




October 19, 2016

Reorganization of Franklin California Insured Tax-Free Income Fund into Franklin California Tax-Free Income Fund

On October 18, 2016, shareholders of the Franklin California Insured Tax-Free Income Fund (the “Fund”) approved the reorganization of the Fund into the Franklin California Tax-Free Income Fund at the close of market on or about **October 28, 2016**. Please see the enclosed prospectus supplement for more information. **The Franklin California Insured Tax-Free Fund has been closed to new investors and to additional investments since March 1, 2013.**

Shares of Franklin California Insured Tax-Free Income Fund share classes A, C, and Advisor will be exchanged for shares in Franklin California Tax-Free Income Fund share classes A, C, and Advisor, respectively. Shareholders will receive shares of the Franklin California Tax-Free Income Fund, which will have the same aggregate net asset value as their investment in the Franklin California Insured Tax-Free Income Fund. The exchange of shares will be based on each fund’s net asset value per share on October 28, 2016, and processed on or about **October 31, 2016**.

Fund Name	Share Class	Fund	CUSIP	NASDAQ	Supplement
Franklin California Insured Tax-Free Income Fund	A	124	352 519 102	FRCIX	 CAT_P2_0616
Franklin California Insured Tax-Free Income Fund	C	224	352 519 409	FRCAX	
Franklin California Insured Tax-Free Income Fund	Advisor	654	352 519 805	FZCAX	

Fund Name	Share Class	Fund	CUSIP	NASDAQ
Franklin California Tax-Free Income Fund	A	112	352 518 104	FKTFX
Franklin California Tax-Free Income Fund	C	212	352 518 203	FRCTX
Franklin California Tax-Free Income Fund	Advisor	614	352 518 401	FCAVX

How were financial advisors and shareholders notified?

- A message has been posted to the Franklin California Insured Tax-Free Income Fund’s main page on franklintempleton.com.
- Financial advisors were sent an email detailing these changes on June 20, 2016; for financial advisors without an email address on file, a letter was mailed to them on about the same date.
- A prospectus supplement and statement message detailing the proposed fund reorganization was included with shareholders’ quarterly asset summary statements, which mailed in early July 2016. Shareholders of record were mailed a combined prospectus/proxy statement in August 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 California Insured Tax-Free Income Fund account to the new Franklin California Tax-Free Income Fund account.
Accrual Information	The Franklin California Insured Tax-Free Income Fund is an accrual fund. The Fund will accrue earnings through October 28, 2016, and also pay the earnings on October 28, 2016.
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. The conversion ratio is extended ten decimal places.
Existing Accounts with Matching Registrations	Shareholders that have an existing account in the Franklin California Tax-Free Income Fund that matches the registration and dealer on their Franklin California Insured Tax-Free Income Fund account will have their shares exchanged into the existing account; account options in the existing account will remain the same.
F55 Activity	The reorganization is being processed on October 31, 2016 as of October 28, 2016 . Reorganization activity will be transmitted in the F55 activity file that will be transmitted around 5:00 am EST on November 1, 2016 . <ul style="list-style-type: none"> Shares moving from the Franklin California Insured Tax-Free Income 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 California Tax-Free Income 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	The Fund is projecting a final distribution; the earnings are calculated and paid separately from the Fund's monthly accrual. Please note the following important dates: Record Date of October 27, 2016, Ex Dividend Date of October 28, 2016, Reinvestment Date of October 28, 2016, and the Payable Date of October 28, 2016.
Net Asset Value	A communication including the Net Asset Value used to process the transaction will be provided as soon as possible following the reorganization processing date. <ul style="list-style-type: none"> Shares moving from the Franklin California Insured Tax-Free Income Fund as part of the reorganization will be processed using a four digit NAV. Shares moving to the Franklin California Tax-Free Income Fund as part of the reorganization will be processed using a two digit NAV.
Pre-agreement Shares (Also known as Level One, Old, or Grandfathered Shares)	Please ensure omnibus accounts in the Franklin California Insured Tax-Free Income Fund containing Pre-agreement shares receive Pre-agreement shares of the Franklin California Tax-Free Income Fund, which have the same aggregate net asset value as their investment in Franklin California Insured Tax-Free Income Fund.
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 October 26, 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 October 31, 2016, in order to coordinate proper handling of the trades.

Franklin Templeton Investor Services, LLC.

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