587	(89)	) 18,149
Total	\$1,035,401	\$79,565	\$(27,180)	) \$1,087,786

	Cost Basis	Gross Unrealized		
as of September 30, 2011		Gains	Losses	Fair Value
Sponsored investment products	\$877,632	\$78,013	\$(29,934)	) \$925,711
Securities of U.S. states and political subdivisions	39,950	1,560	—	) 41,510
Securities of the U.S. Treasury and federal agencies	2,423	16	—	) 2,439
Corporate debt securities	120,041	1,593	—	) 121,634
Mortgage-backed securities – agency residential	216,736	4,905	(30)	) 221,611
Other equity securities	23,061	703	(207)	) 23,557
Total	\$1,279,843	\$86,790	\$(30,171)	) \$1,336,462

The net unrealized holding gains on investment securities, available-for-sale included in accumulated other comprehensive income were \$7.8 million and \$15.3 million for the three months ended December 31, 2011 and 2010. The following tables show the gross unrealized losses and fair values of investment securities, available-for-sale with unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or Greater		Total	
(in thousands)	Gross		Gross			Gross
as of December 31, 2011	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Sponsored investment products	\$184,370	\$(26,298)	) \$6,202	\$(787)	) \$190,572	\$(27,085)
Securities of the U.S. Treasury and federal agencies	560	(2)	) —	—	560	(2)
Mortgage-backed securities – agency residential	16,844	(4)	) —	—	16,844	(4)
Other equity securities	—	—	4,269	(89)	4,269	(89)
Total	\$201,774	\$(26,304)	) \$10,471	\$(876)	) \$	Determine whether incentive awards will be granted

singly or in  
combination;

Accelerate the vesting, exercise or payment of an incentive award or the performance period of an incentive award;

Determine extent an incentive award may be deferred, either automatically or at the election of the participant or the Committee; and

Take any and all other action it deems necessary or advisable for the proper operation or administration of the Plan.

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Our board of directors has the exclusive power to select non-employee directors to participate in the 2009 Plan and to determine the number of non-qualified stock options, stock appreciation rights or shares of restricted stock awarded to the participating directors. Our Compensation Committee administers all other aspects of the Incentive Awards made to participating directors.

The Committee in its sole discretion shall have the authority, subject to the provisions of the 2009 Plan, to establish, adopt, or revise such rules and regulations and to make all determinations relating to the 2009 Plan, as it may deem necessary or advisable for the administration. The Committee's interpretation of the 2009 Plan or any incentive awards and all decisions and determinations by the Committee shall be final, binding, and conclusive.

The 2009 Plan and the incentive awards are intended to qualify as qualified performance based compensation under Section 162(m) of the Code. Accordingly, the Committee will make determinations as to performance targets and all other applicable provisions of the 2009 Plan as necessary in order for it and incentive awards to satisfy the requirements of Section 162(m) of the Code.

**Grant of Restricted Stock Awards.** The Committee may grant a restricted stock award to an employee in its discretion; similarly our board of directors may grant a restricted stock award to our non-employee directors. Each restricted stock award may be evidenced in the manner as the Committee deems appropriate, including, without limitation, a book-entry registration or issuance of a stock certificate or certificates, and by an incentive award agreement setting forth the terms of the restricted stock award.

**Grant of Awards.** The Committee may grant monetary units ( performance units ) to our employees. Each incentive award of performance units will be evidenced by an incentive award agreement setting the terms and conditions and in a form as the Committee may approve.

The Committee will establish performance targets for each incentive award for a period of no less than a year based upon some or all of the performance criteria. The Committee shall also establish such other terms and conditions as it deems appropriate to incentive award. The incentive award may be paid out in cash or our common stock shares as determined in the sole discretion of the Committee.

**Grant of Performance Bonus.** The Committee may grant a cash bonus ( performance bonus ) to our selected employees. The Committee will determine the amount that may be earned as a performance bonus in any period of one year or more upon the achievement of a performance target established by the Committee. The Committee will select the applicable performance target for each period in which a performance bonus is awarded. The performance target shall be based upon operational, financial or performance criteria. Payment of a performance bonus will be made within 60 days of its certification of achievement of applicable the performance target unless the participant-employee has previously elected to defer payment pursuant to a non-qualified deferred compensation plan adopted by us. Payment of a performance bonus may be made in either cash or our common stock shares as determined in the sole discretion of the Committee.

**Grant of Stock Appreciation Rights.** The Committee may grant a stock appreciation right ( SAR ) to our employees or non-employee directors. Any SAR granted will be deemed to be an incentive award. SARs may be granted as an independent incentive award separate from an option or granted in tandem with an option. Each grant of a SAR shall be evidenced by an incentive award agreement setting forth the terms and conditions and be in a form as the Committee may from time to time approve, subject to the requirements of the 2009 Plan. The exercise price of the SAR shall not be less than the fair market value of a common stock share on the date of the grant of the SAR.

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**Withholding Taxes.** We are entitled to deduct from any payment or delivery of shares under the 2009 Plan the amount of all applicable income and employment taxes required by law to be withheld with respect to the payment or share delivery, or may require the participant to pay to us the tax prior to and as a condition of the making of the payment or share delivery. In accordance with any applicable administrative guidelines it establishes, the Committee may allow a participant to pay the amount of the taxes required to be withheld from an Incentive Award by (i) directing us to withhold from any payment or share delivery the number of common stock shares having a fair market value on the date of payment or share delivery equal to the amount of the required withholding taxes or (ii) delivering to us common stock shares owned for not less than six months ( mature shares ) having a fair market value on the date of payment or share delivery equal to the amount of the required withholding taxes.

**Change of Control.** Incentive Awards granted may, in the discretion of the Committee, provide in the incentive award agreement that the Incentive Awards will immediately vest, become fully earned and exercisable upon the occurrence of an event that constitutes a change of control. In general a change of control will occur upon a person or a group (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B) acquiring 40% or more of our shareholder total voting rights or substantially all of our assets within a 12-month period, or a majority of our directors are replaced within a 12-month period.

### **Employment Arrangements and Keyman Insurance**

We have employment agreements with Danny C. Wright, Brett Wimberley and Susan Matthews executed on March 1, 2007.

Pursuant to the employment agreement with Danny C. Wright, he agreed to serve as the President and Chief Executive Officer of our subsidiary, AHC Benefit Marketing Acquisition, Inc. The term of the agreement commenced on March 1, 2007 and continues through February 28, 2010. The term of the agreement will automatically be extended for additional one-year terms, unless either notice of termination is given not less than to the other on or before December 1st in the year of termination, commencing March 1, 2010. In addition to the base salary, Mr. Wright is eligible to be considered for annual bonuses to be determined by our Board of Directors. On May 28, 2010 Mr. Wright's employment agreement was amended effective May 1, 2010 increasing his base salary to \$325,000 annually. Pursuant to the employment agreement with Brett Wimberley, he agreed to serve as the Chief Operating Officer of our subsidiary, AHC Benefit Marketing Acquisition, Inc. The term of the agreement commenced on March 1, 2007 and continues through February 28, 2010. The term of the agreement will automatically be extended for additional one-year terms, unless either notice of termination is given not less than to the other on or before December 1st in the year of termination, commencing March 1, 2010. In addition to the base salary, Mr. Wimberley is eligible to be considered for annual bonuses to be determined by our Board of Directors. On May 28, 2010 Mr. Wimberley's employment agreement was amended effective May 1, 2010 increasing his base salary to \$300,000 annually. Pursuant to the employment agreement with Susan Matthews, she agreed to serve as the Executive Vice President of our subsidiary, AHC Benefit Marketing Acquisition, Inc. The term of the agreement commenced on March 1, 2007 and continues through February 28, 2010. The term of the agreement will automatically be extended for additional one-year terms, unless either notice of termination is given not less than to the other on or before December 1st in the year of termination, commencing March 1, 2010. Effective October 1, 2010 Ms. Matthews' employment agreement was amended increasing her salary to \$200,000 annually. In addition to the base salary, Ms. Matthews is eligible to be considered for annual bonuses to be determined by our Board of Directors.

We do not maintain any key-man insurance covering the death or disability of any of our executive officers.

### **Compensation of Directors**

In May 2010, we adopted a compensation policy for our non-employee directors. This policy provides that our non-employee directors are entitled to receive stock grants of 10,000 common stock shares, annually, and \$2,500 per calendar quarter. Prior to adoption of this compensation policy, beginning in May 2008, we adopted a compensation policy for our non-employee directors that consisted of stock options exercisable for the purchase of 10,000 common stock shares upon initially becoming a member of the board of directors, thereafter annual options exercisable for the purchase of 5,000 common stock shares, and \$1,000 per calendar quarter. Directors who are also our employees receive no additional compensation for serving as directors or on a board committee, unless special circumstances or assigned responsibilities support additional compensation, including negotiation of the terms of an asset or entity

acquisition transaction. We reimburse our directors for travel and out-of-pocket expenses in connection with their attendance at meetings of our board and its committees.

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During the fiscal year ended September 30, 2010, the members of our board of directors received the following compensation:

- payment of \$1,000 for the quarters ended December 31, 2009 and March 31, 2010;
- payment of \$1,750 for the quarter ended June 30, 2010;
- payment of \$2,500 for the quarter ended September 30, 2010;
- reimbursement for travel and out of pocket expenses in connection with their attendance at board and committee meetings; and
- stock options to the non-employee board members, all of which remain outstanding at September 30, 2010

<b>Director Name</b>	<b>Options Granted</b>
Russell Cleveland	5,000
Larry Gerdes	10,000
J. French Hill	5,000
Mark Kidd	10,000
John Simonelli	10,000

In 2010, the following directors received compensation in the following aggregate amounts:

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Option Awards</b>	<b>Total</b>
Russell Cleveland	\$ 6,250	\$ 2,213	\$ 8,463
Larry Gerdes	\$ 6,250	\$ 4,807	\$ 11,057
J. French Hill	\$ 6,250	\$ 2,213	\$ 8,463
Mark Kidd	\$ 6,250	\$ 4,807	\$ 11,057
John Simonelli	\$ 6,250	\$ 4,807	\$ 11,057

- (2) Access Plans, Inc. used the Black Scholes option-pricing model to estimate the option fair values as described in Note 2 Summary of Significant Accounting Policies (Stock Based Compensation) of the financial statements appearing above in this report, to determine the value of the amounts for Option Awards.

**Officer and Director Liability and Indemnification**

As provided by the Oklahoma General Corporation Act, each of our directors and officers is not liable to us or our shareholders for any action taken as a director or officer, or any failure to take any action, if the director or officer performed his or her duties in compliance with the Oklahoma General Corporation Act. A director is required to discharge his or her duties as a director, including those duties as a member of a committee, or an officer in a manner he or she believes in good faith to be in our best interests and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In discharging his or her duties a director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

One or more of our officers or employees whom the director reasonably believes to be reliable and competent in the matters presented;

Legal counsel, public accountants, investment bankers, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or

A committee of our Board of Directors of which he is not a member if the director reasonably believes the committee merits confidence.

However, a director or an officer is not entitled to rely on the forgoing if the director or officer has knowledge concerning the matter in question that makes reliance unwarranted.



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The provisions of the Oklahoma General Corporation Act do not eliminate liability of a director or an executive officer for violations of federal securities laws, nor do they limit our rights or our stockholders' rights, in appropriate circumstances, to seek equitable remedies including injunctive or other forms of non-monetary relief. These remedies may not be effective in all cases.

The Oklahoma General Corporation Act requires us to indemnify all of our directors, officers, employees and agents. Under these provisions, when an individual in his or her capacity as an officer or a director is made or threatened to be made a party to any suit or proceeding, the individual may be indemnified if he or she acted in good faith. These indemnification provisions are not exclusive of any other rights to which the individual may be entitled. Insofar as indemnification for liabilities arising under the Oklahoma General Corporation Act or otherwise may be permitted to our directors and officers, we have been advised that in the opinion of the U.S. Securities and Exchange Commission the indemnification is against public policy and is, therefore, unenforceable.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table presents certain information as to the beneficial ownership of our common stock as of December 16, 2010 and the beneficial ownership of the common stock of (i) each person who is known to us to be the beneficial owner of more than 5% thereof, (ii) each of our directors and executive officers, and (iii) all of our executive officers and directors as a group, together with their percentage holdings of the outstanding shares. All persons listed have sole voting and investment power with respect to their shares unless otherwise indicated, and there are no family relationships among our executive officers, directors and 5% and greater shareholders, except as otherwise indicated by footnote. For purposes of the following table, the number of shares and percent of ownership of our outstanding common stock that the named person beneficially owns includes shares of our common stock that the named person has the right to acquire within 60 days of the above-referenced date pursuant to exercise of stock options and other types of purchase rights and are deemed to be outstanding, but are not deemed to be outstanding for the purposes of computing the number of shares beneficially owned and percent of outstanding common stock of any other named person.

<b>Name (and Address) of Beneficial Owner</b>	<b>Shares Owned Of Record</b>	<b>Rights To Acquire (1)</b>	<b>Total Shares (1)</b>	<b>Percent of Ownership (1) (2)</b>
Danny Wright (3) (9) 900 36th Avenue, NW Norman, Oklahoma 73072	3,946,900	-0-	3,946,900	19.9%
Brett Wimberley (4) (9) 900 36th Avenue, NW Norman, Oklahoma 73072	3,918,327	-0-	3,918,327	19.7%
Susan Matthews (5) 900 36th Avenue, NW Norman, Oklahoma 73072	1,966,000	-0-	1,966,000	9.9%
RENN Capital (6) 4929 W. Royal Lane, Suite 200 Irving, TX 75063	2,254,645	23,387	2,278,032	11.5.0%
Russell Cleveland (6) (9)	2,254,645	23,387	2,278,032	11.5.0%



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Larry G. Gerdes (8)	181,165	155,000	336,165	1.7%
John Simonelli (9)	5,000	95,000	100,000	0.5%
J. French Hill (9)	15,000	31,774	46,774	0.2%
Rita W. McKeown (7)	-0-	76,999	76,999	0.4%
David Huguelet (10)	60,920	104,500	165,420	0.8%
Bradley W. Denison (11)	61,500	507,500	569,000	2.9%
Mark Kidd (9)	5,000	20,000	25,000	0.1%
All directors and officers as a group of 12 individuals	12,414,457	1,014,160	13,428,617	67.6%

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- (1) Shares not outstanding but deemed beneficially owned by virtue of the right of a person or members of a group to acquire them within 60 days are treated as outstanding for determining the amount and percentage of common stock owned by such person. To our knowledge, each named person has sole voting and sole investment power with respect to the shares shown except as noted, subject to community property laws, where applicable.
- (2) Rounded to the nearest one-tenth of one percent, based upon 19,877,304 shares of common stock outstanding at December 1, 2010.
- (3) Mr. Wright is our Chairman of Board of Directors and Chief Executive Officer.
- (4) Mr. Wimberley is one of our directors and our President and Chief Financial Officer.
- (5) Ms. Matthews is President of our subsidiary, Benefit Marketing Solutions, LLC.
- (6) The beneficial shares owned are held of record by RENN Global Entrepreneurs Fund, Inc. (formerly Renaissance Capital Growth & Income Fund III, Inc.) (662,502 shares), Premier RENN Entrepreneurial Fund Limited (formerly Premier RENN US Emerging Growth Fund Limited) (417,306 shares), Renaissance US Growth Investment Trust PLC (1,174,837 shares), each of which is an investment fund managed by RENN Capital Group, Inc. Mr. Cleveland controls RENN Capital Group, Inc. and is also deemed to be the beneficial owner of those common stock shares. Mr. Cleveland serves as one of our directors.
- (7) Ms. McKeown is our Chief Accounting Officer.
- (8) The number of shares and the percent includes 166,666 shares held by Gerdes Huff Investments of which Mr. Gerdes is a general partner and 9,999 shares held by Gerdes Family Partnership of which Mr. Gerdes is a general partner. Mr. Gerdes serves as one of our directors.
- (9) The named individual is one of our directors.
- (10) Mr. Huguelet is President, Retail Division.
- (11) Mr. Denison is Executive Vice President, General Counsel and Secretary.  
See Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities regarding the equity compensation plan and the common stock shares available for issuance under our 2009 Equity Compensation Plan.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Contained below is a description of transactions we entered into with our officers, directors and shareholders that beneficially own more than 5% of our common stock during the years ended September 30, 2010 and 2009. These transactions will continue in effect and may result in conflicts of interest between us and these individuals. Although our officers and directors have fiduciary duties to us and our shareholders, there can be no assurance that conflicts of interest will always be resolved in favor of us and our shareholders.

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We lease the space for our corporate offices and Wholesale Plans Division in Norman, Oklahoma under a lease that expires September 30, 2011. The total space consists of approximately 6,523 square feet. The lease agreement is with Southwest Brokers, Inc., a company owned by Brett Wimberley, one of our Directors, President and Chief Financial Officer. This lease was executed on May 1, 2005, amended on August 1, 2006, August 1, 2008, September 30, 2009 and September 30, 2010. The lease expires on September 30, 2011.

Our rent expense associated with related party transactions was approximately \$103,162 and \$199,444 for the years ending September 30, 2010 and 2009, respectively.

### **Merger-Acquisition of BMS Holding Company**

On February 28, 2007, we completed the merger-acquisition of BMS Holding Company. The shareholders of BMS Holding Company were Danny C. Wright, Brett Wimberley and Susan Matthews. In completion of this merger-acquisition, we issued 4,000,000 common stock shares to each of Messrs. Wright and Wimberley and 2,000,000 common stock shares to Ms. Matthews. Furthermore, we issued promissory notes to each of Messrs. Wright and Wimberley and Ms. Matthews in the principal amounts of \$2,858,800, \$2,858,800, and \$1,429,400, respectively (the Original Notes ). Because BMS Holding Company was deemed to have acquired us for financial reporting purposes (not for legal purposes), the principal and interest payments on the promissory notes are deemed dividend distributions to Messrs. Wright and Wimberley and Ms. Matthews. During the year ended September 30, 2007, Messrs. Wright and Wimberley and Ms. Matthews were paid interest and principal under the Original Notes of \$488,953, \$488,953, and \$244,476, respectively. Messrs. Wright and Wimberley are directors and executive officers of our Company, and Ms. Matthews is an executive officer of our Company.

On January 10, 2008, pursuant to an agreement among Messrs. Wright and Wimberley, Ms. Matthews and us, the Original Notes were cancelled, and we issued new replacement promissory notes to Messrs. Wright and Wimberley and Ms. Matthews in the original principal amount of \$2,045,271, \$2,045,271, and \$1,022,635, respectively (the New Notes ). The principal amounts of the New Notes are equal to the outstanding balances, reduced by \$247,073 for the CAPIC requirement, respectively owed to the holders of the Original Notes at the time the Original Notes were cancelled. The cancellation of the Original Notes and the issuance of the New Notes were approved by the disinterested members of our board of directors. During the year ended September 30, 2009, Messrs. Wright and Wimberley and Ms. Matthews were paid interest and principal under the New Notes of \$710,344, \$710,344, and \$355,172, respectively.

The New Notes differ from the Original Notes in a few material respects. First, the Original Notes contained provisions contemplating a reduction in the outstanding principal balance if we do not achieve certain adjusted EBITDA (as defined in the notes) levels in our fiscal years ending September 30, 2007, 2008 and 2009. These adjusted EBITDA levels have been retained, but the 12 month measurement periods have been deferred by one year each to the fiscal year ending September 30, 2009, and converted to quarterly reviews thereafter. We believe these deferrals more appropriately tie the payment obligations under the New Notes to our performance, which was one of the primary purposes of the principal reduction provisions of the Original Notes. Second, the Original Notes did not contain any provision for the repayment of amounts by the holders of the Original Notes resulting from our failure to achieve sufficient adjusted EBITDA levels during the 12 months ending September 30, 2010 and reduction of principal below the remaining outstanding principal balance of the Original Notes. Under the New Notes the holders will receive reduced payments after the 2010 fiscal year end adjustment in the event the adjusted EBITDA thresholds are not met in the fiscal quarters relating to those payments. Finally, the New Notes modify the definition used to calculate the adjusted EBITDA to give our board of directors the ability to exclude, in its discretion, certain infrequent expenses incurred other than in the ordinary course of our business. This change was made to more closely align our interests with that of those note holders by removing, subject to approval by our disinterested directors, the potential negative financial impact of expenses or losses that may be incurred at the initiation of a long-term project.

Pursuant to discussions between the note holders and our independent directors, on November 18, 2009 the disinterested directors accepted a proposal by the note holders for the notes to be paid off early at a 10% discount. The Company recorded a gain of \$94,444 as other income for the three months ended December 31, 2009 as a result of the discount. Principal payments of \$1,030,348 were made to the note holders on January 6, 2010 and the notes were deemed fully paid.

**Director Independence**

For purposes of determining whether a member of our Board of Directors qualifies as independent director, we have selected and utilize the definition of independent director within the meaning of Rule 4200 of the Financial Industry Regulatory Association. Currently, five members of our Board of Directors, Larry G. Gerdes, John Simonelli, Mark Kidd, J. French Hill and Russell Cleveland qualify as an independent director. Because our other directors are employees, they do not qualify as independent directors.

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**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

**Audit Fees**

Effective August 30, 2010, the Audit Committee approved the engagement of Eide Bailly LLP as our independent registered public accounting firm. To date, we have paid Eide Bailly LLP a total of \$138,500 and \$107,775 for professional services rendered during the years ended September 30, 2010 and 2009, respectively. Fees include audits of financial statements as well as reviews of quarterly and other filings.

**Tax Fees**

The aggregate fees billed by Weaver LLP for professional services rendered in conjunction with federal, state and local income tax return preparation and other tax related services in 2010 was \$61,200. Aggregate fees billed by Dunn, Stone & Cunningham for professional services rendered in conjunction with federal, state and local income tax return preparation in 2009 was \$10,747 and both were approved by the Audit Committee.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

(a) Exhibits:

- 3.1 Certificate of Incorporation, incorporated by reference in the Quarterly Report on Form 10-Q filed with the commission on February 15, 2010.
- 3.2 Bylaws, incorporated by reference in the Quarterly Report on Form 10-Q filed with the commission on February 15, 2010.
- 4.1 Common stock certificate, incorporated by reference in the Quarterly Report on Form 10-Q filed with the commission on February 15, 2010.
- 10.1 Agreement and Plan of Merger amongst Alliance HealthCard, Inc., AHC-Benefit Marketing Acquisition, Inc. and BMS Holding Company, Inc, Benefit Marketing Solutions, LLC, Susan Matthews, Brett Wimberley, Danny C. Wright, dated December 26, 2006, incorporated by reference to Form 8K filed with the Commission on January 3, 2007.
- 10.2 Employment Agreement Danny C. Wright, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.
- 10.3 Employment Agreement Brett Wimberley, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.
- 10.4 Employment Agreement Susan Matthews, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.
- 10.5 Employment Agreement Robert Garces, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.
- 10.6 Employment Agreement Thomas Kiser, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.
- 10.7 \$2,045,271 Promissory Note of Alliance HealthCard, Inc. dated January 10, 2008, and issued to Danny C. Wright, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.
- 10.8

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\$2,045,271 Promissory Note of Alliance HealthCard, Inc. dated January 10, 2008, and issued to Brett Wimberley, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.

10.9 \$1,022,635 Promissory Note of Alliance HealthCard, Inc. dated January 10, 2008, and issued to Susan Matthews, incorporation by reference to the Form 8K filed with the Commission on March 6, 2007.

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- 10.10 Certificate of Merger Agreement with Access Plans USA, Inc., incorporated by reference to the Form 8K filed with the Commission on November 18, 2008.
- 10.11 Rent A Center Agreement between Benefit Marketing Solutions, LLC. Effective March 1, 2007, incorporated by reference to the Form 10K/A filed with the Commission on October 14, 2009.
- 10.12 Amendment to the Employment Agreement Danny C. Wright, dated May 28, 2010.
- 10.13 Amendment to the Employment Agreement Brett Wimberley, dated May 28, 2010.
- 10.14 Lease Agreement for Summit Building between Onward, L.L.C. and Benefit Marketing Solutions dated February 1, 2004 and 2010 Addendum to Lease Agreement for Summit Building dated September 30, 2010.
- 10.15 Amendment to the Employment Agreement Susan Matthews, dated October 1, 2010.
- 10.16 Independent Broker's Contract, by and between Golden Rule Insurance Company and America's Health Care/Rx Plan Agency, Inc. dated January 10, 2006.
- 10.17 Certificate of Merger Agreement with Access Plans USA, Inc., final version.
- 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Access Plans, Inc.

May 31, 2011

By: /s/ Danny Wright  
Danny Wright  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

May 31, 2011

By: /s/ Brett Wimberley  
Chief Financial Officer  
(Principal Financial and Accounting  
Officer)