



# Franklin Income Fund

## A Record of Impressive Returns Following Down Years

For the past **66** calendar years, Franklin Income Fund–Class A had positive returns in **54** years (82% of the time) and **12** years of negative returns. Additionally, if you look at the periods following down years, you’ll see how well the fund rebounded. Please keep in mind that past performance does not guarantee future results.

|   | Year   | Total Return<br>Without Sales Charges <sup>1</sup> |        | Year   | Total Return<br>Without Sales Charges <sup>1</sup> |   | Year   | Total Return<br>Without Sales Charges <sup>1</sup> |        |   |      |        |
|---|--------|--|--------|--|--|---|--------|--|--------|---|------|--------|
| 4-year<br>avg. annual total return            | 1949   | 18.06%   | 8.84%  | 1969   | -16.84%  | 25.51%  | 1990   | -8.77%   |        |   |      |        |
|   | 1950   | 23.52%   |        | Subsequent 3-year<br>avg. annual total return  | 1970   |   | 3.04%  | Subsequent 3-year<br>avg. annual total return      | 1991   | 41.15%  |      |        |
|   | 1951   | 16.24%   |        |  | 1971   |   | 19.96% |  | 1992   | 15.24%  |      |        |
|   | 1952   | 18.65%   |        |  | 1972   |   | 4.31%  |  | 1993   | 21.53%  |      |        |
| 1953  | -2.87% | 1973   | -4.21% |  | 1994   | -6.38%  |        |  |        |   |      |        |
| Subsequent 3-year<br>avg. annual total return | 1954   | 40.82%   | 16.05% | 1974   | -12.34%  | 12.12%  | 1995   | 21.29%   |        |   |      |        |
|   | 1955   | 12.28%   |        | Subsequent 15-year<br>avg. annual total return | 1975   |   | 25.82% | Subsequent 4-year<br>avg. annual total return      | 1996   | 10.45%  |      |        |
|   | 1956   | 0.22%  |        |  | 1976   |   | 22.63% |  | 1997   | 16.85%  |      |        |
|   | 1957   | -14.05%  |        |  | 1977   |   | 8.66%  |  | 1998   | 0.95%   |      |        |
| 1958  | 42.24% | 1978   | 8.36%  |  | 1999   | -0.74%  |        |  |        |   |      |        |
| Subsequent 4-year<br>avg. annual total return | 1959   | 11.57%   | 10.17% | 1979   | 28.56%   | Subsequent 2-year<br>avg. annual total return | 2000   | 20.59%   |        |   |      |        |
|   | 1960   | 9.38%  |        | 13.42%   | 1980   |   | 19.58% | Subsequent 5-year<br>avg. annual total return      | 2001   | 0.65%   |      |        |
|   | 1961   | 22.71%   |        |  | 13.33%   |   | 1981   |  | 1.14%  | Subsequent 6-year<br>avg. annual total return | 2002 | -1.06% |
|   | 1962   | -8.44%   |        |  |  |   | 1982   |  | 36.07% |   | 2003 | 30.96% |
| 1963  | 13.37% | 1983   | 15.35% |  |  | 2004  | 12.17% |  |        |   |      |        |
| 1964  | 14.37% | 1984   | 15.51% | 2005   |  | 1.85%   |        |  |        |   |      |        |
| Subsequent 3-year<br>avg. annual total return | 1965   | 13.07%   | 13.60% | 1985   | 18.36%   | 13.42%  | 2006   | 19.12%   |        |   |      |        |
|   | 1966   | -6.51%   |        | 1986   | 19.65%   |   | 2007   | 5.31%  |        |   |      |        |
|   | 1967   | 15.05%   |        | 1987   | 4.87%  |   | 2008   | -30.51%  |        |   |      |        |
| Subsequent 2-year<br>avg. annual total return | 1968   | 21.68%   | 18.32% | 1988   | 8.81%  | 13.33%  | 2009   | 35.01%   |        |   |      |        |
|   |        |  |        | 1989   | 12.67%   |   | 2010   | 12.91%   |        |   |      |        |
|   |        |  |        |  |  |   | 2011   | 2.83%  |        |   |      |        |
|   |        |  |        |  |  |   | 2012   | 13.68%   |        |   |      |        |
|   |        |  |        |  |  |   | 2013   | 14.23%   |        |   |      |        |
|   |        |  |        |  |  |   | 2014   | 4.12%  |        |   |      |        |

If the maximum 4.25% initial sales charge had been included, the returns would have been lower.

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

1. Periods ended 12/31 of each year noted.

## CONSIDER FRANKLIN INCOME FUND

Since its inception in 1948, Franklin Income Fund has followed a flexible strategy, investing in a wide array of bonds, dividend-paying stocks and convertible securities, with no set proportions on its allocations among any type of security. This flexibility allows the fund to actively select securities that managers believe present the best opportunities as market conditions change, which has contributed to the fund's strong, long-term performance history.

### Average Annual Total Returns

Periods Ended December 31, 2014

#### With Sales Charge<sup>2</sup>

|         | 1-Year | 3-Year | 5-Year | 10-Year | 20-Year | Since Inception (Date) | 30-Day Standardized Yield <sup>3</sup> |
|---------|--------|--------|--------|---------|---------|------------------------|--|
| Class A | -0.41% | 9.04%  | 8.51%  | 6.07%   | 8.37%   | 10.37% (8/31/48)       | 4.00%                                  |
| Class C | 2.56%  | 10.07% | 8.89%  | 6.03%   | —       | 7.85% (5/1/95)         | 3.68%                                  |

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

**Total Annual Operating Expenses<sup>4</sup>:** Class A: 0.62%; Class C: 1.12%.

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2. Class A: On 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. The fund offers other share classes, subject to different fees and expenses that will affect their performance. Please see the fund's prospectus for more information about fees and expenses.

3. 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. High yields reflect the higher credit risks associated with certain lower-rated securities in the fund's portfolio, and in some cases, the lower market prices for these instruments.

4. The fund has a fee waiver associated with its investments 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.

## WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. The fund's portfolio includes a substantial portion of higher-yielding, lower-rated corporate bonds because of the relatively higher yields they offer. These securities carry a greater degree of credit risk relative to investment-grade securities. 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. 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. 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.

*This flyer must be preceded or accompanied by a Franklin Income Fund summary prospectus and/or prospectus. Please read a prospectus carefully before you invest or send money. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The fund's performance will be updated each quarter with standardized figures and ranking information, if quoted.*



Franklin Templeton Distributors, Inc.  
One Franklin Parkway  
San Mateo, CA 94403-1906  
(800) DIAL BEN® / 342-5236  
[franklintempleton.com](http://franklintempleton.com)

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