



FRANKLIN TEMPLETON
INVESTMENTS

Franklin Maryland Tax-Free Income Fund

Tax-Free Income
June 30, 2016

Fund Fact Sheet | Share Classes: A, C, Advisor

Fund Description

The fund seeks to provide investors with as high a level of income exempt from federal income taxes and Maryland personal income taxes as is consistent with prudent investment management and the preservation of shareholders' capital.

Fund Overview

| | |
|--------------------------------------|---|
| Total Net Assets [All Share Classes] | \$526 million |
| Fund Inception Date | 10/3/1988 |
| Dividend Frequency | Monthly, on or near the last business day |
| Number of Holdings | 94 |

Share Class Information

| Share Class | CUSIP | NASDAQ Symbol |
|-------------|-------------|---------------|
| A | 354 723 736 | FMDTX |
| C | 354 723 421 | FMDIX |
| Advisor | 354 723 140 | FMDZX |

Fund Management

| | Years with Firm | Years of Experience |
|--------------|-----------------|---------------------|
| Michael Conn | 14 | 22 |
| John Pomeroy | 29 | 30 |

Maximum Sales Charge

Class A: 4.25% initial sales charge
Class C: 1.00% contingent deferred sales charge (CDSC) in the first year only
Advisor Class: None

Total Annual Operating Expenses

| Share Class | Expense |
|-------------|---------|
| A | 0.67% |
| C | 1.22% |
| Advisor | 0.57% |

30-Day Standardized Yield

| Share Class | Yield |
|-------------|-------|
| A | 1.77% |
| C | 1.31% |
| Advisor | 1.95% |

Taxable Equivalent Yield

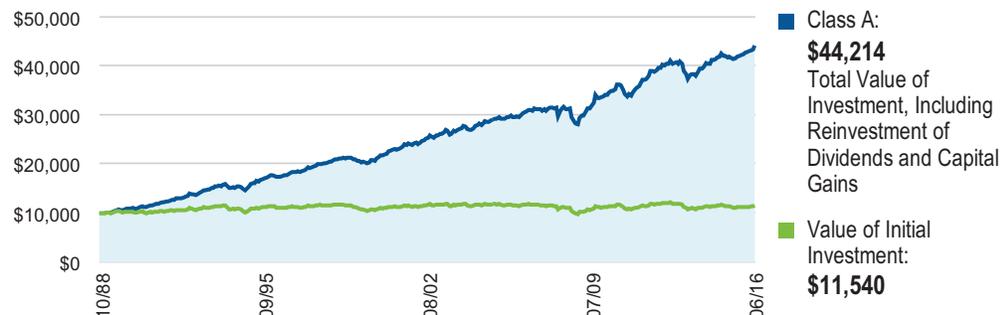
| Share Class | Yield |
|-------------|-------|
| A | 3.46% |
| C | 2.56% |
| Advisor | 3.81% |

Asset Allocation (%)

| | |
|-------------------------|-------|
| Fixed Income | 99.90 |
| Cash & Cash Equivalents | 0.10 |

Performance

Growth of a \$10,000 Investment - Without Sales Charge (from 10/03/1988-06/30/2016)



Total Returns % (as of 6/30/2016)

| Share Class | YTD | AVERAGE ANNUAL | | | | | Since Inception | Inception Date |
|------------------------|-------|----------------|------|-------|-------|--------|-----------------|----------------|
| | | CUMULATIVE | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | | |
| A With Sales Charge | -0.23 | | 1.86 | 2.79 | 3.58 | 3.63 | 5.34 | 10/3/1988 |
| A Without Sales Charge | 4.19 | | 6.39 | 4.27 | 4.48 | 4.08 | 5.50 | 10/3/1988 |
| C With Sales Charge | 2.83 | | 4.79 | 3.66 | 3.90 | 3.51 | 4.32 | 5/1/1995 |
| C Without Sales Charge | 3.83 | | 5.79 | 3.66 | 3.90 | 3.51 | 4.32 | 5/1/1995 |
| Advisor | 4.23 | | 6.49 | 4.37 | 4.60 | 4.16 | 5.53 | 10/3/1988 |

Calendar Year Total Returns % - Without Sales Charge

| Share Class | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------|------|-------|-------|------|-------|------|-------|--------|------|------|
| A | 1.06 | 10.43 | -5.88 | 6.19 | 10.91 | 2.08 | 19.73 | -10.56 | 1.28 | 4.76 |
| C | 0.57 | 9.75 | -6.39 | 5.68 | 10.24 | 1.57 | 19.02 | -11.02 | 0.69 | 4.23 |
| Advisor | 1.16 | 10.53 | -5.78 | 6.38 | 11.02 | 2.17 | 19.78 | -10.56 | 1.28 | N/A |

| Share Class | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 |
|-------------|------|------|------|------|------|-------|-------|------|------|------|
| A | 4.20 | 4.31 | 5.05 | 8.53 | 5.11 | 11.66 | -3.81 | 5.88 | 8.54 | 3.96 |
| C | 3.58 | 3.85 | 4.43 | 7.93 | 4.57 | 11.07 | -4.32 | 5.26 | 8.05 | 3.64 |
| Advisor | N/A | 4.31 | 5.05 | 8.53 | 5.11 | N/A | -3.81 | 5.88 | 8.54 | 3.96 |

Past performance is not an indicator or a guarantee of future performance. 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 for the most recent month-end performance.

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

Top 5 Holdings (% of Total)

| Security Name | Weight |
|--|--------|
| Maryland State Stadium Authority Revenue, Baltimore City Public Schools, Construction and Revitalization Program, 5.00%, 5/01/46 | 4.54 |
| Maryland State Health and Higher Educational Facilities Authority Revenue, The Johns Hopkins University Issue, Series A, 5.00%, 7/01/41 | 3.44 |
| Baltimore Project Revenue, Wastewater Projects, Series A, 5.00%, 7/01/41 | 3.24 |
| Maryland State Health and Higher Educational Facilities Authority Revenue, University of Maryland Medical System, Refunding, AMBAC Insured, 5.25%, 7/01/28 | 3.17 |
| Anne Arundel County GO, Consolidated Water and Sewer, 5.00%, 4/01/41 | 2.79 |

Fund Measures

| | |
|---|-------------|
| AMT Exposure | 0.00 |
| Average Duration | 4.46 Years |
| Average Weighted Maturity | 18.10 Years |
| Standard Deviation (3 Yrs) - Class A | 3.53 |
| Beta (3 Yrs, vs. Barclays Municipal Bond Index) - Class A | 1.21 |

Composition of Fund

| Sector | % of Total | State / U.S. Territory Exposure | % of Total |
|-------------------------------------|------------|---------------------------------|------------|
| Hospital & Health Care | 17.28 | Maryland | 95.55 |
| Utilities | 16.44 | District of Columbia | 0.53 |
| Higher Education | 14.32 | Puerto Rico | 3.92 |
| General Obligation Bonds | 12.99 | | |
| Housing | 11.54 | | |
| Refunded | 11.49 | | |
| Subject to Government Appropriation | 5.82 | | |
| Other Revenue Bonds | 4.62 | | |
| Transportation | 2.84 | | |
| Other | 2.67 | | |

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. Puerto Rico municipal bonds 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.

Glossary

AMT Exposure: Percentage of a fund's assets invested in bonds with income subject to the alternative minimum tax (AMT). For investors subject to the alternative minimum tax, a small portion of fund dividends may be taxable. Distributions of capital gains are generally taxable.

Average Duration: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

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.

Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Performance: The fund offers other share classes subject to different fees and expenses, which will affect their performance. Advisor shares do not have sales charges or 12b-1 fees and are offered only to certain eligible investors as stated in the prospectus.

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.

Advisor: Effective 7/1/09, the fund began offering Advisor Class Shares. For periods prior to the fund's Advisor Class inception date, a restated figure is used based on the fund's oldest share class, Class A performance, excluding the effect of Class A's maximum initial sales charge but reflecting the effect of the Class A Rule 12b-1 fees; and for periods after the fund's Advisor Class inception date, actual Advisor Class performance is used, reflecting all charges and fees applicable to that class.

30-Day Standardized Yield: The fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

Taxable Equivalent Yield: The Taxable Equivalent Yield assumes the maximum regular federal income tax rate, maximum Maryland state and county personal income tax rate, and Medicare tax in effect on June 2016.

Top 5 Holdings: The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

Composition of Fund: Percentage may not equal 100% due to rounding.

Uninvested cash is not included in the State / U.S. Territory Exposure.