

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14909**

**In the Matter of**

**OPPENHEIMERFUNDS, INC.,**

**and**

**OPPENHEIMERFUNDS**  
**DISTRIBUTOR, INC.,**

**Respondents.**

**PROPOSED PLAN OF DISTRIBUTION**

These proceedings arose out of the offer and sale of shares of a high-yield bond fund called Oppenheimer Champion Income Fund (“Champion”) and an intermediate-term investment grade fund called Oppenheimer Core Bond Fund (“Core Bond”) (collectively, “Funds”), two fixed income retail mutual funds managed by OppenheimerFunds, Inc. In 2008, both Funds experienced losses far greater than those suffered by their peer funds. The Funds’ underperformance was driven primarily by their exposure to AAA-rated commercial mortgage-backed securities (“CMBS”). The exposure was obtained mainly through derivative instruments known as total return swaps (“TRS Contracts”), which created substantial leverage in both Funds.

The Securities and Exchange Commission (“SEC” or “Commission”) issued a settled Administrative Proceeding finding that respondents violated federal securities law by providing a misleading prospectus and making misleading statements in the midst of

the Funds' steep declines in late 2008. The Commission entered into a settlement agreement with respondents, and on June 6, 2012, issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 15(b)(4) of the Securities Exchange Act of 1934, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order against OppenheimerFunds, Inc. and OppenheimerFunds Distributor, Inc. ("Order"). Securities Act Rel. No. 9329 (June 6, 2012).

As found in the Order, prior to and during the height of the 2008 financial crisis, Oppenheimer misled investors regarding the Funds. Specifically, between January 28, 2008 and December 31, 2008, OppenheimerFunds, Inc. failed to adequately disclose in Champion's prospectus the fund's practice of assuming substantial leverage through its use of derivatives, which was the primary driver of the fund's nearly 80% NAV decline in 2008. In addition, between mid-November 2008 and the end of the year, OppenheimerFunds, Inc. made a series of misleading statements about the Funds' current circumstances and prospects for recovering lost value. Put simply, unprecedented declines in the CMBS market were triggering massive cash liabilities for the Funds on derivative instruments tied to the CMBS market, forcing the Funds to sell portfolio securities at a loss to meet those cash obligations, and requiring the Funds' managers to shed CMBS exposure to reduce the risk of further catastrophe. Instead of communicating these facts to investors, OppenheimerFunds, Inc., in a variety of contexts, communicated that the Funds had suffered mere paper losses on their investments and that, absent actual CMBS defaults, they could recover those losses when markets returned to normal.

Pursuant to the Order, OppenheimerFunds, Inc. paid disgorgement of \$9,879,706, prejudgment interest of \$1,487,190 and a civil money penalty of \$24,000,000 for a total of \$35,366,896 to the Commission. The Order also created a fair fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The fair fund will first be used to compensate injured investors for their share of the advisory fees that the Funds paid to the Respondents. If any money remains in the fair fund, investors will then be compensated on a *pro rata* basis for any additional decline in value, adjusted to account for market-related declines that took place during the relevant period in the Order.

By Order dated March 14, 2013, the Commission appointed Epiq Class Action & Claims Solutions, Inc. (“Epiq”) as fund administrator to implement the fair fund distribution.<sup>1</sup>

The Commission 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 for investment in government obligations. Other than interest from investments, it is not anticipated that the fair fund will receive additional funds.

This Plan of Distribution (“Plan”) sets forth the proposed methods and procedures for distributing the fair fund. The Plan is subject to approval by the Commission, and the Commission retains jurisdiction over the implementation of the Plan.

---

<sup>1</sup> See Order Appointing Fund Administrator and Approving Fund Administrator Bond (Exchange Act Rel. No. 69138, March 14, 2013).

## **ARTICLE I**

### **DEFINITIONS**

As used in this Plan, the following definitions shall apply:

1.1 “Advisory Fees” shall mean a calculation of the management fees charged by OppenheimerFunds, Inc. per day for Assets Under Management Per Share Class as calculated in accordance with the Plan.

1.2 “Advisory Percentage” shall mean the percentage of fees charged by OppenheimerFunds, Inc. per day for all Assets Under Management Per Share Class. For Eligible Champion Securities the Advisory Percentage is 0.0015342% and for Eligible Core Securities the Advisory Percentage is 0.0012054%. The Advisory Percentages are derived from the annual management fee percentages charged by OppenheimerFunds, Inc. for Eligible Champion Securities (0.56%) and for Eligible Core Securities (0.44%) divided by 365 for a daily percentage.

1.3 “Affiliate” shall have the meaning set forth in section 101(2) of Title 11 of the United States Code, 11 U.S.C. § 101(2).

1.4 “Assets Under Management Per Share Class” shall mean the value of an Eligible Claimant’s investment in Eligible Champion Securities and/or Eligible Core Securities, in U.S. Dollars, as of the close of trading for each share class and fund type calculated for each day during the Recovery Period. Assets Under Management Per Share Class shall be calculated in accordance with the Plan.

1.5 “Broker Notice Claimant” shall refer to those Potentially Eligible Claimants identified through the Fund Administrator’s outreach to certain banks, brokers and other nominees in accordance with Section 3.18 of this Plan. A Broker Notice

Claimant will receive a copy of the Claims Packet and is required to file a valid Proof of Claim Form in order to share in the distribution from the Fair Fund.

1.6 “Claim Deficiency Notice” means the notice sent by the Fund Administrator to a Potentially Eligible Claimant whose claim is deficient in one or more ways (*e.g.*, failure to provide required information or documentation). The Claim Deficiency Notice shall advise the Potentially Eligible Claimant of the reason(s) for the deficiency and provide the opportunity to cure any such deficiencies. A Claim Deficiency Notice shall be provided no later than sixty (60) days after the Claims Bar Date.

1.7 “Claims Bar Date” shall mean the date established in accordance with this Plan by which a Potentially Eligible Claimant’s Proof of Claim Form must be received by the Fund Administrator or postmarked to avoid the barring of any right of the Potentially Eligible Claimant to participate in any distribution from the Fair Fund, or a Class Action SEC Authorized Claimant to modify its claim. The Claims Bar Date shall be one hundred and twenty (120) days after the Notice Date. Claims postmarked after the Claims Bar Date will *not* be reviewed and evaluated, unless the Fund Administrator is explicitly directed by the Commission to process such late claims.

1.8 “Claims Packet” shall mean all the materials to be provided to Potentially Eligible Claimants known to the Fund Administrator or to those who request such. The Fund Administrator, in consultation with the staff of the Commission, shall prepare the Claims Packet, which shall include, at a minimum, a copy of the Plan Notice and a Proof of Claim Form. Claims Packets will be sent to Potentially Eligible Claimants but will *not* be sent to Class Action SEC Authorized Claimants, unless a Class Action SEC

Authorized Claimant notifies the Fund Administrator it wants to file a Proof of Claim Form to modify its claim.

1.9 “Class Action SEC Authorized Claimant” shall mean a Person who had a claim in one or both of the Class Actions and whose claim has a summed Eligible Loss Amount and a calculated Recognized Fees Award greater than \$0.00 under the terms of this Plan. A Class Action SEC Authorized Claimant is deemed an Eligible Claimant under this Plan only with respect to those Eligible Champion Securities held at any time from January 28, 2008 through and including December 31, 2008 and consistent with the Plan of Allocation and/or those Eligible Core Securities held at any time from November 14, 2008 through and including December 31, 2008 and consistent with the Plan of Allocation, which were previously authorized in the Class Actions. If a Person had a claim in one or both of the Class Actions which was denied in part for containing only partial documentation, that Person will still be considered a Class Action SEC Authorized Claimant with respect to the Eligible Champion Securities and/or Eligible Core Securities for which valid supporting documentation was provided in the Class Actions. A Class Action SEC Authorized Claimant shall receive a Notice Letter and is not required to file a Proof of Claim Form to share in the distribution from the Fair Fund. A Class Action SEC Authorized Claimant may modify his, her or its claim by contacting the Fund Administrator and providing valid supporting documentation for the modification, and thereby will be deemed a Potentially Eligible Claimant.

1.10 “Class Action Claimant Ineligible for SEC Payment” shall mean a Person who either (a) filed a claim with the claims administrator in one or both of the Class Actions but whose claim under the terms of this Plan has a summed Eligible Loss Amount and calculated Recognized Fees Award less than or equal to \$0.00, or (b) filed a

claim with the claims administrator in one or both of the Class Actions whose claim was denied in full for not having valid documentation. A Class Action Claimant Ineligible for SEC Payment will receive a copy of the Claims Packet and is required to file a valid Proof of Claim Form in order to share in the distribution from the Fair Fund.

1.11 “Class Actions” shall mean the class action litigations styled *In re: Oppenheimer Champion Fund Securities Fraud Class Actions* (Civil Action No. 09-cv-386-JLK-KMT consolidated with 09-cv-525-JLK-KMT) and *In re: Core Bond Fund* (Civil Action No. 09-cv-1186-JLK-KMT), which arose out of similar violations alleged in the Order. Both actions were filed in the United States District Court for the District of Colorado and alleged violation of Sections 11 and 12 of the Securities Act. The recovery periods in the Class Actions were longer than but completely subsumed the recovery periods in this action. In the Class Actions, the recovery period for Champion securities was January 1, 2006 through December 31, 2008; and for Core securities was April 30, 2007 through December 31, 2008. The court in the Class Actions approved settlements with OppenheimerFunds, Inc. and certain individuals for a combined \$100 million. The net proceeds were distributed on a *pro rata* basis to authorized claimants who purchased or otherwise acquired Eligible Champion Securities (approximately 8.7% *pro rata*) and Eligible Core Securities (approximately 12.5% *pro rata*). Epiq, the Fund Administrator for this Plan, also served as the claims administrator in the Class Actions. The information requested and provided to Epiq for the class action claim process included all transactions during the recovery period, which included purchases, sales, transfers, conversions, and/or dividend reinvestments, as well as shares held at the beginning and end of the periods. This information is sufficient for Epiq, as Fund Administrator, to determine claims pursuant to the SEC Plan of Allocation (see Exhibit A), and to make calculations

to determine that no Eligible Claimant will receive distribution payments totaling more than his/her/its calculated harm, after taking into account the payment received in the Class Actions.

1.12 “Commission” shall mean the United States Securities and Exchange Commission.

1.13 “Days” shall mean calendar days, unless provided otherwise.

1.14 “Determination Notice” shall mean the notice sent by the Fund Administrator to everyone who files a Proof of Claim Form; the Determination Notice states the Fund Administrator’s decision with respect to the validity of the claim. Determination Notices will be mailed after all Proof of Claim Forms have been processed and, where necessary, sent a Claim Deficiency Notice and given a chance to respond. The Fund Administrator will not send Determination Notices to Class Action SEC Authorized Claimants, unless they have modified their claim.

1.15 “Distribution Fund” shall mean the Fair Fund, plus interest, less any amounts expended or to be expended for administering the Fair Fund (*e.g.*, reasonable fees and expenses incurred or to be incurred in administering this Plan, tax payments, or reserves for future taxes, fees and expenses).

1.16 “Distribution Payment” shall mean the payment disbursed to an Eligible Claimant based on the summation of the Eligible Claimant’s Recognized Fees Award and Recognized Loss Award.

1.17 “Eligible Champion Securities” shall refer to shares of Oppenheimer Champion Class A Shares, Oppenheimer Champion Class B Shares, Oppenheimer Champion Class C Shares, Oppenheimer Champion Class N Shares or Oppenheimer Champion Class Y Shares held at any time during the Recovery Period.



1.18 “Eligible Claimants” shall mean all Class Action SEC Authorized Claimants and those Potentially Eligible Claimants filing a valid Proof of Claim Form with the Fund Administrator who are determined by the Fund Administrator to be eligible for a distribution from the Fair Fund as provided herein. “Eligible Claimants” in no event shall include:

- (a) Any respondent named in this action (or any of their Affiliates, assigns, heirs, distributees, spouses, parents, children, or controlled entities);
- (b) Any defendant in any class action lawsuit related to the conduct in this action (or any of such defendant’s Affiliates, assigns, heirs, distributees, spouses, parents, children, or controlled entities), unless and until such defendant is found not liable in all such civil suits prior to the Claims Bar Date, and proof of the finding(s) is included in such defendant’s timely filed Proof of Claim Form;
- (c) Any Person who assigned their right to obtain a recovery in the Commission’s action against OppenheimerFunds, Inc.;
- (d) Any assignee of another Person’s right to obtain a recovery in the Commission’s action against OppenheimerFunds, Inc., provided, however, that this provision shall not be construed to exclude those Persons who obtained such a right by inheritance or devise; or
- (e) The Fund Administrator, its employees, and those persons assisting the Fund Administrator in its role as the Fund Administrator, and those persons and their employees who are engaged to perform services pursuant to this Plan.

1.19 “Eligible Core Securities” shall refer to shares of Oppenheimer Core Class A Shares, Oppenheimer Core Class B Shares, Oppenheimer Core Class C Shares, Oppenheimer Core Class N Shares, or Oppenheimer Core Class Y Shares held at any time during the Recovery Period.

1.20 “Eligible Loss Amount” shall refer to the total amount of harm resulting from the violations determined in the Order that an Eligible Claimant has incurred for each share owned during the period of inadequate disclosure. The Eligible Loss Amount is calculated by summing the amounts of all of his/her/its individually Recognized Losses (or Gains) Per Share across all Eligible Champion Securities shares and/or Eligible Core Securities shares using the methodology described in the Plan of Allocation (attached hereto as Exhibit A). The Eligible Loss Amount is separate, and does not include, the Recognized Fees Award.

1.21 “Fair Fund” shall refer to all proceeds from OppenheimerFunds, Inc.’s compliance with the Commission’s Order, including disgorgement, prejudgment interest, and civil money penalties.

1.22 “Fund Administrator” shall refer to Epiq Class Action & Claims Solutions, Inc. (“Epiq”), the entity appointed by the Commission on March 14, 2013 and responsible for administering the Fair Fund in accordance with the terms of this Plan and the Commission’s orders, as well as its employees, attorneys, accountants and other agents.

1.23 “Minimum Distribution Amount” shall be \$20.00. Each claim must calculate to the Minimum Distribution Amount individually in order to be eligible for a payment. Eligible Claimants may not combine Eligible Loss Amounts and/or

Recognized Fees Awards from separate claims in order to meet the Minimum Distribution Amount.

1.24 “Notice Date” shall mean the date that the Fund Administrator first mails the Notice Letter and Claims Packet, which shall be no later than forty-five (45) days following the entry by the Commission of its order approving this Plan.

1.25 “Notice Letter” shall mean all the materials to be provided to Class Action SEC Authorized Claimants. The Fund Administrator, in consultation with the staff of the Commission, shall prepare the Notice Letter, which shall include, at a minimum, a copy of the Plan Notice and a cover letter providing instruction that the Class Action SEC Authorized Claimant does not need to file a Proof of Claim Form in order to share in the distribution from the Fair Fund.

1.26 “Person” shall mean a natural individual as well as a legal entity, such as a corporation, partnership, limited liability company, or governmental entity. All nouns, pronouns, and any variations thereof in this Plan shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the context may require.

1.27 “Plan” shall mean this Plan of Distribution, in the form approved by the Commission.

1.28 “Plan Notice” shall mean the notice given to Potentially Eligible Claimants and Class Action SEC Authorized Claimants, which shall contain information about the Fair Fund and the obligation, for all Potentially Eligible Claimants *but not* Class Action SEC Authorized Claimants, to file a Proof of Claim Form in order to participate. The Fund Administrator, in consultation with Commission staff, shall design the Plan Notice, consistent with the provisions of this Plan.

1.29 “Potentially Eligible Claimants” shall mean those Persons identified by the Fund Administrator as having possible claims to the Fair Fund under this Plan, or Persons asserting that they have possible claims to the Fair Fund under this Plan but who are not Class Action SEC Authorized Claimants. Potentially Eligible Claimants includes all Class Action Claimants Ineligible for SEC Payments, Broker Notice Claimants and Publication Notice Claimants. Potentially Eligible Claimants are required to file a valid Proof of Claim Form to share in the distribution of the Fair Fund. A Class Action SEC Authorized Claimant who submits a modified claim will be deemed a Potentially Eligible Claimant.

1.30 “Proof of Claim Form” shall mean the form designed by the Fund Administrator in accordance with this Plan for the filing of a claim. The Proof of Claim Form shall require, at a minimum, sufficient documentation reflecting the claimant’s holdings and dispositions of all Eligible Champion Securities and/or all Eligible Core Securities during the Recovery Period.

1.31 “Publication Notice Claimants” shall refer to those Potentially Eligible Claimants identified through the Fund Administrator’s publication of the Summary Notice in accordance with Section 3.16 of this Plan. A Publication Notice Claimant will receive a copy of the Claims Packet and is required to file a valid Proof of Claim Form in order to share in the distribution from the Fair Fund.

1.32 “Recognized Fees Award” shall mean an Eligible Claimant’s share of the Distribution Fund based on the Advisory Fees charged by OppenheimerFunds, Inc. during the Recovery Period and calculated in accordance with the Plan.

1.33 “Recognized Loss (or Gain) Per Share” shall mean the amount of loss (or gain) per share of Eligible Champion Securities and/or Eligible Core Securities, as calculated pursuant to the Plan of Allocation.

1.34 “Recognized Loss Award” shall mean each Eligible Claimant’s *pro rata* share of the Remaining Fund based upon each Eligible Claimant’s Eligible Loss Amount.

1.35 “Recovery Period,” for the purposes of this Plan, shall mean either (a) the period of time commencing on January 28, 2008 and continuing through the close of the markets on December 31, 2008 for shares of Eligible Champion Securities; or (b) the period of time commencing on November 14, 2008 and continuing through the close of the markets on December 31, 2008 for shares of Eligible Core Securities.

1.36 “Remaining Fund” shall mean the amount remaining in the Distribution Fund after all Recognized Fees Awards have been reserved for all Eligible Claimants.

1.37 “Summary Notice” shall mean the notice to be published in a national publication pursuant to Section 3.16 below. Such notice (the text of which shall be approved by the staff of the Commission) shall include, at a minimum, a statement that the Fair Fund relates to holdings, purchases and sales of Eligible Champion Securities and/or Eligible Core Securities during the Recovery Period and the means of obtaining a Claims Packet.

1.38 “Tax Administrator” shall mean Damasco & Associates, LLP, the firm appointed by the Commission on July 6, 2012.

## **ARTICLE II**

### **ALLOCATION AMONG ELIGIBLE CLAIMANTS**

2.1 The Distribution Fund shall be allocated among Eligible Claimants as provided under the terms of this Plan.

2.2 An Eligible Claimant's calculated Recognized Fees Award and Eligible Loss Amount shall be used as the basis for calculating, pursuant to the Plan of Allocation, whether an Eligible Claimant holds a claim that meets the Minimum Distribution Amount and is thus eligible for a Distribution Payment. As described in the Plan of Allocation, the Recognized Fees Award is determined by calculating the fees charged by OppenheimerFunds, Inc. based on holdings for each day during the Recovery Period, and the Eligible Loss Amount is determined by aggregating the Recognized Loss (or Gain) Per Share of all shares held at any time during the Recovery Period.

### **ARTICLE III**

#### **ADMINISTRATION OF THE CLAIMS PROCEDURE**

##### **A. General Administrative Provisions**

3.1 The Fund Administrator shall oversee the administration of the claims, procedures, and distribution as provided in this Plan. The Fund Administrator shall review each Proof of Claim Form submitted by a Potentially Eligible Claimant, make a determination under the criteria established herein and in the Plan of Allocation as to the eligibility of each Potentially Eligible Claimant, calculate the Recognized Fees Award, the Eligible Loss Amount and the Distribution Payment.

3.2 Any claim asserted by a Potentially Eligible Claimant (except as provided in Section 3.4 below) shall be in writing<sup>2</sup> and shall provide adequate documentary evidence to substantiate the claim, including all documentary evidence which the Fund

---

<sup>2</sup> Claims with 100 or more transactions or on behalf of 20 or more different accounts must be submitted electronically and in the format specified by the Fund Administrator. The mandatory electronic filing requirements will be available on the Distribution Fund website. Files that do not comply with the required electronic filing format may be rejected.

Administrator deems necessary or appropriate, including, but not limited to, available account statements and trade confirmations.

3.3 All claims (except as provided in Section 3.4 below) must be verified on the basis of a sworn Proof of Claim Form, affidavit or declaration executed by the Potentially Eligible Claimant under penalty of perjury under the laws of the United States.

3.4 A Class Action SEC Authorized Claimant is not required to submit the written Proof of Claim Form described in Section 3.2 or undergo the verification described in Section 3.3, unless such claimant wants to modify his, her or its claim, thereby becoming a Potentially Eligible Claimant.

3.5 The receipt of Eligible Champion Securities and/or Eligible Core Securities before or during the Recovery Period by gift, inheritance, devise, or operation of law shall be deemed to be a purchase of Eligible Champion Securities and/or Eligible Core Securities at the time of receipt. Similarly, the delivery of Eligible Champion Securities and/or Eligible Core Securities during the Recovery Period shall be deemed to be a sale of Eligible Champion Securities and/or Eligible Core Securities at the time of delivery.

3.6 To the extent that an Eligible Claimant, his or her representative, heir, or assign requests a distribution award to be issued or reissued in a different name than the Eligible Claimant (*e.g.*, as the result of a name change because of marriage or divorce, or as the result of death), the Fund Administrator shall honor such request upon timely receipt of documentation which the Fund Administrator in its sole discretion deems appropriate to substantiate the request.

3.7 For claims made on behalf of a retirement plan covered by Section 3(3) of ERISA, 29 U.S.C. § 1002(3), which does not include Individual Retirement Accounts, and for which such claims are properly made by the custodian or fiduciary of the plan and not by the plan's participants, the Fund Administrator shall distribute any payments on such claims directly to the custodian or fiduciary of the retirement plan. The custodian or fiduciary of the retirement plan shall distribute any payments received in a manner that is consistent with its fiduciary duties and the account or plan provisions. With respect to any retirement plan that has been closed prior to the Fund Administrator's identification of Eligible Claimants, the Fund Administrator shall endeavor to distribute funds directly to the beneficial account holders of such retirement plans if the information required for such a distribution is known to or provided to the Fund Administrator prior to the Claims Bar Date.

3.8 Custodians, trustees, or professionals who have invested on behalf of more than one Potentially Eligible Claimant or Class Action SEC Authorized Claimant in a pooled investment fund or entity will be required to complete a certification, which will require them at a minimum to attest that any distribution to the custodian, trustee, or investment professional representing multiple potentially eligible beneficial owners, will be allocated for the benefit of current or former pooled investors and not for the benefit of management.

3.9 The Fund Administrator shall take reasonable and appropriate steps to distribute the Fair Fund according to the Plan. The Fund Administrator will inform Commission staff of any changes needed in the Plan. Upon agreement with Commission staff, the Fund Administrator may implement immaterial changes to the Plan to effectuate



the general purposes. If a change is deemed to be material by Commission staff, Commission approval is required prior to implementation by amending the Plan.

3.10 The Fund Administrator may extend any procedural deadline contained in the Plan for good cause shown, if agreed upon by the staff of the Commission.

**B. Identification of and Notice to Class Action SEC Authorized Claimants and Potentially Eligible Claimants**

3.11 Prior to the Notice Date, the Fund Administrator shall, insofar as is practicable, use its best efforts to identify all Class Action SEC Authorized Claimants from a review of the database maintained in the Class Actions, and to identify Potentially Eligible Claimants from a review of the trading records, claim filing information and any other communication included in the database maintained in the Class Actions.

3.12 In addition, prior to the Notice Date the Fund Administrator shall contact OppenheimerFunds, Inc.<sup>3</sup> and the banks, brokers and other nominees who provided data for the Class Actions to request that they provide the names and addresses of any additional Potentially Eligible Claimants not previously provided as part of the Class Actions to identify Broker Notice Claimants. The lists of any Broker Notice Claimants will be added to the database of Potentially Eligible Claimants.

3.13 The Fund Administrator will build a database for purposes of administering the Fair Fund containing previously approved information regarding all Class Action SEC Authorized Claimants as well as information received regarding Potentially Eligible Claimants' claims in the Commission's action. If a previously

---

<sup>3</sup> In order to ensure a timely and accurate mailing of Claims Packets to Potentially Eligible Claimants, the Fund Administrator will request that OppenheimerFunds, Inc. cooperate pursuant to the Order to deliver to the Fund Administrator the transfer files in its possession, custody, or control not previously provided as part of the Class Actions promptly following the date of the entry of the order by the Commission approving this Plan.

approved claim is amended by a Class Action SEC Authorized Claimant, the Fund Administrator will update the Fair Fund database to reflect the Class Action SEC Authorized Claimant's modified claim.

3.14 Within fifty (50) days following the entry by the Commission of its order approving this Plan, the Fund Administrator shall:

- (a) Run a National Change of Address search to retrieve updated addresses for all records, so that the Fund Administrator has updated mailing information, to the extent possible, for Class Action SEC Authorized Claimants and for Class Action Claimants Ineligible for SEC Payments;
- (b) Mail by United States First Class Mail a Claims Packet to each Potentially Eligible Claimant and a Notice Letter to each Class Action SEC Authorized Claimant known to the Fund Administrator.
- (c) Establish a website constructed for the administration of the Distribution Fund from which each Class Action SEC Authorized Claimant and each Potentially Eligible Claimant may download a copy of the Plan, Claims Packet and other relevant documents online; and
- (d) Establish a toll-free telephone call-in number by which Class Action SEC Authorized Claimants and Potentially Eligible Claimants can obtain information about the Fair Fund.

3.15 Any additional Potentially Eligible Claimants identified just prior to or after the Notice Date will be promptly sent a copy of the Claim Package either on or soon after the Notice Date.

3.16 Within fourteen (14) days following the Notice Date the Fund Administrator shall publish a Summary Notice, approved by Commission staff, on a single occasion in *Investor's Business Daily* (as well as a release on the *PR Newswire*) to identify Publication Notice Claimants.

3.17 On an on-going basis after the Notice Date but before the Claims Bar Date the Fund Administrator shall continue to mail and re-mail copies of the Claims Packet to Potentially Eligible Claimants and Class Action SEC Authorized Claimants who contact the Fund Administrator requesting a copy of the Claims Packet and to any additional Broker Notice Claimants and Publication Notice Claimants.

3.18 The Fund Administrator shall also give additional notice of the distribution process in such a manner as the Fund Administrator, in consultation with Commission staff, deems appropriate, which may include further direct notification to custodians, securities broker-dealers, and other potential nominee purchasers identified by the Fund Administrator.

3.19 To avoid being barred from asserting a claim, on or before the Claims Bar Date, each Potentially Eligible Claimant (including each Class Action SEC Authorized Claimant who modifies its claim) must submit to the Fund Administrator a properly completed Proof of Claim Form reflecting such Potentially Eligible Claimant's claim, together with all required supporting documentation. The Fund Administrator may extend the Claims Bar Date for one or more Potentially Eligible Claimants, with approval by Commission staff, in which event such extension shall constitute the Claims Bar Date for such Potentially Eligible Claimants. Such decisions of the Fund Administrator and Commission staff are final and not subject to challenge.

**C. Notification of Claims Determination, Including Notice of Deficient Claims and Opportunity to Cure**

3.20 The Fund Administrator shall review each Proof of Claim Form received to determine the validity and amount of such Potentially Eligible Claimant's Recognized Fees Award and/or Eligible Loss Amount, together with any additional conclusions of the Fund Administrator on other issues relevant to the claim. Each Potentially Eligible Claimant shall have the burden of proof to establish the validity and amount of his or her claim, and that he or she qualifies as an Eligible Claimant; and the Fund Administrator shall have the right to request, and the Potentially Eligible Claimant shall have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed relevant by the Fund Administrator.

3.21 The Fund Administrator shall provide to each Potentially Eligible Claimant whose claim is deficient, in whole or in part, a Claim Deficiency Notice setting forth the reason(s) why the claim is deficient and instructions on how to cure the deficiency. The Claim Deficiency Notice shall be provided to such affected claimants within sixty (60) days after the Claims Bar Date.

3.22 Any Potentially Eligible Claimant who has received a Claim Deficiency Notice shall have thirty (30) days from the date of the Claim Deficiency Notice to cure any deficiencies identified in the Claim Deficiency Notice.

3.23 Before final payment amounts are calculated, the Fund Administrator shall mail by United States First Class Mail a Determination Notice to each Potentially Eligible Claimant who has filed a Proof of Claim Form with the Fund Administrator. In the event a claim is denied, in whole or in part, the Fund Administrator will state the reason for such denial. The Fund Administrator will not send Determination Notices to

Class Action SEC Authorized Claimants, unless they have modified their claim. The Determination Notice will be sent within one hundred eighty (180) days of the Claims Bar Date.

3.24 All claimants have the burden of providing the Fund Administrator with any changes to his or her name or mailing address.

3.25 All determinations made by the Fund Administrator in accordance with this Plan shall be final.

**D. Payment to Eligible Claimants**

3.26 The Fund Administrator shall distribute the Distribution Fund to all Eligible Claimants who qualify for a Distribution Payment only after all timely submitted Proof of Claim Forms have been processed and all Potentially Eligible Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to cure pursuant to the procedures set forth above.

3.27 Within forty-five (45) days following the date the Fund Administrator has mailed all Determination Notices, the Fund Administrator shall prepare a list of Eligible Claimants and the Distribution Payment each Eligible Claimant will receive (the "Payment File"). The Fund Administrator shall provide the Payment File to the Commission staff with a reasonable assurance letter as to the completeness and accuracy of the information contained therein. The Commission staff shall seek an order from the Commission to disburse the funds identified in the Payment File in accordance with the provisions of the Plan. The distribution amount specified will have already taken into account reserves for taxes, as requested by the Tax Administrator and approved by the Commission staff, and reserves necessary for other fees, late claims, or reasonably anticipated expenses.

3.28 Prior to disbursement of the Fair Fund, the Fund Administrator will establish account(s) described in the following paragraph at a well capitalized<sup>4</sup> United States commercial bank (the “Bank”), not unacceptable to the staff of the Commission. In the event the Bank’s well capitalized status changes, the Fund Administrator will promptly inform the Commission staff of such change in status.

3.29 The Fund Administrator shall establish with the Bank an escrow account pursuant to an escrow agreement (the “Escrow Agreement”) to be provided by the staff of the Commission, in the name of and bearing the Employer Identification Number (“EIN”) of the Qualified Settlement Fund as defined in Article VI hereto. The Fund Administrator shall also establish with the Bank a separate deposit account (*e.g.* controlled distribution account, managed distribution account, linked checking and investment account) for the purpose of funding Distribution Payments to be distributed to Eligible Claimants by the Fund Administrator pursuant to the Plan. The name of each account shall be in the following form: “OppenheimerFunds Inc. Distribution Fund, as custodian for the benefit of investors allocated a distribution pursuant to the Plan in *In the Matter of OppenheimerFunds, Inc., and OppenheimerFunds Distributor, Inc.,* Administrative Proceeding File No. 3-14909.”

3.30 During the term of the Escrow Agreement, if invested, the Escrow Account shall be invested and reinvested in short-term United States Treasury securities backed by the full faith and credit of the United States Government or an agency thereof, of a type and term necessary to meet the cash liquidity requirements for payments to Eligible Claimants, tax obligations, and/or fees of the Tax Administrator and/or Fund

---

<sup>4</sup> A well capitalized bank is a bank that meets the Federal Reserve Board’s definition of “well capitalized” in 12 C.F.R. 208.43(b)(1).

Administrator, including investment or reinvestment in a bank account insured by the Federal Deposit Insurance Corporation (“FDIC”) up to the guaranteed FDIC limit, or in money market mutual funds registered under the Investment Company Act of 1940 that invest 100% of their assets in direct obligations of the United States government. The Fund Administrator shall provide duplicate original bank and/or investment statements on any accounts established by the Fund Administrator to the Tax Administrator on a monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as necessary.

3.31 The Fund Administrator shall deposit or invest funds in the escrow and deposit accounts so as to result in the maximum reasonable net return, taking into account the safety of such deposits or investments. In consultation with the staff of the Commission, the Fund Administrator shall work with the Bank on an ongoing basis to determine an allocation of funds between the escrow and the deposit accounts.

3.32 All Distribution Fund checks presented for payment or electronic transfer will be subject to “positive pay” controls before being honored by the Bank, and all such checks issued to Eligible Claimants by the Fund Administrator shall bear a stale date of ninety (90) days. Accordingly, checks that are not negotiated within this period shall be voided and the issuing financial institution shall be instructed to stop payment on those checks. Such Eligible Claimant’s claim is extinguished as of the stale date and the funds remain in the Distribution Fund. If a check reissue has been requested before the stale date, such request is governed by Section 4.1 below.

3.33 The Fund Administrator shall use its best efforts to make use of reasonable commercially available resources and other reasonably appropriate means to locate all Eligible Claimants whose checks are returned to the Fund Administrator as undeliverable

by the U.S. Postal Service. However, the claimant has the burden of providing the Fund Administrator with any changes to his, her or its mailing address.

3.34 All distribution payments shall be preceded or accompanied by a communication that includes, as appropriate:

- (a) A statement characterizing the distribution;
- (b) A statement that the tax treatment of the distribution is the responsibility of each recipient and that the recipient should consult his, her or its tax advisor for advice regarding the tax treatment of the distribution;
- (c) A statement that checks will be void after ninety (90) days; and
- (d) The name of a person or entity to contact, if the Eligible Claimant has any questions regarding the distribution.

3.35 The foregoing communication shall be submitted to the staff of the Commission and the Tax Administrator for review and approval. The Distribution Fund distribution checks, on their face or in the accompanying mailing, shall clearly indicate that the money is being distributed from a Fair Fund established by the Commission to compensate investors for harm as a result of securities law violations that affected their investment in Eligible Champion Securities and/or Eligible Core Securities.

3.36 The Fund Administrator, and/or each of their designees, agents and assistants, shall be entitled to rely on all outstanding rules of law; any Orders issued by the Commission, the Secretary by delegated authority or an Administrative Law Judge; and/or on any investor information provided by Commission staff.



3.37 The submission of the Proof of Claim Form and the receipt and acceptance of a distribution by an Eligible Claimant is not intended to be a release of an Eligible Claimant's rights and claims against any party.

#### **ARTICLE IV**

#### **POST-DISTRIBUTION**

4.1. The Fund Administrator shall reissue checks to Eligible Claimants upon the receipt of a valid written request from the Eligible Claimant. Such reissued checks will be void either thirty (30) days after issuance or thirty (30) days after the stale date of the original check, whichever is later. The Fund Administrator may decline to reissue checks one hundred and twenty (120) days after the original check was issued.

4.2. The Fund Administrator will perform advanced address searches for those checks that are returned as undeliverable, to the extent such search is feasible, and will reissue such checks so long as the new address is located, otherwise obtained or received within ninety (90) days of the original check stale date. Furthermore, the Fund Administrator will take additional steps, as necessary, to follow-up on the status of uncashed checks at the request of Commission staff and will reissue such checks if necessary, within ninety (90) days after the original check is mailed. Such reissued checks will become stale either thirty (30) days from issuance or thirty (30) days after the stale date of the original check, whichever is later.

4.3. With approval from the Commission, if any funds remain in the Distribution Fund after payment of all unpaid costs or fees incurred in administering the fund, and after the Fund Administrator has made reasonable and diligent efforts to have Eligible Claimants deposit their award checks, these remaining funds may be re-distributed to Eligible Claimants if Eligible Claimants received less than their Eligible

Loss Amount in the initial distribution. Such a re-distribution would be limited to those Eligible Claimants who cashed their initial distribution checks, or received electronic payments, and who would receive at least \$20.00 from such re-distribution. In no event would an Eligible Claimant receive distribution payments totaling more than his, her or its calculated harm.

4.4. If in consultation with Commission staff a re-distribution is not deemed cost effective, the remaining funds may be transmitted to the Commission for transfer to the U.S. Treasury after all final accounting has been completed per the terms of Section 5.2 below.

## **ARTICLE V**

### **WIND DOWN OF DISTRIBUTION**

5.1 The Fund Administrator will maintain all documents, including documents in any media, six (6) years after approval of the final accounting and thereafter will transfer the documents to the Commission, pursuant to Commission direction. In addition, the Fund Administrator will shut down the toll-free number and website established specifically for the administration of the Distribution Fund upon the transfer of any remaining funds to the Commission.

5.2 Upon final distribution of the funds, the Fund Administrator shall make arrangement for the final payment of taxes and tax-related fees and shall submit a final accounting to the Commission in a standard accounting format provided by the staff of the Commission. The Fair Fund shall be eligible for termination, and the Fund Administrator eligible for discharge, after all of the following have occurred: (1) the final accounting has been submitted and approved by the Commission; (2) all taxes and

fees have been paid; and (3) all remaining funds have been paid to the Commission for transfer to the United States Treasury.

## **ARTICLE VI**

### **RESPONSIBILITIES OF THE TAX ADMINISTRATOR**

6.1 The Fair Fund is a Qualified Settlement Fund within the meaning of the regulations issued under Section 468B(g) of the Internal Revenue Code of 1986, as amended. The Tax Administrator is the administrator of such Qualified Settlement Fund, for purposes of Treas. Reg. § 1.468B-2(k)(3)(I), and shall satisfy the tax related administrative requirements imposed by Treas. Reg. § 1.468B-2, including, but not limited to:

- (a) Obtaining a taxpayer identification number;
- (b) Timely requesting funds necessary for the timely payment of all applicable taxes, the timely payment of taxes for which the Tax Administrator has received funds, and the filing of applicable returns; and
- (c) Fulfilling any information reporting or withholding requirements required for distributions from the Distribution Fund.

6.2 The Fund Administrator shall cooperate with the Tax Administrator in providing any information necessary to ensure income tax compliance.

## **ARTICLE VII**

### **PAYMENT OF COSTS, FEES, AND TAXES, AND FILING OF REPORTS AND ACCOUNTINGS**

7.1 All taxes and the reasonable costs and fees of the Tax Administrator incurred in the performance of its duties, will be paid from the Fair Fund, subject to the review and approval of Commission staff. All payments to the Fund Administrator will

be paid from the Fair Fund after review by Commission staff and approval by the Commission. Payments will first be made from interest earned on the invested funds, then, if not sufficient, from the corpus.

7.2 The Fund Administrator has obtained a bond in accordance with Rule 1105(c) of the Commission's Rules on Fair Fund and Disgorgement Plans in the amount of \$35,500,000. The cost of the bond premium will be paid from the Fair Fund, first from the interest earned on the invested funds, then, if not sufficient, from the corpus.

7.3 The Fund Administrator shall provide to the Commission a quarterly cash report, in a format to be provided by Commission staff, within twenty (20) days after the end of every calendar quarter. At the request of Commission staff, the Fund Administrator will also provide periodic progress reports, which will inform the Commission of the activities and status of the Fair Fund during the requested reporting period.

7.4 When the final distribution is completed, the Fund Administrator shall provide to Commission staff a final report summarizing all tasks undertaken and the outcome of its administrative efforts. In addition to the final report, the Fund Administrator shall submit a final accounting to the Commission, as provided in Section 5.2, of all monies received, earned, spent, and distributed in connection with the administration of the Plan in a format provided by Commission staff.

## **ARTICLE VIII**

### **OTHER RIGHTS AND POWERS**

8.1 The Fund Administrator is authorized to enter into agreements with financial institutions ("Institutions") as may be appropriate or necessary in the administration of the Fair Fund, provided that such Institutions are not excluded pursuant

to other provisions of this Plan. In connection with such agreements, the Institutions shall be deemed to be agents of the Fund Administrator under this Plan.

## **ARTICLE IX**

### **NOTICE AND COMMENT PERIOD**

9.1 Notice of this Plan will be published in the SEC Docket, on the Commission's website [<http://www.sec.gov>] and on the website established by the Fund Administrator for this matter [www.oppenheimerfairfunddistribution.com](http://www.oppenheimerfairfunddistribution.com). Any person or entity wishing to comment on the Plan must do so in writing by submitting their comments within thirty (30) calendar days of the date of the notice (i) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-1090; (ii) via the Commission's Internet comment form ([www.sec.gov/litigation/admin.shtml](http://www.sec.gov/litigation/admin.shtml)); or (iii) by sending an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). All comments submitted should include the Administrative Proceeding File Number (Admin. Proc. File No. 3-14909) in the subject line. Comments received will be publicly available. Persons should submit only information that they wish to make publicly available.

## **Exhibit A to Oppenheimer Plan of Distribution**

### **Plan of Allocation**

1. The Distribution Fund will be distributed to Eligible Claimants pursuant to the terms of the Plan of Allocation.
2. First, the Fund Administrator shall determine each Eligible Claimant's Recognized Fees Award. This award reflects the amount of each Eligible Claimant's share of the advisory fees paid by each fund during the Recovery Period as determined by the Fund Administrator using the calculation provided in Section I below. To the extent possible, each Eligible Claimant will be fully compensated for their Recognized Fees Award. Second, if any funds remain (the "Remaining Fund"), then the Fund Administrator will determine the Eligible Loss Amount for each Eligible Claimant. This amount reflects each Eligible Claimant's trading loss on investment, after benchmark indexing, caused by Respondents' misconduct, and is determined by the Fund Administrator using the calculation provided in Section II below. The Remaining Fund will be distributed on a *pro rata* basis, based upon each Eligible Claimant's Eligible Loss Amount.

#### **I. Recognized Fees Award Calculations**

3. Each Eligible Claimant's Recognized Fees Award is calculated by adding together all of the Eligible Claimant's Advisory Fees. Advisory Fees are calculated on a daily basis by multiplying the Assets Under Management Per Share Class that the Eligible Claimant held on each day during the Recovery Period, times the Advisory Percentage charged by OppenheimerFunds, Inc. during the Recovery Period for that fund type.
4. For each day of the Recovery Period that an Eligible Claimant held shares of Eligible Champion Securities or Eligible Core Securities, that Eligible Claimant's Advisory Fees will be calculated as follows:

##### **Step 1 – Calculating Assets Under Management Per Share Class**

For shares of Eligible Champion Securities or Eligible Core Securities held as of the close of trading on each date during the Recovery Period, the Assets Under Management Per Share Class shall be calculated by taking the total number of Eligible Champion Securities or Eligible Core Securities, per share class, held as of the close of business and multiplying the number of shares times the Net Asset Value ("NAV") for that share class and date.

##### **Step 2 – Calculating an Eligible Claimant's Advisory Fees**

For each day during the Recovery Period that an Eligible Claimant had Assets Under Management Per Share Class, the value of Advisory Fees for that day will be the total Assets Under Management Per Share Class for that Eligible Claimant times the respective Advisory Percentage for that fund type. For Eligible

Champion Securities the Advisory Percentage is 0.0015342% and for Eligible Core Securities the Advisory Percentage is 0.0012054%.

5. The Recognized Fees Award for an Eligible Claimant will be the sum of all Advisory Fees for all days that an Eligible Claimant held shares during the Recovery Period. The sum of all Advisory Fees for all Eligible Claimants will be subtracted from the Distribution Fund to create the Remaining Fund.

## **II. Recognized Loss Award Calculations**

6. Each Eligible Claimant's Eligible Loss Amount is calculated by summing the amounts of all of his, her or its individually calculated Recognized Losses (or Gains) Per Share across all Eligible Champion Securities shares or Eligible Core Securities shares.
7. Recognized Loss (or Gain) Per Share is based on the NAV per share of the Eligible Champion Securities or Eligible Core Securities during the Recovery Period.
8. A Recognized Loss (or Gain) Per Share will be calculated for each share of Eligible Champion Securities or Eligible Core Securities held by the Eligible Claimant at any time during the Recovery Period. The calculation of the Recognized Loss (or Gain) Per Share will depend upon several factors, including when the share was obtained and whether the share was held until the conclusion of the Recovery Period or divested during the Recovery Period and, if so, when.
9. For Eligible Claimants who held shares at the beginning of the Recovery Period or who made multiple transactions during the Recovery Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases, sales and transfers for purposes of calculating the Recognized Loss (or Gain) Per Share. Under the FIFO method, sales or deliveries of shares during the Recovery Period will be matched, in chronological order, first against shares held at the beginning of the Recovery Period. The remaining sales or deliveries of shares during the Recovery Period will then be matched, in chronological order, against shares acquired during the Recovery Period.
10. Shares transferred into or out of an account as a non-market transaction during the Recovery Period shall be treated as if they were purchased or sold during the Recovery Period.

### *Recognized Loss (or Gain) Per Share Calculations*

#### Champion Securities:

11. Calculation of Recognized Loss (or Gain) Per Share during the Recovery Period for Eligible Champion Securities involves first calculating the trading loss (or gain) of the share ("Champion Step 1 Trading Loss (or Gain)") and then comparing it to the benchmark index as outlined below:

### Step 1 – Calculation of Champion Step 1 Trading Loss (or Gain)

- a. For each share of Eligible Champion Securities held as of the opening of trading on January 28, 2008 and:
  - i. sold prior to December 31, 2008, the Champion Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on January 28, 2008 minus the sum of the Net Asset Value of the share on the trade date of the sale and the dividends received between January 28, 2008 and the trade date of the sale, inclusive;
  - ii. held as of the close of trading on December 31, 2008, the Champion Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on January 28, 2008 minus the sum of the Net Asset Value of the share on December 31, 2008 and the dividends received between January 28, 2008 and December 31, 2008, inclusive.
- b. For each share of Eligible Champion Securities obtained between January 28, 2008 and December 31, 2008, inclusive, and:
  - i. sold prior to December 31, 2008, the Champion Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on the date of purchase minus the sum of the Net Asset Value of the share on the trade date of the sale and the dividends received between the trade date of the purchase and the trade date of the sale, inclusive;
  - ii. held as of the close of trading on December 31, 2008, the Champion Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on the date of purchase minus the sum of the Net Asset Value of the share on December 31, 2008 and the dividends received between the trade date of the purchase and December 31, 2008, inclusive.

### Step 2 – Adjustment of Champion Step 1 Trading Loss (or Gain) for Market Fluctuation

- c. The Champion Step 1 Trading Loss (or Gain) for each Eligible Champion Security held at any time during the Recovery Period will be adjusted by the general market movement during the Recovery Period. This adjustment will be applied by taking the Champion Step 1 Trading Loss (or Gain) (as calculated above) and subtracting from this loss (or gain) an amount representing the change in value that would have been observed had the NAV tracked the benchmark index, BofA Merrill Lynch US High Yield Master II Total Return Index Value (“BofA Index”). The resulting net loss (or gain) amount will be the Recognized Loss (or Gain) Per Share for each Eligible Champion Security. For example, a share that was purchased at an NAV of \$8.00 and subsequently was sold for an NAV of \$5.00 would have a Champion Step 1 Trading Loss equal to \$3.00. If the BofA Index had declined by 15% during this period, then \$1.20 ( $=\$8.00 \times 0.15$ ) would be subtracted from the \$3.00, resulting in a Recognized Loss Per Share of \$1.80. If instead the BofA Index had increased by 5% during this period, then \$0.40 ( $=\$8.00 \times 0.05$ ) would be added to the \$3.00, resulting in a Recognized Loss Per Share of \$3.40. If a dividend of \$0.50 was received during the holding period



in the example, the Champion Step 1 Trading Loss would equal \$2.50 and the calculation of the Recognized Loss Per Share would proceed from that value.

Core Securities:

12. Calculation of Recognized Loss (or Gain) Per Share during the Recovery Period for Eligible Core Securities involves first calculating the trading loss (or gain) of the share (“Core Step 1 Trading Loss (or Gain)”) and then comparing to the benchmark index as outlined below:

Step 1 – Calculation of Core Step 1 Trading Loss (or Gain)

- a. For each share of Eligible Core Securities held as of the opening of trading on November 14, 2008 and:
  - i. sold prior to December 31, 2008 the Core Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on November 14, 2008 minus the sum of the Net Asset Value of the share on the trade date of the sale and the dividends received between November 14, 2008 and the trade date of the sale, inclusive;
  - ii. held as of the close of trading on December 31, 2008 the Core Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on November 14, 2008 minus the sum of the Net Asset Value of the share on December 31, 2008 and the dividends received between November 14, 2008 and December 31, 2008, inclusive.
- b. For each share of Eligible Core Securities obtained between November 14, 2008 and December 31, 2008, inclusive, and:
  - i. sold prior to December 31, 2008 the Core Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on the date of purchase minus the sum of the Net Asset Value of the share on the trade date of the sale and the dividends received between the trade date of the purchase and the trade date of the sale, inclusive;
  - ii. held as of the close of trading on December 31, 2008 the Core Step 1 Trading Loss (or Gain) will be the Net Asset Value of the share on the date of purchase minus the sum of the Net Asset Value of the share on December 31, 2008 and the dividends received between the trade date of the purchase and December 31, 2008, inclusive.

Step 2 – Adjustment of Core Step 1 Trading Loss (or Gain) for Market Fluctuation

- c. The Core Step 1 Trading Loss (or Gain) for each Eligible Core Security held at any time during the Recovery Period will be adjusted by the general market movement during the Recovery Period. This adjustment will be applied by taking the Core Step 1 Trading Loss (or Gain) (as calculated above) and subtracting from this loss (or gain) an amount representing the change in value that would have been observed had the NAV tracked the benchmark index, Barclays Capital US Aggregate Bond Index (“Barclays Index”). The resulting net loss (or gain) amount will be the Recognized Loss (or Gain) Per Share for each Eligible Core Security. For example, a share that was purchased at an NAV of \$8.00 and

subsequently was sold for an NAV of \$5.00 would have a Core Step 1 Trading Loss equal to \$3.00. If the Barclays Index had declined by 15% during this period, then \$1.20 ( $=\$8.00 \times 0.15$ ) would be subtracted from the \$3.00, resulting in a Recognized Loss Per Share of \$1.80. If instead the Barclays Index had increased by 5% during this period, then \$0.40 ( $=\$8.00 \times 0.05$ ) would be added to the \$3.00, resulting in a Recognized Loss Per Share of \$3.40. If a dividend of \$0.50 was received during the holding period in the example, the Core Step 1 Trading Loss would equal \$2.50 and the calculation of the Recognized Loss Per Share would proceed from that value.

13. Each claimant will be required to provide proof of his, her or its ownership position in all Eligible Champion Securities or Eligible Core Securities held at any time during the Recovery Period.
14. If an Eligible Claimant's Eligible Loss Amount calculates to an overall gain (a negative number), that claimant's Eligible Loss Amount will be \$0.00.
15. Each Eligible Claimant's Recognized Loss Award shall be his, her or its *pro rata* share of the Remaining Fund based on his, her or its Eligible Loss Amount as a fraction of the total Eligible Loss Amounts of all Eligible Claimants, *i.e.*, Eligible Claimant's Eligible Loss Amount divided by the total of all the Eligible Loss Amounts to be paid from the Remaining Fund multiplied by the total amount of the Remaining Fund.

### **III. Distribution Payment Calculations**

16. Each Eligible Claimant shall be allocated a Distribution Payment that shall be the sum of the Eligible Claimant's Recognized Fees Award and the Recognized Loss Award, if any. In no event will an Eligible Claimant receive a distribution payment totaling more than his, her or its calculated harm, after taking into account the payment received in the Class Actions.
17. If an Eligible Claimant has a calculated Distribution Payment that is less than \$20.00 in total, that Eligible Claimant will not be included in the calculation and the funds will be distributed to other Eligible Claimants whose Distribution Payment is greater than the Minimum Distribution Amount.