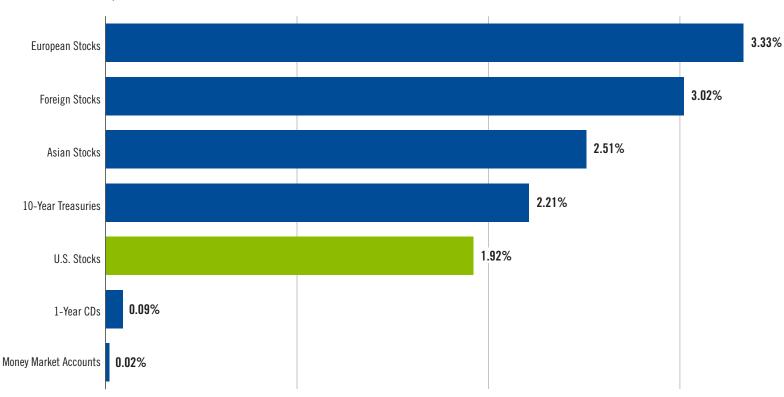


Yield Scarcity and the Case for Dividends

As many investors have flooded into fixed income securities, yields have plummeted—in some cases to historic levels. In fact, most money market accounts have yields that are currently hovering near zero percent. Dividend-paying stocks, and mutual funds that invest in them, may provide an attractive income stream many are seeking, while also providing potential for capital appreciation.

Yield Comparison between Fixed Income Investments and Stocks¹

As of December 31, 2014



This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton mutual fund. Sales charges, fees and expenses are associated with Franklin Templeton fund investments, which reduce investment returns. **Past performance does not guarantee future results.**

Money Market Accounts and CDs are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 and CDs offer a fixed rate of return. Treasuries, if held to maturity, offer a fixed rate of return and fixed principal value; their interest payments and principal are guaranteed. Stocks generally have high potential returns but tend to be most volatile. Their prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. For stocks paying dividends are not guaranteed, and can increase, decrease or be totally eliminated without notice. Special risks are associated with foreign investing including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. Mutual funds investing in any of these instruments incur the same underlying risks and their investment return and principal value will fluctuate with market conditions, and it is possible to lose money.

1. Sources: CD and Money Market Yields (average of retail money market accounts): BanxQuote® is a registered trademark and servicemark of BanxCorp. 10-Year Treasuries: The Federal Reserve H.15 Report; U.S. Stocks as represented by the S&P 500 Index: data is from Robert J. Shiller, *Irrational Exuberance*, 2nd Edition, 2005, as updated quarterly by author; Foreign, Asian and European Stocks: FactSet. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Foreign Stocks are represented by the MSCI All Country World Index ex USA, Asian Stocks by the MSCI All Country Asia Pacific Index and European Stocks by the MSCI All Country European Index. Indexes are unmanaged, and one cannot invest directly in an index. **Past performance does not guarantee future results.**

ARE YOU BEING PAID WHILE YOU WAIT?

Franklin Income Fund—A Unique Opportunity

Investors seeking current income, plus the potential for capital appreciation, may want to consider Franklin Income Fund. As shown in the graph below, even with ALL dividends paid out, a hypothetical investment in the fund grew over time.

Primary Investments

Dividend-Paying Stocks, Corporate and Government Bonds, and Convertible Securities

Dividend Schedule

Monthly

CAPITAL GAINS HELPED THE INITIAL INVESTMENT GROW EVEN AS DIVIDENDS WERE PAID

Growth of a Hypothetical \$10,000 Investment–Class A (With Sales Charge) As of December 31, 2014

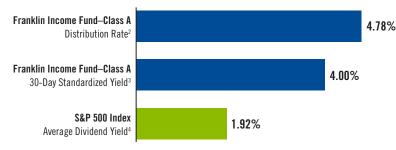


\$60,733 All Dividends Paid Out, All Capital Gains Reinvested, Since Inception

A HIGHER CURRENT DISTRIBUTION RATE THAN THE S&P 500 INDEX'S CURRENT YIELD

Franklin Income Fund-Class A vs. S&P 500 Index

As of December 31, 2014



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

Average Annual Total Returns-Class A⁵

Periods ended December 31, 2014

	1-Year	5-Year	10-Year
With Sales Charge	-0.41%	8.51%	6.07%
Without Sales Charge	4.12%	9.44%	6.52%

Class A has a maximum initial sales charge of 4.25% and total annual operating expenses of 0.62%.⁶

Performance data represents past performance, which does not guarantee future results. Current performance may differ from the 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. Visit **franklintempleton.com** for most recent month-end performance.

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 lowerrated, higher-yielding instruments, which are subject to increased risk of default and can potentially result in a loss of principal. These securities carry a greater degree of credit risk relative to investmentgrade 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.

- 2. Based on an annualization of the respective class's dividend and maximum offering price per share on 12/31/2014.
- 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.
- 4. STANDARD & POOR'S®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. Standard & Poor's does not sponsor, endorse, sell or promote any S&P index-based product. Indexes are unmanaged, and one cannot invest directly in an index. **Past performance does not guarantee future results.**
- 5. Effective 5/1/94, the fund implemented a Rule 12b-1 plan, which affects subsequent performance. The fund offers other share classes, subject to different fees and expenses that will affect their performance.
- 6. 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.



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