



September 2008

Dear Employer:

On July 26, 2007, the Treasury Department issued new 403(b) regulations intended to shape 403(b) workplace retirement plans in a manner more similar to qualified plan models such as the 401(k) plan. Following the release of these new regulations (and subsequent IRS guidance), Calvert has carefully evaluated how the regulations will affect our client's 403(b) arrangements and the services we provide in support of our client's 403(b) programs.

Due to the significantly increased administrative complexity resulting from the new 403(b) regulations, we have decided to limit our role in the 403(b) marketplace to that of provider of investments only. In this capacity, we will continue to make available certain participant-level plan information, such as participant account balances, to you and or your designated plan administrator upon request. We will not, however, be entering into "information sharing agreements" with plan sponsors or third-party administrators.

In addition to defining Calvert's role in the 403(b) market moving forward, I want to underscore how vital it is that all plan sponsors take the steps necessary to ensure their organizations are prepared to handle the administrative responsibilities (either internally, or through the services of a third-party) placed on employers under the final 403(b) regulations. While exceptions apply, compliance with the new regulations is generally required as of January 1, 2009. For this reason it's very important for you to be familiar with the new regulations now by visiting www.IRS.gov and, if necessary, to consult an attorney who specializes in qualified retirement plans for guidance.

For many years Calvert has enjoyed serving the needs of 403(b) plan sponsors and the financial advisors who support them. However, the new 403(b) regulations impose a new set of responsibilities which have caused Calvert to question whether we can continue to administer these plans in an efficient and cost effective manner. We trust that you will understand our position and sincerely regret any inconvenience these federally mandated changes may cause to you and your employees.

If you need additional information, please contact your financial advisor or call a Calvert Client Service Representative at 800-368-2745.

Respectfully,

Stan Young
Vice President

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