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FRANKLIN FLOATING RATE TRUST

Form 497

December 10, 2002

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SUPPLEMENT DATED DECEMBER 1, 2002  
TO THE PROSPECTUS OF  
FRANKLIN FLOATING RATE TRUST  
DATED DECEMBER 1, 2002

The Prospectus is amended as follows:

1. Section C of the "Expense Summary" on page 3, is replaced with the following:

C.Example

Assume the Fund's annual return is 5%, operating expenses are as described above, and you sell your Common Shares after the number of years shown. These are projected amounts you would pay for each \$1,000 that you invest in Common Shares.

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Assuming no tender of Common Shares for repurchase by the Fund .....	\$13	\$42	\$72	\$159
Assuming tender and repurchase of Common Shares by the Fund on last day of period and, for the one-year period, imposition of the Early Withdrawal Charge .....	\$24			

THIS IS JUST AN EXAMPLE. IT DOES NOT REPRESENT PAST OR FUTURE EXPENSES OR RETURNS. ACTUAL EXPENSES AND RETURNS MAY BE MORE OR LESS THAN THOSE SHOWN. The Fund pays its operating expenses. The effects of these expenses are reflected in its Net Asset Value or dividends and are not directly charged to your account.

Please keep this supplement for future reference