



FRANKLIN MUTUAL
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September 15, 2006

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Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, NW.
Washington, DC 20552

Attention: No. 2006-29.

RE: Notice of proposed rulemaking: Stock Benefit Plans in Mutual-to-Stock Conversions and Mutual Holding Company Structures

Dear Sir or Madam:

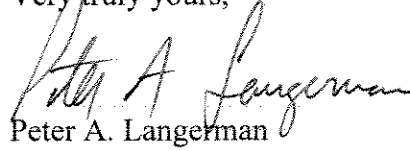
Franklin Mutual Advisers, LLC ("FMA"), is an investment adviser registered with the S.E.C. under the Investment Advisers Act of 1940. We are investment adviser to several mutual funds owned by thousands of individual shareholders. Our managed funds have been investors in mutual holding companies (MHC's) for many years. We are writing to address the proposed rule that would permit shares owned by a MHC to vote for the stock benefit plans for officers and directors of the MHC's subsidiary thrift one year after conversion. We believe that the proposed rule would be detrimental to the MHC chartered institutions and their shareholders and, therefore, urge the OTS not to adopt the rule.

We believe that the proposed rule, on its face, does not comport with principles of good corporate governance. Implementation of the rule would grant unfettered discretion to management and the board of the MHC over the terms of their own benefit plans. We do not believe that the existing practice of requiring approval of such plans by the non-insider shareholders has been "unduly restrictive" nor has it inhibited such MHC's from attracting and retaining competent management personnel. We have yet to see any facts put forward that would suggest otherwise. To the contrary, the existing rule, designed to balance management and board authority with shareholder oversight, seems to have worked just as it was intended.

As a further consequence of implementation of the proposed rule, we would expect that the cost of obtaining capital for a MHC would increase due to heightened shareholder concerns over the terms of stock benefit plans. The new rule would have the unintended consequence of hurting MHC's, their managements and shareholders over the long run.

We urge the OTS to maintain the current structure for approval of stock benefit plans.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Peter A. Langerman".

Peter A. Langerman
Chief Executive Officer