FRANKLIN TEMPLETON INVESTMENTS

Tax-Free Income

Franklin California Tax-Free Income Fund

INVEST WITH A TAX-FREE LEADER

Franklin Templeton Investments

Gain From Our Perspective®

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

Focus on Investment Excellence

At the core of our firm, you'll find multiple independent investment teams—each with a focused area of expertise—from traditional to alternative strategies and multi-asset solutions. And because our portfolio groups operate autonomously, their strategies can be combined to deliver true style and asset class diversification.

All of our investment teams share a common commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management. Decade after decade, our consistent, research-driven processes have helped Franklin Templeton earn an impressive record of strong, long-term results.

Global Perspective Shaped by Local Expertise

In today's complex and interconnected world, smart investing demands a global perspective. Franklin Templeton pioneered international investing over 60 years ago, and our expertise in emerging markets spans more than a quarter of a century. Today, our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. These locally based teams bring in-depth understanding of local companies, economies and cultural nuances, and share their best thinking across our global research network.

Strength and Experience

Franklin Templeton is a global leader in asset management serving clients in over 150 countries.[1] We run our business with the same prudence we apply to asset management, staying focused on delivering relevant investment solutions, strong long-term results and reliable, personal service. This approach, focused on putting clients first, has helped us to become one of the most trusted names in financial services.

1. As of 6/30/15. Clients are represented by the total number of shareholder accounts.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Invest with a California Tax-Free Leader

The First California Municipal Bond Fund[2]

Franklin established the California municipal bond fund category in 1981. We worked with leaders in the California legislature to change the tax law to allow mutual funds that invested in California municipal bonds to pass through the federal and state tax-free income to shareholders. As a result, Franklin California Tax-Free Income Fund was born.

Largest Manager of California Municipal Bond Funds[3]

Franklin manages more than $18.0 billion in California municipal bond fund assets.[4]

A Suite of California Funds to Meet Your Needs

Not all investors are alike. To help meet your individual investment needs, we manage California long-term, intermediate-term, high-yield and insured funds. All of our California funds seek to provide monthly income exempt from regular federal and California personal income taxes.[5] If state income tax rates increase, California municipal bonds, and potentially our California funds, could become even more attractive to California residents.

Experienced Management Team

Portfolio managers John Wiley and Chris Sperry, CFA[6] have managed the fund since 1991 and 2000, respectively. They are backed by the support of 17 research analysts who have an average of 18 years of industry experience.[4] Based in California, we believe our large investment team offers an expert perspective on the California municipal market.

"The Franklin municipal bond team is committed to a conservative, disciplined investment strategy. For over 30 years, we've worked to provide shareholders with a tax-free income while preserving capital."

JOHN WILEY AND CHRIS SPERRY, CFA,[6] Portfolio Managers

What Are the Risks?

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. Because the fund invests principally in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. The fund holds a small portion of its assets in Puerto Rico municipal bonds that have been impacted by recent adverse economic and market changes, which may cause the fund's share price to decline. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The fund may invest a significant part of its assets in municipal securities that finance similar types of projects, such as utilities, hospitals, higher education and transportation. A change that affects one project would likely affect all similar projects, thereby increasing market risk. For more detailed information about risk, please review a current Franklin California Tax-Free Income Fund prospectus.

2. Sources: Strategic Insight, Lipper, Inc., ICI, as of 6/30/15.
3. Sources: Strategic Insight, Lipper, Inc., as of 6/30/15. Based on California municipal bond fund assets.
4. As of 6/30/15.
5. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.
6. CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

The Strategy

Conservative, Income-Oriented, Long-Term Investing

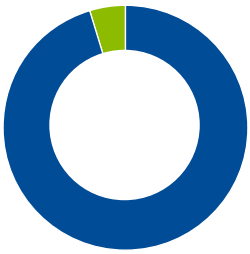
1 | Focus on Income

Our managers focus on maximizing monthly tax-free income for shareholders. Historically, income return from municipal bonds has contributed much more to municipal bond total returns than changes in municipal bond prices. Additionally, our managers generally work to minimize fund exposure to bonds with income subject to the alternative minimum tax. Please remember, past performance does not guarantee future results.

INCOME: THE MOST IMPORTANT COMPONENT OF TOTAL RETURN[7]

Barclays Municipal Bond Index

20-Year Period Ended June 30, 2015



	% OF TOTAL RETURN
Income	**95.3%**
Appreciation on Initial Investment	4.7%

This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund.

2 | Plain Vanilla Approach—No Leverage, No Derivatives

We adhere to a conservative approach to generate tax-free income for shareholders. Consistent with this approach, the fund does not use leverage or invest in derivatives which can increase volatility in municipal bond portfolios.

3 | Strict Internal Credit Analysis

Our analysts conduct exhaustive research to find what they consider attractively valued issues for our portfolios. They are responsible for evaluating an issuer's credit strengths and weaknesses and recommending fund purchases to portfolio managers. Part of their evaluation process includes stress testing credits—to determine an issuer's ability to make bondholders whole in the face of potential declines in revenues, land values, populations and other negative pressures. Particularly during an economic slowdown, this research can be pivotal to making wise investment decisions.

7. Source: Barclays, 6/30/15. Total return includes compounded income and capital appreciation. Indexes are unmanaged, and one cannot invest directly in an index.

"Franklin manages its municipal bond funds with the traditional municipal bond investor in mind—that is, the investor who seeks to earn monthly tax-free income."

SHEILA AMOROSO AND RAFAEL COSTAS
Co-Directors of Franklin's Municipal Bond Department

4 | Buy and Hold for the Long Term

Since we're focused on maximizing income, we don't actively trade bonds to try to capture capital gains. We typically sell holdings only if we see an opportunity to enhance a fund's portfolio structure or its income earning potential. Over time, as we invest in different interest rate climates, our portfolios become well diversified with a broad range of securities. As a result, our portfolios are well seasoned with many older, higher coupon securities. These securities generally are less sensitive to interest rate movements and may help reduce volatility in the portfolio.

HOW FRANKLIN SELECTS MUNICIPAL BONDS

On an ongoing basis, our managers and analysts work to identify new opportunities and monitor current holdings.

Franklin's Investment Process

Market Analysis	Research	Portfolio Construction
On a daily basis, we analyze current market conditions, including: • Trading activity • Yield spreads • Call option spreads • New offerings • Credit ratings • Event risk	We search for attractively valued bonds where we are comfortable with the credit fundamentals and the level of income we believe they should provide. We often make site visits to identify potential problems and opportunities that may not be readily visible on paper. Analysts focus on credit-driven bond issues where we believe they can add the most value to the security selection process.	We build portfolios with diversification in mind, taking into consideration allocations to sectors, regions, coupons, calls, maturities and quality, as appropriate. We don't make significant allocation shifts based on expected market conditions. Rather, we look for the best value in the marketplace from an income-oriented perspective.

The Benefits

What Sets Franklin California Tax-Free Income Fund Apart?

1 | An Industry Leader

We believe our solid reputation and significant asset base are advantages when negotiating terms for municipal bond transactions and finding opportunities to participate in new bond offerings. As a large institutional investor, we're able to purchase bonds at prices generally lower than what is available to the average individual investor and then pass on the savings to our shareholders.

2 | Deep Research Resources

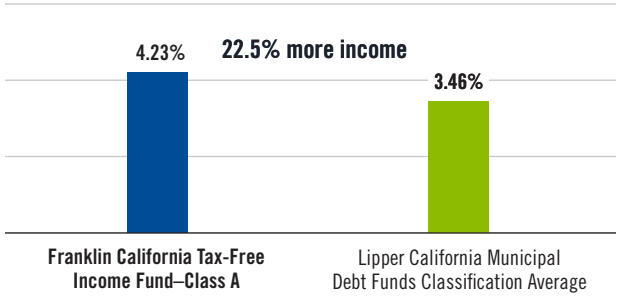
With more than 116,000 municipal bond issuers and 970,000 separate bond issues outstanding, we believe a strong research team is essential.[8] We have 17 analysts with an average tenure of 18 years each, who provide in-depth coverage of 16 sectors of the municipal bond market.[9] Their experience helps us identify opportunities and indications of risk that others might miss.

3 | High Income Potential

The 12-month yield at net asset value (NAV) for Franklin California Tax-Free Income Fund, Class A shares, was 77 basis points higher than its Lipper peer group's average yield, as of June 30, 2015.[10] Thus, if you had invested $100,000 for the one-year period ended June 30, 2015, you could have earned $770 more from an investment in Franklin California Tax-Free Income Fund, Class A, compared to the Lipper peer group average yield.

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND DELIVERED HIGHER YIELDS THAN ITS PEER GROUP AVERAGE[10]

12-Month Yield at NAV
As of June 30, 2015



Unless otherwise noted, fund performance figures in this brochure reflect Class A and do not include the maximum 4.25% initial sales charge. If they had, 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*** *for the most recent month-end performance.*

Please refer to page 8 for standardized fund performance information.

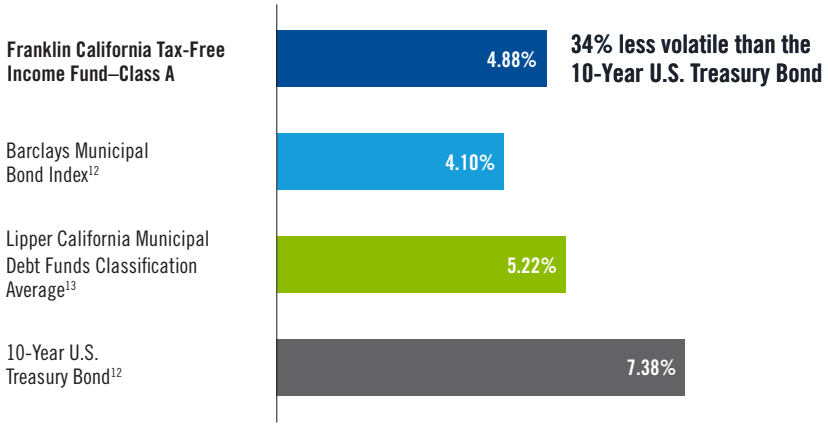
8. Source: Bloomberg, 6/30/15.
9. As of 6/30/15.
10. © 2015 Lipper, Inc., 6/30/15. All rights reserved. The Lipper Classification Average is based on the performance of all share classes of all funds within a Lipper Classification. It reflects the effect of any expense waivers and does not include sales charges. Past performance does not guarantee future results.

4 | Relatively Lower Volatility

By following a conservative investment strategy, Franklin California Tax-Free Income Fund, Class A, has experienced relatively lower volatility, compared to 10-Year Treasury Bonds, over the long term. Please note that the fund's share price may fluctuate with market conditions and ongoing market volatility can significantly impact the fund's share price, dividends and returns, particularly over the short term. Past performance does not guarantee future results. Treasury bonds, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND HAS BEEN LESS VOLATILE

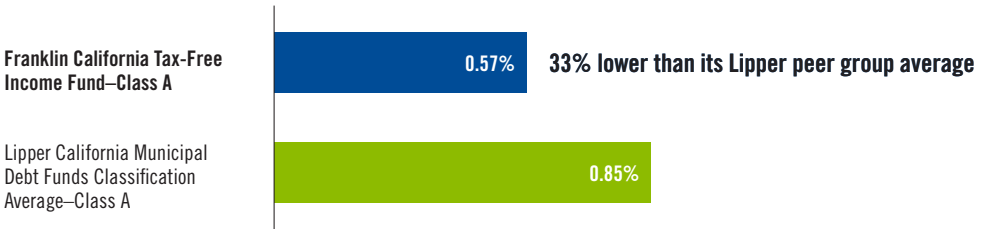
20-Year Annualized Standard Deviation[11]
As of June 30, 2015



5 | Lower Than Average Fund Expenses

Our large asset base and our buy-and-hold strategy have helped to keep fund expenses relatively low.

Gross Expense Ratio Comparison[13]
As of June 30, 2015



11. Volatility is measured by the 20-year annualized standard deviation of monthly total returns. In general, the higher the standard deviation, the greater the volatility.

12. Source: © 2015 Morningstar (Barclays Municipal Bond Index and Payden & Rygel 10-Year U.S. Treasury Bond Index), 6/30/15. Indexes are unmanaged, and one cannot invest directly in an index. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) 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.

13. Source: Lipper, Inc. 6/30/15.

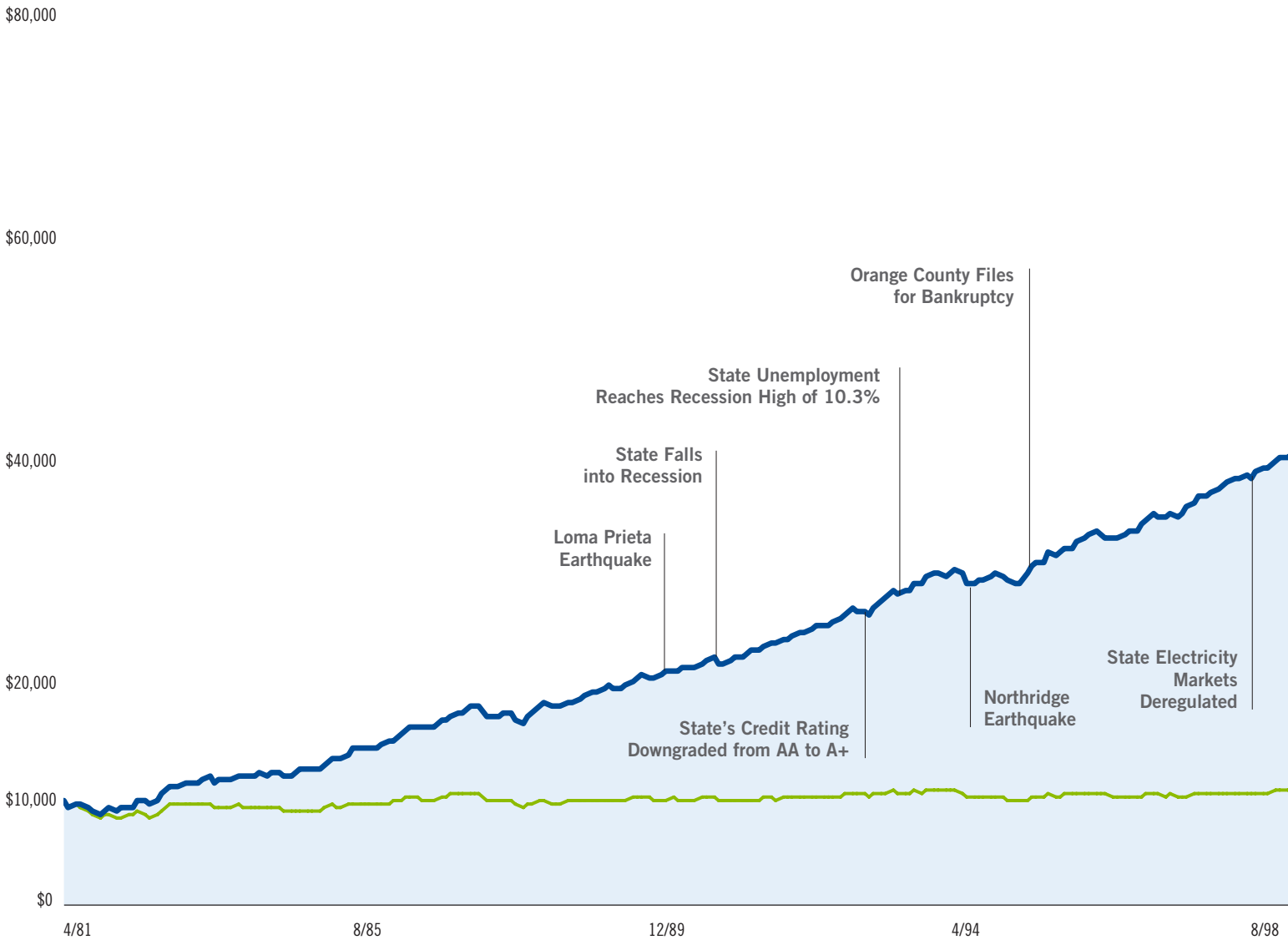
The Results

Strong Long-Term Performance

By adhering to a long-term, income-oriented strategy, the fund, Class A, has weathered the ups and downs of the market, despite recessions, political gridlock and natural disasters. If you had invested $10,000 in the fund's Class A shares on April 1, 1981 (including the current maximum 4.25% initial sales charge), you could have received monthly dividend checks totaling $20,614 as of June 30, 2015. As a fund shareholder, you also have the option to take advantage of tax-free compounding. If you had reinvested all of your distributions, including capital gains, your account would have grown to $89,196. That's a 6.60% average annual total return.

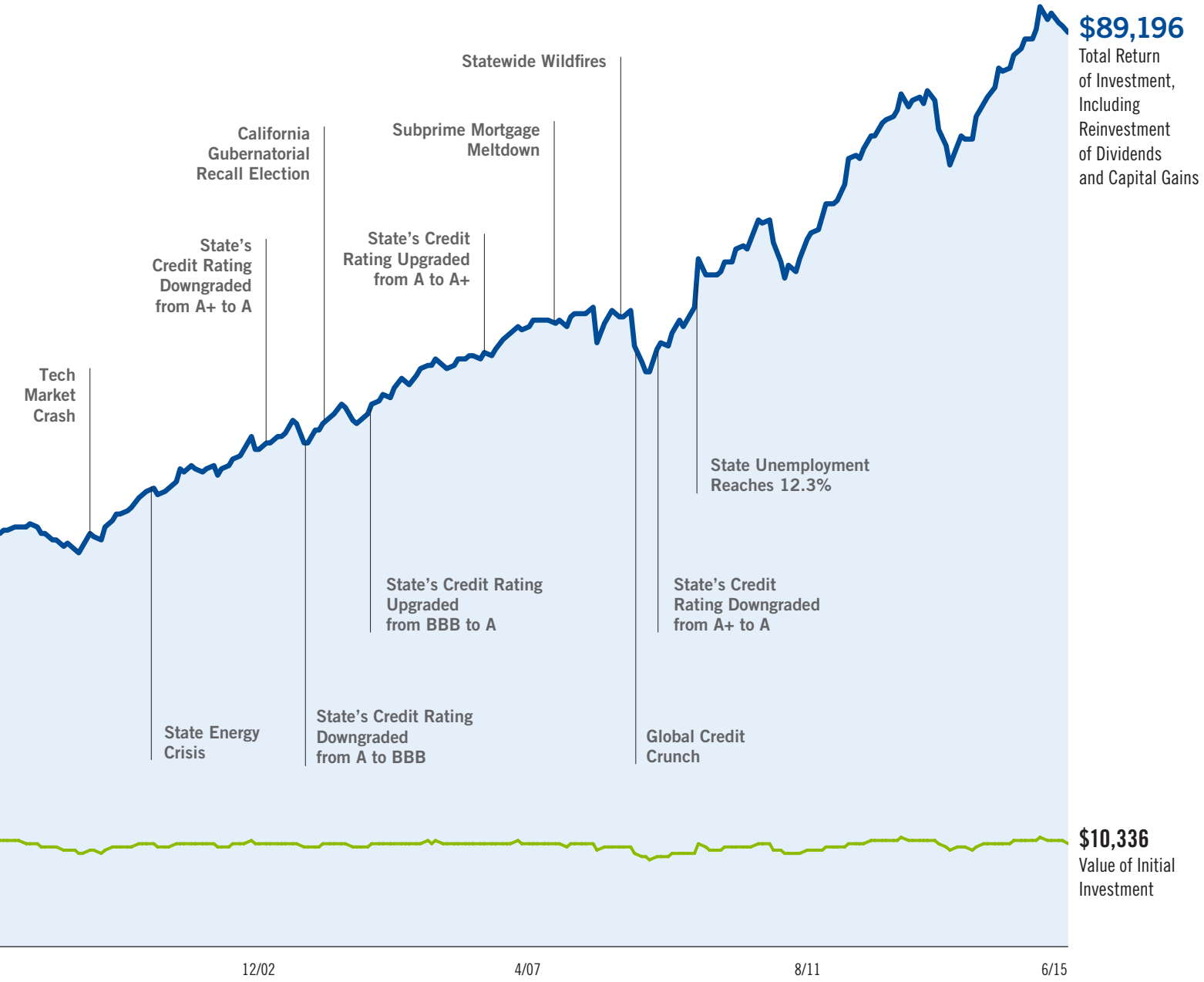
FRANKLIN CALIFORNIA TAX-FREE INCOME FUND–CLASS A

Growth of a $10,000 Investment (With Sales Charge)
April 1, 1981–June 30, 2015



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*** *for the most recent month-end performance.*

Please note, the fund's share price may fluctuate with market conditions and market volatility can dramatically impact the fund's share price, dividends and returns, particularly over the short term. Past performance does not guarantee future results. Additionally, the hypothetical scenario does not take into account the effect of taxes. If taxes were taken into account, the hypothetical values shown would have been lower.



The fund's inception date was 2/1/77. The hypothetical growth of a $10,000 investment shown commences from 4/1/81, when the fund changed its investment strategy to focus primarily on California municipal securities. Such a change may affect performance.

The Results

Positive Average Annual Total Returns in Every 5-Year Period Since Inception

Franklin's time-tested investment philosophy has been successful throughout different interest rate environments and market conditions. Franklin California Tax-Free Income Fund, Class A, has delivered a positive average annual total return, without sales charge, in all 33 consecutive rolling five-year periods since inception.[14] Please remember, past performance does not guarantee future results.

FRANKLIN CALIFORNIA TAX-FREE INCOME FUND–CLASS A

5-Year Average Annual Total Returns (Without Sales Charge)

	Jan. 1–Dec. 31	Return	Jan. 1–Dec. 31	Return	Jan. 1–Dec. 31	Return
WORST	1978–1982	1.12%	1989–1993	8.99%	2000–2004	6.93%
	1979–1983	2.69%	1990–1994	6.58%	2001–2005	5.46%
	1980–1984	4.48%	1991–1995	8.22%	2002–2006	5.48%
	1981–1985	10.11%	1992–1996	6.96%	2003–2007	4.58%
BEST	1982–1986	15.01%	1993–1997	6.87%	2004–2008	1.73%
	1983–1987	9.64%	1994–1998	6.28%	2005–2009	3.76%
	1984–1988	10.80%	1995–1999	5.94%	2006–2010	3.14%
	1985–1989	10.54%	1996–2000	5.49%	2007–2011	4.27%
	1986–1990	8.49%	1997–2001	5.62%	2008–2012	5.83%
	1987–1991	7.44%	1998–2002	5.22%	2009–2013	6.96%
	1988–1992	9.47%	1999–2003	4.85%	2010–2014	6.43%

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

Average Annual Total Returns (Periods Ended June 30, 2015)

	With Maximum Sales Charge[15]					Without Sales Charge			
	Inception	1-Year	5-Year	10-Year	Since Inception	1-Year	5-Year	10-Year	Since Inception
Class A	2/1/77[16]	-0.22%	4.60%	4.16%	5.62%	4.25%	5.51%	4.61%	5.74%
Class C	5/1/95	2.82%	4.93%	4.04%	4.78%	3.82%	4.93%	4.04%	4.78%

Sales Charges: *Class A: Maximum 4.25% initial sales charge; Class C: 1% contingent deferred sales charge (CDSC) in the first year only.*
Total Annual Operating Expenses: *Class A: 0.57%; Class C: 1.13%*

Yields
As of June 30, 2015

	30-Day Standardized Yield[17]	Taxable Equivalent Yield[17]
Class A	2.53%	5.15%
Class C	2.09%	4.25%

Distribution Rates
As of June 30, 2015

Distribution Rate[18]	Taxable Equivalent Distribution Rate[18]
3.81%	7.75%
3.44%	7.00%

Unless otherwise noted, fund performance figures in this brochure reflect Class A and do not include the maximum 4.25% initial sales charge. If they had, 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 FranklinTempleton Investments at (800) DIAL BEN/342-5236 or visit ***franklintempleton.com*** *for the most recent month-end performance.*

Why Franklin California Tax-Free Income Fund?

Reasons to Invest with a Tax-Free Leader

The Strategy

1 | For over 30 years, the Franklin municipal bond team has followed a disciplined, **conservative investment strategy**.

2 | Managers focus on providing shareholders with **monthly tax-free income**.[19]

3 | We adhere to plain vanilla approach—**no leverage, no derivatives**.

The Benefits

1 | **Tenure and Expertise**—The two portfolio managers have an average of 22 years of industry experience and the 17 research analysts have an average of 18 years of industry experience.[20]

2 | **Higher Yield Record**—The fund's Class A 12-month yield at NAV was **22.5% higher** than its Lipper peer group average, as of June 30, 2015.[21]

3 | **Lower Expense Record**—The fund's Class A expense ratio was **33% lower** than its Lipper Class A peer group average, as of June 30, 2015.[21]

The Results

1 | The fund's Class A shares had a **distribution rate of 3.81% and a taxable equivalent distribution rate of 7.75%,** as of June 30, 2015.[18]

2 | The fund, Class A, without sales charge has delivered a **positive average annual total return in every five-year period** since inception.[14]

Please remember, figures reflect past performance, which does not guarantee future results.

Please refer to page 8 for standardized fund performance information.

14. The fund's inception date was 2/1/77; 1978 was the first full year of performance.

15. Class A: On 5/1/94, these shares 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.

16. On 4/1/81, the fund changed its investment strategy to focus primarily on California municipal securities. Since then, the fund's Class A shares have earned an average annual total return of 6.85% with maximum sales charge and 6.99% without sales charge.

17. 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. Taxable equivalent yield assumes the maximum regular federal income tax rate; the maximum state personal income tax rate; and the Medicare tax in effect on June 2015. This combined rate does not consider the impact of California's surcharge on taxable incomes in excess of $1 million.

18. Distribution rate is based on an annualization of the fund's 6/15 dividend and maximum offering price per share on 6/30/15. Taxable equivalent distribution rate assumes the maximum regular federal income tax rate; the maximum state personal income tax rate; and the Medicare tax in effect on June 2015. This combined rate does not consider the impact of California's surcharge on taxable incomes in excess of $1 million.

19. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.

20. As of 6/30/15.

21. Source: Lipper, Inc. Lipper figures do not include sales charges.

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Franklin California Tax-Free Income Fund Symbols:

Class A: FKTFX
Class C: FRCTX
Advisor: FCAVX

This brochure must be preceded or accompanied by a current Franklin California Tax-Free 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.

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