

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Franklin Mutual Recovery Fund		56-2341635	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Shareholder Services	(800) 632-2301	N/A	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
One Franklin Parkway; Attn: Fund Tax Department		San Mateo, CA 94403	
8 Date of action		9 Classification and description	
8/27/2015		Multiple classes of shares issued by a single mutual fund/regulated investment company	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
See Attachment		See Attachment	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ In accordance with the Plan of Reorganization, on August 27, 2015, the tax free reorganization consisted of
(i) the acquisition by Franklin Mutual Series Funds, on behalf of Franklin Mutual Quest Fund, of substantially all of the assets of Franklin Mutual Recovery Fund in exchange solely for full and fractional Class A, Class C, and Advisor class shares of beneficial interest, with no par value, of Franklin Mutual Quest Fund; (ii) the distribution of Franklin Mutual Quest Fund shares to holders of Class A, Class C and Advisor Class shares of beneficial interest of Franklin Mutual Recovery Fund respectively, according to their respective interests in Franklin Mutual Recovery Fund in complete liquidation of Franklin Mutual Recovery Fund; and
(iii) the dissolution of Franklin Mutual Recovery Fund.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See Attachment

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ There was no change in aggregate basis as a result of the above described organizational action.
For additional details see attachment.

Franklin Mutual Recovery Fund
 EIN: 56-2341635
 FYE: 2015
 Attachment to Form 8937

Attachment to Form 8937

Form 8937 Part II Line 15

Franklin Mutual Recovery Fund (Acquired Fund)				Franklin Mutual Quest Fund (Acquiring Fund)				Merger Ratio
Ticker	CUSIP	Class	NAV	Ticker	CUSIP	Class	NAV	
FMRAX	35402P203	A	10.7406	TEQIX	628380800	A	15.37	0.69880
FCMRX	35402P401	C	10.6385	TEMQX	628380883	C	15.07	0.70594
-	-	-	-	-	354026866	R	15.20	
-	-	-	-	FMQRX	354026759	R6	15.57	
FMRVX	35402P104	Advisor	10.8103	MQIFX	628380206	Advisor	15.58	0.69386

NAVs shown are as of immediately prior to the merger.

Merger Ratio is the number of Acquiring Fund shares received per one Acquired Fund share surrendered.

Effect on Basis

Each shareholder has an aggregate basis in Franklin Mutual Quest Fund shares received in the merger equal to the aggregate basis of that shareholder's Franklin Mutual Recovery Fund shares surrendered in the merger.

The number of Franklin Mutual Quest Fund shares received for each share of Franklin Mutual Recovery Fund shares given up in the exchange is as follows:

- 0.69880 shares of Franklin Mutual Quest Fund Class A shares for one Franklin Mutual Recovery Fund Class A share;
- 0.70594 shares of Franklin Mutual Quest Fund Class C shares for one Franklin Mutual Recovery Fund Class C share;
- 0.69386 shares of Franklin Mutual Quest Fund Advisor Class shares for one Franklin Mutual Recovery Fund Advisor Class share.