



August 08, 2016

Franklin California Insured Tax-Free Income Fund Special Meeting of Shareholders

Fund Number	Fund Name	Share Class	CUSIP	NASDAQ
124	Franklin California Insured Tax-Free Income Fund	A	352 519 102	FRCIX
224	Franklin California Insured Tax-Free Income Fund	C	352 519 409	FRCAX
654	Franklin California Insured Tax-Free Income Fund	Advisor	352 819 805	FZCAX

On October 4, 2016 a Special Meeting of Shareholders of Franklin California Insured Tax-Free Income Fund will be held. Shareholders of record at the close of business on July 13, 2016 will be asked to vote on the following proposals:

1. To approve an Agreement and Plan of Reorganization (the "Plan") between the CA Insured Tax-Free Fund, a series of the Trust, and the Franklin California Tax-Free Income Fund (the "CA Tax-Free Fund"), that provides for: (i) the acquisition of substantially all of the assets of the CA Insured Tax-Free Fund by the CA Tax-Free Fund in exchange solely for shares of the CA Tax-Free Fund, (ii) the distribution of such shares to the shareholders of the CA Insured Tax-Free Fund, and (iii) the complete liquidation and dissolution of the CA Insured Tax-Free Fund.

For additional details regarding each proposal, please review the Franklin California Insured Tax-Free Income Fund proxy statement available on our [website](#).

The changes will be reflected in the Fund's prospectus, pending shareholder approval.

Questions regarding the proposal or voting should be directed to **AST Fund Solutions, LLC (AST)**, our proxy solicitor, at (800) 499-8410 (9am to 10pm EST, Monday – Friday).

Communications

Shareholders	<p>A proxy statement and proxy card will be mailed to shareholders beginning on or about August 1, 2016.</p> <p>Shareholders registered for eDelivery will receive a proxy e-mail on or about August 1, 2016.</p> <p>Shareholders who have not voted may receive phone calls from our proxy solicitor beginning on or around August 22, 2016.</p>
Financial Advisors	<p>An email was sent to advisors with clients invested in the Fund on or about June 16, 2016.</p>

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If you have questions, please contact your Dedicated Service Team at 1-800/266-6768.

Reorganization of Franklin Flex Cap Growth Fund into Franklin Growth Opportunities Fund

On August 5, 2016, shareholders of the **Franklin Flex Cap Growth Fund** (the "Fund") approved the reorganization of the Fund into the **Franklin Growth Opportunities Fund**, scheduled to be effective at the close of market on or about **August 26, 2016**. Operational details are provided on the following page.

- In preparation for the reorganization, the Fund is expected to close to all investments on or about **August 19, 2016**, shortly before the completion of the reorganization on or about August 26, 2016. Shares of the Franklin Flex Cap Growth Fund share classes A, C, R, R6 and Advisor will be exchanged for shares of the Franklin Growth Opportunities Fund shares classes A, C, R, R6 and Advisor respectively.
- Shareholders will receive shares of the Franklin Growth Opportunities Fund, which will have the same aggregate net asset value as their investment in the Franklin Flex Cap Growth Fund. The exchange of shares will be based on each fund's net asset value per share on August 26, 2016, and processed on or about **August 29, 2016**.

Fund Name	Share Class	Fund #	CUSIP	NASDAQ
Franklin Flex Cap Growth Fund	A	180	352 51D 103	FKCGX
Franklin Flex Cap Growth Fund	C	280	352 51D 202	FCIIX
Franklin Flex Cap Growth Fund	R	880	354 713 562	FRCGX
Franklin Flex Cap Growth Fund	R6	393	354 713 372	FFCRX
Franklin Flex Cap Growth Fund	Advisor	683	354 713 463	FKCAX

Fund Name	Share Class	Fund #	CUSIP	NASDAQ
Franklin Growth Opportunities Fund	A	462	354 713 687	FGRAX
Franklin Growth Opportunities Fund	C	562	354 713 711	FKACX
Franklin Growth Opportunities Fund	R	862	354 713 513	FKARX
Franklin Growth Opportunities Fund	R6	352	354 713 356	FOPPX
Franklin Growth Opportunities Fund	Advisor	662	354 713 729	FRAAX

How were financial advisors and shareholders notified?

- A message was posted to the Franklin Flex Cap Growth Fund's main page on franklintempleton.com on March 24, 2016.
- Financial advisors were sent an email detailing these changes on March 31, 2016; for financial advisors without an email address on file, a letter was mailed to them on the same date.
- A prospectus supplement detailing the proposed fund reorganization was included with shareholders' asset summary statements, which mailed in early April 2016. Shareholders of record were mailed a combined prospectus/proxy statement on May 23, 2016.

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Operational Details

Operational information regarding the Fund reorganization is provided below. Dedicated Service Teams will perform a review of accounts with networked and omnibus positions in the Funds, and contact your firm to discuss any questions or obtain processing instructions, as needed. If you have questions that are not addressed in this notification, please contact your Dedicated Service Team.

Account Listing	If your firm requires a final listing of account numbers associated with the reorganization, please contact your Dedicated Service Team.
Account Options	Account options will be carried over from the Franklin Flex Cap Growth Fund account to the new Franklin Growth Opportunities Fund account.
Conversion Ratio	A communication including the conversion ratio used to process the transaction will be provided as soon as possible following the reorganization processing date.
Existing Accounts with Matching Registrations	Shareholders that have an existing account in the Franklin Growth Opportunities Fund that matches the registration on their Franklin Flex Cap Growth Fund account will have their shares exchanged into the existing account.
F55 Activity	<p>The merger is being processed on August 29, 2016 as of August 26, 2016. Merger activity will be transmitted in the F55 activity file that will be transmitted around 5:00 am EST on August 30, 2016.</p> <ul style="list-style-type: none"> • Shares moving from the Franklin Flex Cap Growth Fund as part of the reorganization will be processed as an exchange with a literal translation of “Fund Merger Out/Non-taxable” using a four digit NAV methodology. Fund reorganization activity will be included in the NSCC F55 networking activity record with the transaction type code of W0. • Shares moving into the Franklin Growth Opportunities Fund as part of the reorganization will be processed as an exchange with a literal translation of “Fund Merger In/Non-taxable” using a two digit NAV calculation methodology. Fund reorganization activity will be included in the NSCC F55 networking activity record with the transaction type code of W0.
Final Distribution & Important Dates	<p>Final distribution information will be provided as soon as possible if it is determined the fund has earnings to distribute prior to the merger.</p> <p>If the Fund does distribute earnings prior to the merger date, the following important dates are expected: Record Date of August 23, 2016, Ex Dividend Date of August 24, 2016, Reinvestment Date of August 24, 2016, and the Payable Date of August 26, 2016.</p>
Net Asset Value	<p>A communication including the Net Asset Value (NAV) used to process the transaction will be provided as soon as possible following the reorganization processing date.</p> <ul style="list-style-type: none"> • Shares moving from the Franklin Flex Cap Growth Fund as part of the reorganization will be processed using a four digit NAV. • Shares moving to the Franklin Growth Opportunities Fund as part of the reorganization will be processed using a two digit NAV.
Tax Implications	The Fund reorganization is a nontaxable event. While the transaction is intended to qualify as a tax-free reorganization for federal tax income purposes, please note that redemptions made before the reorganization date may be taxable. Shareholders should consult their tax advisor about the effect, if any, of the transaction in light of their individual circumstances.
T+1 Trading Dates	Trades placed on or after August 24, 2016 with a T+1 next day settlement indicator will follow normal NSCC processing rules. The Dedicated Service Teams will contact firms regarding trades that have been placed, but have not settled on August 29, 2016 to coordinate proper handling of the trades.

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