

**UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND**

IN RE MUTUAL FUNDS INVESTMENT
LITIGATION

**THIS NOTICE PERTAINS TO THE
PUTNAM SUBTRACK ONLY**

**Saunders, et al. v. Putnam American
Government Income Fund, et al.**

**Zuber v. Putnam Investment Management LLC,
et al.**

MDL DOCKET 1586

Civil Action No. 04-MD-15863
Honorable J. Frederick Motz

Civil Action No. 04-cv-00560

Civil Action No. 04-md-0564

**NOTICE OF PUTNAM SUBTRACK
PROPOSED SETTLEMENT AND SETTLEMENT FAIRNESS HEARING**

**To: All persons and entities who purchased or held shares in Putnam Mutual Funds
between January 1, 1997 through December 31, 2003, inclusive.**

**PLEASE READ THIS NOTICE CAREFULLY
IT HAS BEEN SENT TO YOU TO ADVISE YOU ABOUT THE PROPOSED
SETTLEMENTS IN THE PUTNAM SUBTRACK
AND YOUR RIGHTS WITH RESPECT TO THE PROPOSED SETTLEMENTS**

**This Notice provides a summary of the lawsuit, and describes who is included, the effect of
participating in the Settlement, and how to request exclusion from the Settlement
RELATING TO THE PUTNAM SUBTRACK**

A federal court authorized this notice. This is not a solicitation from a lawyer.

- **This Notice of Putnam Subtrack Proposed Settlement and Settlement Fairness Hearing (“Notice”) relates to proposed settlements (referred to collectively as the Settlement”) of claims asserted in the securities class action and derivative lawsuits described below (the “Lawsuits”).**
- **The Settlement creates a \$3,225,500 settlement fund (the “Settlement Fund”). The description of the Settlement herein is only a summary; full details of the Settlement are set forth in the Stipulations and Agreements of Settlement (the “Stipulations”).**
- **The Settlement Fund, less the payment of costs approved by the Court, will be distributed to the damaged Putnam funds pro rata based on the restitution amounts**

calculated by Professor Tufano in his capacity as the Independent Assessment/Distribution Consultant and provided in his Reports to the United States Securities and Exchange Commission and the Massachusetts Division of Securities dated March 2, 2005.

- Because of the number of shareholder transactions in the Putnam Funds, the per share recovery to Class Members would be *de minimis*.
- Plaintiffs' Class Counsel seek reimbursement of their reasonable out-of-pocket expenses. They will not seek recovery of any attorneys' fees for themselves. The Ohio Attorney General's office may request and Plaintiffs' Administrative Chair and Liaison Counsel will request attorneys' fees for their services.
- Further information regarding the Settlement may be obtained by contacting the following Lead Counsel: Stanley M. Chesley or Robert Heuck II, c/o Waite, Schneider, Bayless & Chesley Co., LPA, 1513 Fourth & Vine Tower, One West Fourth Street, Cincinnati, Ohio 45202.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT		
<u>OPTION</u>	<u>DEADLINE</u>	
EXCLUDE YOURSELF FROM THE CLASS	September 21, 2010	Preserve your right to sue.
OBJECT OR COMMENT	September 21, 2010	Write to the Court and Plaintiffs' Counsel about why you do, or do not, like the settlement. You must remain in the Settlement Class to comment in support of or in opposition to the Settlement.
DO NOTHING		Approve the Settlement. Payment will be made to the potentially damaged Putnam funds.
ASK TO SPEAK AT FAIRNESS HEARING		Ask to speak to the Court about the fairness of the Settlement.

- These rights and options, and the deadlines to exercise them, are explained in this Notice.
- The Court still has to decide whether to approve the Settlement.
- All capitalized terms used herein shall have the same meaning assigned to them in the Stipulations with the Defendants.

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1. Why Did I Receive This Notice?

This Notice is being sent to you pursuant to an Order of the United States District Court for the District of Maryland (the “Court”). The Court has directed this Notice to be sent or posted to inform you about your rights and options before the Court rules on proposed Stipulations and Agreements of Settlement (collectively, the “Settlement” or “Settlement Agreement”) of this securities class action against Putnam Investment Management, LLC, Putnam Investments Trust, Putnam, LLC, Putnam Investment Management Trust, Putnam Retail Management Limited Partnership, Irene M. Esteves, Lawrence J. Lasser, Robert F. Lucey, Stephen M. Oristaglio and Gordon H. Silver as well as all of their or its present and former partners, directors, principals, employees, agents, parent companies, subsidiaries, affiliates, predecessors and successors, and any of their or its heirs, successors and assigns (collectively the “Putnam Defendants”); Prudential Securities Incorporated (“Prudential”); Canary Capital Partners, LLC, Canary Capital Partners, Ltd., Canary Investment Management LLC, and Edward Stern (collectively “the Canary Defendants”); and Banc of America Securities LLC (“BAS”) and in this fund derivative action against the Canary Defendants and BAS. The Putnam Defendants, Prudential, the Canary Defendants and BAS are collectively referred to as the “Settling Defendants.” There are also settlements in other securities class actions, ERISA class actions,

and shareholder derivative lawsuits concerning the following families of mutual funds: Alger, AllianceBernstein, Allianz Dresdner, Columbis, Federated, Janus, Invesco, MFS, Nations, One Group/Bank One, PBHG (Pilgrim Baxter), Putnam, RS, Schwab/Excelsior, Scudder and Strong (“Mutual Fund Families”). The settled lawsuits are organized by Mutual Fund Families (known as a “subtrack”) and consolidated under the caption *In re Mutual Funds Investment Litigation*, MDL-1586 (D. Md.) (the “Lawsuit”). **THIS NOTICE RELATES TO THE PUTNAM SUBTRACK ONLY.** The proposed Settlement, if approved by the Court, will settle claims against the Settling Defendants of all persons and entities who purchased or held shares in the Putnam funds which are identified in the attached list designated as Exhibit “A” to this Notice between January 1, 1997 through December 31, 2003, inclusive (the “Class Period”) (collectively “Class Members”), or claims against the Canary Defendants or BAS of persons who currently hold shares in the Putnam Funds, and suffered damages as a result.

2. What is a Class Action?

A Class Action is a lawsuit in which one or more persons and /or entities sue on behalf of other person and/or entities that have similar claims. Because the settlement of a class action determines the rights of all members of the settlement class, the Court in which the class action is pending – in this case the United States District Court for the District of Maryland – must approve the settlement.

3. Description of this Class Action

Lead Plaintiff Ohio Tuition Trust Authority (the “Lead Plaintiff”) and Joseph Shanis (collectively, together with the Lead Plaintiff, the “Class Plaintiffs”) in this case allege, among other things, that Putnam employees allowed certain shareholders to take advantage of stale prices by engaging in market timing trading of shares of Putnam Funds, despite allegedly being aware that market timing was harmful to long-term Putnam shareholders. It is also alleged that prospectuses of the Putnam Funds were false and misleading because they allegedly indicated that market timing would not be tolerated in the Putnam Funds and they allegedly omitted to disclose that certain shareholders were engaged in market timing in Putnam funds. Specifically, plaintiffs in the Class Action asserted claims under Sections 10(b) and 20(a) of the Securities

Exchange Act of 1934 (“Exchange Act”), and Section 36(b) of the Investment Company Act of 1940 (“ICA”).

Beginning on October 21, 2003, putative class action complaints were filed in various federal and state courts throughout the United States alleging violations of certain federal securities laws and state laws and asserting claims against the Settling Defendants. The majority of these actions were transferred to the Court (collectively, together with the Lead Case, the “MDL Actions”), although certain of the state court actions were not transferred to this Court but instead remained venued in the jurisdictions in which they were initially commenced (the “State Court Actions,” and together with the “MDL Actions,” the “Actions”). *See generally* Transfer Order, MDL 1586, Feb. 20, 2004 (Item No. 60).

On August 22, 2006, Class Plaintiffs filed the Second Consolidated Amended Complaint (the “Complaint”) in the Lead Case. The Complaint alleges claims against the Putnam Defendants, Prudential and BAS for allegedly permitting, facilitating and/or engaging in market-timing or late-trading in the Putnam Funds. Prior complaints also alleged claims against the Canary Defendants. Settling Defendants deny any liability to Class Plaintiffs and/or any members of the Class or anyone else, assert that they have meritorious defenses to the claims asserted against them, and assert that the claims against them have no merit.

Claims against the Canary Defendants and BAS were settled as a result of arms-length negotiations. Prior to any decision by the Court on Prudential’s motion for summary judgment, which was fully briefed as of November 5, 2008, counsel for the Lead Plaintiff and Prudential engaged in discussions and arm’s-length negotiations and reached a settlement of this Lawsuit..

On December 30, 2008, the Putnam Defendants motion for summary judgment was granted as to all remaining claims alleged in the Complaint.

Counsel for the Lead Plaintiff and the Putnam Defendants have engaged in discussions and arm’s-length negotiations, and with the assistance of the Circuit Mediator for the Court of Appeals, have reached a settlement of this Lawsuit.

4. Why is there a Settlement?

After extensive fact and expert discovery with certain defendants and in light of the uncertainty and the risk inherent in any litigation, and the difficulties and expense involved in complex litigation, the parties agreed to enter into this Settlement Agreement.

The principal reason for Plaintiffs' consent to the Settlement is to provide an indirect benefit to the Class by providing value to Class Members who still own Putnam shares. This benefit must be compared to the risk that a lesser recovery, or even no recovery at all, might be achieved possibly years into the future. While Lead Counsel believe Plaintiffs' claims were meritorious, they also recognize that, in light of the Court's rulings on the matter, further litigation of complex claims such as those brought in the Actions, including appeals, is a risky proposition. The Settlement therefore enables many members of the Class and the affected Funds to recover a substantial cash payment without incurring any additional risk or costs. As a result, Plaintiffs believe the Settlement provides a fair, reasonable and adequate recovery for the Class and the Funds.

In agreeing to the Settlements, the Settling Defendants have concluded that further litigation of the Actions would be protracted and expensive, and they desire to conduct their business unhampered by the distractions of continued litigation. In agreeing to the Settlement, the Settling Defendants do not acknowledge any fault, liability, or wrongdoing of any kind, and they do not concede that the claims asserted in the Actions are valid or have any merit. The Settling Defendants continue to deny each and all of the claims and contentions alleged by the Plaintiffs in the Actions. The Settling Defendants also deny that the Plaintiffs or the Class have suffered damages by reason of the alleged conduct by the Settling Defendants or otherwise, or that Plaintiffs or the Class were harmed by the conduct alleged in the Actions.

5. Who is included in the Settlement?

The class covered by the Settlement is defined as follows: **All persons and entities who purchased or held shares of Putnam Funds between and including January 1, 1997 and December 31, 2003, inclusive.**

Excluded from the Class is any person or entity who files a timely and valid request for exclusion from the Class. Also excluded from the Class are defendants, members of their immediate families and their legal representatives, parents, affiliates, heirs, successors or assigns, and any entity in which any defendant has or had a controlling interest. Also excluded are the registrants of the Putnam Mutual Funds, any officers, directors or trustees of entities listed in the previous sentence, and all trustees and portfolio managers of the Putnam Mutual Funds or Putnam Mutual Funds registrants

6. What does the Settlement provide?

Subject to Court approval, the Settling Defendants will pay \$3,225,500 (three million two hundred and twenty-five thousand five hundred dollars) (the “Settlement Amount”) in cash comprised of (i) \$2,500,000 paid on behalf of the Putnam Defendants for the benefit of the Class; (ii) \$170,500 paid on behalf of BAS for the benefit of the Class; (iii) \$450,000 paid on behalf of the Prudential for the benefit of the Class; and (iv) \$105,000 paid on behalf of the Canary Defendants for the benefit of the Class. In addition, counsel for the Class will be distributing \$210,000 in funds that certain of the Canary Defendants paid in connection with their settlement with the New York Attorney General. It is proposed that the Net Settlement Fund (i.e. the Settlement Fund after the payment of costs approved by the Court) will be distributed to the damaged Putnam Funds pro rata based on the amounts calculated by Professor Peter Tufano in his capacity as the Independent Assessment/Distribution Consultant and provided in his Reports to the United States Securities and Exchange Commission and the Massachusetts Division of Securities dated March 2, 2005.

7. How do I participate in the Settlement?

If you are a Class Member, you may either (i) accept the Settlement or (ii) request exclusion from the Settlement.

To Accept: To accept the Settlement and approve of the distribution of the Settlement Fund to the damaged Putnam Funds as determined by Prof. Tufano’s calculation you do not have to do anything.

To Object: If you want to participate in the Settlement, but you object to any term of the Settlement, you must submit an objection to Counsel for Plaintiffs and the Court.

If you are a Class Member or Fund Derivative Plaintiff and do not exclude yourself from the Settlement, you may object to the Settlement, any term of the Settlement Agreement, the Plan of Allocation or the applications of Class Plaintiffs’ Counsel for expenses. Such objections must be in writing and contain your name and address. The written objection also should state the specific reason(s) for the objection. A written objection (and any support for it) must be received by the Clerk of Court and the following Class Plaintiffs’ Counsel by no later than September 21, 2010:

Clerk of Court United States District Court for the District of Maryland In Re Mutual Funds Investment Litigation Case No. 04-cv-560 101 West Lombard Street Baltimore, Maryland 21201	Class Plaintiffs' Counsel: Stanley M. Chesley Robert Heuck II WAITE, SCHNEIDER, BAYLESS & CHESLEY CO., L.P.A. 1513 Fourth & Vine Tower One West Fourth Street Cincinnati, Ohio 45202
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You may retain an attorney at your own expense to object on your behalf, but you are not required to do so, and you can object without hiring a lawyer. If you hire an attorney in connection with making an objection, that attorney must file with the Court and serve on the counsel for all parties who have appeared a notice of appearance.

8. How do I Exclude myself from the Settlement?

If you are a Class Member, you may ask to be excluded from the Settlement. A request for Exclusion must contain your name, address, telephone number, and signature, and information concerning your holding(s) of shares in the Putnam Funds (number of shares, when bought or sold, and names of the funds) and must be mailed to the Class Plaintiffs' Counsel listed in Section 7, postmarked by no later than September 21, 2010. Do not mail your request for exclusion to the Clerk of the Court.

9. What happens if I do nothing?

If you do not file a timely written request for exclusion as provided by Paragraph 8, and the Settlement is approved, you will be bound by the release in the Settlement Agreement and by all proceedings, orders and judgments relating to the Court's approval of the Settlement, even if you now have pending, or later file any litigation, arbitration or any other action regarding the claims that have been made or that could have been made in this Lawsuit, as set forth in greater detail below in answer to Question # 10.

10. What is the effect of final Settlement approval?

If you do not exclude yourself you are staying in the Class, which means you cannot sue, continue to sue or be part of any other lawsuit against the Settling Defendants or certain related

parties (the “Released Parties”¹) concerning any claims of market-timing, late-trading or short-term or excessive trading in the Putnam Funds during the Class Period, including all claims that were or could have been brought in the Complaints. It also means that all of the Court’s Orders will apply to you and legally bind you, and you will release forever any claims you may have against the Settling Defendants or Released Parties relating to market-timing or late-trading or short-term or excessive trading in the Putnam Funds.

If the Court grants final approval of the Settlement, all Class Members and the successors and assigns of any of them, who did not validly and timely requested exclusion from the Class, will be permanently barred, enjoined and restrained from instituting, commencing or prosecuting all direct, indirect, individual, representative or class claims, rights or causes of action or liabilities whatsoever, including but not limited to claims for contribution, indemnification or reimbursement, whether known or unknown (including Unknown Claims), and whether arising under federal, state, local, statutory, common or any other law, rule, or regulation, against any of the Released Parties, which have been, or could have been, asserted in the Lead Case, any of the Actions (as identified in Exhibit "B" to this Notice), or in any court or forum by the Class Members or any of them individually (or any of their heirs, executors, successors or assigns, in their capacities as such, or any person or entity whom the Class Member represents as the holder of shares of the Putnam Funds), based upon, relating to or arising from the acts, facts, matters or occurrences, errors, representations or omissions, transactions and circumstances that were alleged in the Complaint or predecessor complaints in the Lead Case and which relate to or arise in any way, directly or indirectly, from any transactions relating to shares of the Putnam Funds during the Class Period (the "Released Claims").

The Actions include those identified in Exhibit "B" to this Notice, and include without limitation the following State Court Actions: (i) *Kircher, et al. v. Putnam Funds Trust, et al.*, Cause No. 03-L-1255, which pends in the Circuit Court, Third Judicial Circuit, Madison County, Illinois; (ii) *Dudley, et al. v. Putnam Int'l Equity Fund, et al.*, Cause No. 03-L-1539, which pends

¹ “Released Parties” means any of the Settling Defendants, including the Bank of America Released Parties (as defined in the Putnam/BAS Severed Agreement and Stipulation of Settlement signed January 28, 2010), the Putnam Defendants, the Non-Putnam Defendants, the Putnam Funds, Marsh & McLennan Companies, Inc., William Woolverton, Ian Ferguson, Omid Kamshad, Geirluv Lode, Carmel Peters, Justin Scott, James Prusko, Frank Perfetuo, the Canary Defendants and Prudential.

in the Circuit Court, Third Judicial Circuit, Madison County, Illinois, and (iii) *Dudley, et al. v. Putnam Inv. Funds, et al.*, Cause No. 03-L-1540, which pends in the Circuit Court, Third Judicial Circuit, Madison County, Illinois.

"Released Parties" means any of the Settling Defendants, the Non-Putnam Defendants, the Putnam Funds, Marsh & McLennan Companies, Inc., William Woolverton, Ian Ferguson, Omid Kamshad, Geirulv Lode, Carmel Peters, Justin Scott, James Prusko, and Frank Perfetuo, collectively or individually, as well as all of their, his, her or its present and former partners, directors, principals, employees, agents, parent companies, subsidiaries, affiliates, predecessors and successors, and any of their, his, her or its heirs, successors and assigns.

11. What payment are the attorneys for the Class seeking?

From the inception of this Lawsuit, Plaintiffs' Class Counsel have not received payment for their services, nor have they been reimbursed for any out-of-pocket expenses. If the Court approves the proposed Settlement, Plaintiff's Class Counsel will ask the Court for the reimbursement from the Settlement Fund of actual and reasonable out-of-pocket expense. Plaintiffs' Class Counsel will not seek recovery of any attorneys' fees for themselves. The Ohio Attorney General's Office may request approximately \$1,600 in connection with attorney services provided to the Class. In addition, counsel appointed by the Court to assist in coordinating market-timing cases against Putnam and other mutual fund families, designated Plaintiffs' Administrative Chair and Liaison Counsel, will request an award of attorneys' fees expected to be approximately \$40,000.

12. When and where will the hearing on the fairness of the Settlement be held?

Hearings will be held before the Honorable J. Frederick Motz and the Honorable Catherine C. Blake in the United States District Court for the District of Maryland, United States Courthouse, 101 West Lombard Street, Baltimore, Maryland 21201 at 10:00 a.m. on October 21, 2010 and at 10:00 a.m. on October 22, 2010 to determine whether: (1) the proposed settlements should be approved by the Court as fair, reasonable and adequate; (2) the plans for allocating the settlement proceeds should be approved; and (3) the claims against the defendants -- which include, among others, various mutual fund advisors and their affiliates, and various brokerage

firms and mutual fund traders -- should be dismissed with prejudice and otherwise released. At the Hearings, the Court may also rule on such other matters as the Court deems appropriate.

You may choose to attend the hearing, either in person or through an attorney hired at your own expense, but attendance is not required. If you have made a written objection, either you (or your attorney) may appear at the hearing to present the objection, but you are not required to attend. If you choose to attend the hearing and intend to make a presentation to the Court, you must file a notice of your intention to appear.

13. How do I get more information?

You may obtain a copy of the Settlement Agreements, and additional information by visiting www.mutualfundsettlements.com and following the directions to the Putnam Subtrack Settlement Website.

If you wish to communicate directly with Class Counsel, you may do so by contacting the attorneys listed below:

Stanley M. Chesley, Esq.
Robert Heuck II
WAITE, SCHNEIDER, BAYLESS, & CHESLEY CO., L.P.A.
1513 Fourth & Vine Tower
One West Fourth Street
Cincinnati, Ohio 45202

You may also examine the Putnam Settlement Agreement, Court orders, and the other papers filed in the Lawsuit at the Office of the Clerk, United States District Court for the District of Maryland, United States Courthouse, 101 West Lombard Street, Baltimore, Maryland 21201 via the Court's electronic filing service.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE FOR INFORMATION

NOTE: This Notice concerns the settlement of private lawsuits. These settlements are distinct from the settlements that government regulators, including the Securities and Exchange Commission, have previously reached with certain defendants concerning market-timing and late trading in these mutual fund families. Any payment that you may be eligible for under these private settlements are in addition to any payment you may receive or already may have received in a regulatory settlement.

Dated: _____, 2010

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE
DISTRICT OF MARYLAND