

Enclosed you'll find information to help you complete your 2009 tax return. You may find the Frequently Asked Questions below particularly helpful.

If you had taxable distributions of \$10 or more from any of your funds, a **Form 1099-DIV** is included in this package. (The IRS does not require reporting of dividends and capital gain distributions that total less than \$10.) If you sold or exchanged shares in 2009, a **Form 1099-B** is included in this package, as well as your **Average Cost Statement**, which will help to make tax reporting easier. A **Form 1099-R** is enclosed if you have taken distributions in the past year from pensions, retirement or profit sharing plans, or IRAs invested in Loomis Sayles Funds.

Make sure your Social Security number or tax identification number is correct on your tax form(s). If this number is incorrect or missing, you need to complete a Form W-9. Without a proper Form W-9 on file, the IRS may require Loomis Sayles Funds to withhold 28% of your earnings. Call Loomis Sayles Funds or your local IRS office to request a W-9.

If you have any questions about your Loomis Sayles Funds account, please visit our website at [www.loomissayles.com](http://www.loomissayles.com), or call us at 800-633-3330, Monday through Friday, 8:00 a.m. to 6:00 p.m. Eastern time. If you need tax advice, be sure to contact a qualified tax professional.

### FOR MORE YEAR-END INFORMATION

- Call Loomis Sayles at 800-633-3330, press ① and then follow the directions to obtain year-end information

### ATTENTION TURBOTAX USERS

- Download 2009 tax information directly into TurboTax via the Web. Visit [www.loomissayles.com](http://www.loomissayles.com) for more details

## FREQUENTLY ASKED QUESTIONS

### Q. Why does the amount of income on my year-end statement differ from the amount on my Form 1099-DIV?

A. Dividend and capital gains distributions are sometimes reclassified after year-end to properly reflect the fund's actual earnings. If this occurs, the information on your year-end statement will differ from the figures reported on your Form 1099-DIV. **For tax reporting purposes, use the amount shown on your Form 1099-DIV.**

### Q. Why are the dividend and capital gains distributions from my IRAs excluded from Form 1099-DIV?

A. Funds you hold in a retirement account, such as an IRA, are not listed on Form 1099-DIV because you do not need to report those earnings until they are withdrawn. If you have taken a distribution from your Loomis Sayles IRA plan, a **Form 1099-R** is enclosed in this package.

### Q. What is a foreign tax credit or deduction?

A. When a mutual fund invests in securities outside of the United States, it may be required to pay foreign taxes. In order to avoid double taxation, shareholders may be eligible to claim a foreign tax credit or deduction. If your Loomis Sayles Fund qualified to pass through any foreign taxes, it is reported on your Form 1099-DIV. Please consult with your tax advisor for more information.

### Q. Why didn't I receive an Average Cost Statement?

A. You should have received an Average Cost Statement in this package *if* you made exchanges or redemptions during 2009. Average Cost Statements are *not* available for retirement accounts or for shares that changed ownership through a transfer. Please note that shareholders with wash sales in January 2010 will receive a corrected Average Cost Statement in late February. A wash sale occurs when the identical fund is purchased 30 days before or 30 days after the sale at a loss.

### Q. What method is used to determine my average cost?

A. IRS regulations allow several methods for determining the cost basis of mutual fund shares: average cost single category, average cost double category, first in/first out and specific identification. Your Loomis Sayles Funds statement uses the *average cost single category* method, which is explained on the back of your statement.

### Q. What is Form 5498 and why is it sent in May after tax returns are filed?

A. Form 5498 reports gross contributions to IRAs, including rollover contributions made during 2009 and regular 2009 contributions made through April 15, 2010. For this reason, we don't send this form until May. If you have multiple funds in an IRA, they will appear on one Form 5498. The form is for your records only and *does not need to be filed* with your tax return.

## Special 2009 Information

Here are some things to keep in mind as you review your 2009 tax forms.

- **Fund Name Change** - On October 1, 2009, the Loomis Sayles Research Fund's name changed to Loomis Sayles Disciplined Equity Fund.

## 2009 corporate qualifying dividends

This table is provided to enable corporate shareholders to calculate the amount of dividends their fund distributes that qualify for the corporate dividend-received deduction. The percentage should be applied to the amount shown in **Box 1a, Total Ordinary Dividends, on your Form 1099-DIV.**

Funds	Qualified Income dividends received
Bond Fund	2.49%
Core Plus Bond Fund	0.18%
Disciplined Equity Fund	100.00%
Fixed Income Fund	2.02%
Global Markets Fund	12.47%
High Income Fund	2.08%
High Income Opportunities Fund	1.25%
Inflation Protected Securities Fund	0.28%
Institutional High Income Fund	2.58%
Investment Grade Fixed Income Fund	1.04%
Small Cap Value Fund	100.00%
Strategic Income Fund	4.62%
Value Fund	100.00%

## Qualified dividend income

This table is provided to enable shareholders to calculate the amount of dividends their fund distributes that are qualified dividend income. The percentage should be applied to the amount shown in **Box 1a, Total Ordinary Dividends, on your Form 1099-DIV.** Shareholder Specific Qualified Dividend Income is reported in Box 1b of Form 1099-DIV.

Funds	Qualified Dividend Income
Bond Fund	1.43%
Core Plus Bond Fund	0.27%
Disciplined Equity Fund	100.00%
Fixed Income Fund	2.38%
Global Markets Fund	22.90%
High Income Fund	1.70%
High Income Opportunities Fund	1.38%
Institutional High Income Fund	1.44%
Investment Grade Fixed Income Fund	0.96%
Small Cap Value Fund	100.00%
Strategic Income Fund	2.98%
Value Fund	100.00%

## U.S. government interest for state income tax returns

Dividends derived from interest on U.S. government securities may be exempt from state and local taxes. The table indicates the percentage of ordinary income received by the fund and the source from which it was derived.

Funds	DIRECT FEDERAL OBLIGATIONS						INDIRECT FEDERAL OBLIGATIONS				
	UST Bills, Bonds & Notes	Federal Farm Credit Bank	Federal Home Loan Bank	Student Loan Mktng	Tennessee Valley	Other Dir. Feds	GNMA	FNMA	Federal Home Loan Mortgage	Repos Indirect Feds	Repos
Loomis Sayles Bond Fund	0.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Core Plus Bond Fund	5.40%	0.00%	0.00%	0.00%	0.00%	0.00%	7.66%	10.86%	1.96%	0.00%	0.00%
Loomis Sayles Disciplined Equity Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Fixed Income Fund	0.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Global Bond Fund	1.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.00%	0.00%	0.00%
Loomis Sayles Global Markets Fund	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%
Loomis Sayles High Income Fund	0.00%	0.00%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles High Income Opportunities Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Inflation Protected Securities Fund	55.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Institutional High Income Fund	0.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Intermediate Duration Fixed Income Fund	3.88%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	6.03%	1.98%	0.00%	0.00%
Loomis Sayles International Bond Fund	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Investment Grade Bond Fund	1.30%	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%	0.17%	0.13%	0.00%	0.00%
Loomis Sayles Investment Grade Fixed Income Fund	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	1.34%	0.63%	0.00%	0.00%
Loomis Sayles Limited Term Gov't & Agency Fund	6.70%	0.00%	7.74%	0.00%	0.00%	0.00%	0.77%	32.30%	30.56%	0.11%	0.00%
Loomis Sayles Securitized Asset Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.32%	18.15%	11.57%	0.00%	0.00%
Loomis Sayles Small Cap Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Strategic Income Fund	0.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loomis Sayles Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: California, Connecticut and New York require that a specific percent of the RIC assets be federal obligations or income be derived from federal obligations, before pass through treatment is available. This threshold requirement dictates a RIC (mutual fund) to maintain more than 50% of its assets in specified obligations at the close of each quarter end of its taxable year.

## Taxability of capital gains in your state

The information below indicates the taxation by states and the District of Columbia of long-term gains distributions made by regulated investment companies in 2009, based upon the latest information furnished by the Investment Company Institute.

- Capital gains distributions accepted in either cash or additional fund shares are taxed at a more favorable rate than ordinary income by the following states:  
Arkansas, Colorado, Hawaii, Massachusetts, North Dakota, Rhode Island, South Carolina, Utah, Vermont and Wisconsin.
- Capital gains distributions accepted in either cash or additional fund shares are not taxed by the following states:  
Alaska, Florida, Nevada, New Hampshire, South Dakota, Texas, Washington and Wyoming.
- All other states and the District of Columbia tax capital gains distributions as ordinary income.

We suggest that you consult your tax advisor about the current tax status of distributions in your state.