United States of America
Before the
Securities and Exchange Commission

Admin. Pro. File No. 3-11317

	:
In the Matter of	:
	:
PUTNAM INVESTMENT	:
MANAGEMENT, LLC	:
	:
Respondent.	:
	:

Proposed Plan of Distribution

February 22, 2007

PLAN OF DISTRIBUTION

I. Background of Matter

1. On October 28, 2003, the Securities and Exchange Commission (Commission) instituted proceedings against Putnam Investment Management, LLC (Putnam or Respondent) in connection with "improper market timing" and "excessive short-term trading" of Putnam mutual funds by Putnam employees in their personal accounts.[1] In connection with this proceeding, Respondent has paid $5 million in disgorgement plus a civil money penalty of $50 million. Respondent has also paid $42,914,120 "necessary to fairly compensate Putnam funds' shareholders for losses attributable to excessive short-term trading and market timing trading activity by Putnam employees." These calculations are described in the Report of the Independent Assessment Consultant in this matter submitted to Putnam and the staff of the Commission on March 2, 2005, which is incorporated by reference to this Plan of Distribution.

2. Under the Commission's April 8, 2004 Order in this matter (April 8, 2004 Order), Putnam was required to retain the services of an Independent Distribution Consultant (IDC) to develop a Plan of Distribution for all "disgorgement and penalty, and any interest or earnings thereon, according to a methodology developed in consultation with Putnam and acceptable to the staff of the Commission and the independent Trustees of the Putnam funds."[2] (April 8, 2004 Order, Section IV.B, ¶1a)

3. The April 8, 2004 Order further required that Putnam "cooperate fully with the Independent Distribution Consultant and shall provide the Independent Distribution Consultant with access to its files, books, records, and personnel as reasonably requested for the review." (April 8, 2004 Order, Section IV.B, ¶1)

4. Pursuant to the April 8, 2004 Order, the Respondent named Peter Tufano as the IDC. Dr. Tufano also served as the Independent Assessment Consultant in these proceedings. Dr. Tufano is the Sylvan C. Coleman Professor of Financial Management at Harvard Business School as well as Senior Associate Dean at

---

[1] U.S. Securities and Exchange Commission, Investment Advisers Act of 1940, Release No. 2185 and Investment Company Act of 1940, Release No. 26232, October 28, 2003.

[2] U.S. Securities and Exchange Commission, Investment Advisers Act of 1940, Release No. 2226 and Investment Company Act of 1940, Release No. 26412, April 8, 2004.

the school. Respondent has agreed to pay all costs associated with the engagement of the IDC. To the best of his knowledge, Dr. Tufano has received full cooperation from Putnam, including access to data and individuals as requested.

5. 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. With the approval of the Commission, Putnam Fiduciary Trust Company (PFTC) will execute the distribution as Fund Administrator, with oversight detailed below.

6. Peter Tufano also serves as IDC pursuant to the Order of the Commonwealth of Massachusetts.[3] The Plan of Distribution under the Commonwealth Order will be filed with the Commonwealth on or about the date notice of this Plan is published pursuant to paragraph 72 of this Plan. Losses under the Commonwealth's Order include all of the losses under the April 8, 2004 Order, plus additional losses not covered by the April 8 Order. The April 8, 2004 Order includes a penalty amount (to be paid to shareholders) not covered under the Commonwealth Order. Due to the substantial overlap under the respective Orders, the Commonwealth and Commission have agreed with the IDC that in the interests of efficiency and timeliness, the Commission and Commonwealth distributions are to be distributed in a common manner at the same time.

7. The monies paid by Putnam pursuant to the April 8, 2004 Order (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 and the monies described in paragraph 8, below, it is not anticipated that the Fair Fund will receive additional funds. 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.

8. For ease of administrative convenience, monies owed solely under the Commonwealth Order will be deposited at Northern Trust Company, so that they can be distributed alongside of the Commission amounts.

9. This Plan of Distribution is subject to approval by the Commission and the Commission retains jurisdiction over the implementation of the Plan, but the Commission agrees to coordinate with the Commonwealth of Massachusetts to facilitate the efficient distribution of funds under both Orders.

A. Representations

10. The IDC directed this work, but was assisted by Analysis Group, Inc., which performed certain calculations under the direction of the IDC.

---

3 Commonwealth of Massachusetts, Docket No. E-2003-061, Consent Order, April 8, 2004.

11. The IDC has never been employed by Putnam nor by its parent, Marsh & McLennan Companies, Inc. Under the terms of the 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."

II. OVERVIEW

12. 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 Commission and to the Commonwealth;

    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.

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

14. 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 categories of shareholder accounts are distinguished:

    a. "<u>Direct Accounts</u>" 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 of Distribution, 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.

15. 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 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 Rule 1105(e). Putnam will not benefit from the distribution.

III. AMOUNT TO BE DISTRIBUTED

16. In total, $153,524,387, plus additional accumulated interest through the date of approval of the Plan of Distribution by the Commission will be distributed by the IDC pursuant to the April 8, 2004 Order and the Commonwealth Order.

a. Table 6 in the report of the Independent Assessment Consultant to the Commonwealth details, by fund-quarter, $108.5 million in losses to shareholders.[4] This amount represents the present value of losses as of February 28, 2005, for both the April 8, 2004 Order and the Commonwealth Order 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 Commission and Commonwealth Assessment Reports respectively.

b. In addition, the IDC has been asked to distribute the penalty amount in the April 8, 2004 Order. In consultation with the staff of the Commission, these additional funds will be distributed proportional to the as-incurred losses calculated in the Commission Assessment Report in Table 6, excluding the October 27, 2003 to January 31, 2004 time period.

c. Accumulated interest is calculated as the actual interest earned through the date of approval of the Plan of Distribution, for monies that were delivered to the Commission in April 2004 and in March 2005.

d. Monies subject to distribution solely under the Commonwealth Order will be paid within seven (7) calendar days of the final approval of this Plan of Distribution. For these monies, accumulated interest is calculated as the interest that would have been earned had the monies been invested in short-term U.S. government instruments, in particular, 90-day Treasury Bills.

17. 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 by the Commission. 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.

18. 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

---

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

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.

19. Monies to be distributed under the April 8, 2004 Order are currently held by the U.S. Treasury's Bureau of Public Debt. Prior to the distribution they will be transferred from the U.S. Treasury to 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 the staff of the Commission 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 to issue checks and wire transfers in connection with the distributions to be made pursuant to this Plan.

    c. In order to reduce any risks associated with the holding of monies to be distributed, Putnam will seek to minimize, to the extent reasonably practicable, the amount of money that is held at any one time at Northern Trust Company. Rather than have the entire amount transferred to Northern Trust Company at the beginning of the distribution process, Putnam will coordinate the transfer of such amounts in various tranches, in each case very shortly before the issuance of checks represented by each such tranche. The proposed schedule for the transfer of monies to Northern Trust Company, and the associated issuance of groups of checks, has been furnished to the staff of the Commission and to the IDC.

    d. 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.

20. Monies that constitute the Undistributed Pools, described below, shall be held in an account at Northern Trust Company.

21. Interest earned subsequent to approval of the Plan of Distribution by the Commission 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

22. 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

23. Direct Account shareholders include approximately 4.9 million individuals with whom Putnam has or had a direct business relationship and for whom Putnam maintains individual shareholder records. In aggregate, this pool is eligible to receive approximately 24 percent of the amount to be distributed.

24. 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.

25. In the interest of carrying out the distribution efficiently, there is a need to establish *de minimis* levels of payments. 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.

26. For each recipient, Putnam will distribute an amount calculated based on the average daily shareholdings of that recipient by fund-account by quarter.

27. 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 Commission, as described in Sections VI.A and VIII.C.

28. 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).

29. Existing Direct Account shareholders will be given the opportunity to reinvest their distribution in Putnam funds without incurring sales loads of any sort.

30. 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 Commission 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

31. 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.

32. 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.

33. For shareholders of record of Omnibus Accounts, if the aggregate amount due to the Omnibus Account administrator 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.

34. 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.

35. 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.

36. 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 35 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 35 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 35 above. If such shareholder of record does not exercise one of the options described in paragraph 35 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.

37. Whether the funds are distributed by Putnam (under Option 1), jointly (under Option 2), or wholly by the omnibus shareholder of record (Option 3), the procedures to be employed should be substantially the same as those described in Section IV.A above, 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 shareholder's payment will be added to the Undistributed Pools for distribution as detailed below.
- In calculating damages in 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 *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.

38. 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

39. Retirement Plans (as defined in paragraph 14) are held in trust by a trustee, and the trust is the legal owner of the shares.

40. The *de minimis* threshold for distributions to Retirement Plans is $10.

41. The Plan of Distribution requires the plan fiduciaries and intermediaries (as those terms are discussed 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, Department of Labor Field Assistance Bulletin No. 2006-01, April 19, 2006.

42. Subject to paragraph 41, 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 according to the procedure set forth in Section IV.B above, 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 43 below.

43. Subject to paragraph 41, this Plan of Distribution proposes four alternatives (which are not necessarily the only methods available pursuant to paragraph 41) for plan fiduciaries to follow in allocating amounts received by or on behalf of Retirement Plans pursuant to this Plan of Distribution:

    (1) 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).

(2) 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).

(3) 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.

(4) 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

44. All undistributed funds resulting from unlocatable shareholders, shareholders who decline payment 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.

45. 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. Total payments related to liquidated funds are less than $500, including interest.)

46. 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

47. In accordance with the Commission's Rules on Fair Fund and Disgorgement Plans, Putnam Fiduciary Trust Company (PFTC), an affiliate of Putnam, is proposed to 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 Commission 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 Commission. PFTC will make these accountings available to the IDC, the Trustees and the staff of the Commission.

48. PFTC is registered with the Commission 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.

49. In performing all functions as Fund Administrator, PFTC shall comply with (a) the terms of this Plan of Distribution; (b) any procedural requirements or restrictions that might be imposed by the IDC or the staff of the Commission; (c) all applicable Commission rules; and (d) 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.

50. The IDC recommends that the bond requirement pursuant to Rule 1105(c) be waived for good cause shown. Specifically, as described in paragraph 19, PFTC will take appropriate measures designed to protect the Fair Fund from deliberate or inadvertent loss. In addition, Putnam has furnished information to the IDC and the staff of the Commission 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 Fund.

B. Tax Administrator

51. The Commission has appointed Damasco & Associates as the Tax Administrator of the Fund.[5] The IDC, Fund Administrator, and Respondent 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 Commission. The Tax Administrator shall be compensated by the Respondent.

C. Limitation on Liability

52. 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 Commission, 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 Fair Fund, 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 QSF from seeking redress from any insurance provided as set forth in this Plan.

VII. TIMING OF THE DISTRIBUTION PROCESS

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

54. 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 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.

55. The Fair Fund will terminate 30 days after the final distribution to investors and the resolution of uncashed or unclaimed funds, and the final accounting by the

[5] See U.S. Securities and Exchange Commission, Securities Exchange Act of 1934, Release No. 51341 (March 9, 2005).

Submitted on: February 22, 2007 By: Peter Tufano

Peter Tufano,
IDC for Putnam Investments LLC

Appendix
February 28, 2005 Value of Losses and Interest

(Page 1 of 4)

	1997				1998				1999				2000			
Fund	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
International Equity Fund	175	4,638	0	54,332	24,027	22,226	541,490	189,425	88,958	159,527	203,639	385,645	1,421,269	6,253,550	1,507,049	1,267,432
Asia Pacific Growth Fund	0	18,581	19,105	281	167,146	107,928	33,253	555,146	178,013	206,191	512,605	1,305,414	2,673,852	10,237,100	3,756,540	2,446,096
Intl Capital Opps	0	496	0	0	4,360	0	741	0	824	0	16,513	39,763	292,802	4,145,631	552,617	867,495
International New Opportunities Fund	3,075	6,629	86	799	0	3,455	3,784	10,620	8,087	17,354	43,065	312,561	1,409,723	5,881,617	1,004,042	846,973
OTC & Emerging Growth Fund	0	16,339	27,575	24,945	25,096	162,857	113,658	165,873	78,582	181,515	296,481	386,988	636,596	1,861,979	978,386	443,645
Europe Equity Fund	22,503	20,184	8,733	29,169	137,684	178,938	532,802	613,337	601,401	617,388	346,755	115,626	52,463	397,400	290,495	188,479
Voyager Fund	0	322	2,471	2,256	0	0	4,586	118	195	151	9,027	138	439	30,060	276	3,910
The Putnam Fund For Growth And Income	1,486	33	2,508	1,457	0	0	5,230	2,815	5,609	10,406	4,730	6,262	170	8,126	318	3,908
New Opportunities Fund	0	3,684	5,648	21,499	52,549	9,371	3,624	285	51,960	57,448	46,734	62,389	179	152,866	132,574	77,799
Global Growth/Global Equity Fund [1]	43,961	85,831	646	9,511	4,364	16,360	62,710	18,152	45,522	36,673	51,836	45,915	86,811	217,420	167,736	54,665
Vista Fund	59	0	879	0	45	93	3,571	2,214	406	0	107	0	207	53,850	0	43,048
High Yield Trust	0	125	0	0	89	0	0	15	261	41	78	0	61	214	0	0
Equity Income Fund	0	0	0	0	0	0	0	133	5	193	212	52	267	1,333	0	240
Health Sciences Trust	0	70	480	1,171	69	1,302	1,025	0	3,196	0	6,967	23,908	4,040	9,226	43,352	3,762
Asia Pacific Fund II	0	0	0	0	106	925,741	0	18,281	1,326	0	201	19,864	490	88,622	2,635	33,558
The George Putnam Fund Of Boston	93	215	15	775	0	0	2	409	572	0	519	0	1,086	70	206	0
Capital Opportunities	0	0	0	0	0	0	1,006	216	1,339	220	1,405	545	0	1,893	11,636	16
International Growth & Income Fund	0	57,391	160	11	64	0	193	0	295	511	6,416	1,014	112,284	0	35,082	47,204
Income Fund	0	0	0	46	409	505	139	776	724	262	793	161	123	775	1,800	634
Research Fund	0	0	0	0	0	0	236	78	87	323	187	0	168	133	1,196	0
Global Aggressive Growth Fd	0	0	0	0	0	0	0	0	0	0	3,437	26,545	370,839	134,910	75,850	58,139
Growth Opportunities Fund	0	0	124	0	0	0	108	0	1,246	2,802	717	1,101	1,616	828	1,814	671
High Yield Advantage Fund	0	0	277	122	281	0	123	84	0	160	156	144	472	218	0	0
Small Cap Value Fund	0	0	0	0	0	0	0	0	0	2,382	0	2,099	272	225	34,870	0
New Value Fund	0	0	0	0	0	0	0	0	15	388	326	194	836	350	34	0
Mid-Cap Value Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investors Fund	3,351	636	1,288	5,384	51	149	8,867	16,335	0	338	224	1	4,145	3,290	1,228	0
Utilities Growth & Income Fund	0	0	0	0	0	2,822	19	230	0	259	0	159	387	130	0	686
Classic Equity Fund	0	0	39	225	17	41	8	6	0	44	2	346	1,767	273	66	123
U.S. Government Income Trust	0	0	0	73	21	8	7	45	358	214	8	108	594	387	77	119
Convertible Income-Growth Trust	0	7	254	156	0	84	0	325	179	0	7	0	94	119	20	19,028
Asset Allocation Funds:Balanced Portfolio	0	0	126	515	0	461	0	84	2,903	29	0	600	898	127	99	729
VT Vista Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax-Free High Yield Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Discovery Growth Fund	0	0	392	180	163	83	0	97	176	422	355	0	17,867	443	444	1,171
Capital Appreciation Fund	194	451	704	0	0	3,811	302	60	745	3,031	713	750	1,244	0	278	6,777
California Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Emerging Markets Fund	1,297	2,542	567	1,371	0	0	5,972	10,695	3,650	770	5,805	6,907	18,317	0	54,030	0
Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intermediate U.S. Government Income Fund	0	0	0	0	0	8	16	131	447	210	60	40	87	177	56	149
Municipal Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Smart Equity Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Asset Allocation Funds:Growth Portfolio	0	0	538	197	0	547	0	0	141	0	1,817	0	681	2,774	191	65
American Government Income Fund	0	0	0	0	0	0	595	1,613	713	1,573	271	383	332	190	105	172
VT Intnl New Opportunities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Global Natural Resources	247	0	0	0	9,697	0	39,027	5,378	39,404	0	2,661	6,793	0	0	744	2,693
International Fund 2000	0	0	0	0	0	0	0	0	0	0	0	0	0	952	88,321	16,182
Massachusetts Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	216	214	0	0
Small Cap Growth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
International Fund	0	140	888	134	0	0	0	0	0	273	134	19,864	0	17,588	0	0
Global Income Trust	0	0	0	0	0	0	0	0	0	0	0	83	154	861	0	0
Japan Fund	14,062	8,473	2,663	9,450	0	9,781	0	0	0	0	0	0	0	0	0	0
Pennsylvania Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VT Voyager Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Global Growth & Income Fund	0	0	0	0	0	0	0	0	276	149	0	75	2,164	17	2,471	565
Ohio Tax Exempt Income Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0