



Franklin Templeton  
Investors Services, LLC  
100 Fountain Parkway  
St. Petersburg, FL 33716-1205  
Tel: (800) 632-2301  
franklintempleton.com

March 23, 2015

Dear Valued Shareholder:

The next quarterly repurchase offer of the Franklin Mutual Recovery Fund<sup>1</sup> (“Fund”) begins on March 23, 2015 and ends on April 10, 2015 at 1:00 p.m. Pacific Time (the Repurchase Request Deadline) as described in the enclosed *Repurchase Offer Request Form*.

As a reminder, the purpose of this repurchase offer is to provide the Fund’s shareholders with a way to sell their shares at the net asset value (NAV) of the appropriate share class. The Fund’s repurchase offer (or “tender offer”) is for cash up to 15% of its outstanding shares. Shares may normally be repurchased by the Fund only during one of the Fund’s regular quarterly repurchase offers.

If you would like to sell your shares of the Fund at NAV on the Repurchase Pricing Date, subject to the terms of the repurchase offer, you must do one of the following by the Repurchase Request Deadline:

1. Ask your financial advisor to make the repurchase request for you through his/her affiliated securities firm.
2. Make a telephone or online redemption request. Generally, requests to tender shares with a value of \$100,000 or less may be made over the phone or online provided you do not hold share certificates and you have not changed your address within the last 15 days.
3. Complete the enclosed *Repurchase Offer Request Form* and return it (with related share certificates you have, if any) to arrive at Franklin Templeton Investor Services, LLC (“Investor Services”) by the deadline.<sup>2</sup>
4. Complete and submit a *Notice of Guaranteed Delivery* by the deadline and send follow-up documents as described in the *Repurchase Offer Request Form*.<sup>2</sup>

If you do not want to sell your shares at this time, simply disregard this letter. We will contact you again next quarter.

If you have any questions, please contact your financial advisor, refer to the enclosed *Repurchase Offer Request Form* or call Shareholder Services at (800) 632-2301.

Sincerely,

Bethany S. Hendricks  
Vice President  
Franklin Templeton Investor Services, LLC

*continued on reverse*

1. Effective June 30, 2014, Mutual Recovery Fund was renamed Franklin Mutual Recovery Fund.  
2. If you have an FTB&T employer-sponsored retirement plan account and wish to take a distribution by selling shares, **you must complete a distribution request form and send it with the completed *Repurchase Offer Request Form***. The distribution request form must contain all necessary signatures and must be received in advance of the Repurchase Request Deadline. Please contact Franklin Templeton Retirement Services at (800) 527-2020 for a distribution request form and further instructions.

### Important Information about Tendering Your Franklin Mutual Recovery Fund Shares

The repurchase offer is not on a first-come, first-served basis, so you may make an online or telephone redemption request (if eligible) or submit the necessary forms to have your shares repurchased at any time up until the Repurchase Request Deadline. You have until the deadline to withdraw your request for repurchase or change the number of shares you are tendering.

All classes of fund shares are considered a single class in allocating repurchases under each repurchase offer. This means that if shares are repurchased on a pro rata basis, the number of repurchased shares of a given class may not amount to the percentage of the Fund's outstanding shares represented by the outstanding shares of such class.

The Fund will not charge you a fee to repurchase your shares. However, Class C shares and certain Class A shares that you held for less than 18 months are subject to a 1% early withdrawal charge. The Fund's prospectus describes the early withdrawal charge for each class of shares and the various circumstances in which the charge, or a waiver of the charge, applies. If a waiver applies to you, please indicate the basis for the waiver on the *Repurchase Offer Request Form* that you complete and submit to have your shares repurchased.

You may make a repurchase request in one of the following ways, depending on how your shares are recorded for purposes of ownership and other circumstances:

How You Own Your Shares	What to Do	What to Submit	Where to Send Your Form and/or Certificates
<p>You own shares in your own name in an account directly with the Fund, and there is time for Franklin Templeton Investor Services, LLC (Investor Services) to receive an online or telephone redemption request (if you're eligible), or completed forms by the deadline.</p>	<p>If eligible, log in to <a href="http://franklintempleton.com">franklintempleton.com</a> to request an online redemption. OR If eligible, call (800) 632-2301 to request a telephone redemption. OR Complete, sign and mail the <i>Repurchase Offer Request Form</i>.</p>	<p>Normally, share certificates are not issued, and you will not have received any. However, if you do hold share certificate(s), you must submit them, properly endorsed, for the shares you want the Fund to repurchase.</p>	<p>Mail to:  Franklin Templeton Investor Services, LLC P.O. Box 33030 St. Petersburg, FL 33733-8030</p>
<p>You own shares in your own name in an account directly with the Fund, and there is not time for Investor Services to receive, by the deadline, completed forms and other documents that will be provided to you.</p>	<p>If eligible, log in to <a href="http://franklintempleton.com">franklintempleton.com</a> to request an online redemption. OR If eligible, call (800) 632-2301 to request a telephone redemption. OR Contact your financial advisor or Franklin Templeton for a <i>Notice of Guaranteed Delivery</i> form. Complete, sign and deliver this form, in person, to a Franklin Templeton Customer Service Center, or send it by overnight mail. This notice must be signed by a brokerage firm or financial institution that is a member of a securities-approved medallion program. This signed notice is the only document that must reach Investor Services by the deadline.</p>	<p>Within five New York Stock Exchange trading days after Investor Services receives the <i>Notice of Guaranteed Delivery</i>, Investor Services must receive your completed <i>Repurchase Offer Request Form</i> and accompanying documents described in this letter, including, if applicable, any share certificate(s) you hold, properly endorsed, for shares you want the Fund to repurchase.</p>	<p>Deliver in person to a Franklin Templeton Customer Service Center. OR Send it overnight mail to:  Franklin Templeton Investor Services, LLC 100 Fountain Parkway St. Petersburg, FL 33716-1205</p>
<p>You own shares through an account or plan with a brokerage firm or other financial institution.</p>	<p>Complete the repurchase form(s) you receive from the brokerage firm or financial institution.</p>	<p>If applicable, any share certificate(s) you hold, properly endorsed, for shares you want the Fund to repurchase.</p>	<p>Mail or deliver to your brokerage firm or financial institution.</p>