TEMPLETON GLOBAL INCOME FUND INC
Form PRE 14A
January 05, 2004

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934
(Amendment No. _____)

Filed by the Registrant /X/
Filed by a party other than the Registrant / /

Check the appropriate box:
/X/ Preliminary proxy statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
/ / Definitive proxy statement
/ / Definitive additional materials
/ / Soliciting material pursuant to Sec. 240.14a-12

TEMPLETON GLOBAL INCOME FUND, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

/X/ No fee required.

/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transactions applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

/ / Fee paid previously with preliminary materials.
/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date filed:

[LOGO]

TEMPLETON GLOBAL INCOME FUND, INC.

IMPORTANT SHAREHOLDER INFORMATION

These materials are for the Annual Meeting of Shareholders scheduled for February 27, 2004 at 11:00 a.m. Eastern time. The enclosed materials discuss four proposals (the "Proposals" or, each, a "Proposal") to be voted on at the meeting, and contain the Notice of Meeting, proxy statement and proxy card. A proxy card is, in essence, a ballot. When you vote your proxy by signing and returning your proxy card, it tells us how you wish to vote on important issues relating to Templeton Global Income Fund, Inc. (the "Fund"). If you specify a vote for all Proposals, your proxy will be voted as you indicate. If you specify a vote for one or more Proposals, but not all, your proxy will be voted as specified on such Proposal(s) and, on the Proposal(s) for which no vote is specified, your proxy will be voted FOR such Proposal(s). If you simply sign and date the proxy card, but do not specify a vote for any Proposal, your proxy will be voted FOR all Proposals.

WE URGE YOU TO SPEND A FEW MINUTES REVIEWING THE PROPOSALS IN THE PROXY STATEMENT. THEN, PLEASE FILL OUT AND SIGN THE PROXY CARD AND RETURN IT TO US SO THAT WE KNOW HOW YOU WOULD LIKE TO VOTE. WHEN SHAREHOLDERS RETURN THEIR PROXIES PROMPTLY, THE FUND MAY BE ABLE TO SAVE MONEY BY NOT HAVING TO CONDUCT ADDITIONAL MAILINGS.

WE WELCOME YOUR COMMENTS. IF YOU HAVE ANY QUESTIONS, CALL FUND INFORMATION AT 1-800/DIAL BEN(R) (1-800-342-5236).

TELEPHONE AND INTERNET VOTING

For your convenience, you may be able to vote by telephone or through the Internet, 24 hours a day. If your account is eligible, a control number and separate instructions are enclosed.

PAGE

[LOGO]

TEMPLETON GLOBAL INCOME FUND, INC.

NOTICE OF 2004 ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders (the "Meeting") of Templeton Global Income Fund, Inc. (the "Fund") will be held at the Fund's offices, 500 East Broward Boulevard, 12th Floor, Fort Lauderdale, Florida 33394-3091 on February 27, 2004 at 11:00 a.m. Eastern time.

During the Meeting, shareholders of the Fund will vote on the following Proposals and Sub-Proposals:

1. To elect four Directors of the Fund to hold office for the terms

specified.

2. To approve an Agreement and Plan of Reorganization that provides for the reorganization of the Fund from a Maryland corporation to a Delaware statutory trust.

3. To approve amendments to certain of the Fund's fundamental investment restrictions (includes six (6) Sub-Proposals):

   (a) To amend the Fund's fundamental investment restriction regarding borrowing and issuing senior securities;

   (b) To amend the Fund's fundamental investment restriction regarding industry concentration;

   (c) To amend the Fund's fundamental investment restriction regarding investments in commodities;

   (d) To amend the Fund's fundamental investment restriction regarding investments in real estate;

   (e) To amend the Fund's fundamental investment restriction regarding lending; and

   (f) To amend the Fund's fundamental investment restriction regarding underwriting.

4. To approve the elimination of certain of the Fund's fundamental investment restrictions.

By Order of the Board of Directors,

Barbara J. Green
SECRETARY

January [20], 2004

MANY SHAREHOLDERS HOLD SHARES IN MORE THAN ONE TEMPLETON FUND AND WILL RECEIVE PROXY MATERIAL FOR EACH FUND OWNED. PLEASE SIGN AND PROMPTLY RETURN EACH PROXY CARD IN THE SELF-ADDRESSED ENVELOPE REGARDLESS OF THE NUMBER OF SHARES YOU OWN.

TEMPLETON GLOBAL INCOME FUND, INC.

PROXY STATEMENT

TABLE OF CONTENTS

TEMPLETON GLOBAL INCOME FUND, INC.

PROXY STATEMENT

? INFORMATION ABOUT VOTING

WHO IS ASKING FOR MY VOTE?

The Directors of Templeton Global Income Fund, Inc. (the "Fund"), in connection with the Annual Meeting of Shareholders of the Fund to be held on February 27, 2004 (the "Meeting"), have requested your vote on several matters.

WHO IS ELIGIBLE TO VOTE?

Shareholders of record at the close of business on January 2, 2004 are entitled to be present and to vote at the Meeting or any adjourned Meeting. Each share of record is entitled to one vote (and a proportionate fractional vote for each fractional share) on each matter presented at the Meeting. The Notice of Meeting, the proxy card, and proxy statement were first mailed to shareholders of record on or about January [20], 2004.

ON WHAT ISSUES AM I BEING ASKED TO VOTE?

You are being asked to vote on four Proposals:

1. To elect four Directors of the Fund;

2. To approve an Agreement and Plan of Reorganization that provides for the reorganization of the Fund from a Maryland corporation to a Delaware statutory trust;

3. To approve amendments to certain of the Fund's fundamental investment restrictions (includes six (6) Sub-Proposals); and

4. To approve the elimination of certain of the Fund's fundamental investment restrictions.

HOW DO THE FUND'S DIRECTORS RECOMMEND THAT I VOTE?

The Directors unanimously recommend that you vote:

1. FOR the election of the four nominees as Directors of the Fund;

2. FOR the approval of an Agreement and Plan of Reorganization that provides for the reorganization of the Fund from a Maryland corporation to a Delaware statutory trust;

3. FOR the approval of each of the proposed amendments to certain of the Fund's fundamental investment restrictions; and

4. FOR the approval of the elimination of certain of the Fund's fundamental investment restrictions.

HOW DO I ENSURE THAT MY VOTE IS ACCURATELY RECORDED?

You may attend the Meeting and vote in person or you may complete and return the enclosed proxy card. If you are eligible to vote by telephone or through the Internet, a control number and separate instructions are enclosed.

Proxy cards that are properly signed, dated and received at or prior to the Meeting will be voted as specified. If you specify a vote on any of the Proposals 1 through 4, your proxy will be voted as you indicate, and any Proposal for which no vote is specified will be voted FOR that Proposal. If you simply sign, date and return the proxy card, but do not specify a vote on any of the Proposals 1 through 4, your shares will be voted FOR the election of all nominees as Director (Proposal 1); FOR the approval of an Agreement and Plan of Reorganization that provides for the reorganization of the Fund from a Maryland corporation to a Delaware statutory trust (Proposal 2); FOR the approval of each

of the proposed amendments to certain of the Fund's fundamental investment restrictions (Sub-Proposals 3a-3f); and FOR the approval of the elimination of certain of the Fund's fundamental investment restrictions (Proposal 4).

MAY I REVOKE MY PROXY?

You may revoke your proxy at any time before it is voted by forwarding a written revocation or a later-dated proxy to the Fund that is received by the Fund at or prior to the Meeting, or by attending the Meeting and voting in person.

WHAT IF MY SHARES ARE HELD IN A BROKERAGE ACCOUNT?

If your shares are held by your broker, then in order to vote in person at the Meeting, you will need to obtain a "Legal Proxy" from your broker and present it to the Inspector of Election at the Meeting.

? THE PROPOSALS

PROPOSAL 1: TO ELECT FOUR DIRECTORS OF THE FUND

HOW ARE NOMINEES SELECTED?

The Board of Directors of the Fund (the "Board" or the "Directors") has a Nominating Committee (the "Committee") consisting of Frank J. Crothers, Edith E. Holiday and Gordon S. Macklin, none of whom is an "interested person" of the Fund as defined by the Investment Company Act of 1940, as amended (the "1940 Act"). Directors who are not interested persons of the Fund are referred to as the "Independent Directors" and Directors who are interested persons of the Fund are referred to as the "Interested Directors."

The Committee is responsible for selecting candidates to serve as Directors and recommending such candidates (a) for selection and nomination as Independent Directors by the incumbent Independent Directors and the full Board; and (b) for selection and nomination as Interested Directors by the full Board. In considering a candidate's qualifications, the Committee generally considers the potential candidate's educational background, business or professional experience, and reputation. In addition, the Committee has established as minimum qualifications for Board membership as an Independent Director (1) that such candidate be independent from relationships with the Fund's investment manager and other principal service providers both within the terms and the spirit of the statutory independence requirements specified under the 1940 Act, (2) that such candidate demonstrate an ability and willingness to make the considerable time commitment, including personal attendance at Board meetings, believed necessary to his or her function as an effective Board member, and (3) that such candidate have no continuing relationship as a director, officer or board member of any mutual fund other than those within the Franklin Templeton Investments fund complex.

When the Board has or expects to have a vacancy, the Committee receives and reviews information on individuals qualified to be recommended to the full Board as nominees for election as Directors, including any recommendations by shareholders. Such individuals are evaluated based upon the criteria described above. To date, the Committee has been able to identify, and expects to continue to be able to identify, from its own resources an ample number of qualified candidates. The Committee, however, will review shareholders' recommendations to fill vacancies on the Board if these recommendations are submitted in writing and addressed to the Committee at the Fund's offices.

The Board has adopted and approved a formal written charter for the Committee. A copy of the charter is attached as Exhibit A to this Proxy Statement.

WHO ARE THE NOMINEES AND DIRECTORS?

The Board is divided into three classes. Each class has a term of three years. Each year the term of office of one class expires. This year, the terms of three Directors expire. Frank J. Crothers, Charles B. Johnson, and Fred R. Millsaps have been nominated for three-year terms, set to expire at the 2007 Annual Meeting of Shareholders. Frank A. Olson has been nominated for a one-year term, set to expire at the 2005 Annual Meeting of Shareholders. These terms continue, however, until successors are duly elected and qualified. Among these Directors, only Charles B. Johnson is deemed to be an "interested person" for purposes of the 1940 Act. All of the nominees are currently members of the Board however, Mr. Olson is standing for election by shareholders of the Fund for the first time. An incumbent Independent Director recommended Mr. Olson for consideration by the Committee as a nominee for Director. In addition, all of the current nominees and Directors are also directors or trustees of other Franklin(R) funds and/or Templeton(R) funds.

Certain Directors of the Fund hold director and/or officer positions with Franklin Resources, Inc. ("Resources") and its affiliates. Resources is a publicly owned holding company, the principal shareholders of which are Charles B. Johnson and Rupert H. Johnson, Jr., who own approximately 18.14% and 15.47%, respectively, of its outstanding shares as of August 31, 2003. Resources, a global investment organization operating as Franklin Templeton Investments, is primarily engaged, through various subsidiaries, in providing investment management, share distribution, transfer agent and administrative services to a family of investment companies. Resources is a New York Stock Exchange, Inc. ("NYSE") listed holding company (NYSE:BEN). Charles B. Johnson, Chairman of the Board, Director and Vice President of the Fund, and Rupert H. Johnson, Jr., Vice President of the Fund, are brothers. There are no family relationships among any of the Directors or nominees for Director.

Each nominee currently is available and has consented to serve if elected. If any of the nominees should become unavailable, the designated proxy holders will vote in their discretion for another person or persons who may be nominated as Directors.

Listed below, for the nominees and Directors, are their names, ages and addresses, as well as their positions and length of service with the Fund, principal occupation during the past five years, the number of portfolios in the Franklin Templeton Investments fund complex that they oversee, and any other directorships held by the nominee or Director.

NOMINEES FOR INDEPENDENT DIRECTOR TO SERVE UNTIL 2007 ANNUAL MEETING OF SHAREHOLDERS:

NAME, AGE AND ADDRESS	POSITION	LENGTH OF TIME SERVED	NUMBER OF PORTFOLIOS IN FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX OVERSEEN BY DIRECTOR*	OTHER DIRECTORSHIPS
FRANK J. CROTHERS (59) 500 East Broward Blvd.	Director	Since 1999	[17]	None

Suite 2100 Fort Lauderdale, FL 33394-3091				
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Chairman, Atlantic Equipment & Power Ltd.; Chairman, Ventures Resources Corporation (Vice Chairman 1996-2003); Vice Chairman, Caribbean Utilities Co. Ltd.; Director and President, Provo Power Company Ltd.; Director, Caribbean Electric Utility Services Corporation (Chairman until 2002); and director of various other business and nonprofit organizations.				
FRED R. MILLSAPS (74) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Director	Since 1990	28	
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Director of various business and nonprofit organizations; manager of personal investments (1978-present); and FORMERLY, Chairman and Chief Executive Officer, Landmark Banking Corporation (1969-1978); Financial Vice President, Florida Power and Light (1965-1969); and Vice President, Federal Reserve Bank of Atlanta (1958-1965).				
NOMINEE FOR INDEPENDENT DIRECTOR TO SERVE UNTIL 2005 ANNUAL MEETING OF SHAREHOLDERS:				
FRANK A. OLSON (71) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Director	Since 2003	20	Directo Dickins technol Mountai Ltd. (h and Ame Corpora and ref gas).
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Chairman of the Board, The Hertz Corporation (car rental) (since 1980) (Chief Executive Officer 1977-1999); and FORMERLY, Chairman of the Board, President and Chief Executive Officer, UAL Corporation (airlines).				
NOMINEE FOR INTERESTED DIRECTOR TO SERVE UNTIL 2007 ANNUAL MEETING OF SHAREHOLDERS:				

NAME, AGE AND ADDRESS	POSITION	LENGTH OF TIME SERVED	NUMBER OF PORTFOLIOS IN FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX OVERSEEN BY DIRECTOR*	OTHER
**CHARLES B. JOHNSON (70) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, Director and Vice	Chairman of the Board since 1995 and Director and Vice President	142	

	President	since 1992		

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Chairman of the Board, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Vice President, Franklin Templeton Distributors, Inc.; Director, Fiduciary Trust Company International; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.

INDEPENDENT DIRECTORS SERVING UNTIL 2006 ANNUAL MEETING OF SHAREHOLDERS:

HARRIS J. ASHTON (71) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Director	Since 1992	142	Directo (meat p

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Director of various companies; and FORMERLY, Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).

S. JOSEPH FORTUNATO (71) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Director	Since 1992	143	

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Attorney; and FORMERLY, member of the law firm of Pitney, Hardin, Kipp & Szuch.

INTERESTED DIRECTOR SERVING UNTIL 2006 ANNUAL MEETING OF SHAREHOLDERS:

NAME, AGE AND ADDRESS	POSITION	LENGTH OF TIME SERVED	NUMBER OF PORTFOLIOS IN FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX OVERSEEN BY DIRECTOR*	OTHER
**NICHOLAS F. BRADY (73) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Director	Since 1993	21	Directo Corpora and ref gas); a (operat busines Directo Company and all (1987-1

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Chairman, Darby Overseas Investments, Ltd., Darby Emerging Markets Investments LDC and Darby Technology Ventures Group, LLC (investment firms) (1994-present); Director, Templeton Capital Advisors Ltd. and Franklin Templeton Investment Fund; and FORMERLY, Chairman, Templeton Emerging Markets Investment Trust PLC

(until 2003); Secretary of the United States Department of the Treasury (1988-1993); Chairman of the Board, Dillon, Read & Co., Inc. (investment banking) (until 1988); and U.S. Senator, New Jersey (April 1982-December 1982).

INDEPENDENT DIRECTORS SERVING UNTIL 2005 ANNUAL MEETING OF SHAREHOLDERS:

NAME, AGE AND ADDRESS	POSITION	LENGTH OF TIME SERVED	NUMBER OF PORTFOLIOS IN FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX OVERSEEN BY DIRECTOR*	OTHER
EDITH E. HOLIDAY (51) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Director	Since 1996	94	Directo Corpora and ref gas); B Inc. (h Heinz C foods a RTI Int Inc. (m distrib and Can Railway

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Director or Trustee of various companies and trusts; and FORMERLY, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison--United States Treasury Department (1988-1989).

NAME, AGE AND ADDRESS	POSITION	LENGTH OF TIME SERVED	NUMBER OF PORTFOLIOS IN FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX OVERSEEN BY DIRECTOR*	OTHER
GORDON S. MACKLIN (75) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Director	Since 1993	142	Directo Insuran (holdin Bioscie MedImmu (biotec Oversto service Inc. (a and FOR MCI Com Corpora known a Inc. an (commun (1988-2

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Deputy Chairman, White Mountains Insurance Group, Ltd. (holding company); and FORMERLY, Chairman, White River Corporation (financial services) (1993-1998) and Hambrecht & Quist Group (investment banking) (1987-1992); and President, National Association of Securities Dealers, Inc. (1970-1987).

CONSTANTINE D. TSERETOPOULOS (49)	Director	Since 1999	20	

500 East Broward Blvd.
Suite 2100
Fort Lauderdale, FL
33394-3091

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Physician, Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and FORMERLY, Cardiology Fellow, University of Maryland (1985-1987) and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).

---

* We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex that a nominee for election as director would oversee if elected or that a director currently oversees. These portfolios have a common investment adviser or affiliated investment advisers, and also may share a common underwriter.

** Nicholas F. Brady and Charles B. Johnson are "interested persons" of the Fund as defined by the 1940 Act. The 1940 Act limits the percentage of interested persons that can comprise a fund's board of directors. Mr. Johnson is considered an interested person of the Fund due to his position as an officer and director and major shareholder of Resources, which is the parent company of the Fund's investment manager, and his position with the Fund. Mr. Brady's status as an interested person results from his business affiliations with Resources and Templeton Global Advisors Limited. On October 1, 2003, Resources acquired all of the shares of Darby Overseas Investments, Ltd. ("Darby Investments") and the remaining portion of the limited partner interests not currently owned by Resources of Darby Overseas Partners, L.P. ("Darby Partners"). Mr. Brady, formerly a shareholder of Darby Investments and a partner of Darby Partners, will continue as Chairman of Darby Investments, which is the corporate general partner of Darby Partners. In addition, Darby Partners and Templeton Global Advisors Limited are limited partners of Darby Emerging Markets Fund, L.P. ("DEMF"). Mr. Brady will also continue to serve as Chairman of the corporate general partner of DEMF, and Darby Partners and Darby Investments own 100% of the stock of the general partner of DEMF. Resources also is an investor in Darby Technology Ventures Group, LLC ("DTV") in which Darby Partners is a significant investor and for which Darby Partners has the right to appoint a majority of the directors. Templeton Global Advisors Limited also is a limited partner in Darby--BBVA Latin America Private Equity Fund, L.P. ("DBVA"), a private equity fund in which Darby Partners is a significant investor, and the general partner of which Darby Partners controls jointly with an unaffiliated third party. Mr. Brady is also a director of Templeton Capital Advisors Ltd. ("TCAL"), which serves as investment manager to certain unregistered funds. TCAL and Templeton Global Advisors Limited are both indirect subsidiaries of Resources. The remaining nominees and Directors of the Fund are Independent Directors.

The following tables provide the dollar range of the equity securities of the Fund and of all funds overseen by the Directors in the Franklin Templeton Investments fund complex beneficially owned by the Fund's Directors as of December 31, 2003.

INDEPENDENT DIRECTORS:

	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL FUNDS OVERSEEN BY THE

NAME OF DIRECTOR	DOLLAR RANGE OF EQUITY SECURITIES IN THE FUND	DIRECTOR IN THE FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX
Harris J. Ashton	$1 - $10,000	Over $100,000
Frank J. Crothers	None	Over $100,000
S. Joseph Fortunato	$1 - $10,000	Over $100,000
Edith E. Holiday	$1 - $10,000	Over $100,000
Gordon S. Macklin	Over $100,000	Over $100,000
Fred R. Millsaps	None	Over $100,000
Frank A. Olson	None	Over $100,000
Constantine D. Tseretopoulos	None	Over $100,000

INTERESTED DIRECTORS:

NAME OF DIRECTOR	DOLLAR RANGE OF EQUITY SECURITIES IN THE FUND	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL FUNDS OVERSEEN BY THE DIRECTOR IN THE FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX
Nicholas F. Brady	$10,001 - $50,000	Over $100,000
Charles B. Johnson	$10,001 - $50,000	Over $100,000

HOW OFTEN DO THE DIRECTORS MEET AND WHAT ARE THEY PAID?

The role of the Directors is to provide general oversight of the Fund's business and to ensure that the Fund is operated for the benefit of all shareholders. The Directors anticipate meeting at least five times during the current fiscal year to review the operations of the Fund and the Fund's investment performance. The Directors also oversee the services furnished to the Fund by Franklin Advisers, Inc., the Fund's investment manager (the "Investment Manager"), and various other service providers. The Fund currently pays the Independent Directors and Mr. Brady an annual retainer of $2,000 and a fee of $400 per Board meeting attended. Directors serving on the Audit Committee of the Fund and other investment companies in Franklin Templeton Investments receive a flat fee of $2,000 per Audit Committee meeting attended, a portion of which is allocated to the Fund. Members of a committee are not compensated for any committee meeting held on the day of a Board meeting.

During the fiscal year ended August 31, 2003, there were five meetings of the Board, three meetings of the Audit Committee, and five meetings of the Nominating and Compensation Committee. Each Director then in office attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees of the Board on which the Director served. The Fund does not currently have a formal policy regarding Directors' attendance at the annual shareholders' meeting. One Director attended the Fund's last annual meeting held on February 28, 2003.

Certain Directors and officers of the Fund are shareholders of Resources and may receive indirect remuneration due to their participation in management fees and other fees received by the Investment Manager and its affiliates from the funds in Franklin Templeton Investments. The Investment Manager or its affiliates pay the salaries and expenses of the officers. No

pension or retirement benefits are accrued as part of Fund expenses.

NAME OF DIRECTOR	AGGREGATE COMPENSATION FROM THE FUND*	TOTAL COMPENSATION FROM FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX**	NUMBER OF BOARDS IN FRANKLIN TEMPLETON INVESTMENTS FUND COMPLEX ON WHICH DIRECTOR SERVES***
Harris J. Ashton	$5,500	$[]	46
Nicholas F. Brady	5,500	[]	15
Frank J. Crothers	5,767	[]	14
S. Joseph Fortunato	5,500	[]	47
Andrew H. Hines, Jr.****	5,655	[]	1
Edith E. Holiday	5,500	[]	30
Betty P. Krahmer	5,500	[]	15
Gordon S. Macklin	5,500	[]	46
Fred R. Millsaps	5,655	[]	17
Frank A. Olson*****	1,167	[]	14
Constantine D. Tseretopoulos	5,767	[]	14

---

* Compensation received for the fiscal year ended August 31, 2003.

** Compensation received for the calendar year ended December 31, 2003.

*** We base the number of boards on the number of U.S. registered investment companies in the Franklin Templeton Investments fund complex. This number does not include the total number of series or funds within each investment company for which the Board members are responsible. Franklin Templeton Investments currently includes [51] registered investment companies, with approximately [149] U.S. based funds or series.

**** Mr. Hines retired from the Board effective December 31, 2003.

***** Mr. Olson was appointed to the Board in May 2003.

The table above indicates the total fees paid to Directors by the Fund individually and by all of the funds in Franklin Templeton Investments. These Directors also serve as directors or trustees of other funds in Franklin Templeton Investments, many of which hold meetings at different dates and times. The Directors and the Fund's management believe that having the same individuals serving on the boards of many of the funds in Franklin Templeton Investments enhances the ability of each fund to obtain, at a relatively modest cost to each separate fund, the services of high caliber, experienced and knowledgeable Independent Directors who can more effectively oversee the management of the funds.

Board members historically have followed a policy of having substantial investments in one or more of the funds in Franklin Templeton Investments, as is consistent with their individual financial goals. In February 1998, this policy was formalized through adoption of a requirement that each board member invest one-third of the fees received for serving as a director or trustee of a Templeton fund in shares of one or more Templeton funds and one-third of the fees received for serving as a director or trustee of a Franklin fund in shares of one or more Franklin funds until the value of such investments equals or exceeds five times the annual fees paid to such board member. Investments in the name of family members or entities controlled by a board member constitute fund holdings of such board member for purposes of this policy, and a three-year phase-in period applies to such investment requirements for newly elected board members. In implementing this policy, a board member's fund holdings existing on February 27, 1998 were valued as of such date with subsequent investments valued at cost.

WHO ARE THE EXECUTIVE OFFICERS OF THE FUND?

Officers of the Fund are appointed by the Directors and serve at the pleasure of the Board. Listed below, for the Executive Officers are their names, ages and addresses, as well as their positions and length of service with the Fund, and principal occupations during the past five years.

NAME, AGE AND ADDRESS	POSITION	LENGTH OF
CHARLES B. JOHNSON	Chairman of the Board, Director and Vice President	Chairman since 1995 a Vice Presid
Please refer to the table "Nominee for Interested Director to serve until 2007 Annual Meeting of Shareholders" for additional information about Mr. Charles B. Johnson.		
CHRISTOPHER J. MOLUMPHY (41) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer--Investment Management	Sinc
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Executive Vice President, Franklin Advisers, Inc.; and officer of six of the investment companies in Franklin Templeton Investments.		
RUPERT H. JOHNSON, JR. (63) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Sinc
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Vice President and Director, Franklin Templeton Distributors, Inc.; Director, Franklin Advisers, Inc. and Franklin Investment Advisory Services, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 49 of the investment companies in Franklin Templeton Investments.		
HARMON E. BURNS (58) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Sinc
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Vice Chairman, Member - Office of the Chairman and Director, Franklin Resources, Inc.; Vice President and Director, Franklin Templeton Distributors, Inc.; Executive Vice President, Franklin Advisers, Inc.; Director, Franklin Investment Advisory Services, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 49 of the investment companies in Franklin Templeton Investments.		

NAME, AGE AND ADDRESS	POSITION	LENGTH OF
MARTIN L. FLANAGAN (43) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Sinc
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Co-President and Chief Executive Officer, Franklin Resources, Inc.; Senior Vice President and Chief Financial Officer, Franklin Mutual Advisers, LLC; Executive Vice President, Chief Financial Officer and Director, Templeton Worldwide, Inc.; Executive Vice President and Chief Operating Officer, Templeton Investment Counsel, LLC; President and Director, Franklin Advisers, Inc.; Executive Vice President, Franklin Investment Advisory Services, Inc. and Franklin Templeton Investor Services, LLC; Chief Financial Officer, Franklin Advisory Services, LLC; Chairman, Franklin Templeton Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 49 of the investment companies in Franklin Templeton Investments.		
JEFFREY A. EVERETT (39) P.O. Box N-7759 Lyford Cay, Nassau Bahamas	Vice President	Sinc
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: President and Director, Templeton Global Advisors Limited; officer of 15 of the investment companies in Franklin Templeton Investments; and FORMERLY, Investment Officer, First Pennsylvania Investment Research (until 1989).		
JIMMY D. GAMBILL (56) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Senior Vice President and Chief Executive Officer - Finance and Administration	Sinc
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: President, Franklin Templeton Services, LLC; Senior Vice President, Templeton Worldwide, Inc.; and officer of 51 of the investment companies in Franklin Templeton Investments.		
JOHN R. KAY (63) 500 East Broward Blvd. Suite 2100 Fort Lauderdale, FL 33394-3091	Vice President	Sinc
PRINCIPAL OCCUPATION DURING PAST 5 YEARS: Vice President, Templeton Worldwide, Inc.; Assistant Vice President, Franklin Templeton Distributors, Inc.; Senior Vice President, Franklin Templeton Services, LLC; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 35 of the investment companies in Franklin Templeton Investments; and FORMERLY, Vice President and Controller, Keystone Group, Inc.		

NAME, AGE AND ADDRESS	POSITION	LENGTH OF
MURRAY L. SIMPSON (66) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Assistant Secretary	Sinc

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Executive Vice President and General Counsel, Franklin Resources, Inc.; officer and/or director, as the case may be, of some of the subsidiaries of Franklin Resources, Inc. and of 51 of the investment companies in Franklin Templeton Investments; and FORMERLY, Chief Executive Officer and Managing Director, Templeton Franklin Investment Services (Asia) Limited (until 2000); and Director, Templeton Asset Management Ltd. (until 1999).

BARBARA J. GREEN (56) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Vice Presid and Secreta

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Vice President, Deputy General Counsel and Secretary, Franklin Resources, Inc.; Secretary and Senior Vice President, Templeton Worldwide, Inc.; Secretary, Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Investment Advisory Services, Inc., Franklin Mutual Advisers, LLC, Franklin Templeton Alternative Strategies, Inc., Franklin Templeton Investor Services, LLC, Franklin Templeton Services, LLC, Franklin Templeton Distributors, Inc., Templeton Investment Counsel, LLC, and Templeton/Franklin Investment Services, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 51 of the investment companies in Franklin Templeton Investments; and FORMERLY, Deputy Director, Division of Investment Management, Executive Assistant and Senior Advisor to the Chairman, Counselor to the Chairman, Special Counsel and Attorney Fellow, U.S. Securities and Exchange Commission (1986-1995); Attorney, Rogers & Wells (until 1986); and Judicial Clerk, U.S. District Court (District of Massachusetts) (until 1979).

DAVID P. GOSS (56) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Assistant Secretary	Sinc

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Associate General Counsel, Franklin Resources, Inc.; officer and director of one of the subsidiaries of Franklin Resources, Inc.; officer of 51 of the investment companies in Franklin Templeton Investments; and FORMERLY, President, Chief Executive Officer and Director, Property Resources Equity Trust (until 1999) and Franklin Select Realty Trust (until 2000).

MICHAEL O. MAGDOL (66) 600 Fifth Avenue Rockefeller Center New York, NY 10048-0772	Vice President--AML Compliance	Sinc

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Vice Chairman, Chief Banking Officer and Director, Fiduciary Trust Company

International; Director, FTI Banque, Arch Chemicals, Inc. and Lingnan Foundation; and officer and/or director, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 48 of the investment companies in Franklin Templeton Investments.

KIMBERLEY H. MONASTERIO (40) — Treasurer and Chief Financial Officer — Sinc

One Franklin Parkway
San Mateo, CA
94403-1906

PRINCIPAL OCCUPATION DURING PAST 5 YEARS:
Senior Vice President, Franklin Templeton Services, LLC; and officer of 51 of the investment companies in Franklin Templeton Investments.

PROPOSAL 2: TO APPROVE AN AGREEMENT AND PLAN OF REORGANIZATION THAT PROVIDES FOR THE REORGANIZATION OF THE FUND FROM A MARYLAND CORPORATION TO A DELAWARE STATUTORY TRUST

The Directors unanimously recommend that you approve an Agreement and Plan of Reorganization (the "Plan"), substantially in the form attached to this proxy statement as EXHIBIT B, that would change the state of organization of the Fund. This proposed change calls for the reorganization of the Fund from a Maryland corporation into a newly formed Delaware statutory trust. This proposed reorganization will be referred to throughout this proxy statement as the "Reorganization." To implement the Reorganization, the Directors have approved the Plan, which contemplates the continuation of the current business of the Fund in the form of a new Delaware statutory trust named "Templeton Global Income Fund" (the "DE Fund").

WHAT WILL THE REORGANIZATION MEAN FOR THE FUND AND ITS SHAREHOLDERS?

If the Plan is approved by shareholders and the Reorganization is implemented, the DE Fund would have the same investment objective, policies and restrictions as the Fund (including, if approved by shareholders at the Meeting, the same fundamental investment restrictions amended or eliminated by Proposals 3 and 4 in this proxy statement). The Board, including any persons elected under Proposal 1, and officers of the DE Fund would be the same as those of the Fund, and would operate the DE Fund in essentially the same manner as they previously operated the Fund. Thus, on the effective date of the Reorganization, you would hold an interest in the DE Fund that is equivalent to your then interest in the Fund. For all practical purposes, a shareholder's investment in the Fund would not change.

WHY ARE THE DIRECTORS RECOMMENDING APPROVAL OF THE PLAN AND THE REORGANIZATION?

The Directors have determined that investment companies formed as Delaware statutory trusts have certain advantages over investment companies organized as Maryland corporations. Under Delaware law, investment companies are able to simplify their operations by reducing administrative burdens. For example, Delaware law allows greater flexibility in drafting and amending an investment company's governing documents, which can result in greater efficiencies of operation and savings for an investment company and its shareholders. Delaware law also provides favorable state tax treatment. Most significantly, an investment company formed as a Delaware statutory trust, unlike one formed as a Maryland corporation, need not pay an organization and capitalization tax on the aggregate par value of shares it issues to shareholders. Furthermore, as described below, in Delaware there is a well-established body of legal precedent in the area of corporate law that may be relevant in deciding issues pertaining

to the DE Fund. This could benefit the DE Fund and its shareholders by, for example, making litigation involving the interpretation of provisions in the DE Fund's governing documents less likely or, if litigation should be initiated, less burdensome or expensive. Accordingly, the Directors believe that it is in the best interests of the shareholders to approve the Plan.

HOW DO THE MARYLAND CORPORATE LAW AND THE FUND'S GOVERNING DOCUMENTS COMPARE TO THE DELAWARE STATUTORY TRUST LAW AND THE DE FUND'S GOVERNING DOCUMENTS?

The following summary compares certain rights and characteristics of the shares of the Fund to the shares of the DE Fund. The summary is qualified in its entirety by the more complete comparison of Maryland corporate law and Delaware statutory trust law, and a comparison of the relevant provisions of the governing documents of the Fund and the DE Fund, included in EXHIBIT C to this proxy statement, which is entitled, "A COMPARISON OF GOVERNING DOCUMENTS AND STATE LAW."

Reorganizing the Fund from a Maryland corporation to a Delaware statutory trust is expected to provide many benefits to the Fund and its shareholders. Funds formed as Delaware statutory trusts under the Delaware Statutory Trust Act (the "Delaware Act") are granted a significant amount of operational flexibility, resulting in efficiencies of operation that translate into savings for a fund, such as the DE Fund, and its shareholders. For example, the Delaware Act authorizes management to take various actions without requiring shareholder approval if permitted by the governing instrument. Additionally, unlike Maryland corporate law, the Delaware Act permits any amendment to the statutory trust's governing instrument without the need for a state filing, which can reduce administrative burdens and costs.

The operations of a Delaware statutory trust formed under the Delaware Act are governed by a declaration of trust and by-laws. The DE Fund's Agreement and Declaration of Trust ("Declaration of Trust") and By-Laws streamline many of the provisions in the Fund's Charter and By-Laws, and should thus lead to enhanced flexibility in management and administration as compared to its current operation as a Maryland corporation. As a Delaware statutory trust, the DE Fund should also be able to adapt more quickly and cost effectively to new developments in the mutual fund industry and the financial markets.

Moreover, to the extent provisions in the DE Fund's Declaration of Trust and By-Laws are addressed by rules and principles established under Delaware corporate law and the laws governing other Delaware business entities (such as limited partnerships and limited liability companies), the Delaware courts may look to such other laws to help interpret provisions of the DE Fund's Declaration of Trust and By-Laws. Applying this body of law to the operation of the DE Fund should prove beneficial because these laws are extensively developed and business-oriented. In addition, Delaware's Chancery Court is dedicated to business law matters, which means that the judges tend to be more specialized and better versed in the nuances of the law that will be applied to the DE Fund. These legal advantages tend to make more certain the resolution of legal controversies and help to reduce legal costs resulting from uncertainty in the law.

Shares of the DE Fund and the Fund each have one vote per full share and a proportionate fractional vote for each fractional share. Both the DE Fund and the Fund provide for noncumulative voting in the election of their trustees/directors and provide for a classified board consisting of three classes of trustees/directors, with staggered terms. Like the Fund, the DE Fund intends to hold annual shareholder meetings. Special meetings of shareholders may be called at any time by the DE Fund Board, by the chairperson of the DE Fund Board or by the president of the DE Fund for the purpose of taking action upon any matter deemed by the DE Fund Board to be necessary or desirable. To the

extent permitted by the 1940 Act, a special meeting of the shareholders for the purpose of electing trustees may also be called by the chairperson of the DE Fund Board, or shall be called by the president or any vice-president of the DE Fund at the request of shareholders holding not less than 10% of the DE Fund's shares, provided that the shareholders requesting such meeting shall have paid the DE Fund the reasonably estimated cost of preparing and mailing the notice of the meeting. With respect to shareholder inspection rights of a fund's books and records, the Fund and the DE Fund each provide certain inspection rights to its shareholders at least to the extent required by applicable law.

While shareholders of the DE Fund will have similar distribution and voting rights as they currently have as shareholders of the Fund, there are certain differences. The organizational structures differ in record date parameters for determining shareholders entitled to notice, to vote and to a distribution and differ in the proportion of shares required to vote on certain matters, such as mergers, dissolution, and amendment to charter documents. In addition, the By-Laws that govern the operation of the DE Fund contain a provision which requires that notice be given to the DE Fund by a shareholder in advance of a shareholder meeting to enable a shareholder to present a proposal at any such meeting. Failure to satisfy the requirements of this advance notice provision will mean that a shareholder may not be able to present a proposal at a meeting. The details of that new advance notice provision are included in EXHIBIT C and its operation is described under "FURTHER INFORMATION ABOUT VOTING AND THE MEETING- SHAREHOLDER PROPOSALS" below.

Under Maryland corporation law, the shareholders of the Fund are not subject to any personal liability for any claims against, or liabilities of, the Fund solely by reason of being or having been a shareholder of the Fund. Under the Delaware Act, shareholders of the DE Fund will be entitled to the same limitation of personal liability as is extended to shareholders of a private corporation organized for profit under the General Corporation Law of the State of Delaware.

WHAT ARE THE CONSEQUENCES AND PROCEDURES OF THE REORGANIZATION?

Upon completion of the Reorganization, the DE Fund will continue the business of the Fund and will have the same investment objective, policies and investment restrictions as those of the Fund existing on the date of the Reorganization, and will hold the same portfolio of securities then held by the Fund. The DE Fund will be operated under substantially identical overall management, investment management, and administrative arrangements as those of the Fund. As the successor to the Fund's operations, the DE Fund will adopt the Fund's notification of registration under the 1940 Act.

The DE Fund was created solely for the purpose of becoming the successor organization to, and carrying on the business of, the Fund. To accomplish the Reorganization, the Plan provides that the Fund will transfer all of its portfolio securities and any other assets, subject to its liabilities, to the DE Fund. In exchange for these assets and liabilities, the DE Fund will issue shares of the DE Fund to the Fund, which will then distribute those shares pro rata to you as a shareholder of the Fund. Through this procedure, you will receive exactly the same number and dollar amount of shares of the DE Fund as you held in the Fund immediately prior to the Reorganization. You will retain the right to any declared but undistributed dividends or other distributions payable on the shares of the Fund that you may have had as of the effective date of the Reorganization. As soon as practicable after the date of the Reorganization, the Fund will be dissolved and cease its existence.

The Directors may terminate the Plan and abandon the Reorganization at any time prior to the effective date of the Reorganization if they determine that proceeding with the Reorganization is inadvisable. If the Reorganization is not approved by shareholders of the Fund, or if the Directors abandon the

Reorganization, the Fund will continue to operate as a Maryland corporation. If the Reorganization is approved by shareholders, it is expected to be completed in 2004.

WHAT EFFECT WILL THE REORGANIZATION HAVE ON THE CURRENT INVESTMENT MANAGEMENT AGREEMENT?

As a result of the Reorganization, the DE Fund will be subject to a new investment management agreement between the DE Fund and the Investment Manager. The new investment management agreement will be substantially identical to the current investment management agreement between the Investment Manager and the Fund.

WHAT EFFECT WILL THE REORGANIZATION HAVE ON THE CURRENT SHAREHOLDER SERVICING AGREEMENTS?

The DE Fund will enter into an agreement with Franklin Templeton Services, LLC for administration services that is substantially identical to the Fund Administration Agreement currently in place for the Fund. The Fund will assign to the DE Fund the Fund's service and transfer agency agreements with Mellon Investor Services LLC (which provide for certain financial, administrative, transfer agency and fund accounting services).

WHAT IS THE EFFECT OF SHAREHOLDER APPROVAL OF THE PLAN?

Under the 1940 Act, the shareholders of a fund must elect trustees and approve the initial investment management agreement for the fund. Theoretically, if the Plan is approved and the Fund is reorganized to a Delaware statutory trust, the shareholders would need to vote on these two items for the DE Fund. In fact, the DE Fund must obtain shareholder approval of these items or it will not comply with the 1940 Act. However, the Directors have determined that it is in the best interests of the shareholders to avoid the considerable expense of another shareholder meeting to obtain these approvals after the Reorganization. Therefore, the Directors have determined that approval of the Plan will constitute, for purposes of the 1940 Act, shareholder approval of: (1) the election of the Directors of the Fund who are in office at the time of the Reorganization as Trustees of the DE Fund; and (2) a new investment management agreement between the DE Fund and the Investment Manager, which is substantially identical to the investment management agreement currently in place for the Fund.

Prior to the Reorganization, if the Plan is approved by shareholders, the officers will cause the Fund, as the sole shareholder of the DE Fund, to vote its share FOR the matters specified above. This action will enable the DE Fund to satisfy the requirements of the 1940 Act without involving the time and expense of another shareholder meeting.

WHAT IS THE CAPITALIZATION AND STRUCTURE OF THE DE FUND?

The DE Fund was formed as a Delaware statutory trust on December 2, 2003 pursuant to the Delaware Act. The DE Fund has authorized an unlimited number of shares of beneficial interest without par value. As of the effective date of the Reorganization, outstanding shares of the DE Fund will be fully paid, nonassessable, freely transferable, and will have no preemptive or subscription rights. The DE Fund also has the same fiscal year as the Fund.

WHO WILL BEAR THE EXPENSES OF THE REORGANIZATION?

Since the Reorganization will benefit the Fund and its shareholders, the Board has authorized that expenses incurred in the Reorganization shall be paid by the Fund, whether or not the Reorganization is approved by shareholders.

ARE THERE ANY TAX CONSEQUENCES FOR SHAREHOLDERS?

The Reorganization is designed to be tax-free for federal income tax purposes so that you will not experience a taxable gain or loss when the Reorganization is completed. Generally, the basis and holding period of your shares in the DE Fund will be the same as the basis and holding period of your shares in the Fund. Consummation of the Reorganization is subject to receipt of a legal opinion from the law firm of Stradley Ronon Stevens & Young, LLP, counsel to the DE Fund and the Fund, that under the Internal Revenue Code of 1986, as amended, the Reorganization will not give rise to the recognition of income, gain or loss for federal income tax purposes to the Fund, the DE Fund, or their shareholders.

WHAT IF I CHOOSE TO SELL MY SHARES AT ANY TIME?

You may continue to trade your shares of the Fund on the NYSE or Pacific Exchange, Inc. (the "PCX") until the close of trading on the business day before the effective date of the Reorganization. The shares of the DE Fund will be listed on the NYSE and the PCX just as shares of the Fund historically have been listed. Consequently, upon the effectiveness of the Reorganization you may trade, on the NYSE or the PCX the shares of the DE Fund you receive in the Reorganization. The market value of your shares will not be affected by the Reorganization except to the extent that market forces affect the value of the shares, as currently occurs.

WHAT IS THE EFFECT OF MY VOTING "FOR" THE PLAN?

By voting "FOR" the Plan, you will be agreeing to become a shareholder of a closed-end fund organized as a Delaware statutory trust, with trustees, an investment management agreement, and other service arrangements that are substantially identical to those in place for the Fund.

THE BOARD OF DIRECTORS UNANIMOUSLY
RECOMMENDS THAT YOU VOTE "FOR" PROPOSAL 2.

INTRODUCTION TO PROPOSALS 3 AND 4

The Fund is subject to a number of fundamental investment restrictions that (1) are more restrictive than those required under present law; (2) are no longer required; or (3) were adopted in response to regulatory, business or industry conditions that no longer exist. Under the 1940 Act, "fundamental" investment restrictions may be changed or eliminated only if shareholders approve such action. The Board is recommending that shareholders approve the amendment or elimination of certain of the Fund's fundamental investment restrictions principally to (1) update those current investment restrictions that are more restrictive than is required under the federal securities laws; and (2) conform the Fund's fundamental investment restrictions to those of the majority of the funds in Franklin Templeton Investments. In general, the proposed restrictions would (1) simplify, modernize and standardize the fundamental investment restrictions that are required to be stated by a fund under the 1940 Act; and (2) eliminate those fundamental investment restrictions that are no longer required by the federal securities laws, interpretations of the U.S. Securities and Exchange Commission ("SEC") or state securities law, as preempted by the National Securities Markets Improvement Act of 1996 ("NSMIA").

After the Fund was organized as a Maryland corporation in 1988, certain legal and regulatory requirements applicable to investment companies changed. For example, certain restrictions imposed by state laws and regulations were preempted by NSMIA and, therefore, are no longer applicable to investment companies. As a result, the Fund currently is subject to certain fundamental investment restrictions that are either more restrictive than is required under current law, or which are no longer required at all.

The Board believes there are several distinct advantages to revising the Fund's fundamental investment restrictions at this time. First, by reducing the total number of investment restrictions that can be changed only by a shareholder vote, the Board and the Investment Manager believe that the Fund will be able to minimize the costs and delays associated with holding future shareholders' meetings to revise fundamental investment restrictions that have become outdated or inappropriate. Second, the Board and the Investment Manager also believe that the Investment Manager's ability to manage the Fund's assets in a changing investment environment will be enhanced because the Fund will have greater investment management flexibility to respond to market, industry, regulatory or technical changes by seeking Board approval only when necessary to revise certain investment restrictions. Finally, the standardized fundamental investment restrictions are expected to enable the Fund to more efficiently and more easily monitor portfolio compliance.

The proposed standardized fundamental investment restrictions cover those areas for which the 1940 Act requires the Fund to have fundamental restrictions and are substantially similar to the fundamental investment restrictions of other funds in Franklin Templeton Investments that have recently amended their investment restrictions. The proposed standardized restrictions will not affect the Fund's investment goal or its current principal investment strategies. Although the proposed amendments will give the Fund greater flexibility to respond to possible future investment opportunities, the Board does not anticipate that the changes, individually or in the aggregate, will result in a material change in the current level of investment risk associated with an investment in the Fund, nor does the Board anticipate that the proposed changes in fundamental investment restrictions will materially change the manner in which the Fund is currently managed and operated. However, the Board may change or modify the way the Fund is managed in the future, as contemplated by the proposed amendments to, or elimination of, the applicable investment restrictions. Should the Board in the future modify materially the way the Fund is managed to take advantage of such increased flexibility, the Fund will make the necessary disclosures to shareholders.

PROPOSAL 3: TO APPROVE AMENDMENTS TO CERTAIN OF THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTIONS (THIS PROPOSAL INVOLVES SEPARATE VOTES ON SUB-PROPOSALS 3A - 3F)

The Fund's existing fundamental investment restrictions, together with the recommended changes to the investment restrictions, are detailed in EXHIBIT d, which is entitled, "FUNDAMENTAL INVESTMENT RESTRICTIONS PROPOSED TO BE AMENDED OR ELIMINATED." Shareholders are requested to vote separately on each Sub-Proposal in Proposal 3. Any Sub-Proposal that is approved by shareholders will be effective upon shareholder approval.

SUB-PROPOSAL 3A: TO AMEND THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTION REGARDING BORROWING AND ISSUING SENIOR SECURITIES.

The 1940 Act requires investment companies to impose certain limitations on borrowing activities and a fund's borrowing limitations must be fundamental. The 1940 Act also requires the Fund to have an investment policy describing its ability to issue senior securities. The Fund currently has one fundamental investment restriction covering both activities. Management proposes that such policies be amended and set forth in two separate policies as further described below.

The Fund's current investment restriction also limits the Fund's ability to pledge its assets. Currently the Fund may not pledge its assets for any purpose, except in order to secure any permissible borrowings. The 1940 Act does not require this type of fundamental investment restriction.

BORROWING. The 1940 Act limitations on borrowing are generally designed to protect shareholders and their investment by restricting a fund's ability to subject its assets to the claims of creditors who, under certain circumstances, might have a claim to the fund's assets that would take precedence over the claims of shareholders. Under the 1940 Act, a closed-end fund may engage in borrowings (not limited to borrowings from banks) if immediately after such borrowings, the aggregate of such borrowings is in an amount that is not more than 33 1/3% of its total assets (or lesser amounts, depending on the form of borrowing). Closed-end funds typically enter into line of credit agreements with banks or issue a class of preferred stock or other debt obligations in order to leverage the fund - that is, to invest the borrowings in securities that are expected to yield a higher return than the cost of borrowing.

WHAT EFFECT WILL AMENDING THE CURRENT BORROWING RESTRICTION HAVE ON THE FUND?

The Fund's current investment restriction relating to borrowing prohibits the Fund from borrowing money, except that the Fund may borrow from a bank (1) for temporary or emergency purposes or (2) to finance the repurchase of its shares and tender offers, in amounts up to 30% of its total assets (not including the amount borrowed). In addition, the Fund may not purchase additional portfolio securities while borrowings exceed 5% of the value of its total assets.

The proposed investment restriction would prohibit borrowing money, except to the extent permitted by the 1940 Act or any rule, exemption or interpretation thereunder issued by the SEC and would eliminate the restriction regarding the Fund's ability to pledge its assets. In addition, the Fund's policy that the Fund may borrow up to 30% of its total assets from banks for temporary or emergency purposes or to finance share repurchases or tender offers would be eliminated. By so amending the investment restriction, the Fund would not unnecessarily limit the Investment Manager if the Investment Manager determines that borrowing is in the best interests of the Fund and its shareholders. As a general matter, Section 18 of the 1940 Act limits a fund's borrowings to not more than 33 1/3% of the fund's total assets, which would provide the Fund will greater flexibility than the current restriction. If this proposed fundamental policy is approved, the Fund would be permitted to borrow for leveraging purposes and would not be prohibited from purchasing additional portfolio securities if its borrowings exceeded 5% of the value of its total assets. As a result, the Fund would be subject, to a greater degree, to the risks associated with borrowing, as described below.

The proposed restriction would also permit the Fund to borrow money from affiliated investment companies or other affiliated entities. In September 1999, the SEC granted an exemptive order to the Fund, together with other funds in Franklin Templeton Investments, permitting the Fund to borrow money from other funds in Franklin Templeton Investments (the "Inter-Fund Lending and Borrowing Order"). The proposed borrowing restriction would permit the Fund, under certain circumstances and in accordance with the Inter-Fund Lending and Borrowing Order, to borrow money from other funds in Franklin Templeton Investments at rates that are more favorable than the rates that the Fund would receive if it borrowed from banks or other lenders. The proposed borrowing restriction would also permit the Fund to borrow from other affiliated entities, such as the Investment Manager, under emergency market conditions should the SEC permit investment companies to engage in such borrowing in the future, such as it did in response to the emergency market conditions that existed immediately after the events of September 11, 2001.

ISSUING SENIOR SECURITIES. A "senior security" is an obligation of a fund, with respect to its earnings or assets that takes precedence over the claims of the fund's shareholders with respect to the same earnings or assets. The 1940 Act generally limits a closed-end fund's ability to issue senior securities in

order to limit the fund's ability to use leverage. In general, leverage occurs when a fund borrows money to enter into securities transactions or acquires an asset without being required to make payment until a later time.

The senior securities issued by a closed-end fund may often be a class of preferred stock. A closed-end fund is required to maintain a 300% asset coverage on senior securities after deducting for any dividend, distribution or repurchase of its shares, except only a 200% asset coverage is needed on preferred stock of the fund after deducting for dividends paid. SEC Staff interpretations also allow a fund, under certain conditions, to engage in a number of types of transactions that might otherwise be considered to create "senior securities;" for example, short sales, certain options and futures transactions, reverse repurchase agreements and securities transactions that obligate the fund to pay money at a future date (such as when-issued, forward commitment or delayed delivery transactions). According to SEC Staff interpretations, when engaging in these types of transactions, a fund must mark on its books, or segregate with its custodian bank, cash or other liquid securities to cover its future obligations, in order to avoid the creation of a senior security. This procedure limits the amount of a fund's assets that may be invested in these types of transactions and the fund's exposure to the risks associated with senior securities. Consequently, a closed-end fund would not be deemed to issue a senior security that requires the 300% asset coverage if it follows these segregation procedures described above.

WHAT EFFECT WILL AMENDING THE CURRENT SENIOR SECURITIES RESTRICTION HAVE ON THE FUND?

The current fundamental investment restriction relating to senior securities prohibits the Fund from issuing senior securities, except as provided in the Fund's current fundamental restriction on borrowing and issuing senior securities.

The proposed restriction would permit the Fund to issue senior securities as permitted under the 1940 Act and any relevant rule, exemption, or interpretation issued by the SEC. The proposed restriction also would clarify that the Fund may, provided that certain conditions are met, engage in those types of transactions that have been interpreted by the SEC Staff as not constituting senior securities, such as covered reverse repurchase transactions.

The Fund has no present intention of changing its current investment strategies regarding transactions that may be interpreted as resulting in the issuance of senior securities. Moreover, if this sub-proposal is approved, the Fund will be able to issue preferred stock, commercial paper, or other forms of leverage, although it has no present intention to do so. Therefore, the Board does not anticipate that amending the current restriction will result in additional material risk to the Fund at this time. However, the Fund may initiate the use of these strategies in the future to the extent described in the proposed new restriction. To the extent the Fund does engage in such strategies in the future, it would be subject to the risks associated with leveraging, including reduced total returns and increased volatility, as more fully described below.

WHAT ARE SOME OF THE RISKS ASSOCIATED WITH BORROWING AND ISSUANCE OF SENIOR SECURITIES?

Because borrowing or the issuance of senior securities will subject the Fund to additional costs, the Fund would only borrow or issue senior securities when the Investment Manager believes that the cost of carrying the assets to be acquired through leverage would be lower than the Fund's expected return on its longer-term portfolio investments. Should this differential narrow, the Fund would realize less of a positive return, with the additional risk that, during periods of adverse market conditions, the market value of the Fund's entire

portfolio holdings (including those acquired through leverage) may decline far in excess of incremental returns the Fund may have achieved in the interim. Indeed, any such leveraging tends to magnify market exposure and can result in higher than expected losses to the Fund.

Because the investment risk associated with investment assets purchased with funds obtained through a borrowing or the issuance of senior securities would be borne solely by the holders of the Fund's shares, adverse movements in the price of the Fund's portfolio holdings would have a more severe effect on the Fund's net asset value than if the Fund were not leveraged. Leverage creates risks for shareholders in the Fund, including the likelihood of greater volatility of the Fund's net asset value and the market price of its shares, and the risk that fluctuations in interest rates on borrowings or in the dividend rates on any preferred stock may affect the return to shareholders. If the income from the securities purchased with such funds is not sufficient to cover the cost of leverage, the net income of the Fund would be less than if leverage had not been used, and therefore the amount available for distribution to shareholders as dividends will be reduced. In such an event, the Fund may nevertheless determine to maintain its leveraged position in order to avoid capital losses on securities purchased with the leverage.

Also, if the asset coverage for borrowings or other senior securities of the Fund declines below the limits specified in the 1940 Act, the Fund may be required to sell a portion of its investments when it may not be advantageous to do so. In the extreme, sales of investments required to meet asset coverage tests imposed by the 1940 Act could also cause the Fund to lose its status as a regulated investment company. If the Fund were unable to make adequate distributions to shareholders because of asset coverage or other restrictions, it could fail to qualify as a regulated investment company for federal income tax purposes and, even if it did not fail to so qualify, it could become liable for income and excise tax on the portion of its earnings which are not distributed on a timely basis in accordance with applicable provisions of the Internal Revenue Code of 1986, as amended.

The Fund's willingness to borrow money and issue new securities for investment purposes, and the amount it will borrow or issue, will depend on many factors, the most important of which are investment outlook, market conditions and interest rates. Successful use of a leveraging strategy depends on the Investment Manager's ability to predict correctly interest rates and market movements, and there is no assurance that a leveraging strategy will be successful during any period in which it is employed.

SUB-PROPOSAL 3B: TO AMEND THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTION REGARDING INDUSTRY CONCENTRATION.

Under the 1940 Act, a fund's policy regarding concentration of investments in the securities of companies in any particular industry must be fundamental. The SEC Staff takes the position that a fund "concentrates" its investments if it invests more than 25% of its "net" assets (exclusive of certain items such as cash, U.S. government securities, securities of other investment companies, and certain tax-exempt securities) in any particular industry or group of industries. An investment company is not permitted to concentrate its investments in any particular industry or group of industries unless it discloses its intention to do so.

WHAT EFFECT WILL AMENDING THE CURRENT INDUSTRY CONCENTRATION RESTRICTION HAVE ON THE FUND?

The current fundamental investment restriction regarding industry concentration prohibits the Fund from investing 25% or more of the total value of its assets in a particular industry.

The proposed concentration policy is substantially the same as the Fund's current policy, except that (1) it modifies the Fund's asset measure (from "total assets" to "net assets") by which concentration is assessed; (2) it slightly increases (from "25% or more" to "more than 25%") the numerical limit on permissible investments; and (3) it expressly references, in a manner consistent with current SEC Staff policy, the categories of investments that are excepted from coverage of the restriction. The proposed restriction reflects a more modernized approach to industry concentration, and provides the Fund with investment flexibility that ultimately is expected to help the Fund respond to future legal, regulatory, market or technical changes. In addition, the Board may from time to time establish guidelines regarding industry classifications.

The proposed restriction would expressly exempt from the 25% limitation, those securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, and the securities of other investment companies, consistent with SEC Staff policy. The proposed restriction thus clarifies the types of U.S. government securities in which the Fund may invest. In addition, although the Fund has always been permitted to invest in other investment companies, the proposed restriction now makes explicit that such investments are exempted from the Fund's concentration policy. Even with this modified restriction, however, the Fund would continue to remain subject to the limitations on a fund's investments in other investment companies as set forth in the 1940 Act and any exemptive orders issued by the SEC. In general, absent such rules or orders from the SEC, the 1940 Act would prohibit the Fund from investing more than 5% of its total assets in any one investment company and more than 10% of its total assets in other investment companies overall.

SUB-PROPOSAL 3C: TO AMEND THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTION REGARDING INVESTMENTS IN COMMODITIES.

Under the 1940 Act, a fund's investment policy relating to the purchase and sale of commodities must be fundamental. The most common types of commodities are physical commodities such as wheat, cotton, rice and corn. Under the federal securities and commodities laws, certain financial instruments, such as futures contracts and options thereon, including currency futures, stock index futures or interest rate futures, may, under limited circumstances, also be considered to be commodities. Funds typically invest in futures contracts and related options on these and other types of commodity contracts for hedging purposes, to implement a tax or cash management strategy, or to enhance returns.

WHAT EFFECT WILL AMENDING THE CURRENT COMMODITIES RESTRICTION HAVE ON THE FUND?

The current fundamental investment restriction on commodities states that the Fund may not purchase or sell commodities or commodity contracts, except futures contracts on debt securities, stock and bond indices and foreign currencies. In addition, the Fund may purchase securities secured by commodities and securities of companies which invest or deal in commodities. The Fund's current fundamental investment restriction relating to commodities is combined with a fundamental investment restriction relating to investments in real estate. The adoption of this Sub-Proposal would result in separating the Fund's restriction regarding commodity contracts from this other fundamental investment restriction.

The proposed investment restriction relating to commodities clarifies that the Fund has the ability to engage in currencies and financial futures contracts (in addition to those listed in the current fundamental restriction) and related options and to invest in securities or other instruments that are secured by physical commodities, but not to invest directly in physical commodities. Notwithstanding the flexibility provided by the proposed fundamental investment restriction, the Fund is subject to guidelines established by the Board regarding the use of derivatives. Under these guidelines, currently no more than

5% of the Fund's assets may be invested in, or exposed to, options and swap agreements (as measured at the time of investment). The use of futures contracts can involve substantial risks and, therefore, the Fund would only invest in such futures contracts where the Investment Manager believes such investments are advisable and then only to the extent permitted by the guidelines established by the Board. It is not currently intended that the Fund would materially change these guidelines or its use of futures contracts, forward currency contracts and related options. Thus, it is not currently anticipated that the proposed amendments to the investment restriction relating to commodities would involve additional material risk at this time.

SUB-PROPOSAL 3D: TO AMEND THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTION REGARDING INVESTMENTS IN REAL ESTATE.

Under the 1940 Act, a fund's restriction regarding investments in real estate must be fundamental. The 1940 Act does not prohibit an investment company from investing in real estate, either directly or indirectly. The Fund's current fundamental investment restriction relating to real estate prohibits the Fund from investing in real estate and interests in real estate, with two limited exceptions. The first exception permits the Fund to invest in securities secured by real estate. The second exception permits the Fund to invest in securities issued by companies that invest or deal in real estate. As noted above, the Fund's current fundamental investment restriction relating to real estate is combined with the Fund's fundamental investment restriction relating to investment in commodities. The adoption of this Sub-Proposal would result in the creation of a separate real estate restriction and a separate restriction for commodities.

WHAT EFFECT WILL AMENDING THE CURRENT REAL ESTATE RESTRICTION HAVE ON THE FUND?

The proposed restriction would permit the Fund to continue to invest in the two types of real estate investments in which the Fund may currently invest; however, the proposed restriction clarifies that the Fund may invest in securities secured by interests in real estate and in securities of issuers dealing in interests in real estate. In addition, the proposed restriction would permit the Fund to hold and sell real estate acquired by the Fund as a result of owning a security or other instrument.

Modifying the Fund's real estate restriction may expose the Fund to certain risks inherent to these investments, such as relative illiquidity, difficulties in valuation, and greater price volatility. In addition, like other investments of this kind in developing countries, these investments are subject to risk of forfeiture due to governmental action. However, it is not currently intended that the Fund would materially change its investment strategies as they relate to real estate or interests therein. Thus, it is not currently anticipated that the proposed amendments to the investment restriction relating to real estate would involve additional material risk at this time.

SUB-PROPOSAL 3E: TO AMEND THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTION REGARDING LENDING.

Under the 1940 Act, a fund must describe, and designate as fundamental, its policy with respect to making loans. In addition to a loan of cash, the term "loans" may, under certain circumstances, be deemed to include certain transactions and investment-related practices. Among those transactions and practices are lending of portfolio securities, entering into repurchase agreements and the purchase of certain debt instruments. If a fund adopts a fundamental policy that prohibits lending, the fund may still invest in debt securities, enter into securities lending transactions and enter into repurchase agreements if it provides an exemption from the general prohibition.

Under SEC Staff interpretations, lending by an investment company, under certain circumstances, may also give rise to issues relating to the issuance of senior securities. To the extent that the Fund enters into lending transactions under these limited circumstances, the Fund will continue to be subject to the limitations imposed under the 1940 Act regarding the issuance of senior securities. (See Sub-Proposal 3a above.)

WHAT EFFECT WILL AMENDING THE CURRENT LENDING RESTRICTION HAVE ON THE FUND?

The Fund's current investment restriction regarding lending prohibits the Fund from making loans, except that the Fund may (1) lend its portfolio securities and (2) enter into repurchase agreements. In addition, the Fund has a fundamental investment policy of investing at least 65% of its total assets in one or more types of debt investments, including (1) debt securities that are issued or guaranteed as to interest and principal by the U.S. government, its agencies, authorities or instrumentalities; (ii) debt obligations issued or guaranteed by a foreign sovereign government or one of its agencies or political subdivisions; (iii) debt obligations issued or guaranteed by supra-national organizations, which are chartered to promote economic development and are supported by various governments and governmental entities; (iv) U.S. and foreign corporate debt securities and preferred equity securities; and (v) debt obligations of U.S. or foreign banks, savings and loan associations and bank holding companies.

The proposed fundamental investment restriction is substantially similar to the Fund's current investment restriction regarding lending; however, the proposed investment restriction incorporates the Fund's ability to invest in debt securities and clarifies its ability to invest in loan participations and direct corporate loans. The proposed fundamental investment restriction also provides the Fund with additional flexibility to make loans to affiliated investment companies by permitting the Fund to take advantage of the Inter-Fund Lending and Borrowing Order described above. The proposed investment restriction permits the Fund, under certain conditions, to lend cash to other funds in Franklin Templeton Investments at rates higher than those that the Fund would receive if the Fund loaned cash to banks through short-term lending transactions such as repurchase agreements. Management anticipates that this additional flexibility to lend cash to affiliated investment companies would allow additional investment opportunities, and could enhance the Fund's ability to respond to changes in market, industry or regulatory conditions.

SUB-PROPOSAL 3F: TO AMEND THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTION REGARDING UNDERWRITING.

Under the 1940 Act, the Fund's policy concerning underwriting is required to be fundamental. Under the federal securities laws, a person or company generally is considered to be an underwriter if the person or company participates in the public distribution of securities of other issuers, which involves purchasing the securities from another issuer with the intention of re-selling the securities to the public. In addition, under certain circumstances, the Fund may be deemed to be an underwriter of its own securities. The proposed restriction would make clear that the Fund has the ability to sell its own securities, should it ever choose to do so.

WHAT EFFECT WILL AMENDING THE CURRENT UNDERWRITING RESTRICTION HAVE ON THE FUND?

The Fund's current fundamental investment restriction relating to underwriting prohibits the Fund from acting as an underwriter except in connection with the disposition of portfolio securities it owns. The current investment restriction does not provide any clarification regarding whether the Fund may sell its own shares in those limited circumstances where the Fund might be deemed to be an underwriter.

The proposed restriction relating to underwriting is substantially similar to the Fund's current investment restriction by generally prohibiting the Fund from engaging in underwriting except when disposing of securities it owns. The proposed investment restriction, however, clarifies that the Fund may sell its own securities. It is not anticipated that the adoption of the proposed restriction would involve additional material risk to the Fund at this time or affect the way the Fund is currently managed or operated.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT YOU VOTE "FOR" SUB-PROPOSALS 3A-3F

PROPOSAL 4: TO APPROVE THE ELIMINATION OF CERTAIN OF THE FUND'S FUNDAMENTAL INVESTMENT RESTRICTIONS

The Fund's current investment restrictions, together with those recommended to be eliminated, are detailed in EXHIBIT D, which is entitled "FUNDAMENTAL INVESTMENT RESTRICTIONS PROPOSED TO BE AMENDED OR ELIMINATED." If shareholders approve Proposal 4, the elimination of such investment restrictions will be effective upon shareholder approval.

WHY IS THE BOARD RECOMMENDING THAT CERTAIN FUNDAMENTAL INVESTMENT RESTRICTIONS BE ELIMINATED, AND WHAT EFFECT WILL THEIR ELIMINATION HAVE ON THE FUND?

Certain of the Fund's fundamental investment restrictions are either restatements of restrictions that are already included within the 1940 Act or other applicable laws and regulations or are more restrictive than current SEC Staff interpretations. These restrictions include those relating to purchasing securities on margin, making short sales of securities and diversification of Fund investments.

The other fundamental investment restriction of the Fund, relating to investing in non-publicly traded securities or securities that are restricted as to disposition, was originally adopted to comply with state securities laws and regulations. Due to the passage of NSMIA, this fundamental investment restriction is no longer required by law. As a result, the Fund is no longer legally required to adopt or maintain such investment restriction.

Accordingly, the Investment Manager has recommended, and the Board has determined, that these four restrictions (referred to in this Proposal 4 as the "Restrictions") be eliminated and that their elimination is consistent with the federal securities laws. By reducing the total number of investment restrictions that can be changed only by a shareholder vote, the Board believes that the Fund will be able to reduce the costs and delays associated with holding future shareholder meetings for the purpose of revising fundamental investment restrictions that become outdated or inappropriate. Elimination of the Restrictions would also enable the Fund to be managed in accordance with the current requirements of the 1940 Act, without being constrained by additional and unnecessary limitations. The Board believes that the elimination of the Restrictions is in the best interest of the Fund's shareholders as it will provide the Fund with increased flexibility to pursue its investment goal and will enhance the Investment Manager's ability to manage the Fund's assets in a changing investment environment.

WHICH FOUR (4) RESTRICTIONS IS THE BOARD RECOMMENDING THAT THE FUND ELIMINATE?

The Fund currently is subject to four Restrictions that are no longer required by law and were adopted primarily in response to regulatory, business or industry conditions that no longer exist. The exact language of the

Restrictions has been included in EXHIBIT D, which is entitled "FUNDAMENTAL INVESTMENT RESTRICTIONS PROPOSED TO BE AMENDED OR ELIMINATED."

PURCHASING SECURITIES ON MARGIN

The 1940 Act does not require the Fund to adopt a fundamental investment restriction regarding purchasing securities on margin, except to the extent that these transactions may result in the creation of senior securities (as described more fully in Sub-Proposal 3a above). The Fund's current fundamental investment restriction prohibits the Fund from purchasing securities on margin (except for such short term credits as may be necessary for the clearance of transactions and the maintenance of margin with respect to futures contracts).

Current 1940 Act provisions on issuing senior securities and purchasing securities on margin, together with the proposed fundamental investment restriction on senior securities, will limit the ability of the Fund to purchase securities on margin. Therefore, the Investment Manager does not anticipate that deleting the current restriction will result in additional material risk to the Fund at this time.

ENGAGING IN SHORT SALES

The 1940 Act does not require the Fund to adopt a fundamental investment restriction regarding engaging in short sales, except to the extent that these transactions may result in the creation of senior securities (as described more fully in Sub-Proposal 3a above). The Fund's current fundamental investment restriction prohibits the Fund from engaging in short sales of securities or maintaining a short position.

Current 1940 Act provisions on issuing senior securities and engaging in short sales, together with the proposed fundamental investment restriction on senior securities, will limit the ability of the Fund to engage in short sales. Therefore, the Investment Manager does not anticipate that deleting the current restriction will result in additional material risk to the Fund at this time.

INVESTING IN NON-PUBLICLY TRADED OR RESTRICTED SECURITIES

The 1940 Act does not require, and applicable state law no longer requires, that the Fund adopt a fundamental investment restriction limiting its investments in non-publicly traded securities or securities that are restricted as to disposition or otherwise are not readily marketable. However, the Fund generally has not invested significantly in illiquid securities. Therefore, the Investment Manager does not anticipate that deleting the current restriction will result in additional material risk to the Fund at this time.

IRS DIVERSIFICATION REQUIREMENTS

The Fund's current fundamental investment restriction limiting the Fund's investment in securities of any one issuer is a general restatement of the investment diversification requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"), on all regulated investment companies. Neither the Code nor the 1940 Act requires that a fund adopt a fundamental investment restriction restating the Code's diversification requirements for investment companies. If this fundamental investment restriction is eliminated, the Fund will continue to be subject to the Code's diversification requirements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT YOU VOTE "FOR" PROPOSAL 4

? ADDITIONAL INFORMATION ABOUT THE FUND

THE INVESTMENT MANAGER. The Investment Manager of the Fund is Franklin

Advisers, Inc., a California corporation with offices at One Franklin Parkway, San Mateo, California 94403-1906. Pursuant to an investment management agreement, the Investment Manager manages the investment and reinvestment of Fund assets. The Investment Manager is a wholly owned subsidiary of Resources.

THE ADMINISTRATOR. The administrator of the Fund is Franklin Templeton Services, LLC ("FT Services"), with offices at 500 East Broward Boulevard, Suite 2100, Fort Lauderdale, Florida 33394-3091. FT Services is an indirect, wholly owned subsidiary of Resources and an affiliate of the Investment Manager. Pursuant to an administration agreement, FT Services performs certain administrative functions for the Fund.

THE TRANSFER AGENT. The transfer agent, registrar and dividend disbursement agent for the Fund is Mellon Investor Services LLC, 85 Challenger Road, Ridgefield Park, New Jersey 07660.

THE CUSTODIAN. The custodian for the Fund is JPMorgan Chase Bank, MetroTech Center, Brooklyn, New York 11245.

OTHER MATTERS. The Fund's last audited financial statements and annual report for the fiscal year ended August 31, 2003, are available free of charge. To obtain a copy, please call 1-800/DIAL BEN(R)(1-800-342-5236) or forward a written request to Franklin Templeton Investor Services, LLC, P.O. Box 33030, St. Petersburg, Florida 33733-8030.

PRINCIPAL SHAREHOLDERS. As of January 2, 2004, the Fund had 129,586,836 shares of common stock, $0.01 par value ("shares"), outstanding and total net assets of $1,161,885,742. The Fund's shares are listed on the NYSE (NYSE: GIM) and on the PCX. From time to time, the number of shares held in "street name" accounts of various securities dealers for the benefit of their clients may exceed 5% of the total shares outstanding. To the knowledge of the Fund's management, as of January 2, 2004, [there were no other entities holding beneficially or of record more than 5% of the Fund's outstanding shares. In addition, to the knowledge of the Fund's management, as of January 2, 2004, no nominee or Director of the Fund owned 1% or more of the outstanding shares of the Fund, and the Directors and officers of the Fund owned, as a group, less than 1% of the outstanding shares of the Fund.]

CONTACTING THE BOARD OF DIRECTORS. If a shareholder wishes to send a communication to the Board of Directors, such correspondence should be in writing and addressed to the Board of Directors at the Fund's offices. The correspondence will then be given directly to the Board for their review and consideration.

? AUDIT COMMITTEE

AUDIT COMMITTEE AND INDEPENDENT AUDITORS. The Fund's Audit Committee is responsible for the selection of the Fund's independent auditors, including evaluating their independence, and meeting with such auditors to consider and review matters relating to the Fund's financial reports and internal accounting. The Audit Committee also reviews the maintenance of the Fund's records and the safekeeping arrangements of the Fund's custodian. The Audit Committee consists of Messrs. Millsaps (Chairman), Crothers, Olson and Tseretopoulos, all of whom are Independent Directors and also are considered to be "independent" as that term is defined by the NYSE's listing standards.

SELECTION OF INDEPENDENT AUDITORS. The Audit Committee and the Board selected the firm of PricewaterhouseCoopers LLP ("PwC") as independent auditors of the Fund for the current fiscal year. Representatives of PwC are not expected to be present at the Meeting, but will have the opportunity to make a statement if they wish, and will be available should any matter arise requiring their

presence.

AUDIT FEES. The aggregate fees paid to PwC for professional services rendered by PwC for the audit of the Fund's annual financial statements or for services that are normally provided by PwC in connection with statutory and regulatory filings or engagements were $[.....] for the fiscal year ended August 31, 2003 and $[ ] for the fiscal year ended August 31, 2002.

AUDIT-RELATED FEES. The aggregate fees paid to PwC for assurance and related services by PwC that are reasonably related to the performance of the audit or review of the Fund's financial statements and not reported under "Audit Fees" above were $[ ] for the fiscal year ended August 31, 2003 and $[_____] for the fiscal year ended August 31, 2002. The services for which theses fees were paid included the semi annual review of shareholder reports and internal control testing and evaluation.

In addition, the Audit Committee pre-approves PwC's engagement for audit-related services with the Investment Manager and certain entities controlling, controlled by, or under common control with the Investment Manager that provide ongoing services to the Fund, which engagements relate directly to the operations and financial reporting of the Fund. [No such services were provided for the fiscal years ended August 31, 2003 and August 31, 2002.]

TAX FEES. The aggregate fees paid to PwC for professional services rendered by PwC for tax compliance, tax advice and tax planning were $[.....] for the fiscal year ended August 31, 2003 and $[ ] for the fiscal year ended August 31, 2002. The services for which these fees were paid included tax return services.

In addition, the Audit Committee pre-approves PwC's engagement for tax services with the Investment Manager and certain entities controlling, controlled by, or under common control with the Investment Manager that provide ongoing services to the Fund, which engagements relate directly to the operations and financial reporting of the Fund. [No such services were provided for the fiscal years ended August 31, 2003 and August 31, 2002.]

ALL OTHER FEES. The aggregate fees billed for products and services provided by PwC, other than the services reported above, were $[_____] for the fiscal year ended August 31, 2003 and $[_____] for the fiscal year ended August 31, 2002. The services for which these fees were paid included fund profitability analysis review.

In addition, the Audit Committee pre-approves PwC's engagement for other services with the Investment Manager and certain entities controlling, controlled by, or under common control with the Investment Manager that provide ongoing services to the Fund, which engagements relate directly to the operations and financial reporting of the Fund. [No such services were provided for the fiscal years ended August 31, 2003 and August 31, 2002.]

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES. As of the date of this Proxy Statement, the Audit Committee has not adopted pre-approval policies and procedures. As a result, all services provided by PwC must be directly pre-approved by the Audit Committee.

AGGREGATE NON-AUDIT FEES. [PwC did not render any non-audit services to the Fund, to the Investment Manager or to any entity controlling, controlled by, or under common control with the Investment Manager that provides ongoing services to the Fund for the fiscal year ended August 31, 2003 or for the fiscal year ended August 31, 2002.]

AUDIT COMMITTEE REPORT. The Board has adopted and approved a formal written charter for the Audit Committee, which sets forth the Audit Committee's

responsibilities. A copy of the charter is attached as Exhibit E to this Proxy Statement.

As required by the charter, the Audit Committee reviewed the Fund's audited financial statements and met with management, as well as with PwC, the Fund's independent auditors, to discuss the financial statements.

The Audit Committee received the written disclosures and the letter from PwC required by Independence Standards Board Standard No. 1. The Audit Committee also received the report of PwC regarding the results of their audit. In connection with their review of the financial statements and the auditors' report, the members of the Audit Committee discussed with a representative of PwC, their independence, as well as the following: the auditors' responsibilities in accordance with generally accepted auditing standards; the auditors' responsibilities for information prepared by management that accompanies the Fund's audited financial statements and any procedures performed and the results; the initial selection of, and whether there were any changes in, significant accounting policies or their application; management's judgments and accounting estimates; whether there were any significant audit adjustments; whether there were any disagreements with management; whether there was any consultation with other accountants; whether there were any major issues discussed with management prior to the auditors' retention; whether the auditors encountered any difficulties in dealing with management in performing the audit; and the auditors' judgments about the quality of the Fund's accounting principles.

Based on its discussions with management and the Fund's auditors, the Audit Committee did not become aware of any material misstatements or omissions in the financial statements. Accordingly, the Audit Committee recommended to the Board that the audited financial statements be included in the Fund's Annual Report to Shareholders for the fiscal year ended August 31, 2003 for filing with the U.S. Securities and Exchange Commission.

AUDIT COMMITTEE

Fred R. Millsaps (Chairman)
Frank J. Crothers
Frank A. Olson
Constantine D. Tseretopoulos

? FURTHER INFORMATION ABOUT VOTING AND THE MEETING

SOLICITATION OF PROXIES. Your vote is being solicited by the Board of Directors of the Fund. The cost of soliciting proxies, including the fees of a proxy soliciting agent, is borne by the Fund. The Fund reimburses brokerage firms and others for their expenses in forwarding proxy material to the beneficial owners and soliciting them to execute proxies. In addition, the Fund has retained _____, a professional proxy solicitation firm, to solicit proxies from brokers, banks, other institutional holders and individual shareholders at an anticipated cost of approximately $_____ to $_____, including out-of-pocket expenses. The Fund expects that the solicitation would be primarily by mail, but may also include telephone, facsimile, electronic or other means of communication. You may receive a telephone call from _____ asking you to vote. The Fund does not reimburse Directors and officers of the Fund, or regular employees and agents of the Investment Manager involved in the solicitation of proxies. The Fund intends to pay all costs associated with the solicitation and the Meeting.

VOTING BY BROKER-DEALERS. The Fund expects that, before the Meeting, broker-dealer firms holding shares of the Fund in "street name" for their customers and beneficial owners will request voting instructions from their customers and beneficial owners. If these instructions are not received by the

date specified in the broker-dealer firms' proxy solicitation materials, the Fund understands that NYSE Rules permit the broker-dealers to vote on Proposal 1 on behalf of their customers and beneficial owners. Certain broker-dealers may exercise discretion over shares held in their name for which no instructions are received by voting these shares in the same proportion as they vote shares for which they received instructions.

QUORUM. A majority of the shares entitled to vote - present in person or represented by proxy - constitutes a quorum at the Meeting. The shares over which broker-dealers have discretionary voting power, the shares that represent "broker non-votes" (I.E., shares held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter), and the shares whose proxies reflect an abstention on any item will all be counted as shares present and entitled to vote for purposes of determining whether the required quorum of shares exists.

METHOD OF TABULATION. Proposal 1, the election of Directors, requires the affirmative vote of the holders of a plurality of the Fund's shares present and voting on the Proposal at the Meeting. Proposal 2, to approve an Agreement and Plan of Reorganization that provides for the reorganization of the Fund from a Maryland corporation to a Delaware statutory trust, requires the affirmative vote of a majority of the Fund's outstanding shares. Proposal 3, to approve amendments to certain fundamental investment restrictions (including six (6) Sub-Proposals), and Proposal 4, to approve the elimination of certain of the Fund's fundamental investment restrictions, each require the affirmative vote of the lesser of: (i) more than 50% of the outstanding shares of the Fund; or (ii) 67% or more of the outstanding shares of the Fund present at the Meeting, if the holders of more than 50% of the outstanding shares are present or represented by proxy.

Abstentions and broker non-votes will be treated as votes present at the Meeting, but will not be treated as votes cast. Abstentions and broker non-votes, therefore, will have no effect on Proposal 1, which requires a plurality of the Fund's shares present and voting, but will have the same effect as a vote "against" Proposal 2, Sub-Proposals 3a-3f, and Proposal 4.

SIMULTANEOUS MEETINGS. The Meeting is to be held at the same time as the annual meeting of shareholders of Templeton Emerging Markets Income Fund, Inc. If any shareholder at the Meeting objects to the holding of a simultaneous meeting and moves for an adjournment of the Meeting to a time promptly after the simultaneous meeting, the persons designated as proxies will vote in favor of such adjournment.

ADJOURNMENT. The holders of a majority of shares entitled to vote at the Meeting and present in person or by proxy, whether or not sufficient to constitute a quorum, or, any officer present entitled to preside or act as Secretary of the Meeting may adjourn the Meeting. Such authority to adjourn the Meeting may be used in the event that a quorum is not present at the Meeting or in the event that a quorum is present but sufficient votes have not been received to approve a Proposal or to permit further solicitation of proxies or for any other reason consistent with Maryland law and the Fund's Articles of Incorporation and By-Laws. Unless otherwise instructed by a shareholder granting a proxy, the persons designated as proxies may use their discretionary authority to vote as instructed by management of the Fund on questions of adjournment and on any other proposals raised at the Meeting to the extent permitted by the SEC's proxy rules, including proposals for which management of the Fund did not have timely notice, as set forth in the SEC's proxy rules and the Fund's proxy statement for the 2003 annual meeting.

SHAREHOLDER PROPOSALS. The shareholder vote on Proposal 2, the matter concerning the proposed reorganization of the Fund from a Maryland corporation

to a Delaware statutory trust, will dictate the requirements relating to shareholder proposals for the 2005 Annual Meeting of Shareholders. This section describes those requirements.

SUBMISSION OF SHAREHOLDER PROPOSALS TO THE DE FUND. If Proposal 2 is approved by shareholders, the Fund will be reorganized as the DE Fund, and the DE Fund's By-Laws, in addition to the proxy rules under the federal securities laws, will govern shareholder proposals. The DE Fund anticipates that the 2005 Annual Meeting of Shareholders will be held on or about February [25], 2005. A shareholder who wishes to submit a proposal for consideration for inclusion in the DE Fund's proxy statement for the 2005 Annual Meeting of Shareholders must send such written proposal to the DE Fund's offices, at 500 East Broward Boulevard, Suite 2100, Fort Lauderdale, Florida 33394-3091, Attention: Secretary, so that it is received no later than [September 22], 2004 in order to be included in the DE Fund's proxy statement and proxy card relating to that meeting and presented at the meeting.

A shareholder of the DE Fund who has not submitted a written proposal for inclusion in the proxy statement by [September 22], 2004, as set forth above, may nonetheless present a proposal at the DE Fund's 2005 Annual Meeting of Shareholders if such shareholder notifies the DE Fund, at the DE Fund's offices, of such proposal not earlier than [September 28], 2004 and not later than [October 28], 2004. If a shareholder fails to give notice within these dates, then the matter shall not be eligible for consideration at the shareholders' meeting. If, notwithstanding the effect of the foregoing notice provisions, a shareholder proposal is acted upon at the 2005 Annual Meeting of Shareholders, the persons designated as proxies for the 2005 Annual Meeting of Shareholders may exercise discretionary voting power with respect to any shareholder proposal not received by the DE Fund at the DE Fund's offices, by [December 6], 2004. A shareholder proposal may be presented at the 2005 Annual Meeting of Shareholders only if such proposal concerns a matter that may be properly brought before the meeting under applicable federal proxy rules and state law.

Submission of a proposal by a shareholder does not guarantee that the proposal will be included in the DE Fund's proxy statement or presented at the meeting.

In addition to the requirements set forth above, a shareholder must comply with the following:

1. A shareholder intending to present a proposal must (i) be entitled to vote at the meeting; (ii) comply with the notice procedures set forth herein; and (iii) have been a shareholder of record at the time the shareholder's notice was received by the DE Fund.

2. Each notice regarding nominations for the election of Trustees shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice; (ii) the principal occupation or employment of each such nominee; (iii) the number of outstanding shares of the DE Fund which are beneficially owned by each such nominee; and (iv) all such other information regarding each such nominee that would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had each nominee been nominated by the Trustees of the DE Fund. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the DE Fund.

3. Each notice regarding business proposals shall set forth as to each matter: (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting; (ii) the name and address, as they appear on the DE Fund's books, of the shareholder proposing such business; (iii) the number of

outstanding shares of the DE Fund which are beneficially owned by the shareholder; (iv) any material interest of the shareholder in such business; and (v) all such other information regarding each such matter that would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had each such matter been proposed by the Trustees of the DE Fund.

SUBMISSION OF SHAREHOLDER PROPOSALS TO THE FUND. If Proposal 2 is not approved by shareholders, the Fund will remain a Maryland corporation, and the proxy rules under the federal securities laws alone will continue to govern shareholder proposals. The Fund anticipates that the 2005 Annual Meeting of Shareholders will be held on or about February [25], 2005. A shareholder who wishes to submit a proposal for consideration for inclusion in the Fund's proxy statement for the 2005 Annual Meeting of Shareholders must send such written proposal to the Fund's offices, at 500 East Broward Boulevard, Suite 2100, Fort Lauderdale, Florida 33394-3091, Attention: Secretary, so that it is received no later than [September 22], 2004 in order to be included in the Fund's proxy statement and proxy card relating to that meeting and presented at the meeting.

A shareholder of the Fund who has not submitted a written proposal for inclusion in the Fund's proxy statement by [September 22], 2004, as described above, may nonetheless present a proposal at the Fund's 2005 Annual Meeting of Shareholders if such shareholder notifies the Fund, at the Fund's offices, of such proposal by [December 6], 2004. If a shareholder fails to give notice by this date, then the persons designated as proxies for the 2005 Annual Meeting of Shareholders may exercise discretionary voting power with respect to any such proposal.

A shareholder proposal may be presented at the 2005 Annual Meeting of Shareholders only if such proposal concerns a matter that may be properly brought before the meeting under applicable federal proxy rules and state law.

Submission of a proposal by a shareholder does not guarantee that the proposal will be included in the Fund's proxy statement or presented at the meeting.

By Order of the Board of Directors,

Barbara J. Green
SECRETARY

January [20], 2004

EXHIBIT A

NOMINATING COMMITTEE CHARTER

I. THE COMMITTEE.

The Nominating Committee (the "Committee") is a committee of, and established by, the Board of Directors/Trustees of the Fund (the "Board"). The Committee consists of such number of members as set by the Board from time to time and its members shall be selected by the Board. The Committee shall be comprised entirely of "independent members." For purposes of this Charter, independent members shall mean members who are not interested persons of the Fund ("Disinterested Board members") as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act").

II. BOARD NOMINATIONS AND FUNCTIONS.

1. The Committee shall make recommendations for nominations for Disinterested Board members on the Board to the incumbent Disinterested Board members and to the full Board. The Committee shall evaluate candidates' qualifications for Board membership and the independence of such candidates from the Fund's investment manager and other principal service providers. Persons selected must be independent in terms of both the letter and the spirit of the 1940 Act. The Committee shall also consider the effect of any relationships beyond those delineated in the 1940 Act that might impair independence, E.G., business, financial or family relationships with investment managers or service providers.

2. The Committee also shall evaluate candidates' qualifications and make recommendations for "interested" members on the Board to the full Board.

3. The Committee may adopt from time to time specific, minimum qualifications that the Committee believes a candidate must meet before being considered as a candidate for Board membership and shall comply with any rules adopted from time to time by the U.S. Securities and Exchange Commission regarding investment company nominating committees and the nomination of persons to be considered as candidates for Board membership.

4. The Committee shall review shareholder recommendations for nominations to fill vacancies on the Board if such recommendations are submitted in writing and addressed to the Committee at the Fund's offices. The Committee shall adopt, by resolution, a policy regarding its procedures for considering candidates for the Board, including any recommended by shareholders.

III. COMMITTEE NOMINATIONS AND FUNCTIONS.

1. The Committee shall make recommendations to the full Board for nomination for membership on all committees of the Board.

2. The Committee shall review as necessary the responsibilities of any committees of the Board, whether there is a continuing need for each committee, whether there is a need for additional committees of the Board, and whether committees should be combined or reorganized. The Committee shall make recommendations for any such action to the full Board.

3. The Committee shall, on an annual basis, review the performance of the Disinterested Board members.

IV. OTHER POWERS AND RESPONSIBILITIES.

1. The Committee shall meet at least twice each year or more frequently in open or executive sessions. The Committee may invite members of management, counsel, advisers and others to attend its meetings as it deems appropriate. The Committee shall have separate sessions with management and others, as and when it deems appropriate.

2. The Committee shall have the resources and authority appropriate to discharge its responsibilities, including authority to retain special counsel and other experts or consultants at the expense of the Fund.

3. The Committee shall report its activities to the Board and make such recommendations as the Committee may deem necessary or appropriate.

4. A majority of the members of the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. The action of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the action of the Committee. The Committee may meet in person or by telephone, and the Committee may act by written

consent, to the extent permitted by law and by the Fund's by-laws. In the event of any inconsistency between this Charter and the Fund's organizational documents, the provisions of the Fund's organizational documents shall be given precedence.

5. The Committee shall review this Charter at least annually and recommend any changes to the full Board.

ADDITIONAL STATEMENT FOR CLOSED-END FUNDS ONLY

The Committee shall comply with any rules of any stock exchange, if any, applicable to nominating committees of closed-end funds whose shares are registered thereon.

PAGE

EXHIBIT B

FORM OF

AGREEMENT AND PLAN OF REORGANIZATION
BETWEEN TEMPLETON GLOBAL INCOME FUND, INC. AND
TEMPLETON GLOBAL INCOME FUND

This Agreement and Plan of Reorganization ("Agreement") is made as of this ___ day of _____, 200_ by and between TEMPLETON GLOBAL INCOME FUND, INC., a Maryland corporation (the "Fund"), and TEMPLETON GLOBAL INCOME FUND, a Delaware statutory trust (the "Trust") (the Fund and the Trust are hereinafter collectively referred to as the "parties").

In consideration of the mutual promises contained herein, and intending to be legally bound, the parties hereto agree as follows:

1. PLAN OF REORGANIZATION.

(a) Upon satisfaction of the conditions precedent described in Section 3 hereof, the Fund will convey, transfer and deliver to the Trust at the closing provided for in Section 2 (hereinafter referred to as the "Closing") all of the Fund's then-existing assets (the "Assets"). In consideration thereof, the Trust agrees at the Closing (i) to assume and pay when due all obligations and liabilities of the Fund, existing on or after the Effective Date of the Reorganization (as defined in Section 2 hereof), whether absolute, accrued, contingent or otherwise, including all fees and expenses in connection with this Agreement, which fees and expenses shall, in turn, include, without limitation, costs of legal advice, accounting, printing, mailing, proxy solicitation and transfer taxes, if any (collectively, the "Liabilities"), such Liabilities to become the obligations and liabilities of the Trust; and (ii) to deliver to the Fund in accordance with paragraph (b) of this Section 1, full and fractional shares of beneficial interest, without par value, of the Trust, equal in number to the number of full and fractional shares of common stock, $0.01 par value per share, of the Fund outstanding at the close of regular trading on the New York Stock Exchange, Inc. ("NYSE") on the business day immediately preceding the Effective Date of the Reorganization. The reorganization contemplated hereby is intended to qualify as a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended ("Code"). The Fund shall distribute to the Fund's shareholders the shares of the Trust in accordance with this Agreement and the resolutions of the Board of Directors of the Fund (the "Board of Directors") authorizing the transactions contemplated by this Agreement.

(b) In order to effect the delivery of shares described in Section 1(a)(ii) hereof, the Trust will establish an open account for each shareholder of the Fund and, on the Effective Date of the Reorganization, will credit to such account full and fractional shares of beneficial interest, without par value, of the Trust equal to the number of full and fractional shares of common stock such shareholder holds in the Fund at the close of regular trading on the NYSE on the business day immediately preceding the Effective Date of the Reorganization. Fractional shares of the Trust will be carried to the fourth decimal place. At the close of regular trading on the NYSE on the business day immediately preceding the Effective Date of the Reorganization, the net asset value per share of the shares of the Trust shall be deemed to be the same as the net asset value per share of the common stock of the Fund. On the Effective Date of the Reorganization, each certificate representing shares of the Fund will be deemed to represent the same number of shares of the Trust. Simultaneously with the crediting of the shares of the Trust to the shareholders of record of the Fund, the shares of the Fund held by such shareholders shall be cancelled. Shareholders of the Fund will have the

right to deliver their share certificates of the Fund to the Trust in exchange for share certificates of the Trust. However, a shareholder need not deliver such certificates to the Trust unless the shareholder so desires.

(c) As soon as practicable after the Effective Date of the Reorganization, the Fund shall take all necessary steps under Maryland law to effect a complete dissolution of the Fund.

(d) The expenses of entering into and carrying out this Agreement will be borne by the Fund.

2. CLOSING AND EFFECTIVE DATE OF THE REORGANIZATION.

The Closing shall consist of (i) the conveyance, transfer and delivery of the Assets to the Trust in exchange for the assumption and payment, when due, by the Trust, of the Liabilities of the Fund; and (ii) the issuance and delivery of the Trust's shares in accordance with Section 1(b), together with related acts necessary to consummate such transactions. The Closing shall occur either on (a) the business day immediately following the later of the receipt of all necessary regulatory approvals and the final adjournment of the meeting of shareholders of the Fund at which this Agreement is considered and approved, or (b) such later date as the parties may mutually agree ("Effective Date of the Reorganization").

3. CONDITIONS PRECEDENT.

The obligations of the Fund and the Trust to effectuate the transactions hereunder shall be subject to the satisfaction of each of the following conditions:

(a) Such authority and orders from the U.S. Securities and Exchange Commission (the "Commission") and state securities commissions as may be necessary to permit the parties to carry out the transactions contemplated by this Agreement shall have been received;

(b) Such approvals from the NYSE and the Pacific Exchange, Inc. ("PCX") as may be necessary to permit the parties to carry out the transactions contemplated by this Agreement shall have been received;

(c) (i) an amendment of the Form N-8A Notification of Registration ("Form N-8A") filed pursuant to Section 8(a) of the Investment Company Act of 1940, as amended (the "1940 Act"), reflecting the change in legal form of the Fund to a Delaware statutory trust shall have been filed with the Commission and the Trust shall have expressly adopted such amended Form N-8A as its own for purposes of the 1940 Act; (ii) a registration statement on Form 8-A ("8-A Registration Statement") under the Securities Exchange Act of 1934, as amended, shall have been filed with the Commission and the NYSE by the Trust; (iii) a Technical Original Listing Application shall have been filed with the NYSE, and a listing application shall have been filed with the PCX by the Trust; and (iv) the 8-A Registration Statement filed with the Commission relating to the Trust shall have become effective, and no stop-order suspending the effectiveness of the 8-A Registration Statement shall have been issued, and no proceeding for that purpose shall have been initiated or threatened by the Commission (other than any such stop-order suspending the effectiveness of the 8-A Registration Statement shall have been issued, and no proceeding for that purpose shall have been initiated or threatened by the Commission (other than any such stop-order, proceeding or threatened proceeding which shall have been withdrawn or terminated));

(d) Each party shall have received an opinion of Stradley, Ronon, Stevens & Young, LLP, Philadelphia, Pennsylvania, to the effect that, assuming the reorganization contemplated hereby is carried out in accordance with this Agreement, the laws of the State of Maryland and the State of Delaware, and in

accordance with customary representations provided by the parties in a certificate(s) delivered to Stradley, Ronon, Stevens & Young, LLP, the reorganization contemplated by this Agreement qualifies as a "reorganization" under Section 368 of the Code, and thus will not give rise to the recognition of income, gain or loss for federal income tax purposes to the Fund, the Trust or the shareholders of the Fund or the Trust;

(e) The Fund shall have received an opinion of Stradley, Ronon, Stevens & Young, LLP, dated the Effective Date of the Reorganization, addressed to and in form and substance reasonably satisfactory to the Fund, to the effect that (i) the Trust is a statutory trust duly formed, validly existing, and in good standing under the laws of the State of Delaware; (ii) this Agreement and the transactions contemplated thereby and the execution and delivery of this Agreement have been duly authorized and approved by all requisite statutory trust action of the Trust and this Agreement has been duly executed and delivered by the Trust and is a legal, valid and binding agreement of the Trust in accordance with its terms; and (iii) the shares of the Trust to be issued in the reorganization have been duly authorized and, upon issuance thereof in accordance with this Agreement, will have been validly issued and fully paid and will be nonassessable by the Trust;

(f) The Trust shall have received the opinion of Stradley, Ronon, Stevens & Young, LLP, dated the Effective Date of the Reorganization, addressed to and in form and substance reasonably satisfactory to the Trust, to the effect that: (i) the Fund is duly incorporated, validly existing, and in good standing under the laws of the State of Maryland; (ii) the Fund is a closed-end investment company of the management type registered under the 1940 Act; and (iii) this Agreement and the transactions contemplated hereby and the execution and delivery of this Agreement have been duly authorized and approved by all requisite corporate action of the Fund and this Agreement has been duly executed and delivered by the Fund and is a legal, valid and binding agreement of the Fund in accordance with its terms;

(g) The shares of the Trust are eligible for offering to the public in those states of the United States and jurisdictions in which the shares of the Fund are currently eligible for offering to the public so as to permit the issuance and delivery by the Trust of the shares contemplated by this Agreement to be consummated;

(h) This Agreement and the transactions contemplated hereby shall have been duly adopted and approved by the appropriate action of the Board of Directors and the shareholders of the Fund;

(i) The shareholders of the Fund shall have voted to direct the Fund to vote, and the Fund shall have voted, as sole shareholder of the Trust, to:

(1) Elect as Trustees of the Trust the following individuals: Nominees to serve as Trustees until the 2007 Annual Meeting of Shareholders - Messrs. Frank J. Crothers, Fred R. Millsaps and Charles B. Johnson; Nominees to serve as Trustees until the 2006 Annual Meeting of Shareholders - Messrs. Harris J. Ashton, Nicholas F. Brady and S. Joseph Fortunato; and Nominees to serve as Trustees until the 2005 Annual Meeting of Shareholders - Ms. Edith E. Holiday and Messrs. Gordon S. Macklin, Constantine D. Tseretopoulos and Frank A. Olson; and

(2) Approve an Investment Management Agreement between Franklin Advisers, Inc. ("FAI") and the Trust which is substantially identical to the then-current Investment Management Agreement, as amended and restated to date, between FAI and the Fund; and

(j) The Trustees of the Trust shall have duly adopted and approved this Agreement and the transactions contemplated hereby and shall have taken the following actions at a meeting duly called for such purposes:

(1) Approval of the Investment Management Agreement described in paragraph (i)(2) of this Section 3 between FAI and the Trust;

(2) Approval of the assignment to the Trust of the Restated Custody Agreement, dated February 29, 1988, as amended to date, between The Chase Manhattan Bank, N.A. (now JP Morgan Chase Bank), and the Fund;

(3) Selection of PricewaterhouseCoopers LLP as the Trust's independent auditors for the fiscal year ending August 31, 2004;

(4) Approval of a Fund Administration Agreement between the Trust and Franklin Templeton Services, LLC;

(5) Approval of the assignment to the Trust of the Service Agreement dated January 2, 1992, between Mellon Securities Trust Company and the Fund and the Fund's Successor Stock Transfer Agent Agreement between the Fund and Chemical Mellon Shareholder Services (now Mellon Investor Services LLC);

(6) Approval of the assignment to the Trust of the Fund's Plan Agent Agreement with Mellon Securities Trust Company, as amended;

(7) Authorization of the issuance by the Trust, prior to the Effective Date of the Reorganization, of one share of beneficial interest of the Trust to the Fund in consideration for the payment of $1.00 for such share for

the purpose of enabling the Fund to vote on the matters referred to in paragraph (i) of this Section 3;

(8) Submission of the matters referred to in paragraph (h) of this Section 3 to the Fund as sole shareholder of the Trust; and

(9) Authorization of the issuance and delivery by the Trust of shares of the Trust on the Effective Date of the Reorganization and the assumption by the Trust of the Liabilities of the Fund in exchange for the Assets of the Fund pursuant to the terms and provisions of this Agreement.

At any time prior to the Closing, any of the foregoing conditions may be waived or amended, or any additional terms and conditions may be fixed, by the Board of Directors, if, in the judgment of such Board, such waiver, amendment, term or condition will not affect in a materially adverse way the benefits intended to be accorded the shareholders of the Fund under this Agreement.

4. DISSOLUTION OF THE COMPANY.

Promptly following the consummation of the distribution of the shares of the Trust to holders of shares of common stock of the Fund under this Agreement, the officers of the Fund shall take all steps necessary under Maryland law to dissolve its corporate status, including publication of any necessary notices to creditors, receipt of any necessary pre-dissolution clearances from the State of Maryland, and filing for record with the State Department of Assessments and Taxation of Maryland of Articles of Dissolution.

5. TERMINATION.

The Board of Directors may terminate this Agreement and abandon the reorganization contemplated hereby, notwithstanding approval thereof by the shareholders of the Fund, at any time prior to the Effective Date of the Reorganization if, in the judgment of such Board, the facts and circumstances make proceeding with this Agreement inadvisable.

6. ENTIRE AGREEMENT.

This Agreement embodies the entire agreement between the parties hereto and there are no agreements, understandings, restrictions or warranties among the parties hereto other than those set forth herein or herein provided for.

7. FURTHER ASSURANCES.

The Fund and the Trust shall take such further action as may be necessary or desirable and proper to consummate the transactions contemplated hereby.

8. COUNTERPARTS.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

9. GOVERNING LAW.

This Agreement and the transactions contemplated hereby shall be

governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

IN WITNESS WHEREOF, the Fund and the Trust have each caused this Agreement and Plan of Reorganization to be executed on its behalf by its Chairman, President or a Vice President and attested by its Secretary or an Assistant Secretary, all as of the day and year first-above written.

TEMPLETON GLOBAL INCOME FUND, INC.
(a Maryland corporation)

Attest:

By _____
Name:
Title:

By _____
Name:
Title:

TEMPLETON GLOBAL INCOME FUND
(a Delaware statutory trust)

Attest:

By _____
Name:
Title:

By _____
Name:
Title:

PAGE

EXHIBIT C

A COMPARISON OF GOVERNING DOCUMENTS AND STATE LAW

A Comparison of:

The Law Governing Delaware Statutory Trusts and
The Charter Documents of Templeton Global Income Fund
Under Such Law

With

The Law Governing Maryland Corporations and
The Charter Documents of Templeton Global Income Fund, Inc.
Under Such Law

	Delaware Statutory Trust	Maryland Corporation
GOVERNING DOCUMENTS/ GOVERNING BODY	A Delaware statutory trust (a "DST") is formed by a governing instrument and the filing of a certificate of trust with the Delaware Secretary of State	A Maryland corporation is created by filing articles of incorporation with the Maryland State Department of Assessments and Taxation ("MSDAT"). The

("Secretary of State"). The Delaware law governing a DST is referred to in this analysis as the "Delaware Act."	Maryland law governing corporations is referred to in this analysis as "Maryland Law."
A DST is an unincorporated association organized under the Delaware Act whose operations are governed by its governing instrument (which may consist of one or more instruments). Its business and affairs are managed by or under the direction of one or more trustees.	A corporation is incorporated under Maryland Law. A corporation's operations are governed by its charter and by-laws, and its business and affairs are managed by or under the direction of a board of directors (the "board" or "board of directors" or collectively, the "directors"). No public filing of the by-laws is required.
If a DST is, becomes, or will become prior to or within 180 days following its first issuance of beneficial interests, a registered investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), such DST is not required to have a trustee who is a resident of Delaware or who has a principal place of business in Delaware provided that notice that the DST is or will become an investment company is set forth in the DST's certificate of trust and the DST has a registered office and a registered agent for service of process in Delaware.	
The governing instrument for the DST, Templeton Global Income Fund (the "Trust"), is comprised of an agreement and declaration of trust ("Declaration") and by-laws ("By-Laws"). The Trust's governing body is a board of trustees (the "board" or "board of trustees" or collectively, the "trustees").	Templeton Global Income Fund, Inc., a Maryland corporation, is referred to in this analysis as the "Corporation." The Corporation is governed by its Articles of Incorporat as amended and supplemented ("Charter" and by-laws ("By-Laws") and the Corpor governing body is a board of directors
The board is dividend into three classes, with the term of office	The board is dividend into three class Class I, Class II, and Class III and,

PAGE

Delaware Statutory Trust	Maryland Corporation
of one class expiring each year. At ech annual meeting of share-holders, the successor to the class of trustees whose terms shall then expire shall be elected	each annual meeting of stockholders, o class of directors is elected. Thus, a each annual election, the directors ch to succeed those whose terms are expir shall be elected for a term expiring a

	to hold office for a term expiring at the third succeeding annual meeting. Each trustee shall hold office for his or her applicable term or until such trustee's earlier death, resignation, removal or inability otherwise to serve.	the time of the third succeeding annua meeting of stockholders, or thereafter each case when their respective succes are elected and qualified.
DESIGNATION OF OWNERSHIP SHARES OR INTERESTS	Under the Delaware Act, the ownership interests in a DST are denominated as "beneficial interests" and are held by "beneficial owners." However, there is flexibility as to how a governing instrument refers to "beneficial interests" and "beneficial owners" and the governing instrument may identify "beneficial interests" and "beneficial owners" as "shares" and "shareholders," respectively.	Equity securities of a corporation are generally denominated as shares of stock. Record owners of shares of stock are stockholders. Generally, equity securities that have voting rights and are entitled to the residual assets of the corporation, after payment of liabilities, are referred to as "common stock."
	The Trust's beneficial interests, without par value, are designated as "shares" and its beneficial owners are designated as "shareholders." This analysis will use the "share" and "shareholder" terminology.	The Corporation's equity securities are shares of common stock, par value $0.01 per share, and the owners of such stock are "stockholders."
AMENDMENTS TO GOVERNING DOCUMENTS	The Delaware Act provides broad flexibility as to the manner of amending and/or restating the governing instrument of a DST. Amendments to the Declaration that do not change the information in the DST's certificate of trust are not required to be filed with the Secretary of State.	Under Maryland Law, amendments to the charter must generally be approved by the board and by the affirmative vote of two-thirds of all votes entitled to be cast (unless the charter requires amendment by a higher or lesser proportion of the voting stock, but not less than a majority of the shares outstanding).
	DECLARATION OF TRUST The Declaration provides that amendments and./or restatements of the Declaration may generally be made at any time by the board of trustees, by a vote of a majority of the trustees present at a meeting at which a quorum is present, without approval of the shareholders. Amendments or a repeal of certain provisions, however, require approval of the board of trustees, as set forth above, and the affirmative vote of holders of at least two-thirds (66 2/3%) if the outstanding shares entitled to vote, unless such action has previously been approved, adopted or authorized by the affirmative vote of at least two-thirds (66 2/3%) of the board of trustees, in which	CHARTER The Charter provides that the Charter may be amended, altered, repealed, or added to upon the vote of the holders of a majority of the shares outstanding and entitled to vote thereon, except that the amendmen or repeal of provisions pertaining to fixing the number of directors and the classification of the board, the removal of directors, the merger or consolidation of the Corporation, sale of all or substantially all of the assets of the Corporation, dissolution or liquidation of the Corporation, or amendments to the Charter require the affirmative vote of the holders of at least 75% of all shares then entitled to vote, unless such action was previo approved, adopted or authorized by the vote of two-thirds of the total number directors fixed in accordance with the

case the affirmative "vote of a majority of the outstanding voting securities," as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), of the Trust entitled to vote at a meeting at which a quorum is present, shall be required. Such provisions included those pertaining to the number, classes,	By-Laws.

Delaware Statutory Trust	Maryland Corporation
election, term, removal, resignation, quorum, powers, required vote and action by written consent of the board of trustees; shareholders' voting power, quorum, required vote, action by written consent and record dates; limitation of liability and indemnification of agents of the trust; transactions such as the dissolution, merger, consolidation, conversion, reorganization and reclassification of the Trust to an open-end company and amendments of the Declaration.	
BY-LAWS The By-Laws may be amended, restated or repealed or new By-Laws may be adopted by the affirmative vote of a majority of the outstanding securities (as defined in the 1940 Act). The By-Laws may also be amended, restated or repealed or new By-Laws may be adopted by the board of trustees, by a vote of a majority of the trustees present at a meeting at which a quorum is present.	BY-LAWS Under Maryland Law, after the organizational meeting, the power to adopt, alter or repeal the by-laws is vested in the stockholders, except to the extent that the charter or by-laws vest such power in the board. The By-Laws may be adopted, amended or repealed by "vote of the holders of a majority of the [Corporation's] stock" (as defined in the 1940 Act); EXCEPT, however, that the amendement of provisions pertaining to the fixing of the number of directors and the classification of the board and the removal of directors require the affir ative vote of the holders of 75% of th Corporation's shares, unless such acti had previously been approved, adopted authorized by the affirmative vote of two-thirds of the total number of dire fixed by the By-Laws, in which case th affirmative vote of a majority of the outstanding shares is required. Direct may adopt, amend or repeal By-Laws exc the provisions relating to the directo
CERTIFICATE OF TRUST Pursuant to the Declaration, amendments and/or restatements of the certificate of trust shall be made at any time by the board of trustees, without approval of the shareholders, to correct any inaccuracy contained therein. Any such amendments/restatements of the certificate of trust must be executed by at least one (1) trustee and filed with the	

	Secretary of State in order to become effective.	authority to address shares price disc (not inconsistent with any By-Law adopted, amended or repealed by stockholders) by majority vote of all of the directors in office, subjec to applicable law.
PREEMPTIVE RIGHTS AND REDEMPTION OF SHARES	Under the Delaware Act, a governing instrument may contain any provision relating to the rights, duties and obligations of the shareholders. Unless otherwise provided in the governing instrument, a shareholder shall have no preemptive right to subscribe to any additional issue of shares or another interest in a DST.	Under Maryland Law, a stockholder does not have preemptive rights unless the charter expressly grants such rights.
	The Declaration provides that no shareholder shall have the preemptive or other right to subscribe for new or additional shares or other securities issued by the Trust	The Corporation does not provide stockholders with preemptive rights.

	Delaware Statutory Trust	Maryland Corporation
	The Trust has the right at its option and at any time, subject to the 1940 Act and other applicable law, to repurchase shares of any shareholder under certain circumstances at a price that meets the requirements of Section 23 of the 1940 Act, and the rules and regulations adopted thereunder, and that is in accordance with the terms of the Declaration, the By-Laws and other applicable law.	
DISSOLUTION AND TERMINATION EVENTS	The Trust shall have pertetual existence unless dissolved: (i) upon approval of the board of trustees, and the affirmative vote of the holders of at least 75% of the shares entitled to vote to approve, adopt or authorize such transaction unless such action has been previously approved by the affirmative vote of at least two-thirds (66 2/3%) of the board of trustees, in which case the affirmative "vote of a majority of the outstanding voting securities," as defined in the 1940 Act, of the Trust entitled to vote at the meeting at which a quorum is present, shall be required:	SEE VOTING RIGHTS, MEETINGS, NOTICE, QUORUM, RECORD DATES AND PROXIES--STOCKHOLDER VOTE for the Maryland Law as to the stockholder vote required to voluntarily dissolve a corporation. Depending on the grounds for involuntary dissolution, under Maryland Law (i) stockholders entitled to cast at least 25% of all the votes entitled to be cast in the election of directors; (ii) any stockholder entitled to vote in the election of directors; or (iii) any stockholder or creditor of the corporation, may petition a court of

	(ii) upon the sale, conveyance and transfer of all of the assets of the Trust to another entity; or (iii) upon the occurrence of a dissolution or termination event pursuant to any provision of the Delaware Act.	equity to dissolve the corporation.
LIQUIDATION UPON DISSOLUTION OR TERMINATION	Under the Delaware Act, a DST that has dissolved shall first pay or make reasonable provision to pay all known claims and obligations, including those that are contingent, conditional and unmatured, and all known claims and obligations for which the claimant is unknown. Any remaining assets shall be distributed to the shareholders or as otherwise provided in the governing instrument. The Declaration provides that any remaining assets of the dissolved Trust shall be ratably to the shareholders according to the number of outstanding shares held of record by the several shareholders on the date for such dissolution distribution.	Under Maryland Law, a corporation that has voluntarily dissolved shall pay, satisfy and discharge the existing debts and obligations of the corporation, including necessary expenses of liquidation, before distributing the remaining assets to the stockholders.
VOTING RIGHTS, MEETINGS, NOTICE, QUORUM, RECORD DATES AND PROXIES	Under the Delaware Act, the governing instrument may set forth any provision relating to trustee and shareholder voting rights, including the withholding of such rights from certain trustees or shareholders. If voting rights are granted, the governing instrument may contain any provision relating to meetings, notice requirements, written consents, record dates, quorum requirements, voting by proxy and any other matter pertaining to the exercise of voting rights. The governing instrument may also provide for the establishment of record dates for allocations and distributions by the DST.	

PAGE

	Delaware Statutory Trust	Maryland Corporation
	ONE VOTE PER SHARE The Declaration greater or lesser numberof votes provides that each outstanding share is entitled to one vote and each outstanding fractional share is entitled to a fractional vote.	ONE VOTE PER SHARE Under Maryland Law, unless a corporation's charter provides for a per share, or limits or denies voting rights, each outstanding share of stock is entitled to one vote on each matter submitted to a vote at a meeting of stockholders. A

	corporation may issue fractional shares of stock. The Charter provides that each outstanding share of stock is entitled to one vote and each outstanding fractional share of stock is entitled to a fractional vote.
SHAREHOLDERS' MEETINGS While the Delaware Act does not mandate annual shareholders' meetings, the By-Laws require annual meetings for election of trustees and the transactions of other business. The By-Laws authorize the calling of a shareholders' meeting: (i) when deemed necessary or desirable by the board of trustees; or (ii) to the extent permitted by the 1940 Act,by the chairperson of the board, or at the request of holders of 10% of the outstanding shares if such shareholders pay the reasonably estimated cost of preparing and mailing the notice thereof, for the purpose of electing trustees. However, no special meeting may be called at the request of shareholders to consider any matter that is substantially the same as a matter voted upon at a shareholders' meeting held during the preceding twelve (12) months, unless requested by holders of a majority of all outstanding shares entitled to vote at such meeting. Under the By-Laws, shareholder proposals may be presented at an annual shareholders' meeting if brought by a shareholder who (i) is entitled to vote at the meeting; (ii) complies with the notice procedures set forth in the By-Laws; and (iii) was a shareholder of record at the time such notice is received by the secretary of the Trust. The shareholder's notice must be in writing and delivered to the secretary of the Trust not less than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the date of any such meeting. Each such notice given by a shareholder must include certain information set forth in the By-Laws and as	STOCKHOLDERS' MEETINGS Under Maryland Law, every corporation must hold an annual stockholders' meeting to elect directors and transact other business, except that the charter or by-laws of a corporation registered under the 1940 Act may provide that an annual meeting is not required in any year in which the election of directors is not required by the 1940 Act. Maryland Law authorizes, and permits the charter and by-laws to authorize, certain persons to call special meetings of stockholders. The By-Laws require annual meetings of stockholders for the election of directors and the transaction of other business. The By-Laws also authorize the calling of a special meeting, unless otherwise "prescribed" by statue or the Charter, by resolution of the bo or the president, and shall be called b the president or the secretary upon the written request of a majority of the directors or at the written request of stockholders owning 10% "in amount of the entire capital stock" of the Corporation then issued and outstanding, if the stockholders requesting such meeting pay the reasonably estimated cost of preparing and mailing the notice thereof. However, no special meeting will be called at the request of stockholders to consider any matter that is substantially the same as a matter voted upon at a stockholders' special meeting held during the preceding 12 months, unless requested by the holders of a majority of all outstanding shares entitled to vote at such meeting.

reasonably requested by the Trust.

PAGE

Delaware Statutory Trust	Maryland Corporation
At the annual meeting, the approprite officer may, if the facts warrant, determine and declare to such meeting that a proposal was not made in accordance with the procedure in the By-Laws, and, if the officer should so determine, shall so declare to the meeting, and the defective proposal shall be disregarded and laid over for action at the next succeeding annual meeting of the shareholders taking place thirty (30) days or more thereafter.	
RECORD DATES As set forth above, the Delaware Act authorizes the governing instrument of a DST to set forth any provision relating to record dates.	RECORD DATES Under Maryland Law, unless the by-laws otherwise provide, the board may set a record date, which date must be set within the parameters outlined by the Maryland statute, for determining stockholders entitled to notice of a meeting, vote at a meeting, receive dividends or be allotted other rights.
In order to determine the share-holders entitled to notice of,and to vote at, a shareholders' meeting, the Declaration authorizes the board of trustees to fix a record date. The record date may not precede the date on which it is fixed by the board and it may not be more than one hundred and twenty (120) days nor less than ten (10) days before the date of the shareholders' meeting. The By-Laws provide that notice of a share-holders' meeting shall be given to shareholders entitled to vote at such meeting not less than ten (10) nor more than one hundred and twenty (120) days before the date of the meeting.	In order to determine the stockholders entitled to notice of, and to vote at, a stockholders' meeting, the By-Laws authorize the board of directors to fix a record date not less than ten (10) nor more than ninety (90) days prior to the date of the meeting or prior to the last day on which the consent or dissent of stockholders may be effectively expressed for any purpose without a meeting. If the board does not fix a record date, the record date shall be the later of the close of business on the day on which notice of the meeting is mailed or the 30th day before the meeting, except if all stockholders waive notice, the record date is the close of business on the 10th day next preceding the day the meeting is held.
To determine the shareholders entitled to vote on any action without a meeting, the Declaration authorizes the board of trustees to fix a record date. The record date	

may not precede the date on which it is fixed by the board nor may it be more than thirty (30) days after the date on which it is fixed by the board.

Pursuant to the Declaration, if the board of trustees does not fix a record date: (a) the record date for determining shareholders entitled to notice of, and to vote at, a meeting will be the day before the date on which notice is given or, if notice is waived, on the day before the date of the meeting; (b) the record date for determining shareholders entitled to vote on any action by consent in writing without a meeting, (i) when no prior action by the board of trustees has been taken, shall be the day on which the first signed written consent is delivered to the Trust, or (ii) when prior action of the board of trustees has been taken, shall be the day on which

PAGE

Delaware Statutory Trust	Maryland Corporation
the board of trustees adopts the resolution taking such prior action.	
To determine the shareholders of the Trust entitled to a dividend or any other distribution of assets of the Trust the Declaration authorizes the board of trustees to fix a record date. The record date may not precede the date on which it is fixed by the board nor may it be more than sixty (60) days before the date such dividend or distribution is to be paid.	To determine the stockholders entitled to a dividend, any other distribution, or delivery of evidences of rights or other interests from the Corporation, the By-Laws authorize the board to fix a record date not exceeding ninety (90) days preceding the date fixed for the payment of the dividend or distribution or delivery of the evidences.
QUORUM FOR SHAREHOLDERS' MEETING To transact business at a shareholders' meeting, the Declaration provides that a majority of the outstanding shares entitled to vote at the meeting, which are present in person or represented by proxy, shall constitute a quorum at such meeting, except when a larger quorum is required by the applicable law or the requirements of any securities exchange on which such shares are listed for trading, in which case such quorum shall comply with such requirements.	QUORUM FOR STOCKHOLDERS' MEETING Under Maryland Law, unless the charter or Maryland Law provides otherwise, in order to constitute a quorum for a meeting, there must be present in person or by proxy, stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting. To transact business at a meeting, the By-Laws provide that a majority of the outstanding shares entitled to vote, which are present in person or represented by proxy, shall constitute a quorum at a

SHAREHOLDER VOTE The Declaration provides that, subject to any provision of the Declaration, the By-Laws, or applicable law that requires a different vote: (i) in all matters other than the election of trustees, the affirmative "vote of a majority of the outstanding voting securities" (as defined in the 1940 Act) of the Trust entitled to vote at a shareholders' meeting at which a quorum is present, shall be the act of the shareholders; and (ii) trustees shall be elected not less than by a plurality of the votes cast of the holders of outstanding shares entitled to vote present in person or represented by proxy at a shareholders' meeting at which a quorum is present.	STOCKHOLDER VOTE Under Maryland Law, for most stockholder actions, unless the charter or Maryland Law provides otherwise, a majority of all votes cast at a meeting at which a quorum is present is required to approve any matter. Actions such as (i) amendments to the corporation's charter, (ii) mergers, (iii) consolidations, (iv) statutory share exchanges, (v) transfers of assets and (vi) dissolutions require the affirmative vote of two-thirds of all votes entitled to be cast on the matter unless the charter provides for a lesser proportion which may not be less than a majority of all votes entitled to be cast on the matter. Unless the charter or by-laws require a greater vote, a plurality of all votes cast at a meeting at which a quorum is present is required to elect a director. ELECTION OF DIRECTORS. Under the By-Laws, at a stockholders' meeting at which a quorum is present, a plurality of the votes cast shall be required to to elect director at the annual meeting and to fill any vacancy resulting from an increase in number of directorson the board (adopt by vote of the stockholders) as well a

Delaware Statutory Trust	Maryland Corporation
	fill any then existng vacancies on the board. OTHER MATTERS FOR WHICH THE VOTE IS NOT EXPRESSLY DESIGNATED OTHERWISE. For all other matters, other than any specific matter for which applicable statues, the Charter or By-Laws express provides for a different vote, a majority of the votes cast, at a stockholders' meeting at which a quorum is present, shall decide any questions brought before such meeting.
SHAREHOLDER VOTE ON CERTAIN TRANSACTIONS Under the Declaration, in order consummate a dissolution, merger	SHAREHOLDER VOTE ON CERTAIN TRANSACTIONS Under the Charter, in order to con-summate a merger, consolidation, sale o

consolidation, conversion, reorganization or reclassification, such transaction shall be approved in the following manner: The transaction must be be approved by a majority of the trustees present at a meeting at which a quorum is present, and the affirmative vote of the holders of at least 75% of the outstanding shares entitled to vote, unless such action has been previously approved, adopted or authorized by the affirmative vote of at least two-thirds (66 2/3%) of the board of trustees, in which case the affirmative "vote of a majority of the outstanding voting securities" (as defined in the 1940 Act) of the Trust entitled to vote at a shareholders' meeting at which a quorum is present shall be required.	all or substantially all of the assets, or the liquidation or dissolution of th Corporation, such transaction shall be approved in the following manner: The transaction must be be approved b the favorable vote of at least 75% of the outstanding shares entitled to vo unless such action has been previousl approved by the affirmative vote of two-thrids of the total number of directors fixed prusuant to the By-La in which case the transaction must be approved by the affirmative vote of a majority of all the votes entitled to be case on the matter, for purpose of Maryland Law.
CUMULATIVE VOTING The Declaration provides that shareholders are not entitled to cumulate their votes on any matter.	CUMULATIVE VOTING Maryland Law provides that the charter may authorize cumulative voting for the election of the directors and if the charter does not so provide, then the stockholders are not entitled to cumulative voting rights. The Charter and By-Laws do not have any provisions as to whether stockholders are entitled to cumulate their votes on any matter and consequently, the stockholders are not entitled to cumulate their votes on any matter.
PROXIES Under the Delaware Act, unless otherwise provided in the governing instrument of a DST, on any matter that is to be voted on by the trustees or the shareholders, the trustees or shareholders (as applicable) may vote in person or by proxy and such proxy may be granted in writing, by means of "electronic transmission" (as	PROXIES Under Maryland Law, a stockholder may sign a writing authorizing another person to act as a proxy or may transmit such authorization by telegram, cablegram, datagram, electronic mail, or any other electronic or telephonic mean

	defined in the Delaware Act) or as otherwise permitted by applicable law. Under the Delaware Act, the term "electronic transmission" is defined as any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.	
	The By-Laws permit a shareholder to authorize another person to act as proxy by the following methods: execution of a written instrument or by "electronic transmission" (as defined in the Delaware Act), telephonic, computerized, telecommunications or another reasonable alternative to the execution of a written instrument. Unless a proxy provides otherwise, it is not valid more than 11 months after its date. In addition, the By-Laws provide that the revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the general corporation law of the State of Delaware.	The By-Laws require a proxy to be executed in writing by the stockholder or by a duly authorized attorney-in-fact. Unless a proxy provides otherwise, it is not valid more than 11 months after its date. A proxy is revocable by the person executing it or by his or her personal representatives or assigns. A proxy with respect to stock held in the name of two or more persons will be valid if executed by one of them, unless before it is exercised the Corporation receives specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed valid unless it is challenged at or prior to its exercise.
	ACTION BY WRITTEN CONSENT Under the Delaware Act, unless otherwise provided in the governing instrument of a DST, on any matter that is to be voted on by the trustees or the shareholders, such action may be taken without a meeting, without prior notice and without a vote if a written consent(s), setting forth the action taken, is signed by the trustees or shareholders (as applicable) having the minimum number of votes that would be necessary to take such action at a meeting at which all trustees or interests in the DST (as applicable) entitled to vote on such action were present and voted. Unless otherwise provided in the governing instrument, a consent transmitted by "electronic transmission" (as defined in the Delaware Act) by a trustee or shareholder (as applicable) or by a person authorized to act for a trustee or	ACTION BY WRITTEN CONSENT Maryland Law provides that any action required or permitted to be taken at a stockholders' meeting may be taken without a meeting, if a unanimous written consent is signed by each stockholder entitled to vote on the matter.

	shareholder (as applicable) will be deemed to be written and signed for this purpose.	
	SHAREHOLDERS The Declaration authorizes shareholders to take action without a meeting and without prior notice if written consents setting forth the action taken are signed by the holders of all shares entitled to vote on that action. A consent transmitted by "electronic transmission" (as defined in the Delaware Act) by a shareholder or by a person(s)	STOCKHOLDERS The By-Laws provide that any action to be taken by stockholders may be taken without a meeting if: (1) all stockholders entitled to vote on the matter consent to the action in writing; (2) all stockholders entitled to notice of the meeting but not entitled to vote at it sign a written waiver of any right to dissent; and (3) the consents and waivers are filed with the records

	Delaware Statutory Trust	Maryland Corporation
	authorized to act for a shareholder shall be deemed to be written and signed for purposes of this provision.	of stockholders meetings.
	BOARD OF TRUSTEES. The Declaration also authorizes the board of trustees or any committee of the board of trustees to take action without a meeting and without prior written notice if written consents setting forth the action taken are executed by trustees having not less than the minimum number of votes necessary to take that action at a meeting at which all trustees or any committee thereof, as applicable, are present and voting. A consent transmitted by "electronic transmission" (as defined in the Delaware Act) by a trustee shall be deemed to be written and signed for purposes of this provision.	BOARD OF DIRECTORS. The By-Laws also provide that, except as otherwise required by statute, the board or any committee of the board may act by written consent signed by all the members of the board or committee, respectively, if the consent is filed with the minutes of the proceedings of the board or committee.
REMOVAL OF TRUSTEES/ DIRECTORS	The governing instrument of a DST may contain any provision relating to the removal of trustees; provided however, that there shall at all times be at least one trustee of the DST.	Under Maryland Law, unless otherwise provided in the charter, a director may generally be removed with or without cause by the vote of a majority of all the votes entitled t be cast generally for the election of directors unless (i) such director is elected by a certain class or series, (ii) the charter provides for cumulative voting or (iii) the board is classified.

	Under the Declaration, any trustee may be removed, with or without cause, by the shareholders, upon the vote of the holders of at least 75% of the shares entitled to vote.	Under the Charter, a director may be remove with or without cause but only by action of the stockholders taken by the holders of at least two-thirds of the shares entitled to vote in an election of Directors. A stockholders' meeting shall be called for such purpose by the board if requested in writing by holders of not less than 10% of outstanding shares of the Corporation.
VACANCIES ON BOARD OF TRUSTEES/ DIRECTORS	Subject to the 1940 Act, vacancies on the board of trustees may be filled by a majority vote of the trustee(s) then in office, regardless of the number and even if less than a quorum. However, a shareholders' meeting shall be called to elect trustees if required by the 1940 Act.	Under Maryland Law, stockholders may elect persons to fill vacancies that result from the removal of directors. Unless the charter or by-laws provide otherwise, a majority of the directors in office, whether or not comprising a quorum, may fill vacancies that result from any cause except an increase in the number of directors. A majority of the entire board of directors may fill vacancies that result from an increase in the number of directors.
	In the event all trustee offices become vacant, an authorized officer of the investment adviser shall serve as the sole remaining trustee, subject to the provisions of the 1940 Act, and shall, as soon as practicable, fill all of the vacancies on the board. Thereupon, the investment adviser shall resign	Under the By-Laws, directors may increase or decrease their number; if the number is increased, the added directors may be elected by a majority of directors then in office. For other vacancies, the directors the then in office (though less than quoru shall continue to act and may by majority vote fill any vacancy until

	Delaware Statutory Trust	Maryland Corporation
	as trustee and a shareholders' meeting shall be called to elect trustees.	the next meeting of stockholders, subject to the 1940 Act. The number of directors may also be increased or decreased by vote of stockholders at any meeting called for the purpose and if the vote is to increase the number, stockholders will vote by plurality to elect the directors to fill the new vacancies as well as any then existing vacancies. The By-Laws further provide that "[a]ny vacancy may be filled by the [s]tockholders

		at any meeting thereof."
SHAREHOLDER LIABILITY	Under the Delaware Act, except to the extent otherwise provided in the governing instrument of a DST, shareholders of a DST are entitled to the same limitation of personal liability extended to shareholders of a private corporation organized for profit under the General Corporation Law of the State of Delaware (such shareholders are generally not liable for the obligations of the corporation). Under the Declaration, shareholders are entitled to the same limitation of personal liability as that extended to shareholders of a private corporation organized for profit under the General Corporation Law of the State of Delaware. However, the board of trustees may cause any shareholder to pay for charges of the trust's custodian or transfer, dividend disbursing, shareholder servicing or similar agent for services provided to such shareholder.	The stockholders of a corporation are not liable for the obligations of the corporation.
TRUSTEE/DIRECTOR/ AGENT LIABILITY	Subject to the provisions in the governing instrument, the Delaware Act provides that a trustee or any other person managing the DST, when acting in such capacity, will not be personally liable to any person other than the DST or a shareholder of the DST for any act, omission or obligation of the DST or any trustee. To the extent that at law or in equity, a trustee has duties (including fiduciary duties) and liabilities to the DST and its shareholders, such duties and liabilities may be expanded or restricted by the governing instrument.	Maryland Law requires a director to perform his or her duties in good faith, in a manner he or she reasonably believes to be in the best interests of the corporation and with the care that an ordinarily prudent person in a like position would use under similar circumstances. A director who performs his or her duties in accordance with this standard has no liability to the corporation, its stockholders or to third persons by reason of being or having been a director. A corporation may include in its charter a provision expanding or limiting the liability of its director and officers for money damages to the corporation or its stockholders, provided however, that liability may not be limited to the extent the person has received an improper benefit or profit in money, property or services or where such person has been actively and deliberately dishonest.
	The Declaration provides that any person who is or was a trustee, officer, employee or other agent of the Trust or is or was serving at the	The Charter provides that no director or officer shall be personally liable to the Corporation or its stockholders for monetary

PAGE

	Delaware Statutory Trust	Maryland Corporation
	request of the Trust as a trustee, director, officer, employee or other agent of another corporation, partnership, joint venture, trust or other enterprise (an "Agent") will be liable to the Trust and to any shareholder solely for such Agent's own willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such Agent (such conduct referred to as "Disqualifying Conduct"). Subject to the preceding sentence, Agents will not be liable for any act or omission of any other Agent or any investment adviser or principal underwriter of the Trust. No Agent, when acting in such capacity, shall be personally liable to any person (other than the Trust or its shareholders as described above) for any act, omission or obligation of the Trust or any trustee.	damages except: (i) a director or officer is liable for the amount of any improper benefit or profit he or she receives; and (ii) where a judgment or other final adjudication adverse to the director or officer is entered in a proceeding based on a finding that such person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. The Charter further provides that no director or officer will be protected from liability to the Corporation or its stockholders arising from from such director's or officer's Disqualifying Conduct.
INDEMNIFICATION	Subject to such standards and restrictions contained in the governing instrument of a DST, the Delaware Act authorizes a DST to indemnify and hold harmless any trustee, shareholder or other person from and against any and all claims and demands.	Unless limited by its charter, Maryland Law requires a corporation to indemnify a director who has been successful, on the elements or otherwise, in the defense of any proceeding to which such person was a party because of such person's service in such capacity, against reasonable expenses incurred in connection with the proceeding. Maryland Law permits a corporation to indemnify a director, officer, employee or agent who is a party or threatened to be a party, by reason of service in that capacity, to any threatened, pending or completed action, suit or proceeding, against judgments, penalties, fines, settlements and reasonable expenses unless it is established that: (i) the act or omission of such person was material to the matter giving rise to the proceeding, and was committed in bad faith or was the result of active and deliberate dishonesty; (ii) such person actually received an improper personal benefit; or (iii) such person had reasonable cause to

	believe that the act or omission was unlawful. However, if the proceeding is a derivative suit or was brought by the corporation, the corporation may not indemnify a person who has been adjudged to be liable to the corporation. Corporations are authorized to advance payment of reasonable expenses upon compliance with certain requirements.
Pursuant to the Declaration, the Trust will indemnify any Agent who was or is a party or is threatened to be made a party to any proceeding by reason of such Agent's capacity, against attorneys' fees and other certain expenses, judgments, fines, settlements and other amounts incurred in	The By-Laws provide that the Corporation will indemnify its: (i) directors to the fullest extent that indemnification of directors is permitted by Maryland Law; (ii) officers to the same extent as its directors and to such further extent as is consistent with law; and (iii) directors and officers who, while

Delaware Statutory Trust	Maryland Corporation
connection with such proceeding if such Agent acted in good faith or in the case of a criminal proceeding, had no reasonable cause to believe such Agent's conduct was unlawful. However, there is no right to indemnification for any liability arising from the Agent's Disqualifying Conduct. As to any matter for which such Agent is found to be liable in the performance of such Agent's duty to the Trust or its shareholders, indemnification will be made only to the extent that the court in which that action was brought determines that in view of all the circumstances of the case, the Agent was not liablie by reason of such Agent's Disqualifying Conduct. Note that the Securities Act of 1933, as amended (the "1933 Act"), in the opinion of the U.S. Securities and Exchange Commission ("SEC"), and the 1940 Act also limit the ability of the Trust to indemnify an Agent. Expenses incurred by an Agent in defending any proceeding may be advanced by the Trust before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the	serving as directors or officers, also serve at the request of the Corporation as a director, officer, partner, trustee, employee, agent or fiduciary of another corporation, partnership, joint venture, trust, other enterprise or employee benefit plan to the fullest extent consistent with law. This indemnification (and other rights) provided by the By-Laws will continue as to persons who have ceased to be a director or officer, includes the advance of reasonable exepneses subject to certain conditions, and will inure to the benefit of the heirs, executor and administrators of such persons but, such persons will not be protected against any liability to the Corporation or its stockholders arising from his or her Disqualifying Conduct. The Corporation may indemnify and advance reasonable expenses to its officers or directors of the Corporation as may be provided by the board of directors or by contract, subject to any limitations imposed by the 1940 Act. The By-Laws permit the board of directors to make such additional provisions for the indemnification and advancement of expenses to directors, officers, employees and agents, as

	amount of the advance if it is ultimately determined that the Agent is not entitled to indemnification by the Trust.	are consistent with the law. The indemnification provided by the By-Laws is not exclusive of any other right, with respect to indemnification or otherwise, to which those seeking indemnification may be entitled under any insurance or other agreement or resolution of stockholders or disinterested directors or otherwise.
INSURANCE	The Delaware Act is silent as to the right of a DST to purchase insurance on behalf of its trustees or other persons.	Under Maryland Law, a corporation may purchase insurance on behalf of any person who is or was a director, officer, employee or agent against any liability asserted against and incurred by such person in any such capacity whether or not the corporation would have the power to indemnify such person against such liability.
	However, as the policy of the Delaware Act is to give maximum effect to the principle of freedom of contract and to the enforce-ability of governing instruments, the Declaration authorizes the board of trustees, to the fullest extent permitted by applicable law, to purchase with Trust assets, insurance for liability and for all expenses of an Agent in connection with any proceeding in which such Agent becomes involved by virtue of such Agent's actions, or omissions to act, in its capacity or former capacity with the Trust, whether or not the Trust would have the power to indemnify such Agent against such liability.	The By-Laws authorize the Corporation to purchase insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or who, while a director, officer, employee, or agent of the Corportion, is or was serving at the request of the Corporation as a director, officers, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan against any liability asserted against and incurred by such person in any such capacity or arising out of such persons position. However, no insurance

	Delaware Statutory Trust	Maryland Corporation
		may be purchased which would indemnify any director or officer against any liability to the Corporation or its stockholders arising from such person's Disqualifying Conduct.
SHAREHOLDER RIGHT OF INSPECTION	Under the Delaware Act, except to the extent otherwise provided in the governing instrument and subject to reasonable standards established by the trustees, each shareholder has	Under Maryland Law, a stockholder may inspect, during usual business hours, the corporation's by-laws, stockholder proceeding minutes, annual

	the right, upon reasonable demand for any purpose reasonably related to the shareholder's interest as a shareholder, to obtain from the DST certain information regarding the governance and affairs of the DST. To the extent permitted by Delaware law and the By-Laws, a shareholder, upon reasonable written demand to the Trust for any purpose reasonably related to such shareholder's interest as a shareholder, may inspect certain information as to the governance and affairs of the Trust during regular business hours. However, reasonable standards governing, without limitation, the information and documents to be furnished and the time and location of furnishing the same, will be established by the board or any officer to whom such power is delegated in the By-Laws. In addition, as permitted by the Delaware Act, the By-Laws also authorize the board or an officer to whom such powers is delegated in the By-Laws, to keep confidential from shareholders for such period of time as deemed reasonable any information that the board or such officer in good faith believes would not be in the best interest of the Trust to disclose or that could damage the Trust or that the Trust is required by law or by agreement with a third party to keep confidential.	statements of affairs and voting trust agreements and, if the corporation is not an open-end investment company, a statement showing all stock and securities issued by the corporation for a period of not more than the previous 12 months. In addition, stockholders who have individually or together been holders of at least 5% of the outstanding stock of any class for at least 6 months, may inspect and copy the corporation's books of account, its stock ledger and its statement of affairs. The Charter grants stockholders inspection rights only to the extent provided by Maryland Law. Such rights are subject to reasonable regulations of the board of directors not contrary to Maryland Law.
DERIVATIVE ACTIONS	Under the Delaware Act, a shareholder may bring a derivative action if trustees with authority to do so have refused to bring the action or if a demand upon the trustees to bring the action is not likely to succeed. A shareholder may bring a derivative action only if the shareholder is a shareholder at the time the action is brought and: (i) was a shareholder at the time of the transaction complained about or (ii) acquired the status of shareholder by operation of law of pursuant to the governing instrument from a person who was a shareholder at the time of the transaction. A shareholder's right to bring a derivative action may be subject to such additional standards and restrictions, if any, as are set forth in the governing instrument.	Under Maryland Law, in order to bring a derivative action, a stockholder (or his or her predecessor if he or she became a stockholder by operation of law) must be a stockholder (a) at the time of the acts or omissions complained about, (b) at the time the action is brought, and (c) until the completion of the litigation. A derivative action may be brought by a stockholder if (i) a demand upon the board of directors to bring the action is improperly refused or (ii) a request upon the board of directors would be futile. Under Maryland Law, a director of an investment company who "is not an interested person, as defined by the 1940 Act, shall be deemed to be independent and disinterested when

making any determination or taking any action as a director."

PAGE

	Delaware Statutory Trust	Maryland Corporation
	The Declaration provides that, subject to the requirements set forth in the Delaware Act, a shareholder may bring a derivative action on behalf of the Trust only if the shareholder first makes a pre-suit demand upon the board of trustees to bring the subject action unless an effort to cause the board of trustees to bring such action is excused. A demand on the board of trustees shall only be excused if a majority of the board of trustees, or a majority of any committee established to consider the merits of such action, has a material personal financial interest in the action at issue. A trustee shall not be deemed to have a material personal financial interest in an action or otherwise be disqualified from ruling on a shareholder demand by virtue of the fact that such trustee receives remuneration from his service on the board of trustees of the Trust or on the boards of one or more investment companies with the same or an affiliated investment adviser or underwriter.	
MANAGEMENT INVESTMENT COMPANY CLASSIFICATION	The Trust is a closed-end management investment company under the 1940 Act.	The Corporation is a closed-end management investment company under the 1940 Act.

PAGE

EXHIBIT D

FUNDAMENTAL INVESTMENT RESTRICTIONS PROPOSED

TO BE AMENDED OR ELIMINATED

PROPOSAL OR SUB-PROPOSAL	INVESTMENT RESTRICTION	CURRENT FUNDAMENTAL INVESTMENT RESTRICTION THE FUND MAY NOT:	PROPOSED FUNDAMENTAL INVESTMENT RESTRICTION THE FUND MAY NOT:
3a	Borrowing, Issuing Senior Securities and Pledging Assets	Issue senior securities, borrow money or pledge its assets, except that the Fund may borrow from a bank (i) for temporary or emergency purposes, or (ii) to finance repurchase of its shares and to finance tneder offers, in amounts not exceeding 30% (taken at the lower cost or current value) of its total assets (not including the amount borrowed), and may also pledge its assets to secure such borrowings. The Fund will not purchase additional portfolio securities while borrrowings exceeds 5% of the value of its total assets.	Borrow money, except to the extent permitted by the 1940 Act or any rules, exemptions or interpretations thereunder that may be adopted, granted or issued by the SEC.
3b	Industry Concentration	Invest 25% or more of the total value of its assets in a particular industry.	Invest more than 25% of its net assets in securities of issuers in any one industry (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities or securities of other investment companies).
3c	Commodities	Buy or sell commodities or commodity contracts, except that it may purchase or sell futures contracts on debt securities, on stock and bond indices and foreign currencies, securities which are secured by commodities, and securities of companies which invest or deal in commodities.	Purchase or sell physical commodities, unless acquired as a result of ownership of securities or other instruments and provided that this restriction does not prevent the Fund from engaging in transactions involving currencies and futures contracts and options thereon or investing in securities or other instruments that are secured by physical commodities.
3d	Real Estate	Buy or sell real estate or interests in real estate, except that it may purchase and sell securities which are secured by real estate and securities of companies which invest or deal in	Purchase or sell real estate unless acquired as a result of ownership of securities or other instruments and provided that this restriction does not prevent the Fund from purchasing or selling securities secured by real estate or interests

		real estate.	therein or securities of issuers th invest, deal or otherwise engage in transactions in real estate or interests therein.

PAGE

PROPOSAL OR SUB-PROPOSAL	INVESTMENT RESTRICTION	CURRENT FUNDAMENTAL INVESTMENT RESTRICTION THE FUND MAY NOT:	PROPOSED FUNDAMENTAL INVESTMENT RESTRICTION THE FUND MAY NOT:
3e	Lending	Make loans, except that the Fund may lend portfolio securities with an aggregate market value of not more than one-third of its total assets and may enter into repurchase agreements to the extent permitted under applicable law.	Make loans to other persons except (a) through the lending of its portfolio securities, (b) through th purchase of debt securities, loan participations and/or engaging in direct corporate loans in accordance with its investment goals and policies, and (c) to the extent the entry into a repurchase agreement is deemed to be a loan. The Fund may also make loans to other investment companies to the extent permitted by the 1940 Act or any rules or exemptions or interpretations thereunder that may be adopted, granted or issued by the SEC.
3f	Underwriting	Act as an underwriter except to the extent that, in connection with the disposition of portfolio securities, it may be deemed to be an under-writer under applicable laws.	Act as an underwriter except to the extent the Fund may be deemed to be an underwriter when disposing of securities it owns or when selling its own shares.
4	Margin	Purchase securities on margin, except such short-term credits as may be necessary for clearance of transactions and the maintenance of margin with respect to futures contracts.	Proposed to be Eliminated.*
4	Short Sales	Make short sales of securities or maintain a short position.	Proposed to be Eliminated.*

4	Non-Publicly Traded, Restriced and Illiquid Securities	Invest in securities which are not publicly traded or which cannot be readily resold because of legal or contractual restrictions ("restricted securities") or which are not otherwise readily marketable (including repurchase agreements having more than seven days remaining to maturity, equipment lease certificates, equipment trust certificates, conditional sales contracts, and over-the-counter options) if, regarding all such securities, more than 15% of its total assets (taken at current value) would be invested in such securities.	Proposed to be Eliminated.*

---

* Note: The Fund will still be subject to the fundamental investment restrictions on issuing senior securities described in Sub-Proposal 3(a) above.

PROPOSAL OR SUB-PROPOSAL	INVESTMENT RESTRICTION	CURRENT FUNDAMENTAL INVESTMENT RESTRICTION THE FUND MAY NOT:	PROPOSED FUNDAMENTAL INVESTMENT RESTRICTION THE FUND MAY NOT:
4	IRS Diversification	Purchase the securities of any one issuer (other than the U.S. Government or any ot its agencies or instrumentalities or securities of other investment companies) if immediately after such investment (a) more than 5% of the value of the Fund's total assets would be invested in such issuer, or (b) more than 10% of the outstanding voting securities of such issuer would be owned by the Fund, except that up to 50% of the value of the Fund's total assets may be invested without regard to such 5% and 10% limitations.	Proposed to be Eliminated. NOTE: The Fund intendst to continue to comply with all applicable diversification requirements for regulated investment companies set forth in the Internal Revenue Code of 1986, as amended.

EXHIBIT D

AUDIT COMMITTEE CHARTER

I. THE COMMITTEE.

The Audit Committee ("Committee") is a committee of, and established by, the Board of Directors/Trustees of the Fund (the "Board"). The Committee shall consist of such number of members as set by the Board from time to time and its members shall be selected by the Board. The Committee shall be comprised entirely of "independent" members, as defined in Item 3(a)(2) of SEC Form N-CSR ("Disinterested Board members"). Members shall be financially literate. At least one member of the Committee shall be designated by the Board as an "audit committee financial expert," as defined in Item 3(b) of SEC Form N-CSR, unless the Board determines that the Fund does not have an audit committee financial expert on the Committee.

II. PURPOSES OF THE COMMITTEE.

The function of the Committee is to be directly responsible for overseeing the Fund's accounting and auditing processes, which shall include the appointment, compensation, retention and oversight of the work of the Fund's independent auditors ("auditors") engaged (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund. It is management's responsibility to maintain appropriate systems for accounting and internal controls. It is the auditors' responsibility to plan and carry out a proper audit and to report directly to the Committee.

Consistent with such allocation of functions, the purposes of the Committee are:

(a) To oversee the Fund's accounting and financial reporting policies and practices and its internal controls, and to obtain, where it deems appropriate, reports on internal controls of service providers to the Fund;

(b) To oversee the quality and objectivity of the Fund's financial statements and the independent audit thereof;

(c) To act as a liaison between the Fund's independent auditors and the Board; and

(d) To consider such other matters as it deems appropriate in carrying out its purpose and any other matters that may be assigned to it by the Board.

In addition, the Committee shall serve as the Fund's Qualified Legal Compliance Committee ("QLCC") pursuant to Section 205 of the SEC's Standards of Professional Conduct for Attorneys (the "Standards"). In this capacity, the Committee is required to adopt and maintain written procedures for the confidential receipt, retention and consideration of any report of evidence of a material violation. "Evidence of a material violation" means credible evidence, based upon which it would be unreasonable, under the circumstances, for a prudent and competent attorney not to conclude that it is reasonably likely that a material violation of an applicable U.S. federal or state securities law, a material breach of fiduciary (or similar duty) to the Fund arising under U.S.

federal or state law, or a similar material violation of any U.S. federal or state law has occurred, is ongoing, or is about to occur.

PAGE

III. POWERS AND DUTIES.

The Committee shall have the following powers and duties to carry out its purposes:

(a) To select the auditors, subject to approval both by the Board and by a separate vote of the Disinterested Board members, and, in connection therewith, to evaluate the independence of the auditors in accordance with applicable law.

(b) To be directly responsible for approving the services to be provided by, and the compensation of, the auditors, including:

(i) pre-approval of all audit and audit related services;

(ii) pre-approval of all non-audit related services to be provided to the Fund by the auditors;

(iii) pre-approval of all non-audit related services to be provided to the Fund by the auditors to the Fund's investment adviser or to any entity that controls, is controlled by or is under common control with the Fund's investment adviser and that provides ongoing services to the Fund where the non-audit services relate directly to the operations or financial reporting of the Fund; and

(iv) establishment by the Committee, if deemed necessary or appropriate, as an alternative to Committee pre-approval of services to be provided by the auditors, as required by paragraphs (ii) and (iii) above, of policies and procedures to permit such services to be pre-approved by other means, such as through establishment of guidelines or by action of a designated member or members of the Committee; provided the policies and procedures are detailed as to the particular service and the Committee is informed of each service and such policies and procedures do not include delegation of audit committee responsibilities, as contemplated under the Securities Exchange Act of 1934, to management; subject, in the case of (ii) through (iv), to any waivers, exceptions or exemptions that may be available under applicable law or rules.

(c) To meet with the auditors, including private meetings, as necessary to (i) review the arrangements for and scope of the annual audit and any special audits; (ii) discuss any matters or concerns relating to the Fund's financial statements, including any recorded and/or unrecorded adjustments to such statements recommended by the auditors, or other results of audits; (iii) consider the auditors' comments with respect to the Fund's financial policies, procedures and internal controls and management's responses thereto; and (iv) to review the form of opinion the auditors propose to render.

(d) To receive and consider reports from the auditors:

(i) as required by generally accepted accounting standards; and

(ii) annually and by update as required by SEC Regulation S-X, regarding: (w) all critical accounting policies and practices of the Fund to be used; (x) alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management of the Fund, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditors; (y) other material written communications between the auditors and management of the Fund, such as any management letter

or schedule of unadjusted differences; and (z) all non-audit services provided to any entity in an investment company complex, as defined in SEC Regulation S-X, that were not pre-approved by the Committee pursuant to SEC Regulation S-X.

(e) To consider the effect upon the Fund of any changes in accounting principles or practices proposed by management or the auditors.

(f) To investigate improprieties or suspected improprieties in Fund operations.

(g) In considering the independence of the auditors, to request from the auditors a written statement, and other reports as necessary, describing all relationships between the auditors and the Fund, the Fund's investment adviser and service providers, and other entities advised or serviced by, including any entities controlling, controlled by or under common control with, the investment adviser or any other service providers to the Fund; to obtain and consider periodic reports from the auditors regarding whether the provision of non-audit services is compatible with maintaining the auditor's independence; and to request from the auditors a certificate that they are independent auditors under the Federal securities laws and are in compliance with all standards adopted by the Independence Standards Board.

(h) To review the experience and qualifications of the senior members of the auditors' team and the quality control procedures of the auditors.

(i) To require that the auditors regularly provide timely information to the Committee with respect to new rules and pronouncements by applicable regulatory and accounting standards agencies, along with an explanation of how such developments may affect the Fund's financial statements and accounting principles and practices.

(j) To review, at such times and in the manner deemed appropriate by the Committee, the results of the annual audit and financial statements, and the report of the auditors' audit of the Fund's annual financial statements, including footnotes and any significant audit findings.

(k) To consider management's evaluation of the Fund's disclosure controls and procedures in connection with certifications of the Fund's Chief Executive Officer - Finance and Administration and Chief Financial Officer concerning (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Fund's ability to record,

process, summarize and report financial data and have identified for the Fund's auditors any material weaknesses in internal controls; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Fund's internal controls, and for any other purposes the Committee deems appropriate.

(l) To inform the chief legal officer ("CLO") and chief executive officer ("CEO") of the Fund (or the equivalents thereof) of any report of evidence of a material violation by the Fund, its officers, directors/trustees, employees (if any), or agents (collectively, "affiliates").

(m) To determine whether an investigation is necessary regarding any report of evidence of a material violation by the Fund or its affiliates.

(n) If the Committee determines such an investigation is necessary or appropriate, (i) to notify the Board; (ii) to initiate an investigation, which may be conducted by either the CLO or by outside attorneys; and (iii) to retain such additional expert personnel as the Committee deems necessary to assist in the investigation.

(o) At the conclusion of any such investigation, (i) to recommend by a majority vote, that the Fund implement an appropriate response (as defined in

Section 205.2(b) of the Standards) to evidence of a material violation, and (ii) to inform the CLO and the CEO and the Board of the results of such investigation and the appropriate remedial measures to be adopted.

(p) Acting by majority vote, to take all other appropriate action, including the authority to notify the SEC in the event the Fund fails in any material respect to implement an appropriate response that the Committee has recommended the Fund to take.

(q) To otherwise respond to evidence of a material violation.

IV. OTHER FUNCTIONS AND PROCEDURES OF THE COMMITTEE.

(a) The Committee shall meet at least twice each year or more frequently, in open or executive sessions. The Committee shall meet as frequently as circumstances require with (i) the auditors as provided in III (c), above; and (ii) management's internal audit department to review and discuss internal audit functions and reports. The Committee may invite members of management, the auditors, counsel, advisers and others to attend its meetings as it deems appropriate. The Committee shall have separate sessions with the auditors, management and others, as and when it deems appropriate.

(b) The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Fund or the Fund's adviser regarding accounting, internal accounting controls, or accounting matters; and (ii) the confidential, anonymous submission by employees of the Fund or the Fund's adviser of concerns regarding questionable accounting or auditing matters.

(c) The Committee shall have the authority to engage special counsel, experts and advisers as and when it determines necessary to carry out its duties and the Fund must provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to any auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund; (ii) compensation to any advisers

employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(d) The Committee shall have unrestricted access to the Fund's management and management of the Fund's adviser, including, but not limited to, their chief executive officer(s), chief financial officer(s), internal auditors and any other executives and financial officers.

(e) The Committee shall report its activities to the Board and make such recommendations as the Committee may deem necessary or appropriate.

(f) The Committee shall review this Charter annually, or more frequently if it chooses, and recommend any changes to the Board.

ADDITIONAL STATEMENT FOR CLOSED-END FUNDS ONLY

The Committee shall comply with rules of the New York Stock Exchange, Inc. and the U.S. Securities and Exchange Commission applicable to closed-end funds, including (i) the preparation of the Audit Committee Disclosure Report required to be included in the Fund's annual proxy statement; and (ii) the review and discussion of Fund financial statements and management policies in accordance with applicable Corporate Governance Rules of the New York Stock Exchange, Inc.

PAGE

TLGIM PROXY 01/04

PAGE

TEMPLETON GLOBAL INCOME FUND, INC.
ANNUAL MEETING OF SHAREHOLDERS - FEBRUARY 27, 2004

The undersigned hereby revokes all previous proxies for his/her shares and appoints BARBARA J. GREEN, ROBERT C. ROSSELOT and LORI A. WEBER, and each of them, proxies of the undersigned with full power of substitution to vote all shares of Templeton Global Income Fund, Inc. (the "Fund") that the undersigned is entitled to vote at the Fund's Annual Meeting of Shareholders (the "Meeting") to be held at 500 East Broward Blvd., 12th Floor, Fort Lauderdale, Florida 33394 at 11:00 a.m., Eastern time, on the 27th day of February, 2004 including any postponements or adjournments thereof, upon the matters set forth below and instructs them to vote upon any matters that may properly be acted upon at the Meeting.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. IT WILL BE VOTED AS SPECIFIED. IF NO SPECIFICATION IS MADE, THIS PROXY SHALL BE VOTED FOR PROPOSALS 1 (INCLUDING ALL NOMINEES FOR DIRECTOR) 2, 3 (INCLUDING SIX (6) SUB-PROPOSALS) AND 4. IF ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING TO BE VOTED ON, THE PROXY HOLDERS WILL VOTE, ACT AND CONSENT ON THOSE MATTERS IN ACCORDANCE WITH THE VIEWS OF MANAGEMENT.

(CONTINUED, AND TO BE SIGNED ON THE OTHER SIDE)

FOLD AND DETACH HERE

PLEASE MARK VOTES AS INDICATED IN THIS EXAMPLE [X]

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSALS 1 THROUGH 4.

Proposal 1 - Election of Directors.

FOR all nominees listed (except as marked to the right)	WITHHOLD AUTHORITY to vote for all nominees listed	Nominees: Frank J. Crothers, Charles B. Joh Fred R. Millsaps and Frank A. Olson
[ ]	[ ]	TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIV NOMINEE, WRITE THAT NOMINEE'S NAME ON THE L BELOW.
		_____

Proposal 2 - To approve an Agreement and Plan of Reorganization that provides for the reorganization of the Fund from a Maryland corporation to a Delaware statutory trust.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

Proposal 3 - To approve amendments to certain of the Fund's fundamental investment restrictions (includes six (6) Sub-Proposals):

Sub-Proposal 3a. To amend the Fund's fundamental investment restriction regarding borrowing and issuing senior securities.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

Sub-Proposal 3b. To amend the Fund's fundamental investment restriction regarding industry concentration.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

Sub-Proposal 3c. To amend the Fund's fundamental investment restriction regarding investments in commodities.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

Sub-Proposal 3d. To amend the Fund's fundamental investment restriction regarding investments in real estate.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

Sub-Proposal 3e. To amend the Fund's fundamental investment restriction regarding lending.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

Sub-Proposal 3f. To amend the Fund's fundamental investment restriction regarding underwriting.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

Proposal 4 - To approve the elimination of certain of the Fund's fundamental investment restrictions.

FOR	AGAINST	ABSTAIN
[ ]	[ ]	[ ]

I PLAN TO ATTEND THE MEETING. YES [ ] NO [ ]

SIGNATURE(S): _____ DATED _____, 2004

Please sign exactly as your name appears on this proxy. If signing for estates, trusts or corporations, title or capacity should be stated. If shares are held jointly, each holder should sign.

FOLD AND DETACH HERE