FRANKLIN UNIVERSAL TRUST
Form N-Q
January 29, 2009

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF
REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-05569

FRANKLIN UNIVERSAL TRUST
(Exact name of registrant as specified in charter)

ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906
(Address of principal executive offices) (Zip code)

CRAIG S. TYLE, ONE FRANKLIN PARKWAY, SAN MATEO, CA 94403-1906
(Name and address of agent for service)

Registrant's telephone number, including area code: 650/312-2000

Date of fiscal year end: 8/31

Date of reporting period: 11/30/08

Item 1. Schedule of Investments.

Franklin Universal Trust

QUARTERLY STATEMENT OF INVESTMENTS
NOVEMBER 30, 2008

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(FRANKLIN TEMPLETON INVESTMENT (R) LOGO)

FRANKLIN - Templeton - Mutual Series

Quarterly Statement of Investments | 1

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Franklin Universal Trust

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED)

		COUNTRY	SHARE
	COMMON STOCKS 40.3%		
	AUTOMOBILES & COMPONENTS 0.0%(a)		
(b)	Harvard Industries Inc.	United States	109,61
	COMMERCIAL & PROFESSIONAL SERVICES 0.0%		
(b, c)	VS Holdings Inc.	United States	181,87
	ENERGY 1.0%		
	Spectra Energy Corp.	United States	62,35
	MATERIALS 0.6%		
	AngloGold Ashanti Ltd., ADR	South Africa	30,44
	UTILITIES 38.7%		
	Alliant Energy Corp.	United States	55,00
	Ameren Corp.	United States	60,00
	American Electric Power Co. Inc.	United States	50,00
	Atmos Energy Corp.	United States	45,00
	CenterPoint Energy Inc.	United States	226,60
	Dominion Resources Inc.	United States	100,00
	Duke Energy Corp.	United States	124,70
	Edison International	United States	63,00
	Entergy Corp.	United States	50,00
	Exelon Corp.	United States	70,00
	FirstEnergy Corp.	United States	50,00
	FPL Group Inc.	United States	75,00
	Pinnacle West Capital Corp.	United States	60,00
	Progress Energy Inc.	United States	15,00
	Public Service Enterprise Group Inc.	United States	50,00
	Sempra Energy	United States	48,50
	The Southern Co.	United States	80,00
	Westar Energy Inc.	United States	27,30
	TOTAL COMMON STOCKS (COST $36,008,469)		

			PRINC
	CORPORATE BONDS 94.4%		
	AUTOMOBILES & COMPONENTS 3.0%		
	Ford Motor Credit Co. LLC,		
	7.80%, 6/01/12	United States	2,
	senior note, 9.875%, 8/10/11	United States	3,
(e)	TRW Automotive Inc., senior note, 144A, 7.25%, 3/15/17	United States	2,
	CAPITAL GOODS 6.7%		

(e)	Allison Transmission Inc., senior note, 144A, 11.00%, 11/01/15	United States	2,
	DRS Technologies Inc., senior sub. note, 7.625%, 2/01/18	United States	1,
	L-3 Communications Corp., senior sub. note, 6.375%, 10/15/15	United States	1,
	RBS Global & Rexnord Corp., senior note, 9.50%, 8/01/14	United States	2,
	RSC Equipment Rental Inc., senior note, 9.50%, 12/01/14	United States	2,
	TransDigm Inc., senior sub. note, 7.75%, 7/15/14	United States	

Franklin Universal Trust

STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED) (CONTINUED)

		COUNTRY	PRINC
	CORPORATE BONDS (CONTINUED)		
	COMMERCIAL & PROFESSIONAL SERVICES 2.9%		
	ARAMARK Corp., senior note, 8.50%, 2/01/15	United States	1,
	Iron Mountain Inc., senior sub. note, 8.75%, 7/15/18	United States	1,
	JohnsonDiversey Inc., senior sub. note, B, 9.625%, 5/15/12	United States	1,
	CONSUMER DURABLES & APPAREL 4.1%		
	Jarden Corp., senior sub. note, 7.50%, 5/01/17	United States	2,
	Jostens IH Corp., senior sub. note, 7.625%, 10/01/12	United States	1,
	KB Home, senior note,		
	6.25%, 6/15/15	United States	1,
	7.25%, 6/15/18	United States	
	Visant Holding Corp., senior note, 8.75%, 12/01/13	United States	1,
	CONSUMER SERVICES 5.0%		
(c, f)	Atherton Franchise Capital, 13.073%, 12/01/08	United States	
(e)	Fontainebleau Las Vegas, 144A, 10.25%, 6/15/15	United States	1,
	Host Hotels & Resorts LP, senior note, M, 7.00%, 8/15/12	United States	1,
	MGM MIRAGE, senior note,		
	6.875%, 4/01/16	United States	2,
	7.50%, 6/01/16	United States	1,
	Pinnacle Entertainment Inc., senior sub. note, 8.25%, 3/15/12	United States	1,
	Royal Caribbean Cruises Ltd., senior note,		
	8.00%, 5/15/10	United States	1,
	6.875%, 12/01/13	United States	
	Station Casinos Inc.,		
	senior note, 7.75%, 8/15/16	United States	1,
	senior sub. note, 6.50%, 2/01/14	United States	
	senior sub. note, 6.875%, 3/01/16	United States	1,

	DIVERSIFIED FINANCIALS 1.5%		
	GMAC LLC, 6.875%, 8/28/12	United States	4,
	ENERGY 12.8%		
	Chesapeake Energy Corp., senior note, 6.25%, 1/15/18	United States	2,
	Compagnie Generale de Geophysique-Veritas, senior note,		
	7.50%, 5/15/15	France	
	7.75%, 5/15/17	France	
	Copano Energy LLC, senior note,		
	8.125%, 3/01/16	United States	1,
(e)	144A, 7.75%, 6/01/18	United States	
	Mariner Energy Inc., senior note, 7.50%, 4/15/13	United States	2,
	MarkWest Energy Partners LP, senior note, 6.875%, 11/01/14	United States	2,
(e)	Petroplus Finance Ltd., senior note, 144A, 6.75%, 5/01/14	Switzerland	2,
	Plains Exploration & Production Co., senior note,		
	7.625%, 6/01/18	United States	1,
	Quicksilver Resources Inc., senior note, 8.25%, 8/01/15	United States	2,
(e)	SandRidge Energy Inc., senior note, 144A, 8.00%, 6/01/18	United States	1,

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STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED) (CONTINUED)

		COUNTRY	PRINC
	CORPORATE BONDS (CONTINUED)		
	ENERGY (CONTINUED)		
	Tesoro Corp., senior note, 6.50%, 6/01/17	United States	2,
	The Williams Cos. Inc., senior note, 8.75%, 3/15/32	United States	
	FOOD, BEVERAGE & TOBACCO 1.9%		
	Dean Foods Inc., senior note, 7.00%, 6/01/16	United States	1,
	Smithfield Foods Inc., senior note, 7.75%,		
	5/15/13	United States	
	7/01/17	United States	1,
	HEALTH CARE EQUIPMENT & SERVICES 9.5%		
	FMC Finance III SA, senior note, 6.875%, 7/15/17	Germany	2,
	HCA Inc.,		
	senior note, 6.50%, 2/15/16	United States	2,
(g)	senior secured note, PIK, 9.625%, 11/15/16	United States	1,
	Tenet Healthcare Corp., senior note, 7.375%, 2/01/13	United States	2,
(g, h)	U.S. Oncology Holdings Inc., senior note, PIK, FRN, 8.334%,		
	3/15/12	United States	2,
(g)	United Surgical Partners International Inc., senior sub. note,		
	PIK, 9.25%,		
	5/01/17	United States	2,
	Vanguard Health Holding Co. II LLC, senior sub. note, 9.00%,		
	10/01/14	United States	2,

	MATERIALS 10.4%		
	Crown Americas Inc., senior note, 7.75%, 11/15/15	United States	2,
	Freeport-McMoRan Copper & Gold Inc., senior note, 8.375%, 4/01/17	United States	1,
	Huntsman International LLC, senior sub. note, 7.875%, 11/15/14	United States	2,
(e)	Ineos Group Holdings PLC, senior secured note, 144A, 8.50%, 2/15/16	United Kingdom	3,
(e)	MacDermid Inc., senior sub. note, 144A, 9.50%, 4/15/17	United States	1,
	Nalco Co., senior sub. note, 8.875%, 11/15/13	United States	2,
	NewPage Corp., senior secured note, 10.00%, 5/01/12	United States	2,
	Novelis Inc., senior note, 7.25%, 2/15/15	Canada	1,
	Owens-Brockway Glass Container Inc., senior note, 6.75%, 12/01/14	United States	1,
	Smurfit Kappa Funding PLC, senior sub. note, 7.75%, 4/01/15	Ireland	
	MEDIA 11.3%		
	CanWest Media Inc., senior sub. note, 8.00%, 9/15/12	Canada	2,
	CCH I LLC, senior secured note, 11.00%, 10/01/15	United States	
	CCH II LLC, senior note, 10.25%, 9/15/10	United States	3,
	CSC Holdings Inc., senior note, 6.75%, 4/15/12	United States	
	Dex Media West Finance, senior sub. note, 9.875%, 8/15/13	United States	2,
	DIRECTV Holdings LLC, senior note, 7.625%, 5/15/16	United States	2,
	EchoStar DBS Corp., senior note, 7.125%, 2/01/16	United States	2,

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STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED) (CONTINUED)

		COUNTRY	PRINC
	CORPORATE BONDS (CONTINUED)		
	MEDIA (CONTINUED)		
	Idearc Inc., senior note, 8.00%, 11/15/16	United States	2,
	Lamar Media Corp., senior sub. note, B, 6.625%, 8/15/15	United States	2,
	LIN Television Corp., senior sub. note, 6.50%, 5/15/13	United States	1,
	Quebecor Media Inc., senior note, 7.75%, 3/15/16	Canada	2,
	R.H. Donnelley Corp., senior note, A-3, 8.875%, 1/15/16	United States	
	Radio One Inc., senior sub. note, 6.375%, 2/15/13	United States	1,
(e, g)	Univision Communications Inc., senior note, 144A, PIK, 9.75%, 3/15/15	United States	2,
	RETAILING 0.7%		
	Michaels Stores Inc., senior note, 10.00%, 11/01/14	United States	2,
	SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT 0.2%		
	Freescale Semiconductor Inc., senior note, 8.875%, 12/15/14	United States	

	SOFTWARE & SERVICES 2.4%		
	First Data Corp., senior note, 9.875%, 9/24/15	United States	1,
	SunGard Data Systems Inc.,		
	senior note, 9.125%, 8/15/13	United States	
	senior sub. note, 10.25%, 8/15/15	United States	1,
	TECHNOLOGY HARDWARE & EQUIPMENT 1.9%		
	Celestica Inc., senior sub. note, 7.625%, 7/01/13	Canada	
(e, i)	Nortel Networks Ltd., senior note, 144A, 10.75%, 7/15/16	Canada	2,
	Sanmina-SCI Corp.,		
	(e, h) senior note, 144A, FRN, 5.569%, 6/15/14	United States	
	senior sub. note, 6.75%, 3/01/13	United States	1,
	senior sub. note, 8.125%, 3/01/16	United States	
	TELECOMMUNICATION SERVICES 9.9%		
(e)	Digicel Group Ltd., senior note, 144A, 8.875%, 1/15/15	Jamaica	2,
	Inmarsat Finance PLC, senior note, 10.375%, 11/15/12	United Kingdom	1,
	Intelsat Bermuda Ltd., senior note, 11.25%, 6/15/16	Bermuda	
(e)	Intelsat Subsidiary Holding Co. Ltd., senior note, 144A, 8.50%, 1/15/13	Bermuda	2,
	MetroPCS Wireless Inc., senior note, 9.25%, 11/01/14	United States	2,
	Qwest Communications International Inc., senior note, 7.50%, 2/15/14	United States	2,
(e)	Wind Acquisition Finance SA, senior note, 144A, 10.75%, 12/01/15	Italy	2,
	Windstream Corp., senior note, 8.625%, 8/01/16	United States	1,
	TRANSPORTATION 1.0%		
(e)	Ceva Group PLC, senior note, 144A, 10.00%, 9/01/14	United Kingdom	1,
	UTILITIES 9.2%		
(e)	The AES Corp., senior note, 144A, 8.00%, 6/01/20	United States	2,
	Aquila Inc., senior note, 11.875%, 7/01/12	United States	1,

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STATEMENT OF INVESTMENTS, NOVEMBER 30, 2008 (UNAUDITED) (CONTINUED)

		COUNTRY	PRINC
	CORPORATE BONDS (CONTINUED)		
	UTILITIES (CONTINUED)		
	Dynegy Holdings Inc., senior note, 8.75%, 2/15/12	United States	2,
	Edison Mission Energy, senior note, 7.00%, 5/15/17	United States	2,
	NRG Energy Inc., senior note, 7.375%,		
	2/01/16	United States	1,
	1/15/17	United States	

PNM Resources Inc., senior note, 9.25%, 5/15/15	United States	
(e) Texas Competitive Electric Holdings Co. LLC, senior note, 144A, 10.25%, 11/01/15	United States	2,
TOTAL CORPORATE BONDS (COST $163,867,775)		
FOREIGN GOVERNMENT AND AGENCY SECURITIES (COST $214,532) 0.1%		
Eskom Holdings Ltd., 11.00%, 6/01/09	South Africa	
TOTAL INVESTMENTS BEFORE SHORT TERM INVESTMENTS (COST $200,090,776)		
SHORT TERM INVESTMENTS (COST $2,199,783) 2.0%		
MONEY MARKET FUNDS 2.0%		
(j) Franklin Institutional Fiduciary Trust Money Market Portfolio, 0.99%	United States	2,
TOTAL INVESTMENTS (COST $202,290,559) 136.8%		
NOTES PAYABLE (39.0)%		
OTHER ASSETS, LESS LIABILITIES 2.2%		
NET ASSETS 100.0%		

See Abbreviations on page 11.

(a) Rounds to less than 0.1% of net assets.

(b) Non-income producing for the twelve months ended November 30, 2008.

(c) See Note 4 regarding restricted and illiquid securities.

(d) The principal amount is stated in U.S. dollars unless otherwise indicated.

(e) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Fund's Board of Trustees. At November 30, 2008, the aggregate value of these securities was $16,498,750, representing 15.32% of net assets.

(f) Defaulted security.

(g) Income may be received in additional securities and/or cash.

(h) The coupon rate shown represents the rate at period end.

(i) Security trading flat.

(j) The Franklin Institutional Fiduciary Trust Money Market Portfolio is

managed by the Fund's investment manager. The rate shown is the annualized seven-day yield at period end.

See Notes to Statement of Investments.

Franklin Universal Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED)

1. ORGANIZATION

Franklin Universal Trust (Fund) is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end investment company.

2. SECURITY VALUATION

Securities listed on a securities exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Over-the-counter securities and listed securities for which there is no reported sale are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Investments in open-end mutual funds are valued at the closing net asset value.

Corporate debt securities and government securities, generally trade in the over-the-counter market rather than on a securities exchange. The Fund may utilize independent pricing services, quotations from bond dealers, and information with respect to bond and note transactions, to assist in determining a current market value for each security. The Fund's pricing services may use valuation models or matrix pricing which considers information with respect to comparable bond and note transactions, quotations from bond dealers, or by reference to other securities that are considered comparable in such characteristics as rating, interest rate and maturity date, option adjusted spread models, prepayment projections, interest rate spreads and yield curves, to determine current value.

Foreign securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or the NYSE, whichever is earlier. If no sale is reported at that time, the foreign security will be valued within the range of the most recent quoted bid and ask prices. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the close of the NYSE on the day that the value of the foreign security is determined. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert to the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Fund's Board of Trustees.

The Fund has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. Methods for valuing these securities may include: fundamental analysis, matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities. Due to the inherent uncertainty of valuations of such securities, the fair values may differ significantly from the values that would have been used had a ready market for such investments existed. Occasionally, events occur between the time at which trading in a

security is completed and the close of the NYSE that might call into

Franklin Universal Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

2. SECURITY VALUATION (CONTINUED)

question the availability (including the reliability) of the value of a portfolio security held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services. All security valuation procedures are approved by the Fund's Board of Trustees.

3. INCOME TAXES

At November 30, 2008, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$202,730,511
Unrealized appreciation	$ 13,590,806
Unrealized depreciation	(69,003,786)
Net unrealized appreciation (depreciation)...	$(55,412,980)

4. RESTRICTED SECURITIES

At November 30, 2008, the Fund held investments in restricted securities, excluding 144A securities deemed to be liquid, valued in accordance with procedures approved by the Fund's Board of Trustees as reflecting fair value, as follows:

PRINCIPAL AMOUNT/ SHARES	ISSUER	ACQUISITION DATE	COST	V
721,603	Atherton Franchise Capital, 13.073%, 12/01/08	4/28/94	$721,603	$7
181,875	VS Holdings Inc.	12/06/01	181,875	
	TOTAL RESTRICTED SECURITIES (0.01% of Net Assets)			$7

5. FAIR VALUE MEASUREMENTS

The Fund adopted Financial Accounting Standards Board (FASB) issued FASB Statement No. 157, "Fair Value Measurement" (SFAS 157), on September 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Fund has determined

that the implementation of SFAS 157 did not have a material impact on the Fund's financial statements.

Franklin Universal Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

5. FAIR VALUE MEASUREMENTS (CONTINUED)

SFAS 157 establishes a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and are summarized in the following fair value hierarchy:

- Level 1 - quoted prices in active markets for identical securities
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speed, credit risk, etc.)
- Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of November 30, 2008, in valuing the Fund's assets and liabilities carried at fair value:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS:				
Investments in Securities	$45,555,839	$101,754,476	$7,216	$147,317,531
LIABILITIES:				
Senior Fixed Rate Notes	--	42,000,000	--	42,000,000

At November 30, 2008, the reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value, is as follows:

	INVESTMENTS IN SECURITIES
Beginning Balance - September 1, 2008	$ 7,611
Net realized gain (loss)	(3,384,733)
Net change in unrealized appreciation (depreciation)	3,388,384
Net purchases (sales)	(4,046)
Transfers in and/or out of Level 3	--

Ending Balance	$ 7,216
Net change in unrealized appreciation (depreciation) attributable to assets still held at end of period	$ --

Franklin Universal Trust

NOTES TO STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)

6. NEW ACCOUNTING PRONOUNCEMENT

In March 2008, FASB issued FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161), which expands disclosures about derivative investments and hedging activities. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The Fund is currently evaluating the impact, if any, of applying the various provisions of SFAS 161.

ABBREVIATIONS

CURRENCY

ZAR - South African Rand

SELECTED PORTFOLIO

ADR - American Depository Receipt
FRN - Floating Rate Note
PIK - Payment-In-Kind

For information on the Fund's policy regarding other significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.

Item 2. Controls and Procedures.

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b) CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

ITEM 3. EXHIBITS.

(a) Certification pursuant to Section 30a-2 under the Investment Company Act of 1940 of Jennifer J. Bolt, Chief Executive Officer - Finance and Administration, and Laura F. Fergerson, Chief Financial Officer and Chief Accounting Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRANKLIN UNIVERSAL TRUST

By /s/JENNIFER J. BOLT

Jennifer J. Bolt
Chief Executive Officer -
Finance and Administration
Date January 27, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/JENNIFER J. BOLT

Jennifer J. Bolt
Chief Executive Officer -
Finance and Administration
Date January 27, 2009

By /s/LAURA F. FERGERSON

Laura F. Fergerson
Chief Financial Officer and
Chief Accounting Officer
Date January 27, 2009