FRANKLIN FEDERAL TAX-FREE INCOME FUND

Tax-Free Income from Coast to Coast

Franklin Federal Tax-Free Income Fund

makes it easy for you to invest in the nation's future and save on taxes.¹



Invested across America

This fund has the freedom to invest in investment-grade municipal bonds issued from coast to coast, Alaska, Hawaii and the U.S. territories.

Conservative approach

The fund's managers are plain vanilla investors and do not try to boost returns using leverage or short-term bets on interest rates.

Delivered monthly checks since 1984

Every month since January 1984, the fund has paid dividends free from regular federal income taxes.¹

This hypothetical is for illustrative purposes only and does not reflect the past or future performance of any Franklin, Templeton or Mutual Series fund. Fund sales charges, state and local taxes, and the effect of the alternative minimum tax are not reflected. Please note, there is no guarantee that after-tax returns of municipal bonds will be greater than those of a taxable investment.

COMPARE THE MONTHLY TAKE HOME AMOUNT²

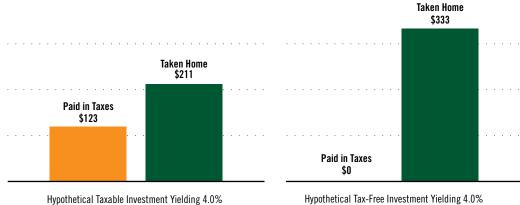
How much would have been paid in taxes and how much would have been taken home?

Hypothetical investment scenario Initial investment: \$100,000

Yield: 4.00%

Holding period: 12 months Monthly earnings: \$333

Regular federal income tax rate: 36.8%



Keep more of what you earn with a tax-free investment¹

■ Paid in Taxes for Investors Subject to the 36.8% Federal Income Tax Rate ■ Taken Home

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- 1. Dividends are generally subject to state and local taxes, if any. For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.
- 2. Fund dividends and share prices will vary with market conditions. Assumes a fixed rate of return. The tax rate is based on the 33.0 % regular federal income tax rate and the 3.8% Medicare tax. It is based on published rates in effect on December 2013.



FRANKLIN FEDERAL TAX-FREE INCOME FUND

LIPPER RANKINGS³

Franklin Federal Tax-Free Income Fund's Class A shares were ranked 174 out of 256 (top 68%), 67 out of 230 (top 30%), 101 out of 210 (top 48%) and 20 out of 161 (top 13%) funds in Lipper's General & Insured Municipal Debt Funds classification in cumulative total return for the 1-, 3-, 5- and 10-year periods ended December 31, 2013.

FUND GOAL

As high a level of income exempt from federal income taxes as is consistent with prudent investment management and the preservation of shareholders' capital.¹

PORTFOLIO BREAKDOWN⁴

As of December 31, 2013

$Utilities \dots \dots 18.05\%$
General Obligation Bonds 17.06%
Transportation
Subject to Government Appropriation 12.14%
Hospital & Health Care
Higher Education 6.72%
Tax Supported Debt 6.35%
${\sf Refunded.} \ldots$
Other Revenue Bonds 5.69%
Corporate Backed

MATURITY BREAKDOWN⁴

As of December 31, 2013
0 to 1 Year0.32%
1 to 3 Years
3 to 5 Years
5 to 10 Years
10 to 20 Years
20 to 30 Years
Over 30 Years

Symbol by Class

Α	С	Advisor
FKTIX	FRFTX	FAFTX

PORTFOLIO MANAGERS



Carrie Higgins 23 years industry experience



Francisco Rivera 20 years industry experience



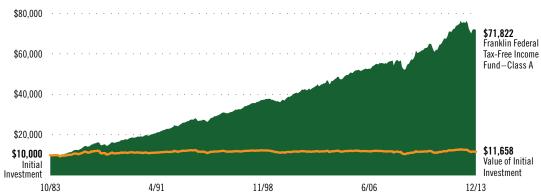
Sheila Amoroso 28 years industry experience

TEAM FACTS

- Supported by 18 research analysts with an average of 16 years industry experience
- Turnover has been rare.
 Most team members have been with Franklin Templeton for their entire careers

TOTAL RETURN OF A \$10,000 INVESTMENT (Without Sales Charge)

October 7, 1983-December 31, 2013



If the fund's 4.25% sales charge had been included, the return would have been lower.

Average Annual Total Returns-Class A for periods ended December 31, 2013

	1-Year	3-Year	5-Year	10-Year	Since Inception (10/7/83)
With Sales Charges (%) ⁵	-8.54	3.81	5.58	3.75	6.58
Without Sales Charges (%)	-4.46	5.31	6.50	4.21	6.74

Class A has a maximum 4.25% initial sales charge and total annual operating expenses of 0.61%6.

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.

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. 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. To the extent the fund has investments in particular states or U.S. territories, such as Puerto Rico, adverse economic and regulatory changes in such states or territories may cause the fund's share price to decline. 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.

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.

- 3. Source: Lipper®, Inc. Rankings do not include sales charges and are for the fund's Class A shares only. Other share classes may differ. **Past performance does not guarantee future results**.
- 4. As of 12/31/13. Holdings are subject to change. For updated information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit franklintempleton.com.
- 5. Class A: Prior to 7/1/94, these shares were offered at a lower initial sales charge. On 5/1/94, Class A shares 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.

VALUE BLEND GROWTH SECTOR GLOBAL INTERNATIONAL HYBRID ASSET ALLOCATION FIXED INCOME TAX-FREE INCOME

Franklin Templeton Distributors, Inc.

Franklin Templeton Investments



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franklintempleton.com

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