

**Plan of Distribution**

**Peter Tufano**

**Independent Distribution Consultant**

**In the Matter of**

**Putnam Investment Management, LLC**

**Commonwealth of Massachusetts Docket No. E-2003-061**

**July 18, 2007**

## PLAN OF DISTRIBUTION

### I. INTRODUCTION

#### A. Background and Instructions under the Order

1. On April 8, 2004, Putnam Investment Management, LLC (“Putnam” or “Respondent”) and the Massachusetts Securities Division entered into a Consent Order related to market timing and excessive short-term trading by “certain Putnam DC/401K customers”, “improper trading by [Putnam] employees in their deferred compensation accounts” and “market timing and short-term trading by [Putnam] fund managers.”<sup>1</sup> Pursuant to the Commonwealth Order, Respondent retained Peter Tufano as the Independent Distribution Consultant (“IDC”). Dr. Tufano was previously retained as the Independent Assessment Consultant in reference to the same Order, and filed an Assessment Report on March 2, 2005, which is incorporated by reference to this Plan of Distribution.
2. The Commonwealth Order states that the IDC is to “develop a distribution plan to distribute fairly and proportionately to the Putnam shareholders the total restitution” calculated in the Assessment Report.<sup>2</sup>
3. The role of the IDC is to establish a set of rules which govern the distribution of these funds, but not to execute the process of distribution. Putnam Fiduciary Trust Company (“PFTC”) will execute the distribution as Fund Administrator, with oversight detailed below.
4. Dr. Tufano also serves as IDC pursuant to Orders of the Securities and Exchange Commission (“SEC”).<sup>3</sup> The Plan of Distribution under the SEC Orders was filed in conjunction with this Plan. In the interests of efficiency and timeliness, and due to the substantial overlap under the Commonwealth and SEC Orders, the Commonwealth and SEC

---

<sup>1</sup> Commonwealth of Massachusetts, Docket No. E-2003-061, Consent Order, April 8, 2004 (“Commonwealth Order”), pp. 4, 8, 9.

<sup>2</sup> Commonwealth Order, p.14.

<sup>3</sup> U.S. Securities and Exchange Commission, Order Making Findings and Imposing Partial Relief, Including a Final Censure, Remedial Undertakings and a Cease and Desist Order Pursuant to Sections 203(e) and 203(k) of the Investment Advisors Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940, November 13, 2003, and Order Making Findings and Imposing Supplemental Remedial Actions Pursuant to Section 203(e) of the Investment Advisors Act of 1940 and Sections 9(b) of the Investment Company Act of 1940, April 8, 2004 (“SEC Orders”).

distributions are to be distributed in a common manner at the same time.

## **B. Representations**

5. The IDC received full cooperation from the Trustees of the Putnam Funds and from Putnam, including access to data and individuals as requested.
6. The IDC directed this work, but was assisted by Analysis Group, Inc., which performed certain calculations under the IDC's direction.
7. The IDC has never been employed by the Respondent nor by its parent, Marsh & McLennan Companies, Inc. Under the terms of the SEC Orders, the IDC agrees that for a period of two years from completion of the engagement he shall "not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Putnam, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such."<sup>4</sup>
8. This Plan of Distribution is subject to approval by the Commonwealth and by the SEC. The SEC agrees to coordinate with the Commonwealth to facilitate the efficient distribution of funds under both Orders.

## **II. OVERVIEW**

9. This Plan of Distribution describes four main activities:
  - a. The calculation of payments to be made, which draws upon the March 2, 2005 Independent Assessment Reports to the Commonwealth and to the SEC;
  - b. The processes and rules by which these payments will be made to the shareholders of record;
  - c. The handling of funds not distributed to shareholders, whether due to their classification as *de minimis* amounts, failure to locate shareholders or refusal of funds by shareholders; and,
  - d. The oversight, public information and appeals elements of the process.
10. There are inevitable tradeoffs between the goal of distributing all of the monies to shareholders who were harmed and the practical constraints imposed by a variety of factors, including laws and

---

<sup>4</sup> SEC Order, November 13, 2003, IV.E.6; SEC Order, April 8, 2004, IV.B.6.

regulations, the costs of implementing this Plan of Distribution, and, especially, the multi-layer structure of ownership of funds in intermediated accounts. This Plan has considered these tradeoffs carefully.

11. In general, the Plan attempts to treat all shareholders similarly. However, this goal must acknowledge that there are many forms of share ownership, which vary depending on whether the “shareholder of record” (the legal owner) is the same as the “ultimate investor” or “beneficial owner” (the person who expects to receive the economic benefits of share ownership). For example, retirement plan sponsors or brokers who administer an omnibus account are shareholders of record. However, they are empowered to hold shares on behalf of one or more ultimate investors, who may include participants in a retirement plan or investors in a 529 plan. In these intermediated relationships, the shareholder of record may have certain pre-existing contractual and/or fiduciary duties to the ultimate investors. For purposes of this Plan of Distribution, three broad types of shareholder accounts are distinguished:
  - a. “Direct Accounts” are retail shareholders and joint ownership accounts that are held directly with Putnam. In these accounts, the shareholder of record and the ultimate investor are the same.
  - b. “Omnibus Accounts” are accounts in which a financial institution is the shareholder of record, serving as an intermediary, and holding shares on behalf of clients who are the ultimate investors. Accounts of Retirement Plans, as defined below, are not considered Omnibus Accounts for purposes of this Plan, although a Retirement Plan could be a shareholder (of record or otherwise) with other shareholders within an Omnibus Account.
  - c. Accounts of Retirement Plans” are accounts of any “employee benefit plan” as defined in Section 3(3) of ERISA, which is not (1) an Individual Retirement Account, including a traditional IRA, a Roth IRA, a SEP IRA, a SARSEP IRA, or a SIMPLE IRA, or (2) a Section 403(b)(7) custodial account under a program not established or maintained by an employer, whether or not the employee benefit plan is subject to Title 1 of ERISA.
12. While the specifics of the Plan of Distribution are detailed below, the general principles of the Plan are as follows:
  - a. Both current and former shareholders are eligible to receive payments.
  - b. The monies to be distributed under this Plan are not being distributed according to a claims-made process, so the procedures for providing notice and for making and approving claims are not applicable.

- c. Shareholders will not have to pay fees to receive their distribution.
- d. While the intent of the Plan is to distribute funds to ultimate investors, it acknowledges practical impediments. These are reflected in *de minimis* rules, which stipulate minimum payments, as well as rules that permit Retirement Plans to handle payments in accordance with regulatory guidance and their fiduciary duties.
- e. To the extent that funds cannot be distributed to harmed shareholders (or to their intermediaries), they will be distributed to the funds whose shareholders experienced losses or to the successor fund in the event of a merger.
- f. Putnam will bear the fees and other expenses of administering the Plan of Distribution except for tax liabilities, which shall be paid according to SEC Rule 1105(e). Putnam will not benefit from the distribution.

### **III. AMOUNT TO BE DISTRIBUTED**

- 13. In total, \$153,524,387, plus additional accumulated interest through the date of the approval of this Plan of Distribution, will be distributed by the IDC pursuant to the Commonwealth and SEC Orders.
  - a. Table 6 in the Commonwealth Assessment Report details, by fund-quarter, \$108.5 million in losses to shareholders.<sup>5</sup> This amount represents the present value of losses as of February 28, 2005, for both the Commonwealth and the SEC Orders combined. This amount (plus accumulated interest) will be distributed proportional to the size of the shareholder of record's average holdings in the quarter in which the loss was incurred, as calculated in the Commonwealth and SEC Assessment Reports respectively.
  - b. In addition, the IDC has been asked to distribute a penalty amount under the SEC Order dated April 8, 2004. In consultation with the staff of the SEC, these additional funds will be distributed proportional to the as-incurred losses calculated in the SEC Assessment report in Table 6, excluding the October 27, 2003 to January 31, 2004 time period.
  - c. Monies paid by Putnam pursuant to the SEC Orders (the "Fair Fund") have been deposited at the U.S. Treasury Bureau of Public Debt for investment in government obligations. Other than interest from these investments, it is not anticipated that the Fair Fund will

---

<sup>5</sup> All loss calculations are computed on a fund-quarter basis, except for the period October 27, 2003 to January 31, 2004.

receive additional funds. For the purpose of this report, “accumulated interest” on these monies is calculated as the actual interest earned through the date of the approval of this Plan. Prior to distribution, monies held at the Bureau of Public Debt will be transferred from the U.S. Treasury to a dedicated trust or custody account at Northern Trust Company.

- d. Monies subject to distribution solely under the Commonwealth Order will be deposited at Northern Trust Company within seven (7) calendar days of the final approval of this Plan of Distribution by the Commonwealth. Total monies subject to distribution solely under the Commonwealth Order are \$55,610,268 before interest from the date of the filing of the Assessment Report. For the purpose of this Plan, “accumulated interest” on this sum will be calculated as the interest that would have been earned had the monies been invested in 90-day maturity U.S. Treasury Bills from the date of the filing of the Assessment Report through the date of the approval of this Plan, to be consistent with the SEC Plan of Distribution.
14. The Appendix to this Plan of Distribution summarizes the present value of all losses by fund-quarter through February 28, 2005, the date used in the Assessment Reports in this matter. Interest will be calculated through the date of the approval of this Plan of Distribution. The Fund Administrator will use these amounts by fund-quarter and the average number of fund shares outstanding for each quarter to produce a compensation schedule. This schedule will show the dollar rate which would be multiplied by the shareholder of record’s average number of shares in the fund in that quarter to determine the size of the payment.
  15. The amounts due to each shareholder of record will be aggregated into one payment. This single payment will represent the sum of amounts calculated for each account within each fund, which are then aggregated across funds. As a practical matter, this aggregation across funds, however, can occur only within each shareholder category. In circumstances where an individual holds accounts in multiple shareholder categories, these payments will be made separately. For example, an individual with a Direct Account with Putnam who also holds Putnam fund shares through a broker in an Omnibus Account may receive two payments, and these payments cannot be added together for the purpose of payment or calculation of *de minimis* amounts.
  16. Monies will be distributed through a check disbursement account at Northern Trust Company.
    - a. Northern Trust Company is responsible for the issuance of distribution and redemption checks for Putnam's retail mutual

funds. According to Putnam, Northern Trust Company has performed this check issuance process for many years for the Putnam retail mutual funds, which have aggregate assets of over \$120 billion and approximately eight million shareholders in approximately 100 funds.

- b. Putnam has furnished information to the IDC and to the Commonwealth and the staff of the SEC with respect to amounts and types of Northern Trust Company's insurance coverage (including bankers blanket bond, all risk physical loss of securities insurance, and professional liability errors and omissions insurance), and the proposed establishment of certain dedicated trust or custody accounts by Northern Trust Company to hold amounts specified in this Plan. Based upon this information, Northern Trust Company will receive and hold monies to be distributed to shareholders in one or more dedicated trust or custody accounts, and issue checks and wire transfers in connection with the distributions to be made pursuant to this Plan of Distribution.
  - c. Checks and/or wires will be controlled through multiple levels of verification and the use of a "positive pay file" system. Putnam, through application of the methodology described in this Plan, will create a list of eligible payees that includes their names, Putnam account numbers, addresses, and distribution amounts. Putnam will validate the dollar amounts of the actual checks created. All checks will be reviewed by Northern Trust to ensure the check number and dollar amount match Putnam's check reconciliation system. In addition, quality control personnel and control department personnel will review transactions for conformance with legal requirements and will perform account reconciliations on a daily basis.
17. Monies that constitute the Undistributed Pools, described below, shall be held in an account at Northern Trust Company.
18. Interest earned subsequent to the date on which monies are deposited at Northern Trust Company will be used as necessary for successful appeals, after which any excess will become part of the Undistributed Pools and distributed as described in Section V below.

#### **IV. RULES AND PROCEDURES FOR THE DISTRIBUTION PROCESS**

19. This section describes the procedures used to distribute funds for each of the three classes of shareholders: Direct Accounts, Omnibus Accounts and Retirement Plans.

**A. Direct Accounts**

20. Direct Account shareholders include approximately 4.9 million individuals with whom Putnam has or had a direct business relationship and for which Putnam maintains individual shareholder records. In aggregate, this pool is eligible to receive approximately 24 percent of the amount to be distributed.
21. All Direct Account shareholders who experienced losses are eligible to receive payment. This includes both current and former shareholders in all funds that incurred losses in the period studied.
22. In the interest of carrying out the distribution efficiently, a *de minimis* level of payments is established. It is common practice to establish *de minimis* levels for various payments made to shareholders. For Direct, Account shareholders, if the aggregate amount due is less than \$10, it will be considered a *de minimis* amount.
23. For each recipient, Putnam will distribute an amount calculated based on the average daily shareholdings of that recipient by fund-account by quarter.
24. Putnam has committed to use commercially reasonable efforts to identify and locate current and former shareholders of record:
  - a. Shareholders will be identified per Rule 17Ad-17 under the Securities Exchange Act of 1934.
  - b. Current shareholder addresses will be systematically compared against the U.S. Postal Service's forwarding address database and updated on a weekly basis. Current shareholders that are deemed "Lost" in accordance with Rule 17Ad-17 will not receive payments; instead, their payments will be added to the Undistributed Pools, described in Section V below.
  - c. Former shareholder records will be regenerated and reviewed by a third party vendor for validation/update of current address. All former shareholders for whom a complete address cannot be verified using the processes noted above will be treated as Lost shareholders.
  - d. Individuals who believe that they might be Lost shareholders may contact Putnam, who will assist such individuals in evaluating their claims and reviewing applicable documentation in accordance with Putnam's customary business practices.
  - e. Payments that are not claimed by Lost shareholders within 90 days after the completion of distribution with respect to Direct Accounts will be added to the Undistributed Pools.

- f. Putnam will report on the resolution of Lost shareholder claims in its periodic accounting to the Commonwealth and to the SEC, as described in Sections VI.A and VIII.C.
25. Putnam will issue and mail checks to all identified and located Direct Account shareholders whose aggregate distribution meets the *de minimis* level of \$10.
- a. For returned checks, Putnam will conduct historical research on the account in an effort to obtain a correct address and re-mail the check.
  - b. If the check is returned a second time, Putnam will attempt to call the shareholder to obtain a correct address. If a correct address cannot be obtained, the payment will be added to the Undistributed Pools.
  - c. All checks shall bear a stale date of 90 days from the date of issuance. Checks that are not negotiated within the stale date shall be voided and Northern Trust Company shall be instructed to stop payment on those checks. These amounts will be added to the Undistributed Pools.
  - d. Electronic credits will be made only to cash equivalent accounts (e.g., money market accounts).
26. Existing Direct Account shareholders will be given the opportunity to reinvest their distribution in Putnam funds without incurring sales loads of any sort.
27. While the analysis identifies transactions that involve potential market timing and excessive short-term trading, it is not conducted at a level of detail sufficient to bar a fund shareholder from receiving a distribution. However, the SEC currently has an action pending against two individuals pertaining to alleged improper trading (U.S. District Court, District of Massachusetts 03-12082-EFH). Funds owed to these two individuals will be held in escrow pending the resolution of those charges.

**B. Omnibus Accounts**

28. The intent of this Plan is to distribute funds through intermediated accounts to ultimate investors, as if they had been direct investors. Firms administering Omnibus Accounts have certain fiduciary, contractual or other legal obligations to these ultimate investors, or beneficial owners. However, for practical reasons, payments to ultimate shareholders may not be possible in all cases. For example, omnibus providers may have gone out of business or may not have maintained adequate records to calculate amounts owed to beneficial shareholders.

29. Omnibus Accounts include accounts maintained for multiple beneficial owners (typically individual brokerage customers), but for the purpose of this Plan do not include Retirement Plans.
30. For shareholders of record of Omnibus Accounts, if the aggregate amount due to the Omnibus Account intermediary is less than \$1,000, it will be considered a *de minimis* amount, and Putnam will so inform the shareholder of record. Omnibus Accounts due less than this amount are unlikely to have material numbers of ultimate shareholders who would meet the direct shareholder *de minimis* levels of \$10.
31. Putnam's responsibilities will be to provide the aggregate monies to the shareholder of record for the Omnibus Account. Amounts due with respect to variable annuities will be paid directly into the retail mutual funds rather than to the individual annuity contract holders themselves. Putnam is also making additional services available to omnibus administrators to facilitate the distribution of funds to ultimate investors, as described below.
32. Shareholders of record that are due to receive \$1,000 or more will have three options with respect to administering the Plan:
  - (1) Putnam will calculate payments to beneficial owners and execute the distributions, based on account data and address files provided by the holder of record.
    - The shareholder of record will provide the necessary data to Putnam to calculate payments to beneficial owners. Putnam will reimburse the reasonable out of pocket costs incurred by the omnibus shareholder of record in conjunction with preparing the data that would enable Putnam to calculate the payments and execute the distribution.
  - (2) Putnam will calculate the payments to beneficial owners, based on account data and address files provided by the holder of record, but the holder of record will execute the distributions.
    - The shareholder of record will provide the necessary data to Putnam to calculate payments to beneficial owners. Putnam will reimburse the reasonable out of pocket costs incurred by the omnibus shareholder of record in conjunction with preparing the data that would enable Putnam to calculate the payments. Putnam will issue a single payment to the shareholder of record for the total amount to be distributed. The shareholder of record

will bear the costs of executing the distribution to ultimate investors.

- (3) Putnam will provide the algorithm for calculating the individual payments to the holder of record, but the holder of record will both calculate the payments to beneficial owners and execute the distributions to beneficial owners.
  - Putnam will issue a single payment to the shareholder of record for the total amount to be distributed. The shareholder of record will bear all costs of the calculation and the distribution.

33. Putnam will engage in an “Outreach Process” by which Putnam will contact the shareholder of record of each Omnibus Account with provisional distributions of \$1,000 or more and request individual accountholder records for those shareholders of record selecting either Option 1 or Option 2 set forth in paragraph 32 above. Putnam will maintain records of efforts made to obtain cooperation of each such shareholder of record and responses of these efforts. After 90 days from the approval of this Plan of Distribution, the Outreach Process will cease, unless otherwise directed by the IDC. In the event that a shareholder of record of an Omnibus Account which has selected either Option 1 or Option 2 set forth in paragraph 32 above cannot or will not provide Putnam with the requested individual accountholder records, or fails to provide the records to Putnam in a reasonable time, then Putnam will make an additional offer to such shareholder of record to provide the services described in paragraph 32 above. If such shareholder of record does not exercise one of the options described in paragraph 32 above within 30 days after Putnam makes such additional offer, then Putnam will add amounts otherwise payable to such shareholder of record to the Undistributed Pools.

34. Whether the funds are distributed by Putnam (under Option 1), jointly (under Option 2), or wholly by the omnibus account shareholder of record (Option 3), the procedures to be employed should be substantially the same as those employed for Direct Accounts, except as described below:

- The shareholder of record will be required to develop and execute a program similar to that described for Direct Accounts, including a *de minimis* amount no larger than \$10 for the ultimate investor.
- For current accounts, the shareholder of record has the option to write a check or to credit the account of the beneficial owner.

- If a shareholder of record is unable to identify a beneficial shareholder after receipt of the payment from Putnam, that beneficial shareholder's payment will be added to the Undistributed Pools for distribution as detailed below.
- In calculating damages under the Assessment Reports, information on holdings by ultimate investors was not available. Intermediated accounts were treated as a single shareholder of record. In the course of calculating payments to ultimate investors in the distribution phase of this Plan, omnibus administrators and Putnam will compile the more disaggregated information. As a result of this new information, one may discover that payments due to a plan's ultimate shareholders may differ from the amounts calculated in the Assessment Report. If Putnam's payment to an Omnibus Account shareholder of record exceeds the payments due to ultimate shareholders (e.g., there are substantial ultimate shareholders who fail to meet the Direct Account *de minimis* threshold), the excess will be added to the Undistributed Pools for distribution as detailed below. If Putnam's payment to a shareholder of record is less than the payments to an account's ultimate shareholders that exceed the Direct Account *de minimis* levels (e.g., due to substantial netting at the Omnibus Account level that obscured damages due to ultimate shareholders), the amount distributed to those ultimate shareholders will be proportional to the funds actually received by the shareholder of record.
- Omnibus shareholders of record will be required to return promptly all undistributed funds resulting from unlocatable shareholders, ultimate shareholders who decline payments, *de minimis* amounts, and any other reason. These undistributed funds will be added to the Undistributed Pools in accordance with Section V below.

35. While the intent of this Plan is that Omnibus Account holders follow the procedures to be employed by Putnam in distributing funds to Direct Account shareholders, there may be instances in which this may not be possible. For example, the omnibus provider may have not

maintained (or cannot reasonably reconstruct) daily account balances, but may be able to create share balances for some other intervals. Omnibus providers seeking to alter some of the procedures detailed above may apply to do so in writing to the Fund Administrator within 90 days of receiving notice from Putnam. They should explain (a) the alteration in procedure they plan to employ and (b) the reasons for this request. The IDC will rule on these requests within 90 days of their receipt, but may request additional information from the provider. If the IDC determines that the proposal would not materially affect the distribution of funds to the ultimate shareholders, the proposal will be accepted. Otherwise, the monies that would have otherwise been owed to the Omnibus Account will be added to the Undistributed Pools.

### **C. Retirement Plans**

36. Retirement Plans (as defined in paragraph 11) are held in trust by a trustee, and the trust is the legal owner of the shares.
37. The *de minimis* threshold for distributions to Retirement Plans is \$10.
38. The Plan of Distribution requires the plan fiduciaries and intermediaries (as those terms are described in the Field Assistance Bulletin) of Retirement Plans to distribute the monies received in accordance with their legal, fiduciary, and contractual obligations and consistent with guidance issued by the Department of Labor, including, but not limited to, Field Assistance Bulletin No. 2006-1 (April 19, 2006).
39. Subject to paragraph 38, an intermediary to one or more Retirement Plans may allocate the distribution amount it receives pursuant to this Plan of Distribution to or among eligible Retirement Plans participating in an Omnibus Account administered by such intermediary either (a) according to the procedure set forth in Section IV.B above, or (b) according to the average share or dollar balance of the eligible Retirement Plans' investment in the Putnam funds during the relevant period, provided, however, that for purposes of such allocation, each Retirement Plan itself (and not the individual plan participants) shall be treated as the beneficial owners. The fiduciary of a Retirement Plan receiving such a distribution should then further distribute it under paragraph 40 below.
40. Subject to paragraph 38, this Plan of Distribution proposes four alternatives (which are not necessarily the only methods available pursuant to paragraph 38) for plan fiduciaries to follow in allocating amounts received by or on behalf of Retirement Plans pursuant to this Plan of Distribution:
  - a. Plan fiduciaries may allocate the distribution amount pro rata (based on total account balance) among the accounts of all persons

who are currently participants in the Retirement Plan (whether or not they are currently employees).

- b. Plan fiduciaries may allocate the distribution amount per capita among the accounts of all persons who are currently participants in the Retirement Plan (whether or not they are currently employees).
- c. Plan fiduciaries may allocate the distribution amount to current and former participants in the Retirement Plan using the algorithm described in Section IV.A above of this Plan of Distribution. Putnam will make this algorithm available to plan fiduciaries.
- d. To the extent that none of the three preceding alternatives is administratively feasible, plan fiduciaries may, to the extent permitted by the Retirement Plan, use the distribution amount to pay reasonable expenses of administering the plan.

## **V. RULES AND PROCEDURES FOR THE UNDISTRIBUTED POOLS**

- 41. All undistributed funds resulting from unlocatable shareholders, shareholders who decline payment, the additional amount described in paragraph 18, and *de minimis* amounts will be aggregated into Undistributed Pools, tracked separately by fund. Monies in the Undistributed Pools will be held by Northern Trust Company Company.
- 42. These Pools will be recorded and distributed to their respective funds without any advance public disclosure to minimize the possibility of any market timing with respect to the funds as a result of these payments. (If a fund has been liquidated and there is no successor fund, that fund's portion of the Undistributed Pools will be allocated to the other funds that are receiving payments from the Undistributed Pools. At this time, total payments related to liquidated funds are less than \$500, including interest.)
- 43. It is not intended that a single distribution will be made from the Undistributed Pools into the appropriate funds. It is acceptable that various tranches of payments be made at different times. For example, direct *de minimis* amounts and declined amounts may be known relatively early in the process and can be distributed to the appropriate funds at that time. However, it may take considerably longer for the amounts for unlocatable shareholders to be determined or for Omnibus Accounts to return funds that are not distributed.

## **VI. ADMINISTRATORS OF THE PLAN OF DISTRIBUTION**

### **A. Fund Administrator**

44. In accordance with the SEC's Rules on Fair Fund and Disgorgement Plans and upon Commonwealth and SEC approval, Putnam Fiduciary Trust Company ("PFTC"), an affiliate of Putnam, will serve as the Fund Administrator, for the limited purpose of carrying out only the following specified functions: establishing bank accounts, processing payments, arranging for the issuance of checks, attempting to locate Lost shareholders, assisting Omnibus Account holders in order to facilitate their calculations and distributions, and filing accountings with the SEC on the progress of the distribution within the first ten days of each calendar quarter, with a final accounting due when PFTC's services are discharged by Order of the SEC and all Commonwealth-related obligations pursuant to this Plan are complete. PFTC will make these accountings available to the IDC, the Trustees, the Commonwealth and the staff of the SEC.
45. PFTC is registered with the SEC as a transfer agent and serves as the Putnam retail mutual funds' investor servicing agent (transfer, plan and dividend disbursement agent) and custodian. As noted above, the Putnam retail mutual funds have aggregate assets of over \$120 billion and approximately eight million shareholders in approximately 100 funds.
46. In performing all functions as Fund Administrator, PFTC shall comply with (i) the terms of this Plan of Distribution; (ii) any procedural requirements or restrictions that might be imposed by the IDC or the Commonwealth and staff of the SEC; (iii) all applicable Commonwealth and SEC rules; (iv) all federal and state laws, rules and regulations applicable to the Putnam funds and the Fund Administrator pertaining to the preservation of the security and confidentiality of shareholders and client information; and (v) PFTC's internal controls and procedures that it follows in connection with the performance of its responsibilities as the Putnam funds' investor servicing agent (including without limitation controls restricting access to accounts and confidential shareholder data). PFTC will not charge a fee for its services as Fund Administrator.
47. The IDC recommends that the Commonwealth and the SEC waive the bond requirement pursuant to SEC Rule 1105(c) for good cause shown. Specifically, as described in paragraph 16, Putnam will take appropriate measures to protect the Fair Fund and Commonwealth monies from deliberate or inadvertent loss. In addition, Putnam has furnished information to the IDC, the Commonwealth and the staff of the SEC with respect to amounts and types of PFTC's and Northern Trust's insurance coverage. In lieu of bond, PFTC and Northern Trust

maintain and will continue to maintain such insurance until termination of the Plan of Distribution.

**B. Tax Administrator**

48. Damasco and Associates will serve as Tax Administrator for Plan of Distribution.<sup>6</sup> The IDC, Fund Administrator and Putnam will cooperate with the Tax Administrator in providing information necessary to accomplish the income tax compliance, ruling and advice work assigned to the Tax Administrator by the SEC. The Tax Administrator will be compensated by Putnam.

**C. Limitation on Liability**

49. The IDC and the Fund Administrator, and/or each of their designees, agents and assistants, shall be entitled to rely on any Orders issued in this proceeding by the Commonwealth, the SEC, the Secretary by delegated authority, or an Administrative Law Judge, and may not be held liable to any shareholder or ultimate investor or to any potential shareholder or potential ultimate investor for any act or omission in the course of administering the monies to be distributed, except upon a finding that such act or omission is caused by such party's gross negligence, bad faith or willful misconduct, reckless disregard of duty, or reckless failure to comply with the terms of the Plan. This paragraph is an expression of the current state of the law and is not intended, nor should it be deemed to be, a representation to or an indemnification of the IDC or the Fund Administrator or their designees, agents and assistants, nor should this paragraph preclude the Commission or the Qualified Settlement Fund (QSF, as defined in paragraph 66 below) from seeking redress from any insurance provided as set forth in this Plan.

**VII. TIMING OF THE DISTRIBUTION PROCESS**

50. All fees and other expenses of administering the Plan of Distribution will be borne by Putnam, except for tax liabilities, which shall be paid according to SEC Rule 1105(e).

51. The distribution by Putnam shall be completed as quickly as commercially reasonable following the final approval of this Plan of Distribution. Putnam will commence the distribution with respect to Direct Accounts as soon as commercially reasonable. For all other accounts, Putnam will use its best efforts to complete such distribution

---

<sup>6</sup> See U.S. Securities and Exchange Commission, Securities Exchange Act of 1934, Release No. 51341 (March 9, 2005).

as quickly as commercially possible. Monies that go into the Undistributed Pools will be distributed to the relevant funds within 30 days of being found undistributable.

52. The Plan of Distribution will terminate 30 days after the final distribution of funds to investors and the resolution of uncashed or unclaimed funds, and the final accounting by the Fund Administrator has been submitted and approved by the Commonwealth and the SEC. Prior to termination, the IDC shall cooperate with the Tax Administrator to make adequate reserves for tax liability and for the costs of tax compliance. Upon termination, as defined in this paragraph, all undistributed assets remaining, minus any reserves for tax liability and tax compliance costs shall be distributed to the funds in the same way as the Undistributed Pools.
53. The IDC at his discretion may grant an extension of any of the deadlines described in this Plan of Distribution for good cause shown.
54. The IDC will inform the Commonwealth and the SEC staff of any material changes in the Plan of Distribution, and will obtain approval prior to their implementation. If material changes are required, this Plan of Distribution may be amended upon the motion of Putnam or upon the motion of the Commonwealth or the SEC.

## **VIII. DISCLOSURE, APPEALS AND OVERSIGHT**

### **A. Public Information Program**

55. All payments shall be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a description of the tax information reporting and other related tax matters; (c) a statement that checks will be void 90 days after issuance; and (d) the name of a person to contact, to be used in the event of any questions regarding the distribution. Any such communication to recipients relating to their distributions shall be submitted to the Commonwealth and the assigned SEC staff for review and approval within 30 days. Such communications will clearly indicate that the money is being distributed from the Commonwealth of Massachusetts and an SEC Fair Fund. Other proposed written and online communications from Putnam relating to the distribution to investors will be pre-approved by the IDC and by the Trustees.
56. The Fund Administrator will provide customer support and communications programs which will become active at least by the time the first distribution occurs. These services will include a toll free number and a website to the public. The Commonwealth and the SEC must approve any material relating to the Plan of Distribution before it is posted on the website.

57. The website will be publicized in communications to shareholders and in the media. The content may include descriptive information and instructions, telephone numbers for customer service, links to the Assessment Report and the Plan of Distribution, and a description of the appeals process. No login will be required to access the website, nor will the site contain shareholder-specific information.
58. Putnam will set up and staff a dedicated call center with operators trained and dedicated to responding to investor inquiries about the distribution process. Putnam will report on this activity periodically to the Trustees and to the IDC.

**B. Appeal Rights**

59. The appeals process will be detailed in communications to investors and on the website.
60. Appeals will be accepted only for failure to execute this Plan in accordance with its terms for purposes of determining eligibility or mechanical errors in calculating the payment to a recipient.
61. Appeals are to be submitted in writing to the appeal arbiter, Analysis Group, Inc. within 240 of the final approval of the Plan of Distribution by the Commonwealth and the SEC. The appeal arbiter will resolve all appeals within 270 days of final approval. Monies to fund successful appeals will be taken from the Undistributed Pools. The appeal arbiter will be paid by Putnam.

**C. Oversight**

62. While the Plan of Distribution is being implemented, the Fund Administrator will file an accounting during the first ten days of each calendar quarter, and will submit a final accounting for approval of the Commonwealth and the SEC prior to termination of the Plan of Distribution and discharge of the Fund Administrator.
63. For monies to be paid, the SEC staff's acceptance of a validated list of payees and payment amounts (a "validated payment file") will be a condition precedent to disbursement of funds under this Plan. The Fund Administrator will submit a validated payment file to the assigned SEC staff, who will obtain authorization from the SEC to disburse pursuant to SEC Rule 1101(b)(6). The payees and amounts will be certified at the IDC's direction by PFTC, the Fund Administrator. The certification will state that the validated payment file was compiled in accordance with the Plan and provides all information necessary to make disbursement to each distributee. Unless otherwise directed by the SEC, the SEC staff will direct the release of funds to the bank account established by the Fund Administrator based upon the validated payment file and

representation by the Fund Administrator that the checks/wires will be issued the next business day.

64. PricewaterhouseCoopers will perform agreed-upon procedures, approved by the IDC, to ensure that the distribution is executed by PFTC pursuant to the Plan. PricewaterhouseCoopers will present its report to the IDC, Putnam, and the Trustees.

## **IX. TAX IMPLICATIONS OF THE DISTRIBUTION**

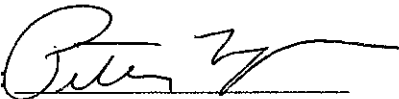
65. This Plan of Distribution does not provide tax advice to parties receiving payments. The Fair Fund has received formal guidance from the IRS on the tax obligations of the Fair Fund for information reporting and withholding, a summary of which will be made available to shareholders and ultimate investors. Shareholders and ultimate investors are advised to consult their own tax advisors about their own obligations with respect to the distribution.
66. The monies under the SEC Order which are currently deposited in the U.S. Treasury, i.e., the Fair Fund, constitutes a Qualified Settlement Fund (QSF) under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. §468B(g), and related regulations, 26 C.F.R. §§1.468B-1 through 1.468B-5.
67. The SEC has custody of the Fair Fund and shall retain control of the assets of the Fair Fund. The Fair Fund is currently deposited at the U.S. Treasury Bureau of Public Debt. Upon approval of the Plan of Distribution by the SEC, the IDC, the Fund Administrator, and Northern Trust Company (“Northern Trust” or the “Bank”) shall establish a custody account at Northern Trust in the name of and bearing the Taxpayer Identification Number of the Fair Fund (the “Custody Account”). The custody agreement (the “Custody Agreement”) must be acceptable to the SEC staff and shall provide that the funds held in custody, including funds relating solely to the Commonwealth Order, shall be:

- (1) Invested as soon as reasonably possible in shares of the Northern Institutional Funds - Government Select Portfolio, or one or more other money market funds registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), that invest in short-term U.S. Treasury securities and obligations backed by the full faith and credit of the U.S. Government. (The Northern Trust Institutional Funds are a family of mutual funds registered under the Investment Company Act with respect to Northern Trust and its subsidiaries serve as investment adviser, transfer agent and custodian.); and
- (2) Distributed only in accordance with the validated payment file described in paragraph 63 above, except as provided herein with respect to taxes. Any and all taxes payable on account of income earned by the money in the Custody Account shall be timely paid from funds in the Custody Account, and the Bank is expressly authorized and directed to work with IDC, the Fund Administrator, and the Tax Administrator.

68. Following approval of the Plan of Distribution, and submission by the IDC to the SEC staff of the validated payment file described in paragraph 63 above, and SEC staff obtaining an order to distribute, the SEC staff shall cause the balance in the Fair Fund to be deposited in the Custody Account. Upon the Bank's receipt of funds from the U.S. Treasury, the Bank shall promptly deposit the funds into the Custody Account. All funds will remain in the Custody Account pursuant to the Custody Agreement until needed to satisfy a presented check or wire instruction. At that time, and subject to the controls set forth herein, the amount needed to satisfy any presented check will be immediately paid out. For any payment to be made by wire instruction, and subject to the controls set forth herein, funds will be paid by the Bank from the Custody Account in accordance with written instructions provided to the Bank by parties authorized by the Custody Agreement. The Fund Administrator shall be the signer on the Custody Account, supervised by the IDC and subject to the continuing jurisdiction and control of the SEC. The Fund Administrator shall authorize the Bank to provide information on the Custody Account to the Tax Administrator. Under supervision of the IDC, and at the direction of the Fund Administrator, the Bank shall use the assets and earnings of the Fair Fund to provide payments to eligible accountholders and to provide the Tax Administrator with assets to pay, as appropriate, tax liabilities and tax compliance fees and costs. The Custody Account shall be invested in shares of one or more money market funds, as described in clause (i) above of

in a manner necessary to meet the cash requirements of the payments to eligible accountholders, tax obligations, and fees. The Bank has provided the IDC with an attestation that all funds in the Custody Account will be held for this Plan of Distribution and that the Bank will not place any lien or encumbrance of any kind upon the funds. All interest earned on the monies will inure to the benefit of investors except as otherwise provided in the Orders or herein. All costs associated with the Custody Account will be borne exclusively by Putnam, in accordance with the Orders.

Submitted on: July 18, 2007

By: 

Peter Tufano,

IDC for Putnam Investments LLC



**Appendix**  
**February 28, 2005 Value of Losses and Interest**

(Page 2 of 4)

Fund	2001				2002				2003				Post-period		Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Oct 27 2003 - Jan 31 2004	153,524,387	
International Equity Fund	1,431,458	1,508,705	710,949	1,736,619	1,430,492	1,842,041	4,513,969	2,825,664	1,695,329	1,302,991	1,464,495	337,249	17,446,020	50,369,364	
Asia Pacific Growth Fund	332,843	255,910	8,325	126,599	129,634	138,304	120,207	0	0	0	0	0	0	23,329,074	
Intl Capital Opps	1,041,999	1,268,755	486,866	1,294,448	488,534	343,277	1,176,009	864,444	761,735	952,966	860,525	13,133	2,237,228	17,711,161	
International New Opportunities Fund	1,765,940	773,832	86,467	241,385	126,962	221,345	465,700	441,337	84,260	83,948	14,928	31,365	349,157	14,238,501	
OTC & Emerging Growth Fund	890,587	644,972	428,267	312,424	320,094	147,571	69,309	27,766	1,843	0	2,043	0	885,921	9,131,311	
Europe Equity Fund	146,390	337,229	9,354	118,001	8,906	2,527	79,536	27,901	16,556	3,590	28,036	0	444,454	5,375,837	
Voyager Fund	6,571	138	0	51	52	25	158	1,254	36	535	160	2,156	5,015,423	5,080,506	
The Putnam Fund For Growth And Income	20,431	1,278	943	10	50	1,466	1,039	424	874	86	1,576	19	3,303,923	3,385,175	
New Opportunities Fund	64,148	9,346	25,257	82	10,594	5,838	8,764	1,986	10,456	2,307	3,812	798	2,416,784	3,238,779	
Global Growth/Global Equity Fund [1]	28,545	638,088	9,663	4,222	3,551	1,913	3,543	2,195	41	24	11,059	98	1,164,941	2,815,995	
Vista Fund	12,013	0	36,244	53,547	32,545	38,892	4,617	0	4,560	0	0	4,830	1,032,036	1,323,763	
High Yield Trust	80	0	0	0	20	44	318	0	0	188	130	0	1,198,020	1,199,683	
Equity Income Fund	178	0	342	0	39	130	282	102	207	81	42	84	1,176,888	1,180,810	
Health Sciences Trust	12,296	10,438	2,317	0	0	0	20	806	65	66	51	160	1,003,785	1,128,574	
Asia Pacific Fund II	0	3,209	8,059	0	5,230	0	0	0	0	0	0	0	0	1,107,322	
The George Putnam Fund Of Boston	46	435	106	302	15	155	248	332	15	105	132	0	982,015	987,867	
Capital Opportunities	0	101	3,873	1,586	10,288	1,141	0	2,498	1,686	4,116	184	76	902,775	946,600	
International Growth & Income Fund	41,505	1,162	0	0	5,052	0	7,848	5,205	2,727	5,970	4,851	1,870	534,968	871,784	
Income Fund	174	9	166	327	30	135	32	90	19	0	16	42	805,725	813,911	
Research Fund	430	0	13,326	0	14,347	141	782	36	143	0	782	83	775,047	807,525	
Global Aggressive Growth Fd	0	0	1,766	0	0	0	0	0	0	0	0	0	0	671,486	
Growth Opportunities Fund	48	246	758	127	119	83	115	154	46	85	23	0	590,951	603,784	
High Yield Advantage Fund	713	0	0	0	0	0	21	0	0	10	10	0	542,605	545,397	
Small Cap Value Fund	4,971	228	0	393	8,117	37,816	918	273	0	1	6,982	699	424,559	524,804	
New Value Fund	412	991	0	0	1	10,075	193	15	62	69	140	0	433,055	447,157	
Mid-Cap Value Fund	5,374	1	0	0	433	273	517	71	310	51	115	0	432,926	440,071	
Investors Fund	44	2,206	0	2,164	4,166	819	471	2,695	743	21	27	0	361,229	419,872	
Utilities Growth & Income Fund	0	134	0	0	47	0	30	40	0	228	7	0	303,779	308,958	
Classic Equity Fund	98	38	17	35	2	94	23	516	0	437	0	0	294,245	298,462	
U.S. Government Income Trust	79	74	36	46	124	42	50	43	68	0	0	2	281,985	284,567	
Convertible Income-Growth Trust	0	0	0	0	0	0	0	0	67	61	42	2	260,865	281,310	
Asset Allocation Funds:Balanced Portfolio	234	24	0	137	0	5	113	146	157	49	57	12	262,225	269,728	
VT Vista Fund	0	0	0	0	0	0	0	0	0	0	0	0	257,768	257,768	
Tax-Free High Yield Fund	0	0	0	0	0	26	8	0	0	0	0	0	250,884	250,918	
Discovery Growth Fund	0	1,755	0	332	0	0	491	350	228	1,217	39	0	217,935	244,141	
Capital Appreciation Fund	0	0	23	23	55	0	24	555	1,871	949	0	201	210,442	233,203	
California Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	219,869	219,869	
Emerging Markets Fund	8,179	11,338	36,640	17,669	8,671	2,027	4,786	0	0	0	0	0	0	201,237	
Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	182,367	182,367	
Intermediate U.S. Government Income Fund	31	11	0	5	0	32	129	100	46	6	21	0	179,098	180,859	
Municipal Income Fund	0	0	0	0	0	0	9	3	0	0	0	0	174,582	174,594	
Tax Smart Equity Fund	0	0	0	0	0	19	0	0	0	0	0	0	156,794	156,813	
Asset Allocation Funds:Growth Portfolio	201	0	175	0	9,398	807	2,533	452	101	122	75	62	123,631	144,509	
American Government Income Fund	137	0	33	11	0	4	52	1	0	13	32	6	130,866	137,101	
VT Intl New Opportunities	0	0	0	0	0	0	0	0	0	0	0	0	120,395	120,395	
Global Natural Resources	2,769	0	1,215	0	87	0	0	103	603	504	43	1	0	111,969	
International Fund 2000	0	0	0	1,400	0	0	0	0	0	0	0	0	0	106,855	
Massachusetts Tax Exempt Income Fund	0	5,509	0	3,261	0	0	74	1,707	191	0	0	0	58,984	70,156	
Small Cap Growth	0	0	0	0	0	0	383	0	451	2,577	939	0	55,576	59,925	
VT Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	51,993	51,993	
International Fund	1,068	951	0	6,867	0	0	0	0	0	0	0	0	0	47,906	
Global Income Trust	0	0	38	0	16	2,857	0	2,146	544	386	668	18	40,116	47,887	
Japan Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	44,429	
Pennsylvania Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	38,527	38,527	
VT Voyager Fund	0	0	0	0	0	0	0	0	0	0	0	0	36,454	36,454	
New Jersey Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	35,019	35,019	
Florida Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	33,916	33,916	
Michigan Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	23,916	23,916	
Global Growth & Income Fund	2,299	4,355	2,786	0	687	0	7,888	0	0	0	0	0	0	23,731	
Ohio Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	20,328	20,328	

**Appendix**  
**February 28, 2005 Value of Losses and Interest**

(Page 3 of 4)

Fund	1997				1998				1999				2000			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
International Core Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Century Growth Fund	0	0	0	0	0	0	0	0	0	0	0	0	417	5,302	1,362	6,497
Minnesota Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Diversified Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Global Equity Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technology Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,926	1,596
VT American Govt Inc Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Diversified Income Trust	0	0	51	0	0	0	101	44	62	209	176	15	63	342	253	0
High Yield Trust II	0	0	0	0	0	0	0	0	0	0	0	0	0	0	101	22
U.S. Core Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Asset Allocation Funds:Conservative Portfolio	0	74	61	0	231	79	0	0	147	296	80	375	503	0	519	374
Tax-Free Insured Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Growth Opportunities Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Latin America Fund	0	0	0	0	0	0	295	0	0	115	209	0	1,192	0	0	0
New York Tax Exempt Opportunities Fund	1,233	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Mid Cap Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Capital Opps Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
International Blend Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balanced Retirement Fund	0	0	0	0	0	0	0	0	7	0	25	0	37	37	108	162
Balanced Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	129
High Yield Total Return Fund	0	0	0	0	73	121	0	0	158	0	0	0	0	0	0	0
Strategic Income Fund	0	0	0	0	0	0	0	0	78	0	0	0	34	33	0	3
Mid Cap Fund 2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New York Tax Exempt Income Fund	0	0	0	0	0	0	0	125	0	0	0	0	0	0	0	0
Equity Fund 2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28	0
Financial Services Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Fund 97	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Global Equity Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Growth Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
High Quality Bond Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
International Lg. Cap Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Asia Pacific Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Capital Appreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Discovery Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Equity Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT George Putnam Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Global Asset Allocation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Growth & Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Health Sciences Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT High Yield Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT International Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT International G&I Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Investors Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT New Opportunities Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT New Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT OTC & Emerging Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Research Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Small Cap Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Technology	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Utilities Growth & Inc	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Notes:  
[1] Fund operated as Global Growth Fund prior to September 23, 2002 and operated as Global Equity Fund after that date.

**Appendix**  
**February 28, 2005 Value of Losses and Interest**

(Page 4 of 4)

Fund	2001				2002				2003				Post-period	Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Oct 27 2003 - Jan 31 2004	
International Core Fund	0	11,547	0	1,078	7,136	0	0	0	0	0	0	0	0	19,760
New Century Growth Fund	2,050	47	0	0	751	2,554	0	0	0	0	0	0	0	18,980
Minnesota Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	18,051	18,051
VT Diversified Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	12,248	12,248
VT Global Equity Fund	0	0	0	0	0	0	0	0	0	0	0	0	9,246	9,246
Technology Fund	1,204	693	1,741	670	450	515	190	0	0	0	0	0	0	8,985
VT American Govt Inc Fund	0	0	0	0	0	0	0	0	0	0	0	0	8,176	8,176
Diversified Income Trust	742	13	121	0	49	93	36	0	11	27	3,706	0	0	6,114
High Yield Trust II	3,016	816	0	47	802	0	0	0	0	0	0	0	0	4,803
U.S. Core Fund	0	0	0	4,603	0	0	0	0	0	0	0	0	0	4,603
Asset Allocation Funds:Conservative Portfolio	159	255	0	0	161	40	31	414	31	0	0	37	0	3,867
Tax-Free Insured Fund	0	0	0	0	0	0	0	0	0	0	0	0	3,066	3,066
VT Growth Opportunities Fund	0	0	0	0	0	0	0	0	0	0	0	0	2,758	2,758
Latin America Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	1,811
New York Tax Exempt Opportunities Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	1,233
VT Mid Cap Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	1,131	1,131
VT Capital Opps Fund	0	0	0	0	0	0	0	0	0	0	0	0	792	792
International Blend Fund	0	0	35	0	482	0	11	0	255	0	0	0	0	783
Balanced Retirement Fund	84	0	36	1	11	0	0	0	0	0	0	0	0	507
Balanced Fund	24	0	0	0	0	0	0	0	0	0	0	0	0	379
High Yield Total Return Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	352
Strategic Income Fund	24	20	0	0	17	103	0	0	0	0	0	0	0	313
Mid Cap Fund 2000	257	0	0	0	0	0	0	0	0	0	0	0	0	257
New York Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	125
Equity Fund 2000	63	0	0	0	0	0	0	0	0	0	0	0	0	92
Financial Services Fund	0	0	24	11	0	0	0	0	0	0	0	0	0	35
Arizona Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Fund 97	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Global Equity Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Growth Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
High Quality Bond Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
International Lg. Cap Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Asia Pacific Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Capital Appreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Discovery Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Equity Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT George Putnam Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Global Asset Allocation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Growth & Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Health Sciences Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT High Yield Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT International Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT International G&I Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Investors Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT New Opportunities Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT New Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT OTC & Emerging Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Research Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Small Cap Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Technology	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Utilities Growth & Inc	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Notes:  
[1] Fund operated as Global Growth Fund prior to September 23, 2002 and operated as Global Equity Fund after that date.