

STATE OF COLORADO

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PRESS RELEASE

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OPPENHEIMERFUNDS DISTRIBUTOR, INC. AGREES TO SETTLEMENT WITH COLORADO SECURITIES COMMISSIONER

Denver, Colorado --- Colorado Securities Commissioner Fred J. Joseph announced today that OppenheimerFunds Distributor, Inc. (“OFDI”) has agreed to settle the Division’s investigation of certain agreements between OFDI and various financial intermediaries that had selling agreements with OFDI.

In the settlement agreement with the Division, OFDI has agreed to the following conditions:

- OFDI will terminate the agreements. OFDI will deliver to the Division within thirty days the documents evidencing the termination of these agreements.
- OFDI will pay \$394,500 in restitution to the impacted Oppenheimer Funds.
- OFDI will pay to the State of Colorado the amount of \$100,000.

In the settlement agreement, the Division alleged that OFDI entered into certain Telephone Exchange Agreements with a number of financial intermediaries (“TEA firms”) who were permitted to submit mutual fund exchange requests on behalf of their clients in bulk, regardless of whether the firm was the broker of record on the accounts. Other firms could not place bulk exchange requests for client accounts directly with OFDI unless the firm was the broker of record on the account. The TEA firms were also permitted to exchange up to 400% of their assets under management each year, but were required to comply with exchange limitations established by Oppenheimer funds’ prospectuses, and other limitations established by OFDI.

The Division alleged that from 2000 through 2003, the TEA firms’ bulk exchange activity caused the funds to experience both positive and negative dilution, ultimately resulting in negative dilution in nine of the thirteen funds involved. Further, during this time period, OFDI failed to maintain adequate records and appropriately monitor the bulk exchange activity of the TEA firms, and failed to disclose the existence of these agreements in Oppenheimer Funds prospectuses, statements of additional information, and other documents distributed in Colorado.

By entering into the agreement, OFDI neither admits nor denies that any of allegations or grounds alleged by the Division are true.

The Division’s investigation was done in conjunction with an investigation conducted by the Securities Division of the Washington State Department of Financial Institutions.

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