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Darby Closes R\$387.5 Million Brazil Mezzanine Infrastructure Fund

Firm appoints Eduardo Farhat to manage BMIF, the first of its kind.

Sao Paulo, Brazil and Washington, DC, September 29, 2008 - Darby Overseas Investments, Ltd. (“Darby”), the private equity arm of Franklin Templeton Investments, announced that through a joint venture with Stratus Group it has completed fund-raising for its Brazil Mezzanine Infrastructure Fund (BMIF) with total capital commitments of R\$387.5 million (US\$236 million).

BMIF was raised from leading institutional investors and will be targeted at Brazilian infrastructure projects that are either new or expansions of existing, medium-sized infrastructure assets. The joint venture, Darby Stratus, benefits from Darby’s extensive infrastructure experience in emerging markets and from both partners’ in-depth knowledge of the local Brazilian market. Darby has been investing in Brazil since the 1990s.

Darby said BMIF furthers its new strategy of tapping local investors in emerging markets. In 2006 the firm closed the \$610 million Korea Emerging Infrastructure Fund (KEIF) that is managed jointly with Hana Bank and drew a strong response from local institutions. The firm is a leader in the emerging market infrastructure sector, managing six funds in Latin America, Central & Eastern Europe, and Asia (including KEIF in Korea).

“We are especially pleased with the high caliber of our sponsor investors in BMIF, the first mezzanine fund to be devoted exclusively to Brazilian infrastructure,” said Fernando Gentil, Darby’s Managing Director, Brazil. “The mezzanine vehicle – a hybrid of debt and equity - is highly suited to infrastructure investments.”

He continued: “We are also very fortunate to have Eduardo Farhat join our strong team of investment professionals in Brazil as head of BMIF. He has spent most of his career in leadership positions with investments funds, notably as executive director of AG Angra (infrastructure/Brazil) and Southern Cross (private equity/Latin America).”

Darby Overseas Investments was founded in 1994 by The Honorable Nicholas F. Brady, who served as U.S. Secretary of the Treasury between 1988 and 1993. In 2003 Darby became a fully owned subsidiary of Franklin Resources, Inc. [NYSE:BEN], a global investment management organization operating as Franklin Templeton Investments. Franklin Templeton Institutional, part of Franklin Templeton Investments, provides global and domestic investment management solutions managed by the Franklin Global Advisers, Templeton, Franklin Templeton Fixed Income, Franklin Templeton Real Estate Advisers, Darby, and Mutual Series investment management teams. The San Mateo, California-based company has 60 years of investment experience and approximately US\$ 564 billion in assets under management as of August 31, 2008.

Stratus Group is a leading Brazilian private equity manager and provider of financial advisory services. The Group was founded in 1999 as a private partnership and has a series of private equity funds positioned in the middle market. (www.stratus.com)

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