

EDWARD JONES FAIR FUND DISTRIBUTION
STATEMENT TO ELIGIBLE CUSTOMERS

INTRODUCTION

You have received a distribution payment from a Fair Fund established by the U.S. Securities and Exchange Commission (“SEC”). Your payment has been calculated based on information contained in the records of Edward D. Jones & Co., L.P. (“Edward Jones”). The distribution payment is intended by the SEC to compensate you for injury to your mutual fund investment(s) due to revenue sharing. If you have an active account with Edward Jones, you have received an electronic distribution directly to your account at Edward Jones. If you no longer have an active account with Edward Jones, you have been sent a physical check to your last-known address as verified by an address validation system. If you have received a physical check, please note that you must negotiate your check or request a replacement check as described later in this statement within 90 days from the date of issuance of the check or your check will be void.

This statement provides you with information to help you determine the U.S. federal income tax consequences of the distribution payment if you are a citizen or resident of the U.S. for U.S. federal income tax purposes.

YOU SHOULD NOT RELY ON THIS STATEMENT AS TAX ADVICE. CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE DISTRIBUTION PAYMENT, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX RULES AND THE EFFECT OF POSSIBLE CHANGES IN LAWS.

On December 22, 2004, the SEC issued an Order instituting and simultaneously settling public administrative and cease-and-desist proceedings against Edward Jones in the matter of Edward D. Jones & Co., L.P., Admin. Proc. File No. 3-11780. As part of this proceeding, the SEC ordered Edward Jones to pay \$75 million in disgorgement, prejudgment interest and civil penalties. The SEC’s Order also authorized and established a Fair Fund (the “Edward Jones Fair Fund”) for the purpose of distributing these monies to eligible customers of Edward Jones. According to the Order, the Edward Jones Fair Fund is to be distributed to these customers pursuant to a distribution plan (“Distribution Plan”) developed by Edward Jones and acceptable to the SEC and an Independent Consultant (the “IC”), James R. Doty, Esq.

On June 1, 2006, the SEC approved the Distribution Plan which provides for distribution to all eligible customers of their *pro rata* share of the Fair Fund based on information contained in Edward Jones’ records, including the amounts of the customers’ purchases, the rates at which Edward Jones was paid revenue sharing, and the dates of the purchases. The distribution compensates approximately 2.1 million customers who purchased shares of mutual funds from

seven Preferred Mutual Fund Families from January 1, 1999 through December 31, 2004. The seven Preferred Mutual Fund Families are: American Funds; Federated Investors; Goldman Sachs Group; Hartford Mutual Funds; Lord Abbett Funds; Putnam Investments; and Van Kampen Investments. Prior to any distribution, the Edward Jones Fair Fund held a total of \$75 million plus accumulated interest.

The Edward Jones Fair Fund is a Qualified Settlement Fund (“QSF”) under the Internal Revenue Code. Damasco & Associates LLP was appointed as the Tax Administrator for the QSF. The SEC authorized Damasco & Associates LLP to seek a Private Letter Ruling (“PLR”) from the Internal Revenue Service (“IRS”) on behalf of the Edward Jones QSF. A PLR was obtained that provides guidance to the Edward Jones QSF with respect to the tax reporting obligations of the Edward Jones QSF in making a distribution to you.¹ The PLR does not address your tax compliance obligations as an investor receiving a distribution payment. Damasco & Associates LLP has participated in the preparation of this Statement, but is not providing services or advice to you or any other eligible investor receiving a distribution payment.

Some eligible customers may be subject to special tax rules, including, without limitation, if you are a non-U.S. investor, if you hold your shares in a tax-qualified retirement plan or an individual retirement account (“IRA”) (except as specifically discussed below), or if you are a tax-qualified retirement plan. This statement does not address the tax consequences under any state, local or non-U.S. tax laws, or the alternative minimum tax provisions of the Internal Revenue Code.

THE DISTRIBUTION PAYMENT

The distribution payment you receive from the Edward Jones Fair Fund is comprised of different components, as discussed below. Each component has different tax consequences.

Component representing injury to your investment. Pursuant to the Distribution Plan, “The methods of calculation of each Eligible Customer’s share of the FAIR Fund are intended . . . to result in a payment to each Eligible Customer that restores the impaired value of the Eligible Customer’s investment in a Preferred Fund Family mutual fund . . . The methods of calculation are intended to estimate the impaired value that each Eligible Customer has suffered and make a payment to such customer in that amount.”

¹ The Tax Administrator obtained the following PLRs: 200645008, 200645017, 200646010, 200701001, 200702006, 200702008, 200702009, 200702010, 200702011, 200702012, 200702048, 200703008, 200703009, 200703010, 200703034, 200712004, 200712005, 200722004 and 200722025. You may obtain copies of these PLRs from the IRS Web Site, www.irs.gov.

Consequently, a component of your payment is intended to compensate you for injury to the value of your mutual fund investment caused by revenue sharing. This payment is not income to you up to the amount of your basis in your investment. You must adjust your basis downward by the amount of the payment.

Example 1: You have a basis in your shares of \$100. You have received a distribution from the Edward Jones Fair Fund in the amount of \$10 as compensation for the injury to the value of your mutual fund investment caused by revenue sharing. You do not have gross income as a result of this component of the distribution *BUT* your basis is reduced to \$90 for purposes of determining gain or loss in the future.

Example 2: You have a basis in your shares of \$400. You have received a distribution from the Edward Jones Fair Fund in the amount of \$1,000 as compensation for the injury to the value of your mutual fund investment caused by revenue sharing. Your basis is reduced to zero for purposes of determining gain or loss in the future *AND* you have \$600 of gain.

The QSF will not issue a Form 1099 to you for your payment representing injury to the value of your mutual fund investment. The IRS has ruled that the Edward Jones QSF is not required to report these payments. Nevertheless, you should consult with your tax advisor as to how to report any gross income, such as that described in Example 2.²

Component representing interest. A portion of your payment is attributable to pre-judgment interest that Edward Jones was required to pay. It has been determined that .66% of your distribution payment represents interest income to you. However, pursuant to the Internal Revenue Code and IRS regulations, you will receive a Form 1099-INT reporting this interest *only if* you are receiving a payment of interest equaling or exceeding \$600.

SPECIAL ISSUES FOR INVESTMENTS HELD IN IRA OR TAX-QUALIFIED RETIREMENT PLANS

The Distribution Plan provides that if you have a current and active account with Edward Jones, you will receive a credit to your account that will appear on your next statement accompanied by a disclosure of the payment. In this case, even if your investment is held in an IRA, the special issues referenced below are not applicable to you.

² There may be some circumstances in which the QSF will issue information returns and will report payments to the IRS. These circumstances are beyond the scope of this Statement to Investors and are addressed in the PLR obtained on behalf of the QSF.

A. Edward Jones Fair Fund Distributions to IRA Accounts

Please follow the applicable instructions below if you received a check that is associated with an IRA.

1. For Checks Made Payable to the Custodian, Mailed to the Investor

a. If you held some or all of your mutual fund shares through an IRA, in most cases the distribution check will have been made payable to your IRA custodian but mailed directly to you. You should deposit the check in your IRA account. If the check is cashed or deposited in any account other than an account eligible to receive the check, it may be subject to a 10% penalty and taxed as ordinary income in the year of receipt.

b. If your IRA custodian has changed or you no longer hold your IRA, please contact Edward Jones Customer Relations at 1-800-755-9956 with that information. You may be able to transfer the payment to another custodian, or roll the payment over to another IRA or eligible account. Please consult with your tax advisor because the rules related to transfers and rollovers are complicated and failure to comply with those rules could subject the payment to income tax and a 10% penalty.

2. For Checks Made Payable to the Customer, Mailed to the Customer

If the distribution check was made payable to you (as opposed to the custodian of your IRA) because of the way your account was registered in the records obtained for the distribution, please contact Edward Jones Customer Relations at 1-800-755-9956 immediately to get a replacement distribution check made payable to the custodian of your IRA. If you cash the check, or deposit it in any account other than an account eligible to receive the check, it may be subject to a 10% penalty and taxed as ordinary income in the year of receipt.

Additional information on this topic is available on the IRS Web Site www.irs.gov, Tax Topic 451 and Publication Number 590.

B. Edward Jones Fair Fund Distributions to Tax-Qualified Retirement Plans

1. Checks Mailed to Your Retirement Plan

If you held some or all of your mutual fund shares through a tax-qualified retirement plan, in most cases the distribution check was made payable

and mailed to your tax-qualified retirement plan.³ Plan fiduciaries are responsible for allocating these funds. Please contact your plan fiduciary if you have questions

2. Checks Mailed to You

In limited instances, the distribution check was mailed to you and made payable to either (i) your retirement plan or (ii) you because of the way your account was registered in the records obtained for the distribution. **Please follow the applicable instructions below if you received a check that is associated with a tax-qualified retirement plan.**⁴

a. For A Check Made Payable to YOUR Retirement Plan, Mailed to YOU

In some instances the check payable to your tax-qualified retirement plan was mailed to you because your address was the address of record. If *you* received a check made payable to your tax-qualified retirement plan, please follow the directions in i. or ii. below.

i. If you are still a participant in the tax-qualified retirement plan, contact your retirement plan trustee/administrator to coordinate the deposit of the check to your retirement plan.

ii. If you are no longer a participant in the tax-qualified retirement plan to which the distribution is directed, please contact the retirement plan trustee/ administrator of your former tax-qualified retirement plan to determine the appropriate course of action. If you have difficulty making contact with your former plan trustee/ administrator, consult your tax advisor or contact Edward Jones Customer Relations at 1-800-755-9956.

b. For a Check Made Payable to YOU, Mailed to YOU

Distributions with respect to investments held by a tax qualified plan should not be payable to individual investors. If you received such a check, this is an error likely due to the data available for the distribution. If you received a distribution check made payable to you in connection with an investment held by your tax-qualified retirement

³ As a general rule, distribution payments from the Edward Jones Fair Fund received as a result of the investment held by your tax-qualified retirement plan do not constitute a "contribution" to your plan for purposes of determining your maximum yearly contribution to your plan or for purposes of determining your employer's contributions to your plan.

⁴ Many types of plans are eligible to accept rollover contributions (and the recently enacted Pension Protection Act of 2006 expanded the list of permissible recipient plans). More information on the Pension Protection Act of 2006 can be found on the IRS Web Site www.irs.gov. Contact your tax advisor to determine the types of plans to which you may make a rollover contribution.

plan, please contact Edward Jones Customer Relations at 1-800-755-9956.

Additional information on this topic is available on the IRS Web Site www.irs.gov, Tax Topic 558.