



# Franklin Income Fund

Hybrid  
December 31, 2014

## Fund Fact Sheet

### Fund Description

The fund seeks to maximize income, while maintaining prospects for capital appreciation, by investing in a diversified portfolio of stocks and bonds.

### Fund Overview

<b>Total Net Assets</b> [All Share Classes]	\$92,535 million
<b>Fund Inception Date</b>	8/31/1948
<b>Dividend Frequency</b>	Monthly, on the 3rd business day
<b>Number of Holdings</b>	695

### Share Class Information

Share Class	CUSIP	NASDAQ Symbol
A	353 496 300	FKINX
C	353 496 805	FCISX
R	353 496 722	FISRX
R6	353 496 631	FNCFX
Advisor	353 496 847	FRIAX

### Fund Management

	Years with Firm	Years of Experience
Edward D. Perks, CFA	22	22
Matt Quinlan	9	19
Alex W. Peters, CFA	22	22

### 30-Day Standardized Yield

Share Class	Yield
A	4.00%
C	3.68%

### Maximum Sales Charge

**Class A:** 4.25% initial sales charge  
**Class C:** 1.00% contingent deferred sales charge (CDSC) in the first year only

### Total Annual Operating Expenses

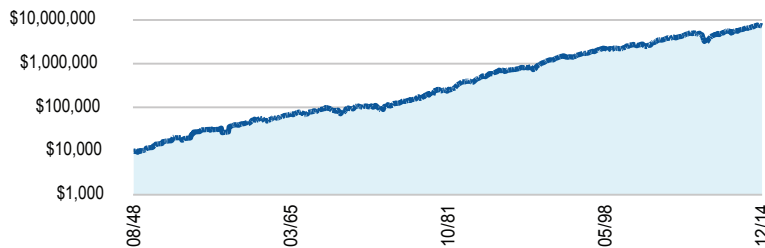
Share Class	Expense Ratio
A	0.62%
C	1.12%

### Asset Allocation (%)

Stocks	44.54
Bonds	41.35
Convertible Preferred	11.85
Cash & Cash Equivalents	1.55
Convertible Bonds	0.70

### Performance

#### Growth of a \$10,000 Investment - Without Sales Charge (from 08/31/1948-12/31/2014)



Franklin Income Fund -  
Class A:  
**\$7,266,272**

### Total Returns % (as of 12/31/2014)

Share Class	YTD	AVERAGE ANNUAL					Since Inception	Inception Date
		1 Yr	3 Yrs	5 Yrs	10 Yrs			
A With Sales Charge	-0.41	-0.41	9.04	8.51	6.07	10.37	8/31/1948	
A Without Sales Charge	4.12	4.12	10.58	9.44	6.52	10.44	8/31/1948	
C With Sales Charge	2.56	2.56	10.07	8.89	6.03	7.85	5/1/1995	
C Without Sales Charge	3.55	3.55	10.07	8.89	6.03	7.85	5/1/1995	

### Calendar Year Total Returns % - Without Sales Charge

Share Class	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
A	4.12	14.23	13.68	2.83	12.91	35.01	-30.51	5.31	19.12	1.85
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
	12.17	30.96	-1.06	0.65	20.59	-0.74	0.95	16.85	10.45	21.29

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment returns and principal values will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton at (800) DIAL BEN/(800) 342-5236 or visit [franklintempleton.com](http://franklintempleton.com) for the most recent month-end performance.

If the sales charge had been included, the return would have been lower.

The fund has a fee waiver associated with its investment in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, without this reduction, the results would have been lower.

### Top Equity, Fixed Income & Convertible Holdings (% of Total)

Issuer Name (Equity)	Percentage
ROYAL DUTCH SHELL	1.81
GENERAL ELECTRIC CO	1.57
PFIZER INC	1.52
BP PLC	1.48
TARGET CORP	1.48
Issuer Name (Fixed Income)	
FIRST DATA CORP	2.25
IHEARTCOMMUNICATIONS INC	2.07
SPRINT CORP	1.82
JPMORGAN CHASE & CO	1.67
TENET HEALTHCARE CORP	1.15
Issuer Name (Convertibles)	
BANK OF AMERICA CORP	1.29
WELLS FARGO & CO	0.68
CISCO SYSTEMS INC	0.58
INTEL CORP	0.52
LYONDELLBASELL INDUSTRIES NV	0.51

### Fund Measures

Average Weighted Maturity	5.84 Years
Standard Deviation (3 Yrs)	6.83
Beta (3 Yrs; vs. S&P 500 Index)	0.62

## Composition of Fund

■ Franklin Income Fund  
 ■ Equity Benchmark: S&P 500 Index ■ Fixed Income Benchmark: Barclays U.S. Aggregate Index

Sector—Equity	% of Equity	Sector—Fixed Income	% of Fixed Income
Utilities	19.13 / 3.24	Corporate Bonds: Non-Investment Grade	83.67 / 0.00
Energy	17.92 / 8.44	Corporate Bonds: Investment Grade	7.32 / 23.26
Materials	15.76 / 3.17	US Treasuries/Agencies	0.67 / 39.17
Financials	9.14 / 16.65	Sovereign Bonds: Investment Grade	0.29 / 3.23
Health Care	8.39 / 14.21	Securitized: MBS	0.00 / 28.84
Consumer Discretionary	8.25 / 12.13	Securitized: CMBS / ABS	0.00 / 2.55
Industrials	8.15 / 10.41	Supranational	0.00 / 1.62
Information Technology	7.49 / 19.66	Municipal	0.00 / 0.93
Telecommunication Services	4.47 / 2.28	Intl Govt/Agency Bonds: Investment Grade	0.00 / 0.39
Consumer Staples	1.31 / 9.80	Others	8.05 / 0.00

## Morningstar Rating™—Class A

**Overall Morningstar Rating™** As of December 31, 2014 the fund's Class A shares received a traditional 4 star overall Morningstar Rating™, measuring risk-adjusted returns against 575, 463 and 253 U.S.-domiciled Conservative Allocation funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.



## Important Information About Portfolio Data

**Asset Allocation:** The figures shown reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors.

**Fund Measures:** The figure shown for Average Weighted Maturity reflects certain derivatives held in the portfolio (or their underlying reference assets).

**Composition of Fund:** Fixed Income Sector portfolio weights reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors.

## What Are the Risks

All investments involve risks, including possible loss of principal. The fund's share price and yield will be affected by interest rate movements. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. The fund's portfolio includes a substantial portion of higher-yielding, lower-rated corporate bonds because of the relatively higher yields they offer. Floating-rate loans are lower-rated, higher-yielding instruments, which are subject to increased risk of default and can potentially result in loss of principal. These securities carry a greater degree of credit risk relative to investment-grade securities. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. These and other risk considerations are discussed in the fund's prospectus.

## Glossary

**Average Weighted Maturity:** An estimate of the number of terms of maturity, taking the possibility of early payments into account, for the underlying holdings.

**Beta:** A measure of the fund's volatility relative to the market, as represented by the stated Index. A beta greater than 1.00 indicates volatility greater than the market.

**Standard Deviation:** A measure of risk; the larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate.

## Important Information

*Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.*

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

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**30-Day Standardized Yield:** The 30-Day Standardized Yield reflects an estimated yield to maturity. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

**Performance:** The fund offers other share classes subject to different fees and expenses, which will affect their performance.

Class A: Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance. Class C: Prior to 1/1/04, these shares were offered with an initial sales charge; thus actual returns would have differed. Class C Shares have higher annual fees and expenses than Class A Shares.

**Top Equity, Fixed Income & Convertible Holdings:** The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

**Fund Measures:** Source: FactSet. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Average weighted maturity data pertains to the fixed income component of the fund.

**Overall Morningstar Rating™:** Source: Morningstar® 12/31/14. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class A shares of Franklin Income Fund received a traditional Morningstar Rating of 4, 4 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2015 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.