

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-1A/A

Initial registration statement filed on Form N-1A for open-end management investment companies  
[amend]

Filing Date: **1999-03-26**  
SEC Accession No. **0000950137-99-000572**

([HTML Version](#) on [secdatabase.com](#))

### FILER

#### **CALAMOS INSURANCE TRUST**

CIK: **1079575** | State of Incorp.: **MA** | Fiscal Year End: **1031**  
Type: **N-1A/A** | Act: **33** | File No.: **333-72511** | Film No.: **99574513**

Mailing Address  
*1111 E WARRENVILLE RD  
NAPERVILLE IL 60563*

Business Address  
*1111 E WARRENVILLE ROAD  
NAPERVILLE IL 60563  
7082457200*

As filed with the Securities and Exchange Commission on March 26, 1999

Securities Act registration no. 333-72511  
Investment Company Act file no. 811-09237

---

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-1A

---

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [ ]  
PRE-EFFECTIVE AMENDMENT NO. 1 [X]

and

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [ ]  
AMENDMENT NO.1 [X]

---

CALAMOS INSURANCE TRUST  
(Registrant)

1111 East Warrenville Road  
Naperville, Illinois 60563-1493

Telephone number: 630-245-7200

---

<TABLE>

<S>

James S. Hamman, Jr., Secretary  
Calamos Asset Management, Inc.  
1111 East Warrenville Road  
Naperville, Illinois 60563-1493

</TABLE>

<C>

Cameron S. Avery  
Bell, Boyd, & Lloyd  
70 West Madison Street, Suite 3300  
Chicago, Illinois 60602-4207

(Agents for service)

---

APPROXIMATE DATE OF PROPOSED OFFERING: As soon as practicable after the effective date of this Registration Statement.

Pursuant to Reg. (S) 270.24f-2 under the Investment Company Act of 1940, Registrant hereby declares that an indefinite number or amount of shares are being registered under the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8 (a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8 (a), MAY DETERMINE.

2

CALAMOS (R) INSURANCE TRUST  
PROSPECTUS  
MAY 1, 1999

CALAMOS (R) Convertible Portfolio

[CALAMOS LOGO]

An investment in the Portfolio is not a bank deposit, is not FDIC-insured, and may lose value.

The Securities and Exchange Commission has not approved the Portfolio's shares as an investment or determined whether this prospectus is accurate or complete. If anyone tells you otherwise, they are committing a crime.

3

TABLE OF CONTENTS

<TABLE>	
<S>	<C>
Summary.....	3
Investment Objective.....	3
Principal Investment Strategies.....	3
Principal Risks of Investing in the Portfolio.....	3
Investment Returns.....	4
Fees and Expenses.....	4
How the Portfolio Invests.....	5
Management of the Portfolio.....	10
Shareholder Information.....	11
Purchasing Shares.....	11
Selling Shares.....	12
Valuing Shares.....	12
Other Information.....	13
Distributions and Taxes.....	13
For More Information.....	15
</TABLE>	

## PORTFOLIO INFORMATION

The Calamos Convertible Portfolio is a portfolio of the Calamos Insurance Trust (the "Trust"). The Trust offers the Portfolio's shares to certain life insurance companies (Participating Insurance Companies) for allocation to certain separate accounts established for the purpose of funding qualified and non-qualified variable annuity contracts and variable life insurance contracts (together, "Variable Contracts"). The Trust may also offer the Portfolio to certain pension plans and retirement arrangements and accounts permitting accumulation of funds on a tax-deferred basis ("Retirement Plans"). These separate accounts of the Participating Insurance Companies are the shareholders of the Portfolio. Individual variable annuity and variable life insurance contract holders are not the "shareholders" of the Portfolio. In other words, you cannot directly purchase shares of the Portfolio.

## SUMMARY

### Investment Objective

The Portfolio seeks current income as its primary objective with capital appreciation as its secondary objective.

## Principal Investment Strategies

The Portfolio invests primarily in a diversified portfolio of convertible securities. These convertible securities may be either debt securities (bonds) or preferred stock that are convertible into common stock, and may be issued by both U.S. and foreign companies. Under normal market conditions, the Portfolio invests at least 65% of its total assets in convertible securities.

The Portfolio may invest without limit in high yield or "junk" bonds, and may invest up to 25% of its net assets in foreign securities. The Portfolio may also invest a substantial portion of its assets in securities that have not been registered for public sale, but that are eligible for purchase and sale by certain qualified institutional buyers (Rule 144A securities).

## Principal Risks of Investing in the Portfolio

As with any security, there are market and investment risks associated with your investment in the Portfolio. The value of your investment in the Portfolio will fluctuate over time and it is possible to lose money on your investment in the Portfolio if any of the following occurs:

- The stock market goes down.
- There is an economic downturn, a substantial period of changing interest rates or a period of political uncertainty that affects the Portfolio's investments.
- The value of the underlying common stock of the Portfolio's convertible security investments fall below the price at which the Portfolio can exchange the security for the common stock.
- A corporate bond issuer does not make interest or principal payments when due or its credit quality falls. The Portfolio's investment in junk bonds entails a greater risk, including the risk of default, than an investment in higher rated securities.

In addition, you could lose money on your investment in the Portfolio if the Portfolio invests in foreign securities, because such securities tend to be more volatile than U.S.

securities and may subject the Portfolio to risks it may not encounter with an investment in U.S. securities. These risks include:

- Less available public information
- Country risk, including economic and political instability
- Higher transaction costs
- Higher price volatility and less liquidity
- Currency exchange rate fluctuation

The Portfolio may be appropriate for long-term conservative investors who seek a lower-risk alternative to equity investments or a way to diversify their fixed-income investments.

Please refer to "How the Portfolio Invests" below for more information regarding certain securities that the Portfolio may buy and a more detailed discussion of risks.

#### Investment Returns

The Portfolio will provide you with performance information to assist you in understanding that the Portfolio's return may vary and that there are risks associated with investing in the Portfolio. As always, please note that the past performance of the Portfolio will not indicate future performance.

#### Fees and Expenses

THE TABLES BELOW DESCRIBE THE FEES AND EXPENSES THAT YOU MAY PAY IF YOU BUY AND HOLD SHARES OF THE PORTFOLIO.

The Portfolio's shares can be purchased by Retirement Plans and by separate accounts of Participating Insurance companies offering Variable Contracts. The Portfolio's shares are not offered directly to the public. The tables below do not reflect the expenses charged at the separate account level. Please read the Variable Contract prospectus to obtain that information.

#### SHAREHOLDER FEES (FEES PAID DIRECTLY FROM YOUR INVESTMENT)

<TABLE>	
<S>	<C>
Maximum Sales Charge (Load) Imposed on Purchases	NONE
Maximum Deferred Sales Charge (Load)	NONE
Maximum Sales Charge (Load) Imposed on Reinvested Dividends	NONE
Redemption Fee	NONE
</TABLE>	

6

ANNUAL PORTFOLIO OPERATING EXPENSES (EXPENSES THAT ARE DEDUCTED FROM PORTFOLIO ASSETS)

<TABLE>

<S>	<C>
Management Fees	.75%
Distribution (12b-1) Fees	NONE
Other Expenses (1)	1.25
Total Annual Portfolio Operating Expenses (2)	2.00%

</TABLE>

- 
- (1) "Other Expenses" are based on estimated amounts for the current fiscal year.
- (2) The investment manager has voluntarily undertaken to waive fees and/or reimburse Portfolio expenses so that the Total Annual Portfolio Operating Expenses are limited to 1.00% of the Portfolio's average net assets. The investment manager may terminate the expense limitation at any time.

EXAMPLE: This example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds.

The Example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<TABLE>

<S>	<C>
1 year*	3 years*
\$204	\$637

</TABLE>

---

\* The Example is based on Total Annual Portfolio Operating Expenses, as described in the Annual Portfolio Operating Expense table above. If the expenses

had been computed based on the net expenses (Total Annual Portfolio Operating Expenses less fee waivers and/or expense reimbursements), your costs would have been \$102 for 1 year and \$318 for 3 years.

## HOW THE PORTFOLIO INVESTS

The Portfolio seeks current income as its primary objective with capital appreciation as its secondary objective. The Trust's board of trustees may change the Portfolio's investment objective without shareholder approval. The Portfolio invests primarily in a diversified portfolio of convertible securities. Under normal market conditions, the Portfolio invests at least 65% of its total assets in convertible securities.

5

7

Calamos Asset Management, Inc., the Portfolio's investment manager, believes that there are various advantages to buying convertible securities. These advantages include the potential for capital appreciation if the value of the underlying common stock increases, the relatively high yield received from dividend or interest payments as compared to common stock dividends, and the relatively lower price volatility as compared to common stock. The Portfolio seeks to profit from this strategy by receiving interest on the convertible security and through an increase in value of the convertible security if the market value of the underlying common stock increases above the conversion price on the convertible security.

In selecting securities for the Portfolio, the investment manager applies a four-step approach:

- analysis of the default risk of the convertible security using traditional credit analysis
- employment of fundamental equity analysis to determine the capital appreciation potential of the common stock into which the security converts
- consideration of the risk/return potential of the convertible security
- consideration of the diversification of the Portfolio and other portfolio composition criteria

In its equity and credit analysis, the investment manager considers the issuer's:

- financial soundness
- ability to make interest and dividend payments
- earnings and cash-flow forecast



- quality of management

## TYPES OF INVESTMENTS

CONVERTIBLE SECURITIES. Convertible securities include debt obligations and preferred stock of an issuer which may be exchanged for a predetermined price (the conversion price) into the common stock of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality.

Many convertible securities are issued with a call feature that allows the issuer of the security to choose when to redeem the security. If a convertible security held by the Portfolio is called for redemption, the Portfolio will be required to redeem the security, convert it into the underlying common stock, or sell it to a third party at a time that may be unfavorable to the Portfolio. Conversely, certain convertible debt securities may

6

8

provide a "put option" to the Portfolio which entitles the Portfolio to make the issuer redeem the security at a premium over the stated principal amount of the debt security.

The investment manager may also create a "synthetic" convertible security. The investment manager may create a "synthetic" convertible security by combining fixed income securities ("fixed income component") with the right to acquire equity securities ("convertible component"). The fixed-income component is achieved by investing in non-convertible fixed-income securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index. The Portfolio may also purchase synthetic securities manufactured by other parties (typically investment banks), including convertible structured notes. More flexibility is possible in the assembly of a synthetic convertible security than in the purchase of a convertible security. The fixed income component and the convertible component may be represented by different issuers, and each component may be purchased separately, at different times. Synthetic convertible securities are not considered convertible securities for purposes of the Portfolio's policy to invest at least 65% of its total assets in convertible securities. Additional information regarding synthetic securities appears below.

EQUITY INVESTMENTS. Equity securities include exchange-traded and over-the-counter common and preferred stocks, warrants, rights, and depository receipts. An investment in the equity securities of a company represents a proportionate ownership interest in the company. Therefore, the Portfolio participates in the financial success or failure of any company in which it has an equity interest. Compared with other asset classes, equity investments have a

greater potential for gain.

FOREIGN SECURITIES. The Portfolio may invest up to 25% of its net assets in securities of foreign issuers. A foreign issuer is a company organized under the laws of a foreign country that has its principal trading market for its security in a foreign country. For purposes of the 25% limitation, foreign securities do not include securities represented by American Depositary Receipts (ADRs) or securities guaranteed by a U.S. person. ADRs are traded on U.S. exchanges and represent an ownership interest in a foreign security. They are generally issued by a U.S. bank as a substitute for direct ownership of the foreign security. International investing allows the Portfolio to achieve greater diversification and to take advantage of changes in foreign economies and market conditions.

144A SECURITIES. The Portfolio may invest a substantial portion of its assets in securities that are not publicly traded, but that are eligible for purchase and sale by certain qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933.

JUNK BONDS. The Portfolio may invest without limit in convertible and non-convertible debt securities rated BB or lower by Standard & Poor's Corporation, or Ba or lower by Moody's Investor Services, Inc., and securities that are not rated but are considered by the investment manager to be of similar quality (commonly called "junk" bonds). The

Portfolio will not, however, acquire a security rated below C. The Portfolio expects to maintain, over the long-term, an average credit quality rating of investment grade.

DEFENSIVE INVESTING. The Portfolio may depart from its principal investment strategies in response to adverse market, economic or political conditions by taking temporary defensive positions without limitation in all types of money market and short term debt securities, and repurchase agreements. In a repurchase agreement, the Portfolio purchases a security and the seller (a bank or securities dealer) simultaneously agrees to repurchase the security at the same price plus an amount equal to an agreed-upon interest rate, on a specified date. During periods when the Portfolio has assumed a temporary defensive position, the Portfolio may not be able to achieve its investment objective.

## INVESTMENT RISKS

All investments, including those in mutual funds, have risks. The Portfolio is designed for long-term investors who can accept the fluctuations in portfolio value and other risks associated with the Portfolio. There can be no guarantee that the Portfolio will achieve its objective.

MARKET RISK. There are market risks with any security. Market risk is the risk that the securities markets will increase or decrease in value. Your investment may lose value in response to a general decline in the stock market regardless of the individual results of the company in which the Portfolio invests.

DEFAULT RISK. Default risk refers to the risk that an issuer of a debt security will be unable to fulfill its obligation to repay principal and interest. The lower a bond is rated, the greater its default risk.

INTEREST RATE RISK. Interest rate risk is the risk that the Portfolio's investments will decrease in value as a result of an increase in interest rates. Generally, there is an inverse relationship between the value of a debt security and interest rates. Therefore, the value of bonds held by the Portfolio generally decreases in periods of rising interest rates. In addition, the prices of bonds with a longer term to maturity are normally more volatile in response to interest rate changes than are shorter-term bonds.

INVESTMENT MANAGEMENT. The investment manager's ability to choose suitable investments for the Portfolio has a significant impact on the Portfolio's ability to achieve its investment objective.

CONVERTIBLE SECURITIES. As with all fixed-income securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock of the company issuing the convertible security is more than the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security, and thus

may not decline in price to the same extent as the underlying common stock. Holders of convertible securities would be paid before the company's common stock holders in the event of a liquidation of the issuing company. Consequently, the issuer's convertible securities entail less risk than the issuer's common stock.

EQUITY INVESTMENTS. Equity investments are subject to greater fluctuations

in market value than other asset classes as a result of such factors as the company's business performance, investor perceptions, stock market trends and general economic conditions. Smaller companies are especially sensitive to these factors, and therefore may experience more price volatility than larger companies.

**FOREIGN MARKET RISK.** There are special risks associated with investing in foreign securities including fluctuations in exchange rates of foreign currencies that will affect the U.S. dollar value of the security, and the possibility of substantial price volatility as a result of political and economic instability in the foreign country. Other risks of investing in foreign securities include: less public information with respect to issuers of securities, different accounting, auditing and financial reporting standards, and less liquidity in foreign markets than in U.S. markets.

**RULE 144A SECURITIES.** As mentioned above, the Portfolio may purchase securities that have been privately placed but that are eligible for purchase and sale by certain qualified institutional buyers under Rule 144A. The investment manager, under the supervision of the board of trustees, will determine whether securities purchased under Rule 144A are illiquid (that is, not readily marketable) and thus subject to the Portfolio's restriction of investing no more than 10% of its net assets in illiquid securities. Investing in Rule 144A securities could have the effect of increasing the amount of the Portfolio's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase such securities.

**JUNK BONDS.** Although junk bonds typically pay higher interest rates than investment grade bonds, there is a greater likelihood that the junk bond issuer will default on interest and principal payments. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of junk bond holders, leaving few or no assets to repay junk bond holders. Junk bonds are also more sensitive to adverse economic changes or individual corporate developments than higher quality bonds. During a period of adverse economic changes, including a period of rising interest rates, issuers of such bonds may be unable to make principal and interest payments.

**SYNTHETIC CONVERTIBLE SECURITIES.** Because a synthetic convertible security is composed of two or more separate securities, each with its own market value, the value of a synthetic convertible security will respond differently to market fluctuations than a convertible security. In addition, if the value of the underlying common stock or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value.

**OTHER SECURITIES.** While not the principal investments or strategies of the Portfolio, the Portfolio may utilize other investments and investment techniques which may impact

11

Portfolio performance, including options, warrants, futures and other strategic transactions. More information about Portfolio investments and strategies is provided in the Statement of Additional Information.

The Portfolio is sold to the separate accounts of Participating Insurance Companies offering Variable Contracts that are sold in a number of jurisdictions. Certain states have regulations or guidelines concerning concentration of investments and other investment techniques. If applied to the Portfolio, the Portfolio may be limited in its ability to engage in certain techniques and to manage its investments with the flexibility provided herein. In order to permit the Portfolio to be available under Variable Contracts sold in certain states, the Portfolio may make commitments that are more restrictive than the investment policies and limitations described herein and in the Statement of Additional Information. If the Portfolio determines that such a commitment is no longer in the Portfolio's best interest, the commitment may be revoked by terminating the availability of the Portfolio to Variable Contract owners residing in such states.

#### MANAGEMENT OF THE PORTFOLIO

The Portfolio's investments are managed by its investment manager, Calamos Asset Management, Inc. ("CAM"), 1111 E. Warrenville Road, Naperville, IL. At February 1, 1999, CAM managed approximately \$3.5 billion in assets of individuals and institutions. CAM has been registered as an investment adviser under the Investment Advisers Act of 1940 since 1987. John P. Calamos, president of CAM, has been engaged in the investment advisory business since 1977.

Subject to the overall authority of the board of trustees, CAM furnishes continuous investment supervision and management to the Portfolio under a management agreement and also furnishes office space, equipment and management personnel. For these services, the Portfolio pays CAM a fee based on average daily net assets that is accrued daily and paid monthly. The fee paid by the Portfolio is at the annual rate of .75% of average daily net assets. Additional expenses are incurred under the Variable Contracts. These expenses are not described in this prospectus. Variable contract owners and Retirement Plan participants should consult with the Variable Contract disclosure document or Retirement Plan information regarding these expenses.

From time to time, CAM may pay Participating Insurance Companies or other organizations that provide administrative services for the Portfolio or that

provide Variable Contract owners and/or Retirement Plan participants other services relating to the Portfolio. The amount of any such payment will be determined by the nature and extent of the services provided by the Participating Insurance Companies or other organizations. Payment of such expenses by CAM will not increase the fees paid by the Portfolio or its shareholders.

CAM has voluntarily undertaken to limit the annual ordinary operating expenses of shares of the Portfolio to 1.00% of average daily net assets. This expense limitation is voluntary and may be terminated by CAM at any time.

10

12

John P. Calamos, President of the Trust, and Nick P. Calamos, Vice President of the Trust, have managed the Portfolio since its inception in 1999. During the past five years, John P. Calamos has been president of CAM and Nick P. Calamos has been a managing director of CAM.

#### YEAR 2000 COMPLIANCE

Like other mutual funds, financial and business organizations and individuals around the world, the Portfolio could be adversely affected if the computer systems used by the investment manager and other service providers do not properly process and calculate date-related information and data from and after January 1, 2000. This is commonly known as the "Year 2000 Problem." CAM, as investment manager, is taking steps that it believes are reasonably designed to address the Year 2000 Problem with respect to computer systems that it uses and to obtain reasonable assurances that comparable steps are being taken by the Portfolio's other major service providers. At this time, there can be no assurance that these steps will be sufficient to avoid any adverse impact to the Portfolio. In addition, there can be no assurances that the Year 2000 Problem will not have an adverse effect on global markets or economies, or on the issuers whose securities are held by the Portfolio. Although CAM may consider the Year 2000 Problem when evaluating investment opportunities, there can be no assurance that improperly functioning computers will not affect specific issuers or broad markets.

#### EURO CONVERSION

The introduction of the Economic and monetary union (EMU) in Europe occurred on January 1, 1999, when eleven European countries adopted a single currency # the euro. The full conversion to the euro is being phased in over a three year period. During this time, valuation systems and other operational problems may occur in connection with the Portfolio's investments quoted in the euro. The investment manager is actively working to address euro-related issues

and understands that other key service providers are taking similar steps. EMU is driven by the expectation of a number of economic benefits, including lower transaction costs, reduced exchange risk, greater competition, and a broadening and deepening of European financial markets. However, there are a number of significant risks associated with EMU. Monetary and economic union on this scale has never been attempted before. In addition, there is a significant degree of uncertainty as to whether participating countries will remain committed to EMU in the face of changing economic conditions. This uncertainty may increase the volatility of the international markets in which the Portfolio invests.

## SHAREHOLDER INFORMATION

### Purchasing Shares

11

13

Shares of the Portfolio are purchased by the separate accounts of Participating Insurance Companies or by Retirement Plans based on the instructions they receive from the Variable Contract holders or Retirement Plan participants. You cannot purchase Portfolio shares directly.

### Selling Shares

Portfolio shares are sold by the separate accounts of Participating Insurance Companies or by Retirement Plans. Shares may be sold to generate cash to, among other things, pay a contract owner who requested a withdrawal or who terminated a contract.

### Valuing Shares

The Portfolio's share price, or net asset value (NAV), is determined as of the close of regular session trading on the New York Stock Exchange (currently 4:00 p.m. Eastern time) each day that the Exchange is open. The Exchange is regularly closed on New Year's Day, the third Monday in January and February, Good Friday, the last Monday in May, Independence Day, Labor Day, Thanksgiving and Christmas.

The NAV per share is calculated by dividing the value of all of the securities and other assets of the Portfolio, less its liabilities, by the number of Portfolio shares outstanding. Shares are purchased or sold at the NAV next determined after receipt of a purchase or sale order in good form. Portfolio securities are valued on the basis of market prices from the primary market in which they are traded. As a general rule, equity securities listed on a U.S. securities exchange or NASDAQ National Market are valued at the last quoted sale price on the day the valuation is made. Bonds and other fixed-income securities that are traded over the counter and on an exchange will

be valued according to the broadest and most representative market, and it is expected this will ordinarily be the over-the-counter market.

The foreign securities held by the Portfolio are traded on exchanges throughout the world. Trading on these foreign securities exchanges is completed at various times throughout the day and often does not coincide with the close of trading on the New York Stock Exchange. The value of foreign securities is determined as of the earlier of the time the exchange on which the securities are traded closes or as of the close of trading on the NYSE. As a result, it is possible that events affecting the value of such securities may occur that are not reflected in the computation of the Portfolio's NAV, and the NAV may change on days when shareholders will not be able to buy or sell the Portfolio's shares.

If market prices are not readily available, securities and other assets are valued at a fair value as determined by the board of trustees. The effect of any fair value pricing will be that NAV will not be based on the last quoted price of a security, but on a price which the board believes reflects the current and true price of the security.

#### OTHER INFORMATION

The Portfolio's shares can be purchased by Retirement Plans and by separate accounts of certain life insurance companies (Participating Insurance Companies) offering Variable Contracts. Individual variable annuity and variable life insurance contract holders are not the "shareholders" of the Portfolio. Rather, the separate accounts of the Participating Insurance Companies are the shareholders of the Portfolio. You cannot directly purchase shares of the Portfolio.

Please read the prospectus for the Variable Contract that you want to purchase to learn about purchasing a contract. The Portfolio assumes no responsibility for such prospectuses.

The Portfolio currently does not foresee any disadvantages to the holders of variable life insurance contracts and variable annuity contracts arising from the fact that the interests of the holders of such contracts may differ. Nevertheless, the Trust's board of trustees intends to monitor events in order to identify any material irreconcilable conflicts that may arise and to determine what action, if any, should be taken.

#### DISTRIBUTIONS AND TAXES



## Dividends and Capital Gains

The Portfolio intends to distribute to its shareholders substantially all of its net investment income and net realized capital gains. The Portfolio declares and pays dividends from net investment income quarterly, and pays any long-term capital gains annually.

## Taxes

The Trust intends that the Portfolio will qualify as a regulated investment company ("RIC") under the Internal Revenue Code of 1986 and will meet certain diversification requirements applicable to mutual funds underlying variable insurance products. For a discussion regarding what it means to qualify as a RIC and a general discussion concerning some of the possible tax consequences associated with the operation of the Trust, please refer to the section entitled, "Taxation" in the Statement of Additional Information.

For a discussion of the taxation of the Participating Insurance Companies and separate accounts, as well as the tax treatment of the Variable Contracts and the owners thereof, see the disclosure documents for the Variable Contracts. For information regarding the taxation of Retirement Plans, as well as the participants thereunder, see the plan administrator and plan documents for the Retirement Plan.

PLEASE CONSULT WITH YOUR TAX ADVISOR REGARDING YOUR PARTICULAR TAX SITUATION.

13

15

You do not own the Portfolio's shares directly; therefore, the Portfolio's distributions are not likely to affect your tax situation. However, the separate accounts, in which you own a Variable Contract, may be affected by Portfolio distributions. Tax consequences to Variable Contract holders are described in the separate prospectuses issued by the Participating Insurance Companies.

Portfolio distributions may be taxed as ordinary income or capital gains. Capital gains may be taxed at different rates depending on the length of time that the assets are held by the Portfolio. The Portfolio's distributions, whether received in cash or reinvested in additional Portfolio shares, may be subject to federal income tax.

14



CALAMOS (R) INSURANCE TRUST

CALAMOS (R) Convertible Portfolio

1111 East Warrenville Road  
 Naperville, Illinois 60563-1493  
 (630) 245-7200  
 Toll Free: (800) 823-7386

This Statement of Additional Information relates to CALAMOS (R) Convertible Portfolio (the "Portfolio"), which is a series of Calamos Insurance Trust (the "Trust"). It is not a prospectus, but provides information that should be read in conjunction with the Portfolio's prospectus dated the same date as this Statement of Additional Information and any supplements thereto. The prospectus may be obtained without charge by writing or telephoning the Portfolios at the address or telephone numbers set forth above.

The Portfolio is currently available for sale to the separate accounts of certain life insurance companies (Participating Insurance Companies) offering variable annuity contracts and variable life insurance contracts (together, "Variable Contracts") and may be offered to certain types of pension plans and retirement arrangements and accounts permitting accumulation of funds on a tax-deferred basis ("Retirement Plans") as described in the prospectus.

TABLE OF CONTENTS

<TABLE>  
 <CAPTION>

	Page
<S>	<C>
The Trust and the Portfolio.....	B-2
Investment Strategies and Risks.....	B-2
Investment Restrictions.....	B-16
Management.....	B-18
Investment Advisory Services.....	B-20
Purchasing and Redeeming Shares.....	B-21
Performance Information.....	B-22

Distributor.....	B-24
Portfolio Transactions.....	B-25
Taxation.....	B-26
Certain Shareholders.....	B-27
Custodian.....	B-27
Independent Auditors.....	B-28
Shareholder Information.....	B-28
Appendix--Description of Bond Ratings.....	B-30
Report of Independent Auditors.....	B-32
Statement of Net Assets.....	B-33

</TABLE>

B-1

18

## THE TRUST AND THE PORTFOLIO

The Portfolio is a series of Calamos Insurance Trust (the "Trust") which was organized as a Massachusetts business trust on February 17, 1999. The Portfolio is an open-end, diversified management investment company that seeks current income as its primary objective with capital appreciation as its secondary objective.

The prospectus contains information concerning the Portfolio's investment objective and principal investment strategies and risks. This SAI provides additional information concerning certain securities and strategies used by the Portfolio and their associated risks.

## INVESTMENT STRATEGIES AND RISKS

The following information supplements, and should be read in conjunction with the discussion of the Portfolio's investment objectives, strategies and risks that are described in the prospectus.

### CONVERTIBLE SECURITIES

As described in the prospectus, the Portfolio invests primarily in a diversified portfolio of convertible securities. Under normal market conditions, the Portfolio invests at least 65% of its total assets in convertible securities.

Convertible securities include any corporate debt security or preferred stock that may be converted into underlying shares of common stock. The common stock underlying convertible securities may be issued by a different entity than

the issuer of the convertible securities. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on a preferred stock until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, however, the interest rate or dividend preference on a convertible security is generally less than would be the case if the securities were issued in non-convertible form.

The value of convertible securities is influenced by both the yield of non-convertible securities of comparable issuers and by the value of the underlying common stock. The value of a convertible security viewed without regard to its conversion feature (i.e., strictly on the basis of its yield) is sometimes referred to as its "investment value." The investment value of the convertible security will typically fluctuate inversely with changes in prevailing interest rates. However, at the same time, the convertible security will be influenced by its "conversion value," which is the market value of the underlying common stock that would be obtained if the convertible security were converted. Conversion value fluctuates directly with the price of the underlying common stock.

If, because of a low price of the common stock, the conversion value is substantially below the investment value of the convertible security, the price of the convertible security is governed principally by its investment value. If the conversion value of a convertible security increases to a point that approximates or exceeds its investment value, the value of the security will be principally influenced by its conversion value. A convertible security will sell at a premium over its conversion value to the extent investors place value on the right to acquire the underlying common stock while holding a fixed income security. Holders of convertible securities have a claim on the assets of the issuer prior to the common stockholders, but may be subordinated to holders of similar non-convertible securities of the same issuer.

B-2

19

#### SYNTHETIC CONVERTIBLE SECURITIES

The investment manager may create a "synthetic" convertible security by combining fixed income securities with the right to acquire equity securities. More flexibility is possible in the assembly of a synthetic convertible security than in the purchase of a convertible security. Although synthetic convertible securities may be selected where the two components are issued by a single issuer, thus making the synthetic convertible security similar to the true convertible security, the character of a synthetic convertible security allows the combination of components representing distinct issuers, when management believes that such a combination would better promote the Portfolio's investment

objective. A synthetic convertible security also is a more flexible investment in that its two components may be purchased separately. For example, the Portfolio may purchase a warrant for inclusion in a synthetic convertible security but temporarily hold short-term investments while postponing the purchase of a corresponding bond pending development of more favorable market conditions. The Portfolio's holdings of synthetic convertible securities are not considered convertible securities for purposes of the Portfolio's policy to invest at least 65% of its assets in convertible securities.

A holder of a synthetic convertible security faces the risk of a decline in the price of the security or the level of the index involved in the convertible component, causing a decline in the value of the call option or warrant purchased to create the synthetic convertible security. Should the price of the stock fall below the exercise price and remain there throughout the exercise period, the entire amount paid for the call option or warrant would be lost. Since a synthetic convertible security includes the fixed-income component as well, the holder of a synthetic convertible security also faces the risk that interest rates will rise, causing a decline in the value of the fixed-income instrument.

The Portfolio may also purchase synthetic convertible securities manufactured by other parties, including convertible structured notes. Convertible structured notes are fixed income debentures linked to equity, and are typically issued by investment banks. Convertible structured notes have the attributes of a convertible security, however, the investment bank that issued the convertible note assumes the credit risk associated with the investment, rather than the issuer of the underlying common stock into which the note is convertible.

## DEBT SECURITIES

In pursuing its investment objective, the Portfolio may invest in convertible and non-convertible debt securities, including lower-rated securities (i.e., securities rated BB or lower by Standard & Poor's Corporation or Ba or lower by Moody's Investor Services, Inc.) and securities that are not rated but are considered by the investment manager to be of similar quality. There are no restrictions as to the ratings of debt securities acquired by the Portfolio or the portion of the Portfolio's assets that may be invested in debt securities in a particular ratings category, except that the Portfolio will not acquire a security rated below C.

Securities rated BBB or Baa are considered to be medium grade and to have speculative characteristics. Lower-rated debt securities are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Investment in medium- or lower-quality debt securities involves greater investment risk, including the possibility of issuer default or bankruptcy. An economic downturn could severely disrupt the market for such securities and adversely affect the value of such securities. In addition, lower-quality bonds are less sensitive to interest rate changes than higher-quality instruments and generally are more sensitive to adverse economic changes or individual corporate developments. During a period of adverse economic changes, including a period of rising interest rates, issuers of such bonds may experience difficulty in servicing their principal and interest

payment obligations.

Achievement by the Portfolio of its investment objectives will be more dependent on the investment manager's credit analysis than would be the case if the Portfolio were investing in higher-quality debt securities. Since the ratings of rating services (which evaluate the safety of principal and interest payments, not market risks) are used only as preliminary indicators of investment quality, the investment

B-3

20

manager employs its own credit research and analysis. These analyses may take into consideration such quantitative factors as an issuer's present and potential liquidity, profitability, internal capability to generate funds, debt/equity ratio and debt servicing capabilities, and such qualitative factors as an assessment of management, industry characteristics, accounting methodology, and foreign business exposure.

Medium- and lower-quality debt securities may be less marketable than higher-quality debt securities because the market for them is less broad. The market for unrated debt securities is even narrower. During periods of thin trading in these markets, the spread between bid and asked prices is likely to increase significantly, and the Portfolio may have greater difficulty selling its portfolio securities. The market value of these securities and their liquidity may be affected by adverse publicity and investor perceptions.

#### RULE 144A SECURITIES

The Portfolio may invest a substantial portion of its assets in securities that have been privately placed but that are eligible for purchase and sale by certain qualified institutional buyers, such as the Portfolio, under Rule 144A under the Securities Act of 1933. The investment manager, under the supervision of the Trust's board of trustees, will consider whether securities purchased under Rule 144A are illiquid and thus subject to the Portfolio's restriction of investing no more than 10% of its net assets in illiquid securities. A determination of whether a Rule 144A security is liquid or not is a question of fact. In making this determination, the investment manager will consider the trading markets for the specific security, taking into account the unregistered nature of a Rule 144A security. In addition, the investment manager could consider the (1) frequency of trades and quotes, (2) number of dealers and potential purchasers, (3) dealer undertakings to make a market and (4) nature of a security and of marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer). The liquidity of Rule 144A securities will be monitored and, if as a result of changed conditions, it is determined that a Rule 144A security is no longer liquid, the Portfolio's holdings of illiquid securities would be reviewed to determine what, if any, steps are required to assure that the Portfolio does not invest more than 10% of its assets in illiquid securities. Investing in Rule 144A securities could have the effect of increasing the amount of the

Portfolio's assets invested in illiquid securities if qualified institutional buyers are unwilling to purchase such securities.

## FOREIGN SECURITIES

The Portfolio may invest up to 25% of its net assets in securities of foreign issuers. A foreign issuer is a company organized under the laws of a foreign country that has its principal trading market for its securities in a foreign country. For this purpose, foreign securities do not include American Depositary Receipts (ADRs) or securities guaranteed by a United States person, but may include foreign securities in the form of European Depositary Receipts (EDRs), Global Depositary Receipts (GDRs) or other securities representing underlying shares of foreign issuers. Positions in those securities are not necessarily denominated in the same currency as the common stocks into which they may be converted. EDRs are European receipts listed on the Luxembourg Stock Exchange evidencing a similar arrangement. GDRs are U.S. dollar-denominated receipts evidencing ownership of foreign securities. Generally, ADRs, in registered form, are designed for the U.S. securities markets and EDRs and GDRs, in bearer form, are designed for use in foreign securities markets. The Portfolio may invest in sponsored or unsponsored ADRs. In the case of an unsponsored ADR, the Portfolio is likely to bear its proportionate share of the expenses of the depository and it may have greater difficulty in receiving shareholder communications than it would have with a sponsored ADR.

To the extent positions in portfolio securities are denominated in foreign currencies, the Portfolio's investment performance is affected by the strength or weakness of the U.S. dollar against those currencies. For example, if the dollar falls in value relative to the Japanese yen, the dollar value of a Japanese stock held in the portfolio will rise even though the price of the stock remains unchanged.

B-4

21

Conversely, if the dollar rises in value relative to the yen, the dollar value of the Japanese stock will fall. (See discussion of transaction hedging and portfolio hedging below under "Currency Exchange Transactions.")

Investors should understand and consider carefully the risks involved in foreign investing. Investing in foreign securities, which are generally denominated in foreign currencies, and utilization of forward foreign currency exchange contracts involve certain considerations comprising both risks and opportunities not typically associated with investing in U.S. securities. These considerations include: fluctuations in exchange rates of foreign currencies; possible imposition of exchange control regulation or currency restrictions that would prevent cash from being brought back to the United States; less public information with respect to issuers of securities; less governmental supervision of stock exchanges, securities brokers, and issuers of securities; lack of uniform accounting, auditing and financial reporting standards; lack of uniform



settlement periods and trading practices; less liquidity and frequently greater price volatility in foreign markets than in the United States; possible imposition of foreign taxes; and sometimes less advantageous legal, operational and financial protections applicable to foreign sub-custodial arrangements.

Although the Portfolios intends to invest in companies and governments of countries having stable political environments, there is the possibility of expropriation or confiscatory taxation, seizure or nationalization of foreign bank deposits or other assets, establishment of exchange controls, the adoption of foreign government restrictions, or other adverse political, social or diplomatic developments that could affect investment in these nations.

The Portfolio expects that substantially all of its investments will be in developed nations. However, the Portfolio may invest in the securities of emerging countries. The securities markets of emerging countries are substantially smaller, less developed, less liquid and more volatile than the securities markets of the U.S. and other more developed countries. Disclosure and regulatory standards in many respects are less stringent than in the U.S. and other major markets. There also may be a lower level of monitoring and regulation of emerging markets and the activities of investors in such markets, and enforcement of existing regulations has been extremely limited. Economies in individual emerging markets may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rates of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments positions. Many emerging market countries have experienced high rates of inflation for many years, which has had and may continue to have very negative effects on the economies and securities markets of those countries.

CURRENCY EXCHANGE TRANSACTIONS. The Portfolio may enter into currency exchange transactions. Currency exchange transactions may be conducted either on a spot (i.e., cash) basis at the spot rate for purchasing or selling currency prevailing in the foreign exchange market or through forward currency exchange contracts ("forward contracts"). Forward contracts are contractual agreements to purchase or sell a specified currency at a specified future date (or within a specified time period) and price set at the time of the contract. Forward contracts are usually entered into with banks, foreign exchange dealers and broker-dealers, are not exchange traded, and are usually for less than one year, but may be renewed.

Forward currency exchange transactions may involve currencies of the different countries in which the Portfolios may invest and serve as hedges against possible variations in the exchange rate between these currencies. Currency exchange transactions are limited to transaction hedging and portfolio hedging involving either specific transactions or portfolio positions, except to the extent described below under "Synthetic Foreign Money Market Positions." Transaction hedging is the purchase or sale of forward contracts with respect to specific receivables or payables of the Portfolio accruing in connection with the purchase and sale of its portfolio securities or the receipt of dividends or

interest thereon. Portfolio hedging is the use of forward contracts with respect to portfolio security positions denominated or quoted in a particular foreign currency. Portfolio hedging allows the Portfolio to limit or reduce its exposure in a foreign currency by entering into a forward contract to sell such foreign currency (or another foreign currency that acts as a proxy for that currency) at a future date for a price

B-5

22

payable in U.S. dollars so that the value of the foreign denominated portfolio securities can be approximately matched by a foreign denominated liability. The Portfolio may not engage in portfolio hedging with respect to the currency of a particular country to an extent greater than the aggregate market value (at the time of making such sale) of the securities held in its portfolio denominated or quoted in that particular currency, except that the Portfolio may hedge all or part of its foreign currency exposure through the use of a basket of currencies or a proxy currency where such currencies or currency act as an effective proxy for other currencies. In such a case, the Portfolio may enter into a forward contract where the amount of the foreign currency to be sold exceeds the value of the securities denominated in such currency. The use of this basket hedging technique may be more efficient and economical than entering into separate forward contracts for each currency held in the Portfolio. The Portfolio may not engage in "speculative" currency exchange transactions.

If the Portfolio enters into a forward contract, the Portfolio's custodian will segregate liquid assets of the Portfolio having a value equal to the Portfolio's commitment under such forward contract. At the maturity of the forward contract to deliver a particular currency, the Portfolio may either sell the portfolio security related to the contract and make delivery of the currency, or it may retain the security and either acquire the currency on the spot market or terminate its contractual obligation to deliver the currency by purchasing an offsetting contract with the same currency trader obligating it to purchase on the same maturity date the same amount of the currency.

It is impossible to forecast with absolute precision the market value of portfolio securities at the expiration of a forward contract. Accordingly, it may be necessary for the Portfolio to purchase additional currency on the spot market (and bear the expense of such purchase) if the market value of the security is less than the amount of currency the Portfolio is obligated to deliver and if a decision is made to sell the security and make delivery of the currency. Conversely, it may be necessary to sell on the spot market some of the currency received upon the sale of the portfolio security if its market value exceeds the amount of currency the Portfolio is obligated to deliver.

If the Portfolio retains the portfolio security and engages in an offsetting transaction, the Portfolio will incur a gain or a loss to the extent that there has been movement in forward contract prices. If the Portfolio

engages in an offsetting transaction, it may subsequently enter into a new forward contract to sell the currency. Should forward prices decline during the period between the Portfolio's entering into a forward contract for the sale of a currency and the date it enters into an offsetting contract for the purchase of the currency, the Portfolio will realize a gain to the extent the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to purchase. Should forward prices increase, the Portfolio will suffer a loss to the extent the price of the currency it has agreed to purchase exceeds the price of the currency it has agreed to sell. A default on the contract would deprive the Portfolio of unrealized profits or force the Portfolio to cover its commitments for purchase or sale of currency, if any, at the current market price.

Hedging against a decline in the value of a currency does not eliminate fluctuations in the value of a portfolio security traded in that currency or prevent a loss if the value of the security declines. Hedging transactions also preclude the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for the Portfolio to hedge against a devaluation that is so generally anticipated that the Portfolio is not able to contract to sell the currency at a price above the devaluation level it anticipates. The cost to the Portfolio of engaging in currency exchange transactions varies with such factors as the currency involved, the length of the contract period, and prevailing market conditions. Since currency exchange transactions are usually conducted on a principal basis, no fees or commissions are involved.

SYNTHETIC FOREIGN MONEY MARKET POSITIONS. The Portfolio may invest in money market instruments denominated in foreign currencies. In addition to, or in lieu of, such direct investment, the Portfolio may construct a synthetic foreign money market position by (a) purchasing a money market instrument denominated in one currency, generally U.S. dollars, and (b) concurrently entering into a forward contract to deliver a corresponding amount of that currency in exchange for a different currency on a future date and at a specified rate of exchange. For example, a synthetic money market position in

B-6

23

Japanese yen could be constructed by purchasing a U.S. dollar money market instrument, and entering concurrently into a forward contract to deliver a corresponding amount of U.S. dollars in exchange for Japanese yen on a specified date and at a specified rate of exchange. Because of the availability of a variety of highly liquid short-term U.S. dollar money market instruments, a synthetic money market position utilizing such U.S. dollar instruments may offer greater liquidity than direct investment in foreign currency and a concurrent construction of a synthetic position in such foreign currency, in terms of both income yield and gain or loss from changes in

currency exchange rates, in general should be similar, but would not be identical because the components of the alternative investments would not be identical.

#### LENDING OF PORTFOLIO SECURITIES

The Portfolio may lend its portfolio securities, up to 33-1/3% of its total assets, including collateral received, to broker-dealers and banks. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the Portfolio. The Portfolio would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned, and would also receive an additional return that may be in the form of a fixed fee or a percentage of the collateral. The Portfolio may pay reasonable fees to persons unaffiliated with the Portfolio for services in arranging the loans. The Portfolio would have the right to call the loan and obtain the securities loaned at any time on notice of not more than five business days. The Portfolio would not have the right to vote the securities during the existence of the loan but would call the loan to permit voting of the securities, if, in the investment manager's judgment, a material event requiring a shareholder vote would otherwise occur before the loan was repaid. In the event of bankruptcy or other default of the borrower, the Portfolio could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses, including (a) possible decline in the value of the collateral or in the value of the securities loaned during the period while the Portfolio seeks to enforce its rights thereto, (b) possible subnormal levels of income and lack of access to income during this period, and (c) expenses of enforcing its rights. In an effort to reduce these risks, the investment manager will monitor the creditworthiness of the firms to which the Portfolio lends securities.

#### REPURCHASE AGREEMENTS

The Portfolio may invest in repurchase agreements, provided that the Portfolio may not invest more than 10% of its net assets in repurchase agreements maturing in more than seven days and any other illiquid securities. A repurchase agreement is a sale of securities to the Portfolio in which the seller agrees to repurchase the securities at a higher price, which includes an amount representing interest on the purchase price, within a specified time. Such agreements generally have maturities of no more than seven days and could be used to permit the Portfolio to earn interest on assets awaiting long term investment. The Portfolio requires continuous maintenance by the custodian for the Portfolio's account in the Federal Reserve/Treasury Book Entry System of collateral in an amount equal to, or in excess of, the market value of the securities that are the subject of a repurchase agreement. Although repurchase agreements carry certain risks not associated with direct investments in securities, the Portfolio will enter in repurchase agreements only with sellers the investment manager believes present minimum credit risk in accordance with guidelines approved by the board of trustees. The investment manager will review and monitor the creditworthiness of such institutions, and will consider the capitalization of the institution, the investment manager's prior dealing with the institution, and rating of the institution's senior long-term debt by independent rating agencies and other relevant factors. In the event of a

bankruptcy or other default of a seller of a repurchase agreement, the Portfolio could experience both delays in liquidating the underlying security and losses, including: (a) possible decline in the value of the underlying security during the period while the Portfolio seeks to enforce its rights thereto; (b) possible subnormal levels of income and lack of access to income during this period; and (c) expenses of enforcing its rights.

#### OPTIONS ON SECURITIES, INDEXES AND CURRENCIES

The Portfolio may purchase and sell put options and call options on securities, indexes or foreign currencies in standardized contracts traded on recognized securities exchanges, boards of

B-7

24

trade, or similar entities, or quoted on NASDAQ. The Portfolio may purchase agreements, sometimes called cash puts, that may accompany the purchase of a new issue of bonds from a dealer.

An option on a security (or index) is a contract that gives the purchaser (holder) of the option, in return for a premium, the right to buy from (call) or sell to (put) the seller (writer) of the option the security underlying the option (or the cash value of the index) at a specified exercise price at any time during the term of the option (normally not exceeding nine months). The writer of an option on an individual security or on a foreign currency has the obligation upon exercise of the option to deliver the underlying security or foreign currency upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security or foreign currency. Upon exercise, the writer of an option on an index is obligated to pay the difference between the cash value of the index and the exercise price multiplied by the specified multiplier for the index option. (An index is designed to reflect specified facets of a particular financial or securities market, a specific group of financial instruments or securities, or certain economic indicators.)

The Portfolio will write call options and put options only if they are "covered." For example, in the case of a call option on a security, the option is "covered" if the Portfolio owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or, if additional cash consideration is required, cash or cash equivalents in such amount are held in a segregated account by its custodian) upon conversion or exchange of other securities held in its portfolio.

If an option written by the Portfolio expires, the Portfolio realizes a capital gain equal to the premium received at the time the option was written.

If an option purchased by the Portfolio expires, the Portfolio realizes a capital loss equal to the premium paid.

Prior to the earlier of exercise or expiration, an option may be closed out by an offsetting purchase or sale of an option of the same series (type, exchange, underlying security or index, exercise price and expiration). There can be no assurance, however, that a closing purchase or sale transaction can be effected when the Portfolio desires.

The Portfolio will realize a capital gain from a closing purchase transaction if the cost of the closing option is less than the premium received from writing the option, or, if it is more, the Portfolio will realize a capital loss. If the premium received from a closing sale transaction is more than the premium paid to purchase the option, the Portfolio will realize a capital gain or, if it is less, the Portfolio will realize a capital loss. The principal factors affecting the market value of a put or a call option include supply and demand, interest rates, the current market price of the underlying security or index in relation to the exercise price of the option, the volatility of the underlying security or index, and the time remaining until the expiration date.

A put or call option purchased by the Portfolio is an asset of the Portfolio, valued initially at the premium paid for the option. The premium received for an option written by the Portfolio is recorded as a deferred credit. The value of an option purchased or written is marked-to-market daily and is valued at the closing price on the exchange on which it is traded or, if not traded on an exchange or no closing price is available, at the mean between the last bid and asked prices.

RISKS ASSOCIATED WITH OPTIONS. There are several risks associated with transactions in options. For example, there are significant differences between the securities markets, the currency markets and the options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events.

There can be no assurance that a liquid market will exist when the Portfolio seeks to close out an option position. If the Portfolio were unable to close out an option that it has purchased on a security, it would have to exercise the option in order to realize any profit or the option would expire and become worthless. If the Portfolio were unable to close out a covered call option that it had written

on a security, it would not be able to sell the underlying security until the option expired. As the writer of a covered call option on a security, the Portfolio foregoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the exercise price of the call. As the writer of a covered call option on a foreign currency, the Portfolio foregoes, during the option's life, the opportunity to profit from currency appreciation.

If trading were suspended in an option purchased or written by the Portfolio, the Portfolio would not be able to close out the option. If restrictions on exercise were imposed, the Portfolio might not be able to exercise an option it has purchased.

#### FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

The Portfolio may use interest rate futures contracts, index futures contracts and foreign currency futures contracts. An interest rate, index or foreign currency futures contract provides for the future sale by one party and purchase by another party of a specified quantity of a financial instrument or the cash value of an index 1 at a specified price and time. A public market exists in futures contracts covering a number of indexes (including, but not limited to: the Standard & Poor's 500 Index, the Russell 2000 Index, the Value Line Composite Index, and the New York Stock Exchange Composite Index) as well as financial instruments (including, but not limited to: U.S. Treasury bonds, U.S. Treasury notes, Eurodollar certificates of deposit and foreign currencies). Other index and financial instrument futures contracts are available and it is expected that additional futures contracts will be developed and traded.

The Portfolio may purchase and write call and put futures options. Options on futures possess many of the same characteristics as options on securities, indexes and foreign currencies (discussed above). A futures option gives the holder the right, in return for the premium paid, to assume a long position (call) or short position (put) in a futures contract at a specified exercise price at any time during the period of the option. Upon exercise of a call option, the holder acquires a long position in the futures contract and the writer is assigned the opposite short position. In the case of a put option, the opposite is true. The Portfolio might, for example, use futures contracts to hedge against or gain exposure to fluctuations in the general level of stock prices, anticipated changes in interest rates or currency fluctuations that might adversely affect either the value of the Portfolio's securities or the price of the securities that the Portfolio intends to purchase. Although other techniques could be used to reduce or increase the Portfolio's exposure to stock price, interest rate and currency fluctuations, the Portfolio may be able to achieve its desired exposure more effectively and perhaps at a lower cost by using futures contracts and futures options.

The Portfolio will only enter into futures contracts and futures options that are standardized and traded on an exchange, board of trade or similar entity, or quoted on an automated quotation system.

The success of any futures transaction depends on the investment manager correctly predicting changes in the level and direction of stock prices, interest rates, currency exchange rates and other factors. Should those predictions be incorrect, the Portfolio's return might have been better had the transaction not been attempted; however, in the absence of the ability to use futures contracts, the investment manager might have taken portfolio actions in anticipation of the same market movements with similar investment results, but, presumably, at greater transaction costs.

When a purchase or sale of a futures contract is made by the Portfolio, the Portfolio is required to deposit with its custodian (or broker, if legally permitted) a specified amount of cash or U.S. Government securities or other securities acceptable to the broker ("initial margin"). The margin required

---

1 A futures contract on an index is an agreement pursuant to which two parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. Although the value of a securities index is a function of the value of certain specified securities, no physical delivery of those securities is made.

B-9

26

for a futures contract is set by the exchange on which the contract is traded and may be modified during the term of the contract, although the Portfolio's broker may require margin deposits in excess of the minimum required by the exchange. The initial margin is in the nature of a performance bond or good faith deposit on the futures contract, which is returned to the Portfolio upon termination of the contract, assuming all contractual obligations have been satisfied. The Portfolio expects to earn interest income on its initial margin deposits. A futures contract held by the Portfolio is valued daily at the official settlement price of the exchange on which it is traded. Each day the Portfolio pays or receives cash, called "variation margin," equal to the daily change in value of the futures contract. This process is known as "marking-to-market." Variation margin paid or received by the Portfolio does not represent a borrowing or loan by the Portfolio but is instead settlement between the Portfolio and the broker of the amount one would owe the other if the futures contract had expired at the close of the previous day. In computing daily net asset value, the Portfolio will mark-to-market its open futures positions.

The Portfolio is also required to deposit and maintain margin with respect to put and call options on futures contracts written by it. Such margin deposits will vary depending on the nature of the underlying futures contract



(and the related initial margin requirements), the current market value of the option and other futures positions held by the Portfolio.

Although some futures contracts call for making or taking delivery of the underlying securities, usually these obligations are closed out prior to delivery by offsetting purchases or sales of matching futures contracts (same exchange, underlying security or index, and delivery month). If an offsetting purchase price is less than the original sale price, the Portfolio engaging in the transaction realizes a capital gain, or if it is more, the Portfolio realizes a capital loss. Conversely, if an offsetting sale price is more than the original purchase price, the Portfolio engaging in the transaction realizes a capital gain, or if it is less, the Portfolio realizes a capital loss. The transaction costs must also be included in these calculations.

**RISKS ASSOCIATED WITH FUTURES.** There are several risks associated with the use of futures contracts and futures options. A purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. In trying to increase or reduce market exposure, there can be no guarantee that there will be a correlation between price movements in the futures contract and in the portfolio exposure sought. In addition, there are significant differences between the securities and futures markets that could result in an imperfect correlation between the markets, causing a given transaction not to achieve its objectives. The degree of imperfection of correlation depends on circumstances such as: variations in speculative market demand for futures, futures options and the related securities, including technical influences in futures and futures options trading and differences between the securities markets and the securities underlying the standard contracts available for trading. For example, in the case of index futures contracts, the composition of the index, including the issuers and the weighing of each issue, may differ from the composition of the Portfolio's holdings, and, in the case of interest rate futures contracts, the interest rate levels, maturities and creditworthiness of the issues underlying the futures contract may differ from the financial instruments held in the Portfolio. A decision as to whether, when and how to use futures contracts involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected stock price or interest rate trends.

Futures exchanges may limit the amount of fluctuation permitted in certain futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of the current trading session. Once the daily limit has been reached in a futures contract subject to the limit, no more trades may be made on that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses because the limit may work to prevent the liquidation of unfavorable positions. For example, futures prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of positions and subjecting some holders of futures contracts to substantial losses. Stock index futures contracts are not normally subject to such daily price change limitations.

There can be no assurance that a liquid market will exist at a time when a Portfolio seeks to close out a futures or futures option position. The Portfolio would be exposed to possible loss on the position during the interval of inability to close, and would continue to be required to meet margin requirements until the position is closed. In addition, many of the contracts discussed above are relatively new instruments without a significant trading history. As a result, there can be no assurance that an active secondary market will develop or continue to exist.

#### LIMITATIONS ON OPTIONS AND FUTURES

If other options, futures contracts or futures options of types other than those described herein are traded in the future, the Portfolio may also use those investment vehicles, provided the board of trustees determines that their use is consistent with the Portfolio's investment objective.

The Portfolio will not enter into a futures contract or purchase an option thereon if, immediately thereafter, the initial margin deposits for futures contracts held by the Portfolio plus premiums paid by it for open futures option positions, less the amount by which any such positions are "in-the-money,"<sup>2</sup> would exceed 5% of the Portfolio's total assets.

When purchasing a futures contract or writing a put option on a futures contract, the Portfolio must maintain with its custodian (or broker, if legally permitted) cash or cash equivalents (including any margin) equal to the market value of such contract. When writing a call option on a futures contract, the Portfolio similarly will maintain with its custodian cash or cash equivalents (including any margin) equal to the amount by which such option is in-the-money until the option expires or is closed by the Portfolio.

The Portfolio may not maintain open short positions in futures contracts, call options written on futures contracts or call options written on indexes if, in the aggregate, the market value of all such open positions exceeds the current value of the securities in its portfolio, plus or minus unrealized gains and losses on the open positions, adjusted for the historical relative volatility of the relationship between the portfolio and the positions. For this purpose, to the extent the Portfolio has written call options on specific securities in its portfolio, the value of those securities will be deducted from the current market value of the securities portfolio.

In order to comply with Commodity Futures Trading Commission Regulation 4.5 and thereby avoid being deemed a "commodity pool operator," the Portfolio will use commodity futures or commodity options contracts solely for bona fide hedging purposes within the meaning and intent of Regulation 1.3(z), or, with

respect to positions in commodity futures and commodity options contracts that do not come within the meaning and intent of 1.3(z), the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the fair market value of the assets of the Portfolio, after taking into account unrealized profits and unrealized losses on any such contracts it has entered into (in the case of an option that is in-the-money at the time of purchase, the in-the-money amount, as defined in Section 190.01(x) of the Commission Regulations,, may be excluded in computing such 5%).

## TAXATION OF OPTIONS AND FUTURES

If the Portfolio exercises a call or put option that it holds, the premium paid for the option is added to the cost basis of the security purchased (call) or deducted from the proceeds of the security sold (put). For cash settlement options and futures options exercised by the Portfolio, the difference between the cash received at exercise and the premium paid is a capital gain or loss.

---

2 A call option is "in-the-money" if the value of the futures contract that is the subject of the option exceeds the exercise price. A put option is "in-the-money" if the exercise price exceeds the value of the futures contract that is the subject of the option.

B-11

28

If a call or put option written by the Portfolio is exercised, the premium is included in the proceeds of the sale of the underlying security (call) or reduces the cost basis of the security purchased (put). For cash settlement options and futures options written by the Portfolio, the difference between the cash paid at exercise and the premium received is a capital gain or loss.

Entry into a closing purchase transaction will result in capital gain or loss. If an option written by the Portfolio was in-the-money at the time it was written and the security covering the option was held for more than the long-term holding period prior to the writing of the option, any loss realized as a result of a closing purchase transaction will be long-term. The holding period of the securities covering an in-the-money option will not include the period of time the option is outstanding.

If the Portfolio writes an equity call option 3 other than a "qualified covered call option," as defined in the Internal Revenue Code, any loss on such option transaction, to the extent it does not exceed the unrealized gains on the securities covering the option, may be subject to deferral until the securities covering the option have been sold.

A futures contract held until delivery results in capital gain or loss

equal to the difference between the price at which the futures contract was entered into and the settlement price on the earlier of delivery notice date or expiration date. If the Portfolio delivers securities under a futures contract, the Portfolio also realizes a capital gain or loss on those securities.

For federal income tax purposes, the Portfolio generally is required to recognize as income for each taxable year its net unrealized gains and losses as of the end of the year on futures, futures options and non-equity options positions ("year-end mark-to-market"). Generally, any gain or loss recognized with respect to such positions (either by year-end mark-to-market or by actual closing of the positions) is considered to be 60% long-term and 40% short-term, without regard to the holding periods of the contracts. However, in the case of positions classified as part of a "mixed straddle," the recognition of losses on certain positions (including options, futures and futures options positions, the related securities and certain successor positions thereto) may be deferred to a later taxable year. Sale of futures contracts or writing of call options (or futures call options) or buying put options (or futures put options) that are intended to hedge against a change in the value of securities held by the Portfolio: (1) will affect the holding period of the hedged securities; and (2) may cause unrealized gain or loss on such securities to be recognized upon entry into the hedge.

If the Portfolio were to enter into a short index future, short index futures option or short index option position and the Portfolio's portfolio were deemed to "mimic" the performance of the index underlying such contract, the option or futures contract position and the Portfolio's stock positions would be deemed to be positions in a mixed straddle, subject to the above-mentioned loss deferral rules.

In order for the Portfolio to continue to qualify for federal income tax treatment as a regulated investment company, at least 90% of its gross income for a taxable year must be derived from qualifying income; i.e., dividends, interest, income derived from loans of securities and gains from the sale of securities or foreign currencies, or other income (including but not limited to gains from options, futures or forward contracts). Any net gain realized from futures (or futures options) contracts will be considered gain from the sale of securities and therefore be qualifying income for purposes of the 90% requirement.

The Taxpayer Relief Act of 1997 (the "Act") imposed constructive sale treatment for federal income tax purposes on certain hedging strategies with respect to appreciated securities. Under these

-----

3 An equity option is defined to mean any option to buy or sell stock, and any other option the value of which is determined by reference to an index of stocks of the type that is ineligible to be traded on a commodity futures exchange (e.g., an option contract on a sub-index based on the price of nine hotel-casino stocks). The definition of equity option excludes options on broad-based stock indexes (such as the Standard & Poor's 500 index).

rules taxpayers will recognize gain, but not loss, with respect to securities if they enter into short sales or "offsetting notional principal contracts" (as defined by the Act) with respect to, or futures or "forward contracts" (as defined by the Act) with respect to, the same or substantially identical property, or if they enter into such transactions and then acquire the same or substantially identical property. The Secretary of the Treasury is authorized to promulgate regulations that will treat as constructive sales certain transactions that have substantially the same effect as short sales, offsetting notional principal contracts, and futures or forward contracts to deliver the same or substantially similar property.

The Portfolio distributes to shareholders annually any net capital gains that have been recognized for federal income tax purposes (including year-end mark-to-market gains) on options and futures transactions. Such distributions are combined with distributions of capital gains realized on the Portfolio's other investments, and shareholders are advised of the nature of the payments.

#### WARRANTS

The Portfolio may invest in warrants. A warrant is a right to purchase common stock at a specific price (usually at a premium above the market value of the underlying common stock at time of issuance) during a specified period of time. A warrant may have a life ranging from less than a year to twenty years or longer, but a warrant becomes worthless unless it is exercised or sold before expiration. In addition, if the market price of the common stock does not exceed the warrant's exercise price during the life of the warrant, the warrant will expire worthless. Warrants have no voting rights, pay no dividends and have no rights with respect to the assets of the corporation issuing them. The percentage increase or decrease in the value of a warrant may tend to be greater than the percentage increase or decrease in the value of the underlying common stock.

#### SHORT SALES

The Portfolio may attempt to hedge against market risk and to enhance income by selling short "against the box," that is: (1) entering into short sales of securities that it currently has the right to acquire through the conversion or exchange of other securities that it owns, or to a lesser extent, entering into short sales of securities that it currently owns; and (2) entering into arrangements with the broker-dealers through which such securities are sold short to receive income with respect to the proceeds of short sales during the period the Portfolio's short positions remain open. The Portfolio may make short sales of securities only if at all times when a short position is open the Portfolio owns an equal amount of such securities or securities convertible into or exchangeable for, without payment of any further consideration, securities of the same issue as, and equal in amount to, the securities sold short.

In a short sale against the box, the Portfolio does not deliver from its

portfolio the securities sold and does not receive immediately the proceeds from the short sale. Instead, the Portfolio borrows the securities sold short from a broker-dealer through which the short sale is executed, and the broker-dealer delivers such securities, on behalf of the Portfolio, to the purchaser of such securities. Such broker-dealer is entitled to retain the proceeds from the short sale until the Portfolio delivers to such broker-dealer the securities sold short. In addition, the Portfolio is required to pay to the broker-dealer the amount of any dividends paid on shares sold short. Finally, to secure its obligation to deliver to such broker-dealer the securities sold short, the Portfolio must deposit and continuously maintain in a separate account with the Portfolio's custodian an equivalent amount of the securities sold short or securities convertible into or exchangeable for such securities without the payment of additional consideration. The Portfolio is said to have a short position in the securities sold until it delivers to the broker-dealer the securities sold, at which time the Portfolio receives the proceeds of the sale. Because the Portfolio ordinarily will want to continue to hold securities in its portfolio that are sold

B-13

30

short, the Portfolio will normally close out a short position by purchasing on the open market and delivering to the broker-dealer an equal amount of the securities sold short, rather than by delivering portfolio securities.

A short sale works the same way, except that the Portfolio places in the segregated account cash or U.S. government securities equal in value to the difference between (i) the market value of the securities sold short at the time they were sold short and (ii) any cash or U.S. government securities required to be deposited with the broker as collateral. In addition, so long as the short position is open, the Portfolio must daily adjust the value of the segregated account so that the amount deposited in it, plus any amount deposited with the broker as collateral, will equal the current market value of the security sold short. However, the value of the segregated account may not be reduced below the point at which the segregated account, plus any amount deposited with the broker, is equal to the market value of the securities sold short at the time they were sold short.

Short sales may protect the Portfolio against the risk of losses in the value of its portfolio securities because any unrealized losses with respect to such portfolio securities should be wholly or partially offset by a corresponding gain in the short position. However, any potential gains in such portfolio securities should be wholly or partially offset by a corresponding loss in the short position. The extent to which such gains or losses are offset will depend upon the amount of securities sold short relative to the amount the Portfolio owns, either directly or indirectly, and, in the case where the Portfolio owns convertible securities, changes in the conversion premium.

Short sale transactions of the Portfolio involve certain risks. In

particular, the imperfect correlation between the price movements of the convertible securities and the price movements of the underlying common stock being sold short creates the possibility that losses on the short sale hedge position may be greater than gains in the value of the portfolio securities being hedged. In addition, to the extent that a Portfolio pays a conversion premium for a convertible security, the Portfolio is generally unable to protect against a loss of such premium pursuant to a short sale hedge. In determining the number of shares to be sold short against the Portfolio's position in the convertible securities, the anticipated fluctuation in the conversion premiums is considered. The Portfolio will also incur transaction costs in connection with short sales. Certain provisions of the Internal Revenue Code may limit the degree to which the Portfolio is able to enter into short sales, which limitations might impair the Portfolio's ability to achieve its investment objective. See "Taxation."

In addition to enabling the Portfolio to hedge against market risk, short sales may afford the Portfolio an opportunity to earn additional current income to the extent the Portfolio is able to enter into arrangements with broker-dealers through which the short sales are executed to receive income with respect to the proceeds of the short sales during the period the Portfolio's short positions remain open.

The Taxpayer Relief Act of 1997 imposed constructive sale treatment for federal income tax purposes on certain hedging strategies with respect to appreciated securities. Under these rules taxpayers will recognize gain, but not loss, with respect to securities if they enter into short sales or "offsetting notional principal contracts" (as defined by the Act) with respect to, or futures or "forward contracts" (as defined by the Act) with respect to the same or substantially identical property, or if they enter into such transactions and then acquire the same or substantially identical property. The Secretary of the Treasury is authorized to promulgate regulations that will treat as constructive sales certain transactions that have substantially the same effect as short sales.

B-14

31

## "WHEN-ISSUED" AND DELAYED DELIVERY SECURITIES AND REVERSE REPURCHASE AGREEMENTS

The Portfolio may purchase securities on a when-issued or delayed-delivery basis. Although the payment and interest terms of these securities are established at the time the Portfolio enters into the commitment, the securities may be delivered and paid for a month or more after the date of purchase, when their value may have changed. The Portfolio makes such commitments only with the intention of actually acquiring the securities, but may sell the securities

before settlement date if the investment manager deems it advisable for investment reasons. The Portfolio may utilize spot and forward foreign currency exchange transactions to reduce the risk inherent in fluctuations in the exchange rate between one currency and another when securities are purchased or sold on a when issued or delayed-delivery basis.

The Portfolio may enter into reverse repurchase agreements with banks and securities dealers. A reverse repurchase agreement is a repurchase agreement in which the Portfolio is the seller of, rather than the investor in, securities and agrees to repurchase them at an agreed-upon time and price. Use of a reverse repurchase agreement may be preferable to a regular sale and later repurchase of securities because it avoids certain market risks and transaction costs.

At the time when the Portfolio enters into a binding obligation to purchase securities on a when-issued basis or enters into a reverse repurchase agreement, liquid assets (cash, U.S. Government securities or other "high-grade" debt obligations) of the Portfolio having a value at least as great as the purchase price of the securities to be purchased will be segregated on the books of the Portfolio and held by the custodian throughout the period of the obligation. The use of these investment strategies, as well as borrowing under a line of credit as described below, may increase net asset value fluctuation.

#### ILLIQUID SECURITIES

The Portfolio may invest up to 10% of its total assets, taken at market value, in illiquid securities, including any securities that are not readily marketable either because they are restricted securities or for other reasons. Restricted securities are securities that are subject to restrictions on resale because they have not been registered for sale under the Securities Act of 1933. A position in restricted securities might adversely affect the liquidity and marketability of a portion of the Portfolio's holdings, and the Portfolio might not be able to dispose of its holdings in such securities promptly or at reasonable prices. In those instances where a Portfolio is required to have restricted securities held by it registered prior to sale by the Portfolio and the Portfolio does not have a contractual commitment from the issuer or seller to pay the costs of such registration, the gross proceeds from the sale of securities would be reduced by the registration costs and underwriting discounts. Any such registration costs are not included in the percentage limitation on a Portfolio's investment in restricted securities. The Portfolio does not intend to invest in illiquid securities during the next fiscal year, except that the Portfolio may invest in options traded on the NASDAQ National Market System.

B-15

32

#### TEMPORARY INVESTMENTS

The Portfolio may make temporary investments without limitation when the investment manager determines that a defensive position is warranted. Such investments may be in money market instruments, consisting of obligations of, or



guaranteed as to principal and interest by, the U.S. Government or its agencies or instrumentalities; certificates of deposit, bankers' acceptances and other obligations of domestic banks having total assets of at least \$500 million and which are regulated by the U.S. Government, its agencies or instrumentalities; commercial paper rated in the highest category by a recognized rating agency; and repurchase agreements.

#### PORTFOLIO TURNOVER

Although the Portfolio does not purchase securities with a view to rapid turnover, there are no limitations on the length of time that portfolio securities must be held. Portfolio turnover can occur for a number of reasons, including calls for redemption, general conditions in the securities markets, more favorable investment opportunities in other securities, or other factors relating to the desirability of holding or changing a portfolio investment. The portfolio turnover rates may vary greatly from year to year. A high rate of portfolio turnover in the Portfolio would result in increased transaction expense, which must be borne by the Portfolio. High portfolio turnover may also result in the realization of capital gains or losses and, to the extent net short-term capital gains are realized, any distributions resulting from such gains will be considered ordinary income for federal income tax purposes.

#### INVESTMENT RESTRICTIONS

The Portfolio operates under the following investment restrictions. The Portfolio may not (except as indicated):

- (i) as to 75% of its assets, invest more than 5% of its total assets, taken at market value at the time of a particular purchase, in the securities of any one issuer, except that this restriction does not apply to securities issued or guaranteed by the United States Government or its agencies or instrumentalities;
- (ii) acquire more than 10%, taken at the time of a particular purchase, of the outstanding voting securities of any one issuer;
- (iii) act as an underwriter of securities, except insofar as it may be deemed an underwriter for purposes of the Securities Act of 1933 on disposition of securities acquired subject to legal or contractual restrictions on resale;
- (iv) purchase or sell real estate (although it may purchase securities secured by real estate or interests therein, or securities issued by companies which invest in real estate or interests therein), commodities or commodity contracts;

- (v) make loans, but this restriction shall not prevent the Portfolio from (a) investing in debt obligations, (b) investing in repurchase agreements or (c) lending portfolio securities;
- (vi) invest more than 10% of the Portfolio's net assets (taken at market value at the time of each purchase) in illiquid securities, including repurchase agreements maturing in more than seven days;

B-16

33

- (vii) borrow, except that the Portfolio may (a) borrow from banks for temporary or emergency purposes in amounts not exceeding 33% of the value of the Portfolio's total assets at the time of the borrowing, and (b) enter into transactions in options, futures and options on futures 4;
- (viii) invest in a security if more than 25% of its total assets (taken at market value at the time of a particular purchase) would be invested in the securities of issuers in any particular industry, except that this restriction does not apply to securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities; or
- (ix) issue any senior security, except to the extent permitted under the Investment Company Act of 1940 (the "1940 Act").

The above restrictions are fundamental policies and may not be changed without the approval of a "majority" of the outstanding shares of the Portfolio, which for this purpose means the approval of the lesser of (a) more than 50% of the outstanding voting securities of the Portfolio or (b) 67% or more of the outstanding shares if the holders of more than 50% of the outstanding shares of the Portfolio are present or represented at the meeting by proxy.

In addition to the fundamental restrictions listed above, the Portfolio may not:

- (a) invest in shares of other open-end investment companies (except in connection with a plan of merger or reorganization);
- (b) invest in companies for the purpose of exercising control or management;
- (c) purchase securities on margin (except for use of such short-term

credits as are necessary for the clearance of transactions, including transactions in options, futures and options on futures), or participate on a joint or a joint and several basis in any trading account in securities, except in connection with transactions in options, futures and options on futures;

(d) make short sales of securities, except that the Portfolio may make short sales of securities if the Portfolio owns an equal amount of such securities, or owns securities that are convertible or exchangeable, without payment of further consideration, into an equal amount of such securities;

(e) invest more than 25% of its net assets (valued at time of purchase) in securities of foreign issuers (other than securities represented by American Depositary Receipts and securities guaranteed by a U.S. person).

Restrictions (a) through (e) may be changed by the board of trustees without shareholder approval.

Notwithstanding the foregoing investment restrictions, the Portfolio may purchase securities pursuant to the exercise of subscription rights, subject to the condition that such purchase will not result in the Portfolio's ceasing to be a diversified investment company. Far Eastern and European

---

4 State insurance laws currently restrict the Portfolio's borrowing to facilitate redemptions to no more than 25% of the Portfolio's net assets.

B-17

34

corporations frequently issue additional capital stock by means of subscription rights offerings to existing shareholders at a price substantially below the market price of the shares. The failure to exercise such rights would result in the Portfolio's interest in the issuing company being diluted. The market for such rights is not well developed in all cases and, accordingly, the Portfolio may not always realize full value on the sale of rights. The exception applies in cases where the limits set forth in the investment restrictions would otherwise be exceeded by exercising rights or would have already been exceeded as a result of fluctuations in the market value of the Portfolio's portfolio securities with the result that the Portfolio would be forced either to sell securities at a time when it might not otherwise have done so, to forego exercising the rights.

In addition, pursuant to state insurance laws, the Portfolio is subject to the following guidelines, which may also be changed by the board of trustees:

- (a) The Portfolio will be invested in a minimum of five different foreign countries at all times, except that this minimum is reduced to four when foreign country investments comprise less than 80% of the value of the Portfolio's net assets; to three when less than 60% of such value; to two when less than 40%; and to one when less than 20%.
- (b) The Portfolio will have no more than 20% of its net assets invested in securities of issuers located in any one country; except that the Portfolio may have an additional 15% of its net assets invested in securities of issuers located in any one of the following countries: Australia; Canada; France; Japan; the United Kingdom; or Germany.
- (c) The Portfolio may not acquire the securities of any issuer if, as a result of such investment, more than 10% of the Portfolio's total assets would be invested in the securities of any one issuer, except that this restriction shall not apply to U.S. Government securities or foreign government securities; and the Portfolio will not invest in a security if, as a result of such investment, it would hold more than 10% of the outstanding voting securities of any one issuer.
- (d) The Portfolio may borrow no more than 10% of the value of its net assets when borrowing for any general purpose and 25% of net assets when borrowing as a temporary measure to facilitate redemptions.

#### MANAGEMENT

#### TRUSTEES AND OFFICERS

The management of the Trust, including general supervision of the duties performed for the Portfolio under the Investment Management Agreement, is the responsibility of its board of trustees. Set forth below is information about the trustees and officers of the Trust.

<TABLE>

<CAPTION>

Name, Position(s) with Trust  
and Age at March 31, 1999

Principal Occupation(s)  
During Past Five Years

-----

-----

<S>

John P. Calamos (1)  
Trustee and President, 58

<C>

President, Calamos Asset Management, Inc. ("CAM"); President, Calamos Financial Services, Inc. ("CFS"), a broker-dealer and the Portfolio's distributor.

Nick P. Calamos (1)

B-18

35

<TABLE>

<CAPTION>

Name, Position(s) with Trust  
and Age at March 31, 1999  
-----

Principal Occupation(s)  
During Past Five Years  
-----

<S>

Richard J. Downen (2)  
Trustee, 54

<C>

Professor of Finance, Northern Illinois  
University.

Robert Frost (2)  
Trustee, 59

Management Consultant,  
ECOM Consultants, Inc.

William A. Kaun (2)  
Trustee, 71

Principal, W.A. Kaun Co. (investment adviser  
and publisher).

John P. Salmon  
Treasurer and Assistant  
Secretary, 53

Vice President - Mutual Fund Operations,  
CAM, since 1997; Manager and Assistant Vice  
President, Collective Investment Fund  
Accounting Group, First National Bank of  
Chicago, prior thereto. Vice President and  
General Counsel, CAM, since 1998;

James S. Hamman, Jr.  
Secretary, 29

Vice President and Associate Counsel,  
Scudder Kemper Investments, Inc. (investment  
manager), 1996 - 1998; attorney, Vedder,  
Price, Kaufman & Kammholz, prior thereto.

</TABLE>

- 
- (1) John P. Calamos and Nick P. Calamos are trustees who are "interested persons" of the Trust as defined in the Investment Company Act of 1940 (the "1940 Act") and are members of the executive committee of the board of trustees, which has authority during intervals between meetings of the board of trustees to exercise the powers of the board.
  - (2) Messrs. Downen, Frost and Kaun are members of the audit committee of the board of trustees, which makes recommendations regarding the selection of the Trust's independent auditors and meets with representatives of the

independent auditors to determine the scope and review the results of each audit.

The trustees of the Trust are also trustees of Calamos Investment Trust, an open-end investment company advised by CAM.

The address of Mr. Dowen is Department of Finance, Northern Illinois University, DeKalb, Illinois 60115; that of Mr. Frost is 53 Ward Drive, New Rochelle, New York 10804; and that of Mr. Kaun is 1750 Grandstand Place, Elgin, Illinois 60123. The address of the officers of the Trust is 1111 East Warrenville Road, Naperville, Illinois 60563-1493. Nick Calamos is a nephew of John Calamos.

The following table shows the compensation paid to each trustee who was not an "interested person" of the Trust. The information in the last column is for the 1998 calendar year.

<TABLE>

<CAPTION>

Name of Trustee -----	Estimated Aggregate Compensation from the Trust* -----	Total Compensation From Calamos Funds Complex -----
<S>	<C>	<C>
Richard J. Dowen	\$	\$6,000
Robert Frost	\$	\$6,000
William A. Kaun	\$	\$6,000

</TABLE>

---

\* Estimated payments for the period May 1, 1999 through December 31, 1999.

B-19

36

Trustees who are "interested" persons of the Trust, as well as officers of the Trust, are compensated by CAM and not by the Trust. The Trust does not provide any pension or retirement benefits to its trustees.

Investment management and administrative services are provided to the Portfolio by CAM pursuant to an Investment Management Agreement (the "Agreement") dated May 1, 1999. The Trust pays CAM a fee accrued daily and paid monthly at the annual rate of .75% of average daily net assets.

The Agreement will remain in effect with respect to the Portfolio until August 1, 2000, and from year to year thereafter so long as such continuation is approved at least annually by (1) the board of trustees or the vote of a majority of the outstanding voting securities of the Portfolio, and (2) a majority of the trustees who are not interested persons of any party to the Agreement, cast in person at a meeting called for the purpose of voting on such approval. The Agreement may be terminated at any time, without penalty, by either the Trust or the Adviser upon 60 days' written notice, and is automatically terminated in the event of its assignment as defined in the 1940 Act.

The use of the name "Calamos" in the name of the Trust and in the name of the Portfolio is pursuant to licenses granted by the Adviser, and the Trust has agreed to change the names to remove those references if CAM ceases to act as investment adviser to the Portfolio. The Adviser is controlled by John P. Calamos.

#### EXPENSES

Subject to the expense limitation described below, the Portfolio pays all its own operating expenses that are not specifically assumed by CAM, including (i) fees of the investment adviser; (ii) interest, taxes and any governmental filing fees; (iii) compensation and expenses of the trustees, other than those who are interested persons of the Trust, the investment adviser or the distributor; (iv) legal, audit, custodial and transfer agency fees and expenses; (v) registration and qualification of the Portfolio and its shares under federal and state securities laws; (vi) expenses of printing and mailing reports, notices and proxy material to shareholders, and expenses incidental to meetings of shareholders; (vii) expenses of preparing prospectuses and of printing and distributing them to existing shareholders; (viii) insurance premiums; (ix) litigation and indemnification expenses and other extraordinary expenses not incurred in the normal course of the business of the Trust; and (x) brokerage commissions and other transaction-related costs.

The investment manager has voluntarily undertaken to reimburse the Portfolio for any annual operating expenses in excess of 1.00% of average daily net assets. This reimbursement is voluntary and may be terminated by CAM at any time.

## PURCHASING AND REDEEMING SHARES

Shares of the Portfolio may not be purchased or redeemed directly by individual Variable Contract owners. Purchases and redemptions are discussed in the prospectus. The Portfolio may suspend the right of redemption during any period when (a) trading on the NYSE is restricted, as determined by the Commission, or that exchange is closed for other than customary weekend and holiday closings, (b) the Commission has by order permitted such suspension, or (c) an emergency, as determined by the Commission, exists making disposal of the Portfolio's securities or valuation of the net assets of the Portfolio not reasonably practicable.

Because shares of the Portfolio are offered to separate accounts supporting variable annuity contracts and separate accounts supporting variable life insurance contracts, a potential for certain conflicts may exist between the interests of owners of variable annuity contracts and owners of variable life insurance contracts. Likewise, in the event that shares of the Portfolio are offered to qualified pension and retirement plans, a potential for certain conflicts may exist between the interest of variable annuity contract owners, variable life insurance contract owners and plan participants. The Trust does not currently foresee any disadvantage to owners of either variable annuity contracts or variable life insurance contracts arising from the fact that shares of the Portfolio might be held by such entities. The Trust's board of trustees, however, will monitor the Portfolio in order to identify any material irreconcilable conflicts of interest which may possibly arise, and to determine what action, if any, should be taken in response to such conflicts.

## NET ASSET VALUE

In computing the net asset value of the Portfolio, portfolio securities, including options, that are traded on a national securities exchange and securities reported on the NASDAQ National Market System are valued at the last reported sales price. Securities traded in the over-the-counter market and listed securities for which no sales were reported are valued at the mean of the most recently quoted bid and asked prices. Each outstanding futures contract is valued at the official settlement price for the contract on the exchange on which the contract is traded, except that if the market price of the contract has increased or decreased by the maximum amount permitted on the valuation date ("up or down the limit"), the contract is valued at a fair value as described below. Short-term obligations with maturities of 60 days or less are valued at amortized cost.

When market quotations are not readily available for the Portfolio's securities, such securities are valued at a fair value following procedures



approved by the board of trustees. These procedures include determining fair value on the basis of valuations furnished by pricing services approved by the board of trustees, which include market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders, as well as on the basis of appraisals received from a pricing service using a computerized matrix system, or appraisals derived from information concerning the securities or similar securities received from recognized dealers in those securities.

The Portfolio's net asset value is determined only on days on which the New York Stock Exchange (the "NYSE") is open for trading. The NYSE is regularly closed on Saturdays

B-21

38

and Sundays and on New Year's Day, the third Mondays in January and February, Good Friday, the last Monday in May, Independence Day, Labor Day, Thanksgiving and Christmas. If one of these holidays falls on a Saturday or Sunday, the NYSE will be closed on the preceding Friday or the following Monday, respectively.

Securities that are principally traded in a foreign market are valued as of the close of the appropriate exchange or other designated time. Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed at various times before the close of business on each day on which the NYSE is open. Trading of these securities may not take place on every NYSE business day. In addition, trading may take place in various foreign markets on Saturdays or on other days when the NYSE is not open and on which the Portfolio's net asset value is not calculated. Therefore, such calculation does not take place contemporaneously with the determination of the prices of many of the portfolio securities used in such calculation and the value of the Portfolio's portfolio may be significantly affected on days when shares of the Portfolio may not be purchased or redeemed.

#### REDEMPTION IN KIND

The Portfolio has elected to be governed by Rule 18f-1 under the Investment Company Act of 1940 pursuant to which it is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the net asset value of the Portfolio during any 90-day period for any one shareholder. Redemptions in excess of these amounts will normally be paid in cash, but may be paid wholly or partly by a distribution in kind of securities. If a redemption is made in-kind, the redeeming shareholder would bear any transaction costs incurred in selling the securities received.

#### PERFORMANCE INFORMATION

#### TOTAL RETURN

From time to time the Portfolio may quote total return figures. "Total Return" for a period is the percentage change in value during a period of an investment in Portfolio shares, including the value of shares acquired through reinvestment of all dividends and capital gains distributions. "Average Annual Total Return" is the average annual compounded rate of change in value represented by the Total Return for the period.

Average Annual Total Return will be computed as follows:

<TABLE>

<S>	<C>	<C>
ERV	=	$P(1+T)^N$

Where:	P	=	a hypothetical initial investment of \$1,000
	T	=	average annual total return
	n	=	number of years

ERV	=	ENDING REDEEMABLE VALUE OF A HYPOTHETICAL \$1,000 INVESTMENT MADE AT THE BEGINNING OF THE PERIOD, AT THE END OF THE PERIOD (OR FRACTIONAL PORTION THEREOF)
-----	---	--

</TABLE>

#### YIELD

The Portfolio may also quote yield figures. The yield of the Portfolio is calculated by dividing its net investment income per share (a hypothetical figure as defined in SEC rules) during a 30-day period by the net asset value per share on the last day of the period. The yield formula provides for semiannual compounding, which assumes that net investment

B-22

39  
income is earned and reinvested at a constant rate and annualized at the end of a six-month period. The yield is not based on actual dividends paid.

Yield will be computed as follows:

<TABLE>

<S>	<C>	<C>
YIELD		$2 [ ((a-b/cd)+1)^{6-1} ]$

Where:	a =	dividends and interest earned during the period
--------	-----	---

b =	expenses accrued for the period (net of reimbursements)
c =	the average daily number of shares outstanding during the period that were entitled to receive dividends
d =	the maximum offering price per share on the last day of the period

</TABLE>

Figures quoted will assume reinvestment of all dividends and distributions. Income taxes are not taken into account. The figures will not necessarily be indicative of future performance. The performance of the Portfolio is a result of conditions in the securities markets, portfolio management, and operating expenses. Although information such as yield and total return is useful in reviewing the Portfolio's performance and in providing some basis for comparison with other investment alternatives, it should not be used for comparison with other investments using different reinvestment assumptions or time periods. Performance figures do not reflect expenses of the separate accounts of the Participating Insurance Companies or expenses imposed under the Variable Contracts or expenses imposed by Retirement Plans.

In advertising and sales literature, the performance of the Portfolio may be compared with that of other mutual funds, indexes or averages of other mutual funds, indexes of related financial assets or data, other accounts or partnerships managed by Calamos Asset Management, Inc., and other competing investment and deposit products available from or through other financial institutions. The composition of these indexes, averages or accounts differs from that of the Portfolio. Comparison of the Portfolio to an alternative investment should consider differences in features and expected performance.

All of the indexes and averages noted below will be obtained from the indicated sources or reporting services, which the Portfolio generally believes to be accurate. The Portfolio may also note its mention (including performance or other comparative rankings) in newspapers, magazines, or other media from time to time. However, the Portfolio assumes no responsibility for the accuracy of such data. Newspapers and magazines which might mention the Portfolio include, but are not limited to, the following:

B-23

40

<TABLE>

<S>

Barron's  
Business Week

<C>

Money  
Mutual Fund Letter

Changing Times	Mutual Fund Values
Chicago Tribune	(Morningstar)
Chicago Sun-Times	Newsweek
Crain's Chicago Business	The New York Times
Consumer Reports	Pensions and Investments
Consumer Digest	Personal Investor
Financial World	Stanger Reports
Forbes	Time
Fortune	USA Today
Investor's Daily	U.S. News and World Report
Los Angeles Times	The Wall Street Journal

</TABLE>

The Portfolio may compare its performance to the Consumer Price Index (All Urban), a widely recognized measure of inflation.

The performance of the Portfolio may be compared to the following indexes or averages: Standard & Poor's 400 MidCap Index, Value Line Index, Lipper Balanced Index, Lipper Convertible Fund Index, Lipper Growth and Income Index, Lehman Brothers Government/Corporate Index and mutual fund performance indices published by Variable Annuity Research & Data Service. The performance of the Portfolio may also be compared to the Russell 2000 Index, the Wilshire Small Growth Index, and the Fisher Small-Cap Growth Index, all supplied by the Carmack Group. All three of these indexes represent equity investments in smaller-capitalization stocks.

The Lipper averages are unweighted averages of total return performance of mutual funds as classified, calculated and published by Lipper, Inc. ("Lipper"), an independent service that monitors the performance of more than 1,000 funds. The Portfolio may also use comparative performance as computed in a ranking by Lipper or category averages and rankings provided by another independent service. Should Lipper or another service reclassify the Portfolio to a different category or develop (and place the Portfolio into) a new category, the Portfolio may compare its performance or ranking against other funds in the newly assigned category, as published by the service. Moreover, the Portfolio may compare its performance or ranking against all funds tracked by Lipper or another independent service.

To illustrate the historical returns on various types of financial assets, the Portfolio may use historical data provided by Ibbotson Associates, Inc. ("Ibbotson"), a Chicago-based investment firm. Ibbotson constructs (or obtains) very long-term (since 1926) total return data (including, for example, total return indexes, total return percentages, average annual total returns and standard deviations of such returns) for common stocks, small company stocks, long-term corporate bonds, long-term government bonds, intermediate-term government bonds, U.S. Treasury bills and Consumer Price Index.

DISTRIBUTOR

Calamos Financial Services, Inc. ("CFS"), a broker-dealer whose sole

shareholder and principal officer is John P. Calamos, serves as distributor for the Portfolio, subject to change by a majority of the "non-interested" trustees at any time. CFS is located at 1111 East Warrenville Road, Naperville, Illinois 60563-1493. CFS is responsible for all purchases, sales, redemptions and other transfers of shares of the Portfolio without any charge to the Portfolio or Participating Insurance Companies or Retirement Plans purchasing the Portfolio's shares. However, each Variable Contract imposes its own charges and fees on owners of the Variable Contract and may impose such charges on participants in a Retirement Plan. CFS is also responsible for all expenses incurred in connection with its performance of services for the Portfolio, including, but not limited to, personnel, office space and equipment, telephone, postage and stationery expenses. CFS

B-24

41

receives brokerage commissions for executing portfolio transactions for the Portfolio. See "Portfolio Transactions."

CFS has the exclusive right to distribute shares of the Portfolio. The obligation of CFS is an agency or "best efforts" arrangement, which does not obligate CFS to sell any stated number of shares.

#### PORTFOLIO TRANSACTIONS

Portfolio transactions on behalf of the Portfolio effected on stock exchanges involve the payment of negotiated brokerage commissions. There is generally no stated commission in the case of securities traded in the over-the-counter markets, but the price paid by the Portfolio usually includes an undisclosed dealer commission or mark-up. In underwritten offerings, the price paid by the Portfolio includes a disclosed, fixed commission or discount retained by the underwriter or dealer.

In executing portfolio transactions, the investment manager uses its best efforts to obtain for the Portfolio the most favorable price and execution available. In seeking the most favorable price and execution, the investment manager considers all factors it deems relevant, including price, the size of the transaction, the nature of the market for the security, the amount of commission, the timing of the transaction taking into account market prices and trends, the execution capability of the broker-dealer and the quality of service rendered by the broker-dealer in other transactions.

The trustees have determined that portfolio transactions for the Portfolio may be executed through CFS if, in the judgment of the investment manager, the use of CFS is likely to result in prices and execution at least as favorable to the Portfolio as those available from other qualified brokers and if, in such transactions, CFS charges the Portfolio commission rates consistent with those charged by CFS to comparable unaffiliated customers in similar transactions. The board of trustees, including a majority of the trustees who are not "interested" trustees, has adopted procedures that are reasonably designed to

provide that any commissions, fees or other remuneration paid to CFS are consistent with the foregoing standard. The Portfolio will not effect principal transactions with CFS.

In allocating the portfolio brokerage transactions to unaffiliated broker-dealers, the investment manager may take into consideration the research, analytical, statistical and other information and services provided by the broker-dealer, such as general economic reports and information, reports or analyses of particular companies or industry groups, market timing and technical information, and the availability of the brokerage firm's analysts for consultation. Although the investment manager believes these services have substantial value, they are considered supplemental to the investment manager's own efforts in the performance of its duties under the management agreement. As permitted by Section 28(e) of the Securities Exchange Act of 1934 ("1934 Act"), the investment manager may pay a broker-dealer that provides brokerage and research services an amount of commission for effecting a securities

B-25

42

transaction for the Portfolio in excess of the commission that another broker-dealer would have charged for effecting that transaction if the amount is believed by the investment manager to be reasonable in relation to the value of the overall quality of the brokerage and research services provided. Other clients of the investment manager may indirectly benefit from the availability of these services to the investment manager, and the Portfolio may indirectly benefit from services available to the investment manager as a result of transactions for other clients.

## TAXATION

The following is only a summary of certain tax considerations. The summary is not intended to present a detailed explanation or as a substitute for careful tax planning. Investors are urged to consult their tax advisors with specific reference to their own tax situations.

Shares of the Portfolio are offered to separate accounts of Participating Insurance Companies that fund Variable Contracts and may be offered to certain Retirement Plans. See the disclosure documents for the Variable Contracts or the plan documents (including the summary plan description) for the Retirement Plans for a discussion of the special taxation of insurance companies with respect to the separate accounts and the Variable Contracts, and the holders thereof, or the special taxation of Retirement Plans and the participants therein. The Portfolio intends to qualify and elect to be treated as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") so as to be relieved of federal income tax on its net investment income and capital gains that it distributes to shareholders.

The Portfolio must meet several requirements to maintain its status as a regulated investment company. These requirements include the following: (1) at least 90% of the Portfolio's gross income must be derived from dividends, interest, payments with respect to securities loaned, and gains from the sale or disposition of securities; and (2) at the close of each quarter of the Portfolio's taxable year, (a) at least 50% of the value of the Portfolio's total assets must consist of cash, U.S. Government securities and other securities (no more than 5% of the value of the Portfolio may consist of such other securities of any one issuer, and the Portfolio must not hold more than 10% of the outstanding voting stock of any issuer), and (b) the Portfolio must not invest more than 25% of the value of its total assets in the securities of any one issuer (other than U.S. Government securities).

In order to maintain the qualification of the Portfolio's status as a regulated investment company, the Trust may, in its business judgment, restrict the Portfolio's ability to enter into stock index futures contracts or options on such futures contracts or engage in short-term trading and transactions in securities (including stock index futures contracts and options on such futures contracts). For the same reason, the Trust may, in its business judgment, require the Portfolio to defer the closing out of a contract beyond the time when it might otherwise be advantageous to do so.

Pursuant to the requirements of Section 817(h) of the Code, the only shareholders of the Portfolio will be insurance companies and their separate accounts that fund variable insurance contracts. The prospectus that describes a particular variable insurance contract discusses the taxation of separate accounts and the owner of the particular variable insurance contract.

The Portfolio intends to comply with the requirements of Section 817(h) and related regulations. Section 817(h) of the code and the regulations issued by the Treasury Department impose certain diversification requirements affecting the securities in which the Portfolio may invest. These diversification requirements are in addition to the diversification requirements under subchapter M and the Investment Company Act of 1940.

B-26

In order to comply with the current or future requirements of section 817(h) (or related provisions of the Code), the Trust may be required, e.g., to alter the investment objectives of the Portfolio. No such change of investment

objectives will take place without notice to the shareholders of the Portfolio, the approval of a majority of the outstanding voting shares, and the approval of the Securities and Exchange commission, to the extent legally required.

The Portfolio's investment in foreign securities or currencies may require it to pay withholding or other taxes to foreign governments. Foreign tax withholding from dividends and interest, if any, is generally at a rate between 10% and 35%. The investment yield of the Portfolio will be reduced by these foreign taxes. Shareholders will bear the cost of any foreign tax withholding, but may not be able to claim a foreign tax credit or deduction for these foreign taxes. Investing in securities of passive foreign investment companies may be subject to U.S. Federal income taxes and interest charges, and the investment yield of the Portfolio will be reduced by these taxes and interest charges. Shareholders will bear the cost of these taxes and interest charges, but will not be able to claim a deduction for these amounts.

If the Portfolio failed to qualify as a regulated investment company, owners of Variable Contracts based on the Portfolio (1) might be taxed currently on the investment earnings under their contracts and thereby lose the benefit of tax deferral, and (2) the Portfolio might incur additional taxes. In addition, if the Portfolio failed to comply with the diversification requirements of Section 817(h) of the regulations thereunder, owners of Variable Contracts based on the Portfolio would be taxed on the investment earnings under their contracts and thereby lose the benefit of tax deferral. Accordingly, compliance with the above rules is carefully monitored by the investment manager and it is intended that the Portfolio will comply with these rules as they exist or as they may be modified from time to time. Compliance with the tax requirements described above may result in a reduction in the return achieved by the Portfolio, since, to comply with the above rules, the investments utilized (and the time at which such investments are entered into and closed out) may be different from what the investment manager might otherwise believe to be desirable.

#### CERTAIN SHAREHOLDERS

As of March 26, 1999, Calamos Asset Management, Inc. was the initial seed money shareholder of 100% of the shares of the Portfolio. As of March 26, 1999, trustees and officers of the Trust, as a group, owned less than 1% of the shares of the Portfolio.

#### CUSTODIAN

The Bank of New York, 48 Wall Street, New York, New York 10286, is the custodian for the assets of the Portfolio. The custodian is responsible for holding all cash and securities of the Portfolio, directly or through a book entry system, delivering and receiving payment for securities sold by the Portfolio, receiving and paying for securities purchased by the Portfolio,



collecting income from investments of the Portfolio and performing other duties, all as directed by authorized persons of the Trust. The custodian does not exercise any

B-27

44

supervisory functions in such matters as the purchase and sale of securities by the Portfolio, payment of dividends or payment of expenses of the Portfolio.

#### INDEPENDENT AUDITORS

Ernst & Young LLP, Sears Tower, 233 South Wacker Drive, Chicago, Illinois 60606, audits and reports on the Portfolio's annual financial statements, reviews certain regulatory reports and the Portfolios' federal income tax returns, and performs other professional accounting, tax and advisory services when engaged to do so by the Portfolio.

#### SHAREHOLDER INFORMATION

Under the terms of the Agreement and Declaration of Trust, the trustees may issue an unlimited number of shares of beneficial interest without par value for each series of shares authorized by the trustees and the trustees may divide the shares of any series into two or more classes of shares of that series. Currently the Trust has one series in operation. All Shares issued will be fully paid and non-assessable and will have no preemptive or conversion rights. In the future, the board of trustees may authorize the issuance of shares of additional series and additional classes of shares of any series.

The Portfolio's shares are entitled to participate pro rata in any dividends and other distributions declared by the Trust's board of trustees with respect to shares of the Portfolio. All shares of the Portfolio have equal rights in the event of liquidation of the Portfolio.

Under Massachusetts law, the shareholders of the Trust may, under certain circumstances, be held personally liable for the Trust's obligations. However, the Trust's Declaration of Trust disclaims liability of the shareholders, trustees, and officers of the Trust for acts or obligations of the Portfolio, which are binding only on the assets and property of the Portfolio. The Declaration of Trust requires that notice of such disclaimer be given in each agreement, obligation, or contract entered into or executed by the Trust or the board of trustees. The Declaration of Trust provides for indemnification out of

a Portfolio's assets of all losses and expenses of any Portfolio shareholder held personally liable for the Portfolio's obligations. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is remote, since it is limited to circumstances in which the disclaimer is inoperative and the Portfolio itself is unable to meet its obligations.

B-28

45

#### VOTING RIGHTS

Each share has one vote and fractional shares have fractional votes. As a business trust, the Trust is not required to hold annual shareholder meetings. However, special meetings may be called for purposes such as electing or removing trustees, changing fundamental policies or approving an investment advisory agreement.

Under current interpretations of the 1940 Act, the Portfolio expects that Participating Insurance Company shareholders will offer variable contract holders the opportunity to instruct them as to how Portfolio shares attributable to such contracts will be voted with respect to matters to be voted upon. The separate prospectuses describing the Variable Contracts include additional disclosure of how contract holder voting rights are computed.

B-29

46

#### APPENDIX -- DESCRIPTION OF BOND RATINGS

A rating of a rating service represents the service's opinion as to the credit quality of the security being rated. However, the ratings are general and are not absolute standards of quality or guarantees as to the creditworthiness of an issuer. Consequently, the Portfolio's investment manager believes that the quality of debt securities in which the Portfolio invests should be continuously reviewed. A rating is not a recommendation to purchase, sell or hold a security, because it does not take into account market value or suitability for a particular investor. When a security has received a rating from more than one service, each rating should be evaluated independently. Ratings are based on current information furnished by the issuer or obtained by the ratings services from other sources which they consider reliable. Ratings may be changed, suspended or withdrawn as a result of changes in or unavailability of such information, or for other reasons.

The following is a description of the characteristics of ratings used by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Corporation ("S&P").

#### MOODY'S RATINGS

Aaa--Bonds rated Aaa are judged to be the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt-edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. Although the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such bonds.

Aa--Bonds rated Aa are judged to be high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa bonds or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risk appear somewhat larger than in Aaa bonds.

A--Bonds rated A possess many favorable investment attributes and are to be considered as upper medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa--Bonds rated Baa are considered as medium-grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present, but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba--Bonds rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B--Bonds rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa--Bonds rated Caa are of poor standing. Such bonds may be in default or there may be present elements of danger with respect to principal or interest.

Ca--Bonds rated Ca represent obligations which are speculative in a high degree. Such bonds are often in default or have other marked shortcomings.

## S&amp;P RATINGS

AAA--Bonds rated AAA have the highest rating. Capacity to pay principal and interest is extremely strong.

AA--Bonds rated AA have a very strong capacity to pay principal and interest and differ from AAA bonds only in small degree.

A--Bonds rated A have a strong capacity to pay principal and interest, although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in higher rated categories.

BBB--Bonds rated BBB are regarded as having an adequate capacity to pay principal and interest. Whereas they normally exhibit protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay principal and interest for bonds in this capacity than for bonds in higher rated categories.

BB--B--CCC--CC--Bonds rated BB, B, CCC and CC are regarded, on balance, as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation among such bonds and CC the highest degree of speculation. Although such bonds will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

B-31

## REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Shareholder

Calamos Insurance Trust -- Calamos Convertible Portfolio

We have audited the accompanying statement of net assets of Calamos Insurance Trust -- Calamos Convertible Portfolio of Calamos Insurance Trust as of March 26, 1999. This statement of net assets is the responsibility of the Portfolio's management. Our responsibility is to express an opinion on this statement of net assets based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of net assets is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of net assets. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of net assets presentation. We believe that our audit of the statement of net assets provides a reasonable basis for our opinion.

In our opinion the statement of net assets referred to above presents fairly, in all material respects, the financial position of Calamos Insurance Trust -- Calamos Convertible Portfolio at March 26, 1999 in conformity with generally accepted accounting principles.

Ernst & Young LLP

Chicago, Illinois

March 26, 1999

B-32

49

CALAMOS INSURANCE TRUST  
CALAMOS CONVERTIBLE PORTFOLIO  
STATEMENT OF NET ASSETS  
MARCH 26, 1999

<TABLE>

<S>	ASSETS	<C>
Cash.....		\$100,000
	NET ASSETS	
Net assets, applicable to shares of beneficial interest (unlimited number of shares authorized, no par value) outstanding.....		\$100,000

THE PRICING OF SHARES

Net asset value and redemption price per share  
(\$100,000 / 10,000 shares outstanding)..... \$10.00

</TABLE>

NOTES:

Calamos Convertible Portfolio ("Portfolio") is a series of Calamos Insurance Trust ("Trust") an open-end management investment company, organized as a business trust under the laws of the Commonwealth of Massachusetts on February 17, 1999. All shares of beneficial interest of the Portfolio were issued to Calamos Asset Management, Inc., the investment manager for the Portfolio of the Trust, on March 26, 1999. The costs of organization of the Trust will be paid by Calamos Asset Management, Inc.

B-33

50

PART C OTHER INFORMATION

ITEM 23. EXHIBITS

<TABLE>

- | <S>     | <C>   |
|---------|---|
| (a)     | Amended and Restated Agreement and Declaration of Trust*                                    |
| (b)     | Bylaws  |
| (c)     | See Articles IV and V of Exhibit (a), above.  |
| (d)     | Form of Management agreement with Calamos Asset Management, Inc.                            |
| (e)     | Form of Distribution agreement with Calamos Financial Services, Inc.                        |
| (f)     | None  |
| (g)     | Form of Custody agreement with Bank of New York   |
| (h) (1) | Form of Investment company services agreement with First Data Corp. Investor Services Group |
| (h) (2) | Use of name agreement dated May 1, 1999   |
| (i)     | Opinion of Goodwin, Procter & Hoar L.L.P. dated March 25, 1999                              |
| (j)     | Consent of independent auditors*  |

- (k) None
- (l) Subscription agreement
- (m) None
- (n) None
- (o) None

</TABLE>

\* Incorporated herein by reference to Registrant's Registration Statement on Form N-1A filed on February 17, 1999.

#### Item 24. Persons Controlled By or Under Common Control with Registrant

Shares of the Registrant will be offered and sold to Kansas City Life Insurance Company, a stock life insurance company, domiciled in Missouri and its separate investment accounts, "Kansas City Life Variable Annuity Separate Account" and "Kansas City Life Variable Life Separate Account". The purchasers of insurance contracts and annuity contracts issued in connection with such accounts will have the right to instruct Kansas City Life with respect to the voting of the Registrant's shares held by the separate accounts.

C-1

51

#### Item 25. INDEMNIFICATION

Article VI of the agreement and declaration of trust of registrant (exhibit (a) to this registration statement which is incorporated herein by reference) provides that the Trust shall indemnify (from the assets of the Sub-Trust or Sub-Trusts in question) each of its Trustees and officers (including persons who serve at the Trust's request as directors, officers or trustees of another organization in which the trust has any interest as a shareholder, creditor or otherwise #hereinafter referred to as a "Covered Person"# against all liabilities, including but not limited to amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and expenses, including reasonable accountants' and counsel fees, incurred by any Covered Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, before any court or administrative or legislative body, in which such Covered Person may be or may have been involved as a party or otherwise or with which such person may be or may have been threatened, while in office or thereafter, by reason of being or having been such a Trustee or officer, director or trustee, except with respect to any

matter as to which it has been determined in one of the manners described below, that such Covered Person (i) did not act in good faith in the reasonable belief that such Covered Person's action was in or not opposed to the best interests of the Trust or (ii) had acted with willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such Covered Person's office (either and both of the conduct described in (i) and (ii) being referred to hereafter as "Disabling Conduct").

A determination that the Covered Person is not entitled to indemnification due to Disabling conduct may be made by (i) a final decision on the merits by a court or other body before whom the proceeding was brought that the person to be indemnified was not liable by reason of Disabling Conduct, (ii) dismissal of a court action or an administrative proceeding against a Covered Person for insufficiency of evidence of Disabling Conduct, or (iii) a reasonable determination, based upon a review of the facts, that the indemnitee was not liable by reason of Disabling Conduct by (a) a vote of a majority of a quorum of Trustees who are neither "interested persons" of the Trust as defined in section 2(a)(19) of the Investment Company Act of 1940 nor parties to the proceeding, or (b) an independent legal counsel in a written opinion. Expenses, including accountants' and counsel fees so incurred by any such Covered Person (but excluding amounts paid in satisfaction of judgments, in compromise or as fines or penalties), may be paid from time to time in advance of the final disposition of any such action, suit or proceeding, provided that the Covered Person shall have undertaken to repay the amounts so paid to the Sub-Trust in question if it is ultimately determined that indemnification of such expenses is not authorized under this Article VI and (i) the Covered Person shall have provided security for such undertaking, (ii) the Trust shall be insured against losses arising by reason of any lawful advances, or (iii) a majority of a quorum of the disinterested Trustees who are not a party to the proceeding, or an independent legal counsel in a written opinion, shall have determined, based on a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the Covered Party ultimately will be found entitled to indemnification.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to trustees, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a trustee, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such trustee, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.



## ITEM 26. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

The information in the statement of additional information under the caption "Management -- Trustees and Officers" is incorporated by reference.

## ITEM 27. PRINCIPAL UNDERWRITERS

- (a) Calamos Financial Services, Inc. ("CFS") serves as principal underwriter for the Calamos Investment Trust and the Calamos Insurance Trust.
- (b) Information on the officers and directors of CFS is set forth below. The principal business address is 1111 East Warrenville Road, Naperville, Illinois 60563.

<TABLE>  
<CAPTION>

Name	Positions and Offices with Underwriter	Positions and Offices with Registrant
----	-----	-----
<S>	<C>	<C>
John P. Calamos	Director, President	President
Nick P. Calamos	Vice President	Vice President
John P. Calamos, Jr.	Vice President	None
James W. Faulkner	Treasurer	None
James S. Hamman, Jr.	Secretary	Trustee, Secretary

</TABLE>

## ITEM 28. LOCATION OF ACCOUNTS AND RECORDS

All such accounts, books and other documents are maintained at the offices of the Registrant, at the offices of the Registrant's investment manager, Calamos Asset Management, Inc., and Calamos Financial Services, Inc., the Registrant's principal underwriter, 1111 East Warrenville Road, Naperville, Illinois 60563, at the offices of the custodian, Bank of New York, 90 Washington Street, New York, NY 10286, or at the offices of the transfer agent, First Data Corp., 3200 Horizon Drive, King of Prussia, PA 19406.

## ITEM 29. MANAGEMENT SERVICES

None.

None.

C-3

53

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the registrant certifies that it has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Naperville, Illinois on March 26, 1999.

CALAMOS INSURANCE TRUST

By /s/ James S. Hamman, Jr.

-----  
James S. Hamman, Jr., Sole Trustee

Pursuant to the requirements of the Securities Act of 1933, this amendment to the registration statement has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>  
<CAPTION>

Name	Title	Date
----	-----	----
<S>	<C>	<C>
/s/ James S. Hamman, Jr.	Trustee	March 26, 1999
-----		
James S. Hamman, Jr.		

</TABLE>

C-4

54

EXHIBIT INDEX

- (b) Bylaws
- (d) Form of Management Agreement with Calamos Asset Management, Inc.
- (e) Form of Distribution agreement with Calamos Financial Services, Inc.
- (g) Form of Custody agreement with Bank of New York
- (h) (1) Form of Investment company services agreement with First Data Corp. Investor Services Group
- (h) (2) Use of name agreement dated May 1, 1999
- (i) Opinion of Goodwin, Procter & Hoar LLP dated March 25, 1999
- (j) Consent of independent auditors
- (l) Subscription agreement

BY-LAWS OF  
CALAMOS INSURANCE TRUST

Section 1. Agreement and Declaration of  
Trust and Principal Office

1.1 Agreement and Declaration of Trust. These By-Laws shall be subject to the Agreement and Declaration of Trust, as from time to time in effect (the "Declaration of Trust"), of Calamos Insurance Trust, the Massachusetts business trust established by the Declaration of Trust (the "Trust").

1.2 Principal Office of the Trust; Resident Agent. The principal office of the Trust shall be located in Naperville, Illinois. Its resident agent in Massachusetts shall be CT Corporation System, 2 Oliver Street, Boston, Massachusetts or such other person as the Trustees may from time to time select.

Section 2. Shareholders

2.1 Shareholder Meetings. Meetings of the shareholders may be called at any time by the Trustees, by the President or, if the Trustees and the President shall fail to call any meeting of shareholders for a period of 30 days after written application of one or more shareholders who hold at least 25% of all shares issued and outstanding and entitled to vote at the meeting (or 10% if the purpose of the meeting is to determine if a Trustee shall be removed from office), then such shareholders may call such meeting. Each call of a meeting shall state the place, date, hour and purposes of the meeting.

2.2 Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Trust, or, to the extent permitted by the Declaration of Trust, at such other place within the United States as shall be designated by the Trustees or the President of the Trust.

2.3 Notice of Meetings. A written notice of each meeting of shareholders, stating the place, date and hour and the purposes of the meeting, shall be given at least seven days before the meeting to each shareholder entitled to vote thereat by leaving such notice with him or at his residence or usual place of

business or by mailing it, postage prepaid, and addressed to such shareholder at his address as it appears in the records of the Trust. Such notice shall be given by the Secretary or an Assistant Secretary or by an officer designated by the Trustees. No notice of any meeting of shareholders need be given to a

1

2

shareholder if a written waiver of notice, executed before or after the meeting by such shareholder or his attorney thereunto duly authorized, is filed with the records of the meeting.

2.4 Ballots. No ballot shall be required for any election unless requested by a shareholder present or represented at the meeting and entitled to vote in the election.

2.5 Proxies and Voting. Shareholders entitled to vote may vote either in person or by proxy in writing dated not more than six months before the meeting named therein, which proxies shall be filed with the Secretary or other person responsible to record the proceedings of the meeting before being voted. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of such meeting but shall not be valid after the final adjournment of such meeting. At all meetings of shareholders, unless the voting is conducted by inspectors, all questions relating to the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting.

### Section 3. Trustees

3.1 Committees and Advisory Board. The Trustees may appoint from their number an executive committee and other committees. Any such committee may be abolished and reconstituted at any time and from time to time by the Trustees. Except as the Trustees may otherwise determine, any such committee may make rules for the conduct of its business. The Trustees may appoint an advisory board to consist of not less than two nor more than five members. The members of the advisory board shall be compensated in such manner as the Trustees may determine and shall confer with and advise the Trustees regarding the investments and other affairs of the Trust. Each member of the advisory board shall hold office until the first meeting of the Trustees following the meeting of the shareholders, if any, next following his appointment and until his successor is appointed and qualified, or until he sooner dies, resigns, is removed, or becomes disqualified, or until the advisory board is sooner abolished by the Trustees.

3.2 Regular Meetings. Regular meetings of the Trustees may be held

without call or notice at such places and at such times as the Trustees may from time to time determine, provided that notice of the first regular meeting following any such

2

3

determination shall be given to absent Trustees. A regular meeting of the Trustees may be held without call or notice immediately after and at the same place as any meeting of the shareholders.

3.3 Special Meetings. Special meetings of the Trustees may be held at any time and at any place designated in the call of the meeting, when called by the Chairman of the Board or by two or more Trustees, sufficient notice thereof being given to each Trustee by the Secretary or an Assistant Secretary or by the officer or one of the Trustees calling the meeting.

3.4 Notice. It shall be sufficient notice to a Trustee to send notice by mail at least three days or by telegram at least twenty-four hours before the meeting addressed to the Trustee at his or her usual or last known business or residence address or to give notice to him or her in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any Trustee if a written waiver of notice, executed by him or her before or after the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him or her. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

3.5 Quorum. At any meeting of the Trustees, one-third of the Trustees then in office shall constitute a quorum; provided, however, a quorum (unless the Board of Trustees consists of two or fewer persons) shall not be less than two. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

#### Section 4. Officers and Agents

4.1 Enumeration; Qualification. The officers of the Trust shall be a President, a Treasurer, a Secretary and such other officers, if any, as the Trustees from time to time may in their discretion elect or appoint. The Trust may also have such agents, if any, as the Trustees from time to time may in their discretion appoint. Any officer may be but none need be a Trustee or shareholder. Any two or more offices may be held by the same person.

4.2 Powers. Subject to the other provisions of these By-Laws, each

officer shall have, in addition to the duties and

3

4

powers herein and in the Declaration of Trust set forth, such duties and powers as are commonly incident to his or her office as if the Trust were organized as a Massachusetts business corporation and such other duties and powers as the Trustees may from time to time designate.

4.3 Election. The President, the Treasurer and the Secretary shall be elected annually by the Trustees at their first meeting in each calendar year or at such later meeting in such year as the Trustees shall determine. Other officers or agents, if any, may be elected or appointed by the Trustees at said meeting or at any other time.

4

5

4.4 Tenure. The President, Treasurer and Secretary shall hold office until the first meeting of Trustees in each calendar year and until their respective successors are chosen and qualified, or in each case until he or she sooner dies, resigns, is removed or becomes disqualified. Each other officer shall hold office and each agent shall retain his or her authority at the pleasure of the Trustees.

4.5 Chairman of the Board. The Chairman of the Board of Trustees, if one is so appointed, shall be chosen from among the Trustees and may hold office only so long as he continues to be a Trustee. The Chairman of the Board, if any is so appointed, shall preside at all meetings of the shareholders and of the Trustees at which he is present; and shall have such other duties and powers as specified herein and as may be assigned to him by the Trustee.

4.6 President and Vice Presidents. The President shall be the chief executive officer of the Trust. The President shall, subject to the control of the Trustees, have general charge and supervision of the Trust and shall perform such other duties and have such other powers as the Trustees shall prescribe from time to time. Any Vice President shall at the request or in the absence or disability of the President exercise the powers of the President and perform such other duties and have such other powers as shall be designated from time to time by the Trustees.

4.7 Treasurer and Controller. The Treasurer shall be the chief financial officer of the Trust and, subject to any arrangement made by the Trustees with a bank or trust company or other organization as custodian or transfer or shareholder services agent, shall be in charge of its valuable papers and shall have such other duties and powers as may be designated from time to time by the Trustees or by the President. If at any time there shall be no Controller, the

Treasurer shall also be the chief accounting officer of the Trust and shall have the duties and power prescribed herein for the Controller. Any Assistant Treasurer shall have such duties and powers as shall be designated from time to time by the Trustees.

The Controller, if any be elected, shall be the chief accounting officer of the Trust and shall be in charge of its books of account and accounting records. The Controller shall be responsible for preparation of financial statements of the Trust and shall have such other duties and powers as may be designated from time to time by the Trustees or the President.

4.8 Secretary and Assistant Secretaries. The Secretary shall

5

6

record all proceedings of the shareholders and the Trustees in books to be kept therefor, which books shall be kept at the principal office of the Trust. In the absence of the Secretary from any meeting of shareholders or Trustees, an Assistant Secretary, or if there be none or if he or she is absent, a temporary clerk chosen at the meeting shall record the proceedings thereof in the aforesaid books.

#### Section 5. Resignations and Removals

Any Trustee may resign his trust or retire as a Trustee in accordance with procedures set forth in the Declaration of Trust. Any officer or advisory board member may resign at any time by delivering his or her resignation in writing to the Chairman of the Board, the President or the Secretary or to a meeting of the Trustees. The Trustees may remove any officer or advisory board member elected or appointed by them with or without cause by the vote of a majority of the Trustees then in office. Except to the extent expressly provided in a written agreement with the Trust, no Trustee, officer, or advisory board member resigning, and no officer or advisory board member removed, shall have any right to any compensation for any period following his or her resignation or removal, or any right to damages on account of such removal.

#### Section 6. Vacancies

A vacancy in the office of Trustee shall be filled in accordance with the Declaration of Trust. Vacancies resulting from the death, resignation, incapacity or removal of any officer may be filled by the Trustees. Each successor of any such officer shall hold office for the unexpired term, and in the case of the President, the Treasurer and the Secretary, until his or her successor is chosen and qualified, or in each case until he or she sooner dies,



resigns, is removed or becomes disqualified.

## Section 7. Shares of Beneficial Interest

7.1 Share Certificates. No certificates certifying the ownership of shares shall be issued except as the Trustees may otherwise authorize. In the event that the Trustees authorize the issuance of share certificates, subject to the provisions of Section 7.3, each shareholder shall be entitled to a certificate stating the number of shares owned by him or her, in such form as shall be prescribed from time to time by the Trustees. Such certificate shall be signed by the President or a Vice President

6

7

and by the Treasurer, Assistant Treasurer, Secretary or Assistant Secretary. Such signatures may be facsimiles if the certificate is signed by a transfer or shareholder services agent or by a registrar, other than a Trustee, officer or employee of the Trust. In case any officer who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Trust with the same effect as if he or she were such officer at the time of its issue.

In lieu of issuing certificates for shares, the Trustees or the transfer or shareholder services agent may either issue receipts therefor or may keep accounts upon the books of the Trust for the record holders of such shares, who shall in either case be deemed, for all purposes hereunder, to be the holders of certificates for such shares as if they had accepted such certificates and shall be held to have expressly assented and agreed to the terms hereof.

7.2 Loss of Certificates. In the case of the alleged loss or destruction or the mutilation of a share certificate, a duplicate certificate may be issued in place thereof, upon such terms as the Trustees may prescribe.

7.3 Discontinuance of Issuance of Certificates. The Trustees may at any time discontinue the issuance of share certificates and may, by written notice to each shareholder, require the surrender of share certificates to the Trust for cancellation. Such surrender and cancellation shall not affect the ownership of shares in the Trust.

## Section 8. Record Date

The Trustees may fix in advance a time, which shall not be more than 90 days before the date of any meeting of shareholders or the date for the payment of any dividend or making of any other distribution to shareholders, as the record date for determining the shareholders having the right to notice and to vote at

such meeting and any adjournment thereof or the right to receive such dividend or distribution, and in such case only shareholders of record on such record date shall have such right, notwithstanding any transfer of shares on the books of the Trust after the record date.

7

8

#### Section 9. Seal

The seal of the Trust shall, subject to alteration by the Trustees, consist of a flat-faced circular die with the word "Massachusetts" together with the name of the Trust, cut or engraved thereon; but, unless otherwise required by the Trustees, the seal shall not be necessary to be placed on, and its absence shall not impair the validity of, any document, instrument, or other paper executed and delivered by or on behalf of the Trust.

#### Section 10. Execution of Papers

Except as the Trustees may generally or in particular cases authorize the execution thereof in some other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts and other obligations made, accepted or endorsed by the Trust shall be signed, and any transfers of securities standing in the name of the Trust shall be executed, by the President or by one of the Vice Presidents or by the Treasurer or by whomsoever else shall be designated for that purpose by the vote of the Trustees and need not bear the seal of the Trust.

#### Section 11. Fiscal Year

The fiscal year of the Trust shall end on such date in each year as the Trustees shall from time to time determine.

#### Section 12. Amendments

These By-Laws may be amended or repealed, in whole or in part, by a majority of the Trustees then in office at any meeting of the Trustees, or by one or more writings signed by such majority.

8

## INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT made this 1st day of May, 1999, by and between CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), and CALAMOS ASSET MANAGEMENT, INC., an Illinois corporation (the "Adviser").

WHEREAS, the Fund is an open-end management investment company registered under the Investment Company Act of 1940, the shares of beneficial interest ("Shares") of which are registered under the Securities Act of 1933;

WHEREAS, the Fund is authorized to issue Shares in separate series or portfolios with each representing the interests in a separate portfolio of securities and other assets;

WHEREAS, the Fund currently offers or intends to offer Shares in one portfolio, the Initial Portfolio, together with any other Fund portfolios which may be established later and served by the Adviser hereunder, being herein referred to collectively as the "Portfolios" and individually referred to as a "Portfolio"; and

WHEREAS, the Fund desires at this time to retain the Adviser to render investment advisory and management services to the Initial Portfolio, and the Adviser is willing to render such services;

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

1. The Fund hereby employs the Adviser to act as the investment adviser for the Initial Portfolio and other Portfolios hereunder and to manage the investment and reinvestment of the assets of each such Portfolio in accordance with the applicable investment objectives and policies and limitations, and to administer the affairs of each such Portfolio to the extent requested by and subject to the supervision of the Board of Trustees of the Fund for the period and upon the terms herein set forth, and to place orders for the purchase or sale of portfolio securities for the Fund's account with brokers or dealers selected by it; and, in connection therewith, the Adviser is authorized as the agent of the Fund to give instructions to the Custodian of the Fund as to the deliveries of securities and payments of cash for the account of the Fund. In connection with the selection of such brokers or dealers and the placing of such orders, the Adviser is directed to seek for the Fund best execution of orders. Subject to such

policies as the Board of Trustees of the Fund determines, the Adviser shall not be deemed to have acted unlawfully or to have breached any duty, created by this

Agreement or otherwise, solely by reason of its having caused the Fund to pay a broker or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another broker or dealer would have charged for effecting that transaction, if the Adviser determined in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the clients of the Adviser as to which the Adviser exercises investment discretion. The Fund recognizes that all research services and research that the Adviser receives or generates are available for all clients, and that the Fund and other clients may benefit thereby. The investment of funds shall be subject to all applicable restrictions of the Agreement and Declaration of Trust and By-Laws of the Fund as may from time to time be in force.

The Adviser accepts such employment and agrees during such period to render such services, to furnish office facilities and equipment and clerical, bookkeeping and administrative services for the Fund, to permit any of its officers or employees to serve without compensation as trustees or officers of the Fund if elected to such positions and to assume the obligations herein set forth for the compensation herein provided. The Adviser shall for all purposes herein provided be deemed to be an independent contractor and, unless otherwise expressly provided or authorized, shall have no authority to act for or represent the Fund in any way or otherwise be deemed an agent of the Fund. It is understood and agreed that the Adviser, by separate agreements with the Fund, may also serve the Fund in other capacities.

2. In the event that the Fund establishes one or more portfolios other than the Initial Portfolio with respect to which it desires to retain the Adviser to render investment advisory and management services hereunder, it shall notify the Adviser in writing. If the Adviser is willing to render such services, it shall notify the Fund in writing whereupon such portfolio or portfolios shall become a Portfolio or Portfolios hereunder.

3. For the services and facilities described in Section 1, the Fund will pay to the Adviser at the end of each calendar month, an investment management fee for each Portfolio computed by applying the annual rate of .75% to the applicable average daily

2

3  
net assets of the Portfolio.

The fee as computed above shall be computed separately for, and charged as an expense of, each Portfolio based upon the average daily net assets of such Portfolio. For the month and year in which this Agreement becomes effective or terminates, there shall be an appropriate proration on the basis of the number of days that the Agreement is in effect during the month and year, respectively.

4. The services of the Adviser to the Fund under this Agreement are not to be deemed exclusive, and the Adviser shall be free to render similar services or other services to others so long as its services hereunder are not impaired thereby.

5. In addition to the fee of the Adviser, the Fund shall assume and pay any expenses for services rendered by a custodian for the safekeeping of the Fund's securities or other property, for keeping its books of account, for any other charges of the custodian, and for calculating the net asset value of the Fund as provided in the prospectus of the Fund. The Adviser shall not be required to pay and the Fund shall assume and pay the charges and expenses of its operations, including the cost and expense of maintaining the books and records of the Fund, including general ledger accounting, compensation of the trustees (other than those affiliated with the Adviser), charges and expenses of independent auditors, of legal counsel, of any transfer or dividend disbursing agent, and of any registrar of the Fund, costs of acquiring and disposing of portfolio securities, interest, if any, on obligations incurred by the Fund, costs of share certificates and of reports, membership dues in the Investment Company Institute or any similar organization, costs of reports and notices to shareholders, other like miscellaneous expenses and all taxes and fees payable to federal, state or other governmental agencies on account of the registration of securities issued by the Fund, filing of trust documents or otherwise. The Fund shall not pay or incur any obligation for any expenses for which the Fund intends to seek reimbursement from the Adviser as herein provided without first obtaining the written approval of the Adviser. The Adviser shall arrange, if desired by the Fund, for officers or employees of the Adviser to serve, without compensation from the Fund, as trustees, officers or agents of the Fund if duly elected or appointed to such positions and subject to their individual consent and to any limitations imposed by law.

3

4

The net asset value for each Portfolio shall be calculated in accordance with the provisions of the Fund's prospectus or as the trustees may determine in accordance with the provisions of the Investment Company Act of 1940. On each day when net asset value is not calculated, the net asset value of a Portfolio shall be deemed to be the net asset value of such Portfolio as of the close of business on the last day on which such calculation was made for the purpose of the foregoing computations.

6. Subject to applicable statutes and regulations, it is understood that trustees, officers or agents of the Fund are or may be interested in the Adviser as officers, directors, agents, shareholders or otherwise, and that the officers, directors, shareholders and agents of the Adviser may be interested in the Fund otherwise than as a trustee, officer or agent.

7. The Adviser shall not be liable for any error of judgment or of law or for any loss suffered by the Fund in connection with the matters to which this

Agreement relates, except loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its obligations and duties or by reason of its reckless disregard of its obligations and duties under this Agreement.

8. This Agreement shall become effective with respect to the Initial Portfolio on the date hereof and shall remain in full force until August 1, 2000, unless sooner terminated as hereinafter provided. This Agreement shall continue in force from year to year thereafter with respect to each Portfolio, but only as long as such continuance is specifically approved for each Portfolio at least annually in the manner required by the Investment Company Act of 1940 and the rules and regulations thereunder; provided, however, that if the continuation of this Agreement is not approved for a Portfolio, the Adviser may continue to serve in such capacity for such Portfolio in the manner and to the extent permitted by the Investment Company Act of 1940 and the rules and regulations thereunder.

This Agreement shall automatically terminate in the event of its assignment and may be terminated at any time without the payment of any penalty by the Fund or by the Adviser on sixty (60) days written notice to the other party. The Fund may effect termination with respect to any Portfolio by action of the Board of Trustees or by vote of a majority of the outstanding voting securities of such Portfolio.

4

5

This Agreement may be terminated with respect to any Portfolio at any time without the payment of any penalty by the Board of Trustees or by vote of a majority of the outstanding voting securities of such Portfolio in the event that it shall have been established by a court of competent jurisdiction that the Adviser or any officer or director of the Adviser has taken any action which results in a breach of the covenants of the Adviser set forth herein.

The terms "assignment" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the Investment Company Act of 1940 and the rules and regulations thereunder.

Termination of this Agreement shall not affect the right of the Adviser to receive payments on any unpaid balance of the compensation described in Section 3 earned prior to such termination.

9. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder shall not be thereby affected.

10. Any notice under this Agreement shall be in writing, addressed and delivered or mailed, postage prepaid, to the other party at such address as such other party may designate for the receipt of such notice.

11. All parties hereto are expressly put on notice of the Fund's Agreement and Declaration of Trust and all amendments thereto, all of which are on file with the Secretary of The Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. This Agreement has been executed by and on behalf of the Fund by its representatives as such representatives and not individually, and the obligations of the Fund hereunder are not binding upon any of the trustees, officers, or shareholders of the Fund individually but are binding upon only the assets and property of the Fund. With respect to any claim by the Adviser for recovery of that portion of the investment management fee (or any other liability of the Fund arising hereunder) allocated to a particular Portfolio, whether in accordance with the express terms hereof or otherwise, the Adviser shall have recourse solely against the assets of that Portfolio to satisfy such claim and shall have no recourse against the assets of any other Portfolio for such purpose.

12. This Agreement shall be construed in accordance with

5

6  
applicable federal law and (except as to Section 11 hereof which shall be construed in accordance with the laws of The Commonwealth of Massachusetts) the laws of the State of Illinois.

13. This Agreement is the entire contract between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties relating to the subject matter hereof.

6

7  
IN WITNESS WHEREOF, the Fund and the Adviser have caused this Agreement to be executed as of the day and year first above written.

CALAMOS INSURANCE TRUST

By: \_\_\_\_\_

Title: PRESIDENT

ATTEST:

\_\_\_\_\_

Title: SECRETARY

By: \_\_\_\_\_

Title: PRESIDENT

ATTEST:

\_\_\_\_\_

Title: SECRETARY



## DISTRIBUTION AGREEMENT

AGREEMENT made as of this 1st day of May, 1999 between Calamos Insurance Trust, a Massachusetts business trust (hereinafter called the "Fund"), and CALAMOS FINANCIAL SERVICES, INC., an Illinois corporation (hereinafter called the "Underwriter");

## W I T N E S S E T H:

In consideration of the mutual covenants hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

1. The Fund hereby appoints the Underwriter its agent for the distribution of shares of beneficial interest (hereinafter called "shares") of the Fund in jurisdictions wherein shares of the Fund may legally be offered for sale; provided, however, that the Fund in its absolute discretion may (a) issue or sell shares directly to holders of shares of the Fund upon such terms and conditions and for such consideration, if any, as it may determine, whether in connection with the distribution of subscription or purchase rights, the payment or reinvestment of dividends or distributions, or otherwise; or (b) issue or sell shares at net asset value to the shareholders of any other investment company, for which the Underwriter shall act as exclusive distributor, who wish to exchange all or a portion of their investment in shares of such other investment company for shares of the Fund.

2. The Underwriter hereby accepts appointment as agent for the distribution of the shares of the Fund and agrees that it will use its best efforts with reasonable promptness to sell such part of the authorized shares of the Fund remaining unissued as from time to time shall be effectively registered under the Securities Act of 1933 ("Securities Act"), at prices determined as hereinafter provided and on terms hereinafter set forth, all subject to applicable Federal and state laws and regulations and to the Agreement and Declaration of Trust of the Fund.

3. The Fund agrees that it will use its best efforts to keep effectively registered under the Securities Act for sale as herein contemplated such shares as the Underwriter shall reasonably request and as the Securities and Exchange Commission shall permit to be so registered.

4. Notwithstanding any other provision hereof, the Fund may terminate, suspend or withdraw the offering of shares

1

2

whenever, in its sole discretion, it deems such action to be desirable.

5. The Underwriter shall sell shares of the Fund to or through qualified dealers or others in such manner, not inconsistent with the provisions hereof and the then effective registration statement of the Fund under the Securities Act (and related prospectus), as the Underwriter may determine from time to time, provided that no dealer or other person shall be appointed or authorized to act as agent of the Fund without the prior consent of the Fund. It is mutually agreed that, in addition to sales made by it as agent of the Fund, the Underwriter may, in its discretion, also sell shares of the Fund as principal to persons with whom it does not have dealer selling group agreements.

6. Shares of the Fund offered for sale or sold by the Underwriter shall be so offered or sold at a price per share determined in accordance with the then current prospectus relating to the sale of such shares except as departure from such prices shall be permitted by the rules and regulations of the Securities and Exchange Commission; provided, however, that any public offering price for shares of the Fund shall be the net asset value per share. The net asset value per share shall be determined in the manner and at the times set forth in the then current prospectus of the Fund relating to such shares.

7. The price the Fund shall receive for all shares purchased from the Fund shall be the net asset value used in determining the public offering price applicable to the sale of such shares.

8. The Underwriter shall issue and deliver on behalf of the Fund such confirmations of sales made by it as agent pursuant to this agreement as may be required. At or prior to the time of issuance of shares, the Underwriter will pay or cause to be paid to the Fund the amount due the Fund for the sale of such shares. Certificates shall be issued or shares registered on the transfer books of the Fund in such names and denominations as the Underwriter may specify.

9. The Fund will execute any and all documents and furnish any and all information which may be reasonably necessary in connection with the qualification of its shares for sale (including the qualification of the Fund as a dealer where necessary or advisable) in such states as the Underwriter may reasonably request (it being understood that the Fund shall not be required without its consent to comply with any requirement

2

3

which in its opinion is unduly burdensome).

10. The Fund will furnish to the Underwriter from time to time such information with respect to the Fund and its shares as the Underwriter may reasonably request for use in connection with the sale of shares of the Fund. The Underwriter agrees that it will not use or distribute or authorize the use, distribution or dissemination by its dealers or others in connection with the sale of such shares any statements, other than those contained in the Fund's current prospectus, except such supplemental literature or advertising as shall be lawful under Federal and state securities laws and regulations, and that it will furnish the Fund with copies of all such material.

11. The Underwriter shall order shares of the Fund from the Fund only to the extent that it shall have received purchase orders therefor. The Underwriter will not make, or authorize any dealers or others to make any short sales of shares of the Fund.

12. The Underwriter, as agent of and for the account of the Fund, may repurchase the shares of the Fund at such prices and upon such terms and conditions as shall be specified in the current prospectus of the Fund.

13. In selling or reacquiring shares of the Fund for the account of the Fund, the Underwriter will in all respects conform to the requirements of all state and Federal laws and the Rules of Fair Practice of the National Association of Securities Dealers, Inc., relating to such sale or reacquisition, as the case may be, and will indemnify and save harmless the Fund from any damage or expense on account of any wrongful act by the Underwriter or any employee, representative or agent of the Underwriter. The Underwriter will observe and be bound by all the provisions of the Agreement and Declaration of Trust of the Fund (and of any fundamental policies adopted by the Fund pursuant to the Investment Company Act of 1940, notice of which shall have been given to the Underwriter) which at the time in any way require, limit, restrict or prohibit or otherwise regulate any action on the part of the Underwriter.

14. The Underwriter will require each dealer to conform to the provisions hereof and the Registration Statement (and related prospectus) at the time in effect under the Securities Act with respect to the public offering price of the Fund's shares, and neither the Underwriter nor any such dealers shall withhold the placing of purchase orders so as to make a profit thereby.

15. The Fund will pay or cause to be paid expenses

3

4

(including the fees and disbursements of its own counsel) and all taxes and fees payable to the Federal, state or other governmental agencies on account of the registration or qualification of securities issued by the Fund or otherwise. The Fund will also pay or cause to be paid expenses incident to the issuance of shares of beneficial interest, such as the cost of share certificates, issue taxes, and fees of the transfer agent. The Underwriter will pay all expenses (other than expenses which one or more Firms may bear pursuant to any agreement

with the Underwriter) incident to the sale and distribution of the shares issued or sold hereunder, including, without limiting the generality of the foregoing, all expenses of preparing, printing and distributing or disseminating any literature, advertising and selling aids in connection with the offering of the shares for sale (except that such expenses need not include expenses incurred by the Fund in connection with the preparation, typesetting, printing and distribution of any registration statement or report or other communication to shareholders in their capacity as such) and expenses of advertising in connection with such offering.

16. This agreement shall become effective on the date hereof and shall continue in effect until August 1, 2000 and from year to year thereafter, but only so long as such continuance is approved in the manner required by the Investment Company Act of 1940. Either party hereto may terminate this agreement on any date by giving the other party at least six months prior written notice of such termination specifying the date fixed therefor. Without prejudice to any other remedies of the Fund in any such event the Fund may terminate this agreement at any time immediately upon any failure of fulfillment of any of the obligations of the Underwriter hereunder.

17. This agreement shall automatically terminate in the event of its assignment.

18. Any notice under this agreement shall be in writing, addressed and delivered or mailed, postage postpaid, to the other party at such address as such other party may designate for the receipt of such notice.

19. All parties hereto are expressly put on notice of the Fund's Agreement and Declaration of Trust and all amendments thereto, all of which are on file with the Secretary of The Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. This Agreement has been executed by and on behalf of the Fund by its representatives as such representatives and not individually, and the obligations of

the Fund hereunder are not binding upon any of the Trustees, officers or shareholders of the Fund individually but are binding upon only the assets and the property of the Fund. With respect to any claim by the Underwriter for recovery of any liability of the Fund arising hereunder allocated to a particular series of the Fund, if there be more than one, whether in accordance with the express terms hereof or otherwise, the Underwriter shall have recourse solely against the assets of that series to satisfy such claim and shall have no recourse against the assets of any other Portfolio for such purpose.

IN WITNESS WHEREOF, the Fund and the Underwriter have each caused this agreement to be executed on the day and year first above written.

Calamos Insurance Trust

<TABLE>

<S>

By: \_\_\_\_\_

<C>

Title: PRESIDENT

Attest: \_\_\_\_\_

Title: SECRETARY

CALAMOS FINANCIAL SERVICES, INC.

By: \_\_\_\_\_

Title: PRESIDENT

Attest: \_\_\_\_\_

Title: SECRETARY

</TABLE>

## CUSTODY AGREEMENT

Agreement made as of this                    day of                    , 1999, between CALAMOS INSURANCE TRUST, a Massachusetts business trust organized and existing under the laws of the Commonwealth of Massachusetts, having its principal office and place of business at 1111 East Warrenville Road, Naperville, Illinois 60563-1493 (hereinafter called the "Fund"), and THE BANK OF NEW YORK, a New York corporation authorized to do a banking business, having its principal office and place of business at 48 Wall Street, New York, New York 10286 (hereinafter called the "Custodian").

## W I T N E S S E T H :

WHEREAS, the Fund represents that pursuant to an Investment Company Services Agreement (as hereinafter defined) between First Data Investor Services Group, Inc. ("FDS") and the Fund, FDS (a) has agreed to perform certain administrative functions which may include the functions of administrator, transfer agent and accounting services agent and (b) has been appointed by the Fund to act as its agent in respect of certain transactions contemplated in this Agreement; and

WHEREAS, the Fund represents that (a) FDS has agreed to act as Fund's agent in respect of certain transactions contemplated in this Agreement and (b) the Custodian is authorized and directed to rely upon and follow Certificates and Instructions given by FDS, the Fund's agent, in respect of transactions contemplated in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, the Fund and the Custodian agree as follows:

## ARTICLE I

## DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

1. "Administrator" shall mean FDS and such successors or permitted

assigns as may succeed and perform its duties under the Investment Company Services Agreement.

2

2. "Book-Entry System" shall mean the Federal Reserve/Treasury book-entry system for United States and federal agency securities, its successor or successors and its nominee or nominees.

3. "Call Option" shall mean an exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying Securities.

4. "Certificate" shall mean any notice, instruction, or other instrument in writing, authorized or required by this Agreement to be given to the Custodian which is actually received by the Custodian and signed on behalf of the Fund by any (a) any two Officers, or (b) in the case of a Certificate referred to in Article IV, V, VIII, IX or X, any one officer and the term Certificate shall also include Instructions communicated to the Custodian by the Administrator.

5. "Clearing Member" shall mean a registered broker-dealer which is a clearing member under the rules of O.C.C. and a member of a national securities exchange qualified to act as a custodian for an investment company, or any broker-dealer reasonably believed by the Custodian to be such a clearing member.

6. "Collateral Account" shall mean a segregated account so denominated which is specifically allocated to a Series and pledged to the Custodian as security for, and in consideration of, the Custodian's issuance of (a) any Put Option guarantee letter or similar document described in paragraph 8 of Article V herein, or (b) any receipt described in Article V or VIII herein.

7. "Composite Currency Unit" shall mean the European Currency Unit or any other composite unit consisting of the aggregate of specified amounts of specified Currencies as such unit may be constituted from time to time.

8. "Covered Call Option" shall mean an exchange traded option entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying Securities (excluding Futures Contracts) which are owned by the writer thereof and subject to appropriate restrictions.

9. "Currency" shall mean money denominated in a lawful currency of any country or the European Currency Unit.

10. "Depository" shall mean The Depository Trust Company ("DTC"), a clearing agency registered with the Securities and Exchange Commission, its successor or successors and its nominee or nominees. The term "Depository" shall further mean and

- 2 -

3

include any other person authorized to act as a depository under the Investment Company Act of 1940, its successor or successors and its nominee or nominees, specifically identified in a certified copy of a resolution of the Fund's Board of Trustees specifically approving deposits therein by the Custodian.

11. "Financial Futures Contract" shall mean the firm commitment to buy or sell fixed income securities including, without limitation, U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, domestic bank certificates of deposit, and Eurodollar certificates of deposit, during a specified month at an agreed upon price.

12. "Futures Contract" shall mean a Financial Futures Contract and/or Stock Index Futures Contracts.

13. "Futures Contract Option" shall mean an option with respect to a Futures Contract.

14. "FX Transaction" shall mean any transaction for the purchase by one party of an agreed amount in one Currency against the sale by it to the other party of an agreed amount in another Currency.

15. "Instructions" shall mean instructions communications transmitted by electronic or telecommunications media including S.W.I.F.T., computer-to-computer interface, dedicated transmission line, facsimile transmission (which may be signed by an Officer or unsigned) and tested telex.

16. "Investment Company Services Agreement" shall mean that certain separate agreement so entitled dated as of \_\_\_\_\_, 1999 between the Fund and the FDS.

17. "Margin Account" shall mean a segregated account in the name of a broker, dealer, futures commission merchant, or a Clearing Member, or in the name of the Fund for the benefit of a broker, dealer, futures commission merchant, or Clearing Member, or otherwise, in accordance with an agreement between the Fund, the Custodian and a broker, dealer, futures commission



merchant or a Clearing Member (a "Margin Account Agreement"), separate and distinct from the custody account, in which certain Securities and/or money of the Fund shall be deposited and withdrawn from time to time in connection with such transactions as the Fund may from time to time determine. Securities held in the Book-Entry System or the Depository shall be deemed to have been deposited in, or withdrawn from, a Margin Account upon the Custodian's effecting an appropriate entry in its books and records.

18. "Money Market Security" shall be deemed to include, without limitation, certain Reverse Repurchase Agreements,

- 3 -

4

debt obligations issued or guaranteed as to interest and principal by the government of the United States or agencies or instrumentalities thereof, any tax, bond or revenue anticipation note issued by any state or municipal government or public authority, commercial paper, certificates of deposit and bankers' acceptances, repurchase agreements with respect to the same and bank time deposits, where the purchase and sale of such securities normally requires settlement in federal funds on the same day as such purchase or sale.

19. "O.C.C." shall mean the Options Clearing Corporation, a clearing agency registered under Section 17A of the Securities Exchange Act of 1934, its successor or successors, and its nominee or nominees.

20. "Officers" shall be deemed to include the President, any Vice President, the Secretary, the Clerk, the Treasurer, the Controller, any Assistant Secretary, any Assistant Clerk, any Assistant Treasurer, and any other person or persons, including officers or employees of the Administrator, whether or not any such other person is an officer of the Fund, duly authorized by the Board of Trustees of the Fund to execute any Certificate, instruction, notice or other instrument on behalf of the Fund and listed in the Certificate annexed hereto as Appendix A or such other Certificate as may be received by the Custodian from time to time.

21. "Option" shall mean a Call Option, Covered Call Option, Stock Index Option and/or a Put Option.

22. "Oral Instructions" shall mean verbal instructions actually received by the Custodian from an Officer or from a person reasonably believed by the Custodian to be an Officer.

23. "Put Option" shall mean an exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and tender of the specified underlying Securities, to sell such Securities to the writer thereof for the exercise price.

24. "Reverse Repurchase Agreement" shall mean an agreement pursuant to which the Fund sells Securities and agrees to repurchase such Securities at a described or specified date and price.

25. "Security" shall be deemed to include, without limitation, Money Market Securities, Call Options, Put Options, Stock Index Options, Stock Index Futures Contracts, Stock Index Futures Contract Options, Financial Futures Contracts, Financial Futures Contract Options, Reverse Repurchase Agreements, common stocks and other securities having characteristics similar to common stocks, preferred stocks, debt obligations issued by state or municipal governments and by public

- 4 -

5

authorities, (including, without limitation, general obligation bonds, revenue bonds, industrial bonds and industrial development bonds), bonds, debentures, notes, mortgages or other obligations, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase, sell or subscribe for the same, or evidencing or representing any other rights or interest therein, or any property or assets.

26. "Senior Security Account" shall mean an account maintained and specifically allocated to a Series under the terms of this Agreement as a segregated account, by recordation or otherwise, within the custody account in which certain Securities and/or other assets of the Fund specifically allocated to such Series shall be deposited and withdrawn from time to time in accordance with Certificates received by the Custodian in connection with such transactions as the Fund may from time to time determine.

27. "Series" shall mean the various portfolios, if any, of the Fund as described from time to time in the current and effective prospectus for the Fund and listed on Appendix B hereto as amended from time to time.

28. "Shares" shall mean the shares of beneficial interest of the Fund, each of which is, in the case of a Fund having Series, allocated to a particular Series.

29. "Stock Index Futures Contract" shall mean a bilateral agreement pursuant to which the parties agree to take or make delivery of an amount of cash equal to a specified dollar amount times the difference between the value of a particular stock index at the close of the last business day of the contract and the price at which the futures contract is originally struck.

30. "Stock Index Option" shall mean an exchange traded option entitling the holder, upon timely exercise, to receive an amount of cash determined by reference to the difference between the exercise price and the value of the index on the date of exercise.

## ARTICLE II

### APPOINTMENT OF CUSTODIAN

1. The Fund hereby constitutes and appoints the Custodian as custodian of the Securities and money at any time owned by the Fund during the period of this Agreement.

- 5 -

6

2. The Custodian hereby accepts appointment as such custodian and agrees to perform the duties thereof as herein after set forth.

## ARTICLE III

### CUSTODY OF CASH AND SECURITIES

1. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, the Fund will deliver or cause to be delivered to the Custodian all Securities and all money owned by it, at any time during the period of this Agreement, and shall specify with respect to such Securities and money the Series to which the same are specifically allocated. The Custodian shall segregate, keep and maintain the assets of the Series separate and apart. The Custodian will not be responsible for any Securities and money not actually received by it. The Custodian will be entitled to reverse any credits made on the Fund's behalf where such credits have been previously made and money is not finally collected. The Fund shall deliver to the Custodian a certified resolution of the Board of Trustees of the Fund, substantially in the form of Exhibit A hereto, approving, authorizing and instructing the Custodian on a

continuous and on-going basis to deposit in the Book-Entry System all Securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated and to utilize the Book-Entry System to the extent possible in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities and deliveries and returns of Securities collateral. Prior to a deposit of Securities specifically allocated to a Series in the Depository, the Fund shall deliver to the Custodian a certified resolution of the Board of Trustees of the Fund, substantially in the form of Exhibit B hereto, approving, authorizing and instructing the Custodian on a continuous and ongoing basis until instructed to the contrary by a Certificate actually received by the Custodian to deposit in the Depository all Securities specifically allocated to such Series eligible for deposit therein, and to utilize the Depository to the extent possible with respect to such Securities in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of Securities collateral. Securities and money deposited in either the Book-Entry System or the Depository will be represented in accounts which include only assets held by the Custodian for customers, including, but not limited to, accounts in which the Custodian acts in a fiduciary or representative capacity and will be specifically allocated on the Custodian's books to the separate account for the applicable Series. Prior to the Custodian's accepting, utilizing and acting with

- 6 -

7

respect to Clearing Member confirmations for Options and transactions in Options for a Series as provided in this Agreement, the Custodian shall have received a certified resolution of the Fund's Board of Trustees, substantially in the form of Exhibit C hereto, approving, authorizing and instructing the Custodian on a continuous and on-going basis, until instructed to the contrary by a Certificate actually received by the Custodian, to accept, utilize and act in accordance with such confirmations as provided in this Agreement with respect to such Series.

2. The Custodian shall establish and maintain separate accounts, in the name of each Series, and shall credit to the separate account for each Series all money received by it for the account of the Fund with respect to such Series. Money credited to a separate account for a Series shall be disbursed by the Custodian only:

(a) as hereinafter provided;

(b) pursuant to Certificates setting forth the name and address of the person to whom the payment is to be made, the Series account from which payment is to be made and the purpose for which payment is to be made; or

(c) in payment of the fees and in reimbursement of the expenses and

liabilities of the Custodian attributable to such Series.

3. Promptly after the close of business on each day, the Custodian shall furnish the Administrator with confirmations and a summary, on a per Series basis, of all transfers to or from the account of the Fund for a Series, either hereunder or with any co-custodian or sub-custodian appointed in accordance with this Agreement during said day. Where Securities are transferred to the account of the Fund for a Series, the Custodian shall also by book-entry or otherwise identify as belonging to such Series a quantity of Securities in a fungible bulk of Securities registered in the name of the Custodian (or its nominee) or shown on the Custodian's account on the books of the Book-Entry System or the Depository. At least monthly and from time to time, the Custodian shall furnish the Administrator with a detailed statement, on a per Series basis, of the Securities and money held by the Custodian for the Fund.

4. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, all Securities held by the Custodian hereunder, which are issued or issuable only in bearer form, except such Securities as are held in the Book-Entry System, shall be held by the Custodian in that form; all other Securities held hereunder may be registered in the name of the Fund, in the name of any duly appointed registered nominee of

- 7 -

8

the Custodian as the Custodian may from time to time determine, or in the name of the Book-Entry System or the Depository or their successor or successors, or their nominee or nominees. The Fund agrees to furnish or cause to be furnished to the Custodian appropriate instruments to enable the Custodian to hold or deliver in proper form for transfer, or to register in the name of its registered nominee or in the name of the Book-Entry System or the Depository any Securities which it may hold hereunder and which may from time to time be registered in the name of the Fund. The Custodian shall hold all such Securities specifically allocated to a Series which are not held in the Book-Entry System or in the Depository in a separate account in the name of such Series physically segregated at all times from those of any other person or persons.

5. Except as otherwise provided in this Agreement and unless otherwise instructed to the contrary by a Certificate, the Custodian by itself, or through the use of the Book-Entry System or the Depository with respect to Securities held hereunder and therein deposited, shall with respect to all Securities held for the Fund hereunder in accordance with preceding paragraph 4:

(a) collect all income due or payable;

(b) present for payment and collect the amount payable upon such Securities which are called, but only if either (i) the Custodian receives a written notice of such call, or (ii) notice of such call appears in one or more of the publications listed in Appendix C annexed hereto, which may be amended at any time by the Custodian without the prior notification or consent of the Fund;

(c) present for payment and collect the amount payable upon all Securities which mature;

(d) surrender Securities in temporary form for definitive Securities;

(e) execute, as custodian, any necessary declarations or certificates of ownership under the Federal Income Tax Laws or the laws or regulations of any other taxing authority now or hereafter in effect; and

(f) hold directly, or through the Book-Entry System or the Depository with respect to Securities therein deposited, for the account of a Series, all rights and similar securities issued with respect to any Securities held by the Custodian for such Series hereunder.

6. Upon receipt of a Certificate and not otherwise, the Custodian, directly or through the use of the Book-Entry System or the Depository, shall:

- 8 -

9

(a) execute and deliver to such persons as may be designated in such Certificate proxies, consents, authorizations, and any other instruments whereby the authority of the Fund as owner of any Securities held by the Custodian hereunder for the Series specified in such Certificate may be exercised;

(b) deliver any Securities held by the Custodian hereunder for the Series specified in such Certificate in exchange for other Securities or cash issued or paid in connection with the liquidation, reorganization, refinancing, merger, consolidation or recapitalization of any corporation, or the exercise of any conversion privilege and receive and hold hereunder specifically allocated to such Series any cash or other Securities received in exchange;

(c) deliver any Securities held by the Custodian hereunder for the Series specified in such Certificate to any protective committee, reorganization committee or other person in connection with the reorganization, refinancing, merger, consolidation, recapitalization or sale of assets of any corporation, and receive and hold hereunder specifically allocated to such Series such certificates of deposit, interim receipts or other instruments or documents as may be issued to it to evidence such delivery;

(d) make such transfers or exchanges of the assets of the Series specified in such Certificate, and take such other steps as shall be stated in such Certificate to be for the purpose of effectuating any duly authorized plan of liquidation, reorganization, merger, consolidation or recapitalization of the Fund; and

(e) present for payment and collect the amount payable upon Securities not described in preceding paragraph 5(b) of this Article which may

be called as specified in the Certificate.

7. Notwithstanding any provision elsewhere contained herein, the Custodian shall not be required to obtain possession of any instrument or certificate representing any Futures Contract, any Option, or any Futures Contract Option until after it shall have determined, or shall have received a Certificate from the Fund stating, that any such instruments or certificates are available. The Fund shall deliver to the Custodian such a Certificate no later than the business day preceding the availability of any such instrument or certificate. Prior to such availability, the Custodian shall comply with Section 17(f) of the Investment Company Act of 1940, as amended, in connection with the purchase, sale, settlement, closing out or writing of Futures Contracts, Options, or Futures Contract Options by making payments or deliveries specified in Certificates received by the Custodian in connection with any such purchase, sale, writing, settlement or closing

- 9 -

10

out upon its receipt from a broker, dealer, or futures commission merchant of a statement or confirmation reasonably believed by the Custodian to be in the form customarily used by brokers, dealers, or future commission merchants with respect to such Futures Contracts, Options, or Futures Contract Options, as the case may be, confirming that such Security is held by such broker, dealer or futures commission merchant, in book-entry form or otherwise, in the name of the Custodian (or any nominee of the Custodian) as custodian for the Fund, provided, however, that notwithstanding the foregoing, payments to or deliveries from the Margin Account and payments with respect to Securities to which a Margin Account relates, shall be made in accordance with the terms and conditions of the Margin Account Agreement. Whenever any such instruments or certificates are available, the Custodian shall, notwithstanding any provision in this Agreement to the contrary, make payment for any Futures Contract, Option, or Futures Contract Option for which such instruments or such certificates are available only against the delivery to the Custodian of such instrument or such certificate, and deliver any Futures Contract, Option or Futures Contract Option for which such instruments or such certificates are available only against receipt by the Custodian of payment therefor. Any such instrument or certificate delivered to the Custodian shall be held by the Custodian hereunder in accordance with, and subject to, the provisions of this Agreement.

#### ARTICLE IV

##### PURCHASE AND SALE OF INVESTMENTS OF THE FUND OTHER THAN OPTIONS, FUTURES CONTRACTS AND FUTURES CONTRACT OPTIONS

1. Promptly after each purchase of Securities by the Fund, other than a purchase of an Option, a Futures Contract, or a Futures Contract Option, the

Fund shall deliver or cause the Administrator to deliver to the Custodian (i) with respect to each purchase of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each purchase of Money Market Securities, a Certificate or Oral Instructions, specifying with respect to each such purchase: (a) the Series to which such Securities are to be specifically allocated; (b) the name of the issuer and the title of the Securities; (c) the number of shares or the principal amount purchased and accrued interest, if any; (d) the date of purchase and settlement; (e) the purchase price per unit; (f) the total amount payable upon such purchase; (g) the name of the person from whom or the broker through whom the purchase was made, and the name of the clearing broker, if any; and (h) the name of the broker to whom payment is to be made. The Custodian shall, upon receipt of Securities purchased by or for the Fund, pay to the broker specified in the Certificate out of

- 10 -

11

the money held for the account of such Series the total amount payable upon such purchase, provided that the same conforms to the total amount payable as set forth in such Certificate or Oral Instructions.

2. Promptly after each sale of Securities by the Fund, other than a sale of any Option, Futures Contract, Futures Contract Option, or any Reverse Repurchase Agreement, the Fund shall deliver or cause the Administrator to deliver to the Custodian (i) with respect to each sale of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each sale of Money Market Securities, a Certificate or Oral Instructions, specifying with respect to each such sale: (a) the Series to which such Securities were specifically allocated; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest, if any; (d) the date of sale; (e) the sale price per unit; (f) the total amount payable to the Fund upon such sale; (g) the name of the broker through whom or the person to whom the sale was made, and the name of the clearing broker, if any; and (h) the name of the broker to whom the Securities are to be delivered. The Custodian shall deliver the Securities specifically allocated to such Series to the broker specified in the Certificate against payment upon receipt of the total amount payable to the Fund upon such sale, provided that the same conforms to the total amount payable as set forth in such Certificate or Oral Instructions.

## ARTICLE V

### OPTIONS

1. Promptly after the purchase of any Option by the Fund, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate



specifying with respect to each Option purchased: (a) the Series to which such Option is specifically allocated; (b) the type of Option (put or call); (c) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the total amount payable by the Fund in connection with such purchase; (h) the name of the Clearing Member through whom such Option was purchased; and (i) the name of the broker to whom payment is to be made. The Custodian shall pay, upon receipt of a Clearing Member's statement confirming the purchase of such Option held by such Clearing Member for the account of the Custodian (or any duly appointed and registered nominee of the Custodian) as custodian for the Fund, out of money held for the account of the Series to which such Option is to be specifically allocated, the total amount

- 11 -

12

payable upon such purchase to the Clearing Member through whom the purchase was made, provided that the same conforms to the total amount payable as set forth in such Certificate.

2. Promptly after the sale of any Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to each such sale: (a) the Series to which such Option was specifically allocated; (b) the type of Option (put or call); (c) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options sold; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund upon such sale; and (h) the name of the Clearing Member through whom the sale was made. The Custodian shall consent to the delivery of the Option sold by the Clearing Member which previously supplied the confirmation described in preceding paragraph 1 of this Article with respect to such Option against payment to the Custodian of the total amount payable to the Fund, provided that the same conforms to the total amount payable as set forth in such Certificate.

3. Promptly after the exercise by the Fund of any Call Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Call Option: (a) the Series to which such Call Option was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Call Option; (c) the expiration date; (d) the date of exercise and settlement; (e) the exercise price per share; (f) the total amount to be paid by the Fund upon such exercise; and (g) the name of the Clearing Member through whom such Call Option was exercised. The Custodian shall, upon receipt of the

Securities underlying the Call Option which was exercised, pay out of the money held for the account of the Series to which such Call Option was specifically allocated the total amount payable to the Clearing Member through whom the Call Option was exercised, provided that the same conforms to the total amount payable as set forth in such Certificate.

4. Promptly after the exercise by the Fund of any Put Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the Series to which such Put Option was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Put Option; (c) the expiration date; (d) the date of exercise and settlement; (e) the exercise price per share; (f) the total amount to be paid to the Fund upon such exercise; and (g) the name of the Clearing

- 12 -

13

Member through whom such Put Option was exercised. The Custodian shall, upon receipt of the amount payable upon the exercise of the Put Option, deliver or direct the Depository to deliver the Securities specifically allocated to such Series, provided the same conforms to the amount payable to the Fund as set forth in such Certificate.

5. Promptly after the exercise by the Fund of any Stock Index Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) the Series to which such Stock Index Option was specifically allocated; (b) the type of Stock Index Option (put or call); (c) the number of Options being exercised; (d) the stock index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the total amount to be received by the Fund in connection with such exercise; and (h) the Clearing Member from whom such payment is to be received.

6. Whenever the Fund writes a Covered Call Option, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Covered Call Option: (a) the Series for which such Covered Call Option was written; (b) the name of the issuer and the title and number of shares for which the Covered Call Option was written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund; (f) the date such Covered Call Option was written; and (g) the name of the Clearing Member through whom the premium is to be received. The Custodian shall deliver or cause to be delivered, in exchange for receipt of the premium specified in the Certificate with respect to such Covered Call Option, such receipts as are required in accordance with the customs prevailing among Clearing Members dealing in Covered Call Options and shall impose, or direct the Depository to impose, upon the underlying Securities specified in the

Certificate specifically allocated to such Series such restrictions as may be required by such receipts. Notwithstanding the foregoing, the Custodian has the right, upon prior written notification to the Fund, at any time to refuse to issue any receipts for Securities in the possession of the Custodian and not deposited with the Depository underlying a Covered Call Option.

7. Whenever a Covered Call Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate instructing the Custodian to deliver, or to direct the Depository to deliver, the Securities subject to such Covered Call Option and specifying: (a) the Series for which such Covered Call Option was written; (b) the name of the issuer and the title and number of shares subject to the Covered Call Option; (c) the Clearing Member to

- 13 -

14

whom the underlying Securities are to be delivered; and (d) the total amount payable to the Fund upon such delivery. Upon the return and/or cancellation of any receipts delivered pursuant to paragraph 6 of this Article, the Custodian shall deliver, or direct the Depository to deliver, the underlying Securities as specified in the Certificate against payment of the amount to be received as set forth in such Certificate.

8. Whenever the Fund writes a Put Option, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the Series for which such Put Option was written; (b) the name of the issuer and the title and number of shares for which the Put Option is written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund; (f) the date such Put Option is written; (g) the name of the Clearing Member through whom the premium is to be received and to whom a Put Option guarantee letter is to be delivered; (h) the amount of cash, and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Senior Security Account for such Series; and (i) the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be deposited into the Collateral Account for such Series. The Custodian shall, after making the deposits into the Collateral Account specified in the Certificate, issue a Put Option guarantee letter substantially in the form utilized by the Custodian on the date hereof, and deliver the same to the Clearing Member specified in the Certificate against receipt of the premium specified in said Certificate. Notwithstanding the foregoing, the Custodian shall be under no obligation to issue any Put Option guarantee letter or similar document if it is unable to make any of the representations contained therein.

9. Whenever a Put Option written by the Fund and described in the

preceding paragraph is exercised, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying: (a) the Series to which such Put Option was written; (b) the name of the issuer and title and number of shares subject to the Put Option; (c) the Clearing Member from whom the underlying Securities are to be received; (d) the total amount payable by the Fund upon such delivery; (e) the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be withdrawn from the Collateral Account for such Series and (f) the amount of cash and/or the amount and kind of Securities, specifically allocated to such Series, if any, to be withdrawn from the Senior Security Account. Upon the return and/or cancellation of any Put Option guarantee letter or similar document issued by the Custodian in connection with such Put Option, the Custodian shall pay out of the money held for the

- 14 -

15

account of the Series to which such Put Option was specifically allocated the total amount payable to the Clearing Member specified in the Certificate as set forth in such Certificate against delivery of such Securities, and shall make the withdrawals specified in such Certificate.

10. Whenever the Fund writes a Stock Index Option, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) the Series for which such Stock Index Option was written; (b) whether such Stock Index Option is a put or a call; (c) the number of options written; (d) the stock index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the Clearing Member through whom such Option was written; (h) the premium to be received by the Fund; (i) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Senior Security Account for such Series; (j) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in the Collateral Account for such Series; and (k) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in a Margin Account, and the name in which such account is to be or has been established. The Custodian shall, upon receipt of the premium specified in the Certificate, make the deposits, if any, into the Senior Security Account specified in the Certificate, and either (1) deliver such receipts, if any, which the Custodian has specifically agreed to issue, which are in accordance with the customs prevailing among Clearing Members in Stock Index Options and make the deposits into the Collateral Account specified in the Certificate, or (2) make the deposits into the Margin Account specified in the Certificate.

11. Whenever a Stock Index Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall deliver or

cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) the Series for which such Stock Index Option was written; (b) such information as may be necessary to identify the Stock Index Option being exercised; (c) the Clearing Member through whom such Stock Index Option is being exercised; (d) the total amount payable upon such exercise, and whether such amount is to be paid by or to the Fund; (e) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Margin Account; and (f) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Senior Security Account for such Series; and the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account for such Series. Upon the return and/or cancellation of the receipt, if any, delivered pursuant to the preceding paragraph of this Article, the Custodian shall pay

- 15 -

16

out of the money held for the account of the Series to which such Stock Index Option was specifically allocated to the Clearing Member specified in the Certificate the total amount payable, if any, as specified therein.

12. Whenever the Fund purchases any Option identical to a previously written Option described in paragraphs, 6, 8 or 10 of this Article in a transaction expressly designated as a "Closing Purchase Transaction" in order to liquidate its position as a writer of an Option, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to the Option being purchased: (a) that the transaction is a Closing Purchase Transaction; (b) the Series for which the Option was written; (c) the name of the issuer and the title and number of shares subject to the Option, or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Options held; (d) the exercise price; (e) the premium to be paid by the Fund; (f) the expiration date; (g) the type of Option (put or call); (h) the date of such purchase; (i) the name of the Clearing Member to whom the premium is to be paid; and (j) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account, a specified Margin Account, or the Senior Security Account for such Series. Upon the Custodian's payment of the premium and the return and/or cancellation of any receipt issued pursuant to paragraphs 6, 8 or 10 of this Article with respect to the Option being liquidated through the Closing Purchase Transaction, the Custodian shall remove, or direct the Depository to remove, the previously imposed restrictions on the Securities underlying the Call Option.

13. Upon the expiration, exercise or consummation of a Closing Purchase Transaction with respect to any Option purchased or written by the Fund and described in this Article, the Custodian shall delete such Option from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and upon the return and/or cancellation of any receipts issued by the Custodian,

shall make such withdrawals from the Collateral Account, and the Margin Account and/or the Senior Security Account as may be specified in a Certificate received in connection with such expiration, exercise, or consummation.

## ARTICLE VI

### FUTURES CONTRACTS

1. Whenever the Fund shall enter into a Futures Contract, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Futures Contract, (or with respect to any number of

- 16 -

17

identical Futures Contract(s)): (a) the Series for which the Futures Contract is being entered; (b) the category of Futures Contract (the name of the underlying stock index or financial instrument); (c) the number of identical Futures Contracts entered into; (d) the delivery or settlement date of the Futures Contract(s); (e) the date the Futures Contract(s) was (were) entered into and the maturity date; (f) whether the Fund is buying (going long) or selling (going short) on such Futures Contract(s); (g) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Senior Security Account for such Series; (h) the name of the broker, dealer, or futures commission merchant through whom the Futures Contract was entered into; and (i) the amount of fee or commission, if any, to be paid and the name of the broker, dealer, or futures commission merchant to whom such amount is to be paid. The Custodian shall make the deposits, if any, to the Margin Account in accordance with the terms and conditions of the Margin Account Agreement. The Custodian shall make payment out of the money specifically allocated to such Series of the fee or commission, if any, specified in the Certificate and deposit in the Senior Security Account for such Series the amount of cash and/or the amount and kind of Securities specified in said Certificate.

2. (a) Any variation margin payment or similar payment required to be made by the Fund to a broker, dealer, or futures commission merchant with respect to an outstanding Futures Contract, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

(b) Any variation margin payment or similar payment from a broker, dealer, or futures commission merchant to the Fund with respect to an outstanding Futures Contract, shall be received and dealt with by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

3. Whenever a Futures Contract held by the Custodian hereunder is retained by the Fund until delivery or settlement is made on such Futures Contract, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying: (a) the Futures Contract and the Series to which the same relates; (b) with respect to a Stock Index Futures Contract, the total cash settlement amount to be paid or received, and with respect to a Financial Futures Contract, the Securities and/or amount of cash to be delivered or received; (c) the broker, dealer, or futures commission merchant to or from whom payment or delivery is to be made or received; and (d) the amount of cash and/or Securities to be withdrawn from the Senior Security Account for such Series. The Custodian shall make the payment or delivery specified in the Certificate, and delete such Futures Contract from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein.

- 17 -

18

4. Whenever the Fund shall enter into a Futures Contract to offset a Futures Contract held by the Custodian hereunder, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying: (a) the items of information required in a Certificate described in paragraph 1 of this Article, and (b) the Futures Contract being offset. The Custodian shall make payment out of the money specifically allocated to such Series of the fee or commission, if any, specified in the Certificate and delete the Futures Contract being offset from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and make such withdrawals from the Senior Security Account for such Series as may be specified in such Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

5. Notwithstanding any other provision in this Agreement to the contrary, the Custodian shall deliver cash and Securities to a future commission merchant upon receipt of a Certificate from the Fund or the Administrator specifying: (a) the name of the future commission merchant; (b) the specific cash and Securities to be delivered; (c) the date of such delivery; and (d) the date of the agreement between the Fund and such future commission merchant entered pursuant to Rule 17f-6 under the Investment Company Act 1940, as amended. Each delivery of such a Certificate by the Fund shall constitute (x) a representation and warranty by the Fund that the Rule 17f-6 agreement has been duly authorized, executed and delivered by the Fund and the future commission merchant and complies with Rule 17f-6, and (y) an agreement by the Fund that the Custodian shall not be liable for the acts or omissions of any such future commission merchant.

## ARTICLE VII

## FUTURES CONTRACT OPTIONS

1. Promptly after the purchase of any Futures Contract Option by the Fund, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the Series to which such Option is specifically allocated; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the amount of premium to be paid by the Fund upon such purchase; (h) the name of the broker or futures commission merchant through whom such option was purchased; and (i) the name of the broker, or futures commission merchant, to whom payment is

- 18 -

19

to be made. The Custodian shall pay out of the money specifically allocated to such Series, the total amount to be paid upon such purchase to the broker or futures commissions merchant through whom the purchase was made, provided that the same conforms to the amount set forth in such Certificate.

2. Promptly after the sale of any Futures Contract Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to each such sale: (a) Series to which such Futures Contract Option was specifically allocated; (b) the type of Future Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund upon such sale; and (h) the name of the broker of futures commission merchant through whom the sale was made. The Custodian shall consent to the cancellation of the Futures Contract Option being closed against payment to the Custodian of the total amount payable to the Fund, provided the same conforms to the total amount payable as set forth in such Certificate.

3. Whenever a Futures Contract Option purchased by the Fund pursuant to paragraph 1 is exercised by the Fund, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying: (a) the Series to which such Futures Contract Option was specifically allocated; (b) the particular Futures Contract Option (put or call) being exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the date of exercise; (e) the name of the broker or futures commission merchant through whom the Futures Contract Option is exercised; (f) the net total amount, if any,



payable by the Fund; (g) the amount, if any, to be received by the Fund; and (h) the amount of cash and/or the amount and kind of Securities to be deposited in the Senior Security Account for such Series. The Custodian shall make, out of the money and Securities specifically allocated to such Series, the payments, if any, and the deposits, if any, into the Senior Security Account as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

4. Whenever the Fund writes a Futures Contract Option, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the Series for which such Futures Contract Option was written; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (d) the expiration date; (e) the exercise price; (f)

- 19 -

20

the premium to be received by the Fund; (g) the name of the broker or futures commission merchant through whom the premium is to be received; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Senior Security Account for such Series. The Custodian shall, upon receipt of the premium specified in the Certificate, make out of the money and Securities specifically allocated to such Series the deposits into the Senior Security Account, if any, as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

5. Whenever a Futures Contract Option written by the Fund which is a call is exercised, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying: (a) the Series to which such Futures Contract Option was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the name of the broker or futures commission merchant through whom such Futures Contract Option was exercised; (e) the net total amount, if any, payable to the Fund upon such exercise; (f) the net total amount, if any, payable by the Fund upon such exercise; and (g) the amount of cash and/or the amount and kind of Securities to be deposited in the Senior Security Account for such Series. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in such Certificate make the payments, if any, and the deposits, if any, into the Senior Security Account as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

6. Whenever a Futures Contract Option which is written by the Fund and which is a put is exercised, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying: (a) the Series to which such Option was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying such Futures Contract Option; (d) the name of the broker or futures commission merchant through whom such Futures Contract Option is exercised; (e) the net total amount, if any, payable to the Fund upon such exercise; (f) the net total amount, if any, payable by the Fund upon such exercise; and (g) the amount and kind of Securities and/or cash to be withdrawn from or deposited in, the Senior Security Account for such Series, if any. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in the Certificate, make out of the money and Securities specifically allocated to such Series, the payments, if any, and the deposits, if any, into the Senior Security Account as specified in the Certificate. The deposits to and/or

- 20 -

21

withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

7. Whenever the Fund purchases any Futures Contract Option identical to a previously written Futures Contract Option described in this Article in order to liquidate its position as a writer of such Futures Contract Option, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to the Futures Contract Option being purchased: (a) the Series to which such Option is specifically allocated; (b) that the transaction is a closing transaction; (c) the type of Future Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Option Contract; (d) the exercise price; (e) the premium to be paid by the Fund; (f) the expiration date; (g) the name of the broker or futures commission merchant to whom the premium is to be paid; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Senior Security Account for such Series. The Custodian shall effect the withdrawals from the Senior Security Account specified in the Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

8. Upon the expiration, exercise, or consummation of a closing transaction with respect to, any Futures Contract Option written or purchased by the Fund and described in this Article, the Custodian shall (a) delete such Futures Contract Option from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein and, (b) make such withdrawals from and/or in the case of an exercise such deposits into the Senior Security Account as may be specified in a Certificate. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with

the terms and conditions of the Margin Account Agreement.

9. Futures Contracts acquired by the Fund through the exercise of a Futures Contract Option described in this Article shall be subject to Article VI hereof.

10. Notwithstanding any other provision in this Agreement to the contrary, the Custodian shall deliver cash and Securities to a future commission merchant upon receipt of a Certificate from the Fund or the Administrator specifying: (a) the name of the future commission merchant; (b) the specific cash and Securities to be delivered; (c) the date of such delivery; and (d) the date of the agreement between the Fund and such future commission merchant entered pursuant to Rule 17f-6 under the Investment Company Act 1940, as amended. Each delivery of such a Certificate by the Fund shall constitute (x) a representation and warranty by the Fund that the Rule 17f-6 agreement has been duly authorized, executed

- 21 -

22

and delivered by the Fund and the future commission merchant and complies with Rule 17f-6, and (y) an agreement by the Fund that the Custodian shall not be liable for the acts or omissions of any such future commission merchant.

## ARTICLE VIII

### SHORT SALES

1. Promptly after any short sales by any Series of the Fund, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying: (a) the Series for which such short sale was made; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest or dividends, if any; (d) the dates of the sale and settlement; (e) the sale price per unit; (f) the total amount credited to the Fund upon such sale, if any, (g) the amount of cash and/or the amount and kind of Securities, if any, which are to be deposited in a Margin Account and the name in which such Margin Account has been or is to be established; (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Senior Security Account, and (i) the name of the broker through whom such short sale was made. The Custodian shall upon its receipt of a statement from such broker confirming such sale and that the total amount credited to the Fund upon such sale, if any, as specified in the Certificate is held by such broker for the account of the Custodian (or any nominee of the Custodian) as custodian of the Fund, issue a receipt or make the deposits into the Margin Account and the Senior Security Account specified in the Certificate.

2. In connection with the closing-out of any short sale, the Fund shall

deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to each such closing out: (a) the Series for which such transaction is being made; (b) the name of the issuer and the title of the Security; (c) the number of shares or the principal amount, and accrued interest or dividends, if any, required to effect such closing-out to be delivered to the broker; (d) the dates of closing-out and settlement; (e) the purchase price per unit; (f) the net total amount payable to the Fund upon such closing-out; (g) the net total amount payable to the broker upon such closing-out; (h) the amount of cash and the amount and kind of Securities to be withdrawn, if any, from the Margin Account; (i) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Senior Security Account; and (j) the name of the broker through whom the Fund is effecting such closing-out. The Custodian shall, upon receipt of the net total amount payable to the Fund upon such closing-out, and the return and/or cancellation of the receipts, if any, issued by the Custodian with

- 22 -

23

respect to the short sale being closed-out, pay out of the money held for the account of the Fund to the broker the net total amount payable to the broker, and make the withdrawals from the Margin Account and the Senior Security Account, as the same are specified in the Certificate.

## ARTICLE IX

### REVERSE REPURCHASE AGREEMENTS

1. Promptly after the Fund enters a Reverse Repurchase Agreement with respect to Securities and money held by the Custodian hereunder, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate, or in the event such Reverse Repurchase Agreement is a Money Market Security, a Certificate or Oral Instructions specifying: (a) the Series for which the Reverse Repurchase Agreement is entered; (b) the total amount payable to the Fund in connection with such Reverse Repurchase Agreement and specifically allocated to such Series; (c) the broker or dealer through or with whom the Reverse Repurchase Agreement is entered; (d) the amount and kind of Securities to be delivered by the Fund to such broker or dealer; (e) the date of such Reverse Repurchase Agreement; and (f) the amount of cash and/or the amount and kind of Securities, if any, specifically allocated to such Series to be deposited in a Senior Security Account for such Series in connection with such Reverse Repurchase Agreement. The Custodian shall, upon receipt of the total amount payable to the Fund specified in the Certificate or Oral Instructions make the delivery to the broker or dealer, and the deposits, if any, to the Senior Security Account, specified in such Certificate or Oral Instructions.

2. Upon the termination of a Reverse Repurchase Agreement described in preceding paragraph 1 of this Article, the Fund shall deliver or cause the Administrator to deliver a Certificate or, in the event such Reverse Repurchase Agreement is a Money Market Security, a Certificate or Oral Instructions to the Custodian specifying: (a) the Reverse Repurchase Agreement being terminated and the Series for which same was entered; (b) the total amount payable by the Fund in connection with such termination; (c) the amount and kind of Securities to be received by the Fund and specifically allocated to such Series in connection with such termination; (d) the date of termination; (e) the name of the broker or dealer with or through whom the Reverse Repurchase Agreement is to be terminated; and (f) the amount of cash and/or the amount and kind of Securities to be withdrawn from the Senior Securities Account for such Series. The Custodian shall, upon receipt of the amount and kind of Securities to be received by the Fund specified in the Certificate or Oral Instructions, make the payment to the broker or dealer, and the withdrawals,

- 23 -

24

if any, from the Senior Security Account, specified in such Certificate or Oral Instructions.

## ARTICLE X

### LOAN OF PORTFOLIO SECURITIES OF THE FUND

1. Promptly after each loan of portfolio Securities specifically allocated to a Series held by the Custodian hereunder, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to each such loan: (a) the Series to which the loaned Securities are specifically allocated; (b) the name of the issuer and the title of the Securities, (c) the number of shares or the principal amount loaned, (d) the date of loan and delivery, (e) the total amount to be delivered to the Custodian against the loan of the Securities, including the amount of cash collateral and the premium, if any, separately identified, and (f) the name of the broker, dealer, or financial institution to which the loan was made. The Custodian shall deliver the Securities thus designated to the broker, dealer or financial institution to which the loan was made upon receipt of the total amount designated as to be delivered against the loan of Securities. The Custodian may accept payment in connection with a delivery otherwise than through the Book-Entry System or Depository only in the form of a certified or bank cashier's check payable to the order of the Fund or the Custodian drawn on New York Clearing House funds and may deliver Securities in accordance with the customs prevailing among dealers in securities.

2. Promptly after each termination of the loan of Securities by the Fund, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying with respect to each such loan termination and return of Securities: (a) the Series to which the loaned Securities are specifically allocated; (b) the name of the issuer and the title of the Securities to be returned, (c) the number of shares or the principal amount to be returned, (d) the date of termination, (e) the total amount to be delivered by the Custodian (including the cash collateral for such Securities minus any offsetting credits as described in said Certificate), and (f) the name of the broker, dealer, or financial institution from which the Securities will be returned. The Custodian shall receive all Securities returned from the broker, dealer, or financial institution to which such Securities were loaned and upon receipt thereof shall pay, out of the money held for the account of the Fund, the total amount payable upon such return of Securities as set forth in the Certificate.

- 24 -

25

## ARTICLE XI

### CONCERNING MARGIN ACCOUNTS, SENIOR SECURITY ACCOUNTS, AND COLLATERAL ACCOUNTS

1. The Custodian shall, from time to time, make such deposits to, or withdrawals from, a Senior Security Account as specified in a Certificate received by the Custodian. Such Certificate shall specify the Series for which such deposit or withdrawal is to be made and the amount of cash and/or the amount and kind of Securities specifically allocated to such Series to be deposited in, or withdrawn from, such Senior Security Account for such Series. In the event the Certificate fails to specify the Series, the name of the issuer, the title and the number of shares or the principal amount of any particular Securities to be deposited by the Custodian into, or withdrawn from, a Senior Securities Account, the Custodian shall be under no obligation to make any such deposit or withdrawal and shall so notify the Administrator.

2. The Custodian shall make deliveries or payments from a Margin Account to the broker, dealer, futures commission merchant or Clearing Member in whose name, or for whose benefit, the account was established as specified in the Margin Account Agreement.

3. Amounts received by the Custodian as payments or distributions with respect to Securities deposited in any Margin Account shall be dealt with in accordance with the terms and conditions of the Margin Account Agreement.

4. The Custodian shall have a continuing lien and security interest in and to any property at any time held by the Custodian in any Collateral Account

described herein. In accordance with applicable law the Custodian may enforce its lien and realize on any such property whenever the Custodian has made payment or delivery pursuant to any Put Option guarantee letter or similar document or any receipt issued hereunder by the Custodian. In the event the Custodian should realize on any such property net proceeds which are less than the Custodian's obligations under any Put Option guarantee letter or similar document or any receipt, such deficiency shall be a debt owed the Custodian by the Fund within the scope of Article XIV herein.

5. On each business day the Custodian shall furnish the Fund with a statement with respect to each Margin Account in which money or Securities are held specifying as of the close of business on the previous business day: (a) the name of the Margin Account; (b) the amount and kind of Securities held therein; and (c) the amount of money held therein. The Custodian shall make available upon request to any broker, dealer,

- 25 -

26

or futures commission merchant specified in the name of a Margin Account a copy of the statement furnished the Fund with respect to such Margin Account.

6. Promptly after the close of business on each business day in which cash and/or Securities are maintained in a Collateral Account for any Series, the Custodian shall furnish the Administrator with a statement with respect to such Collateral Account specifying the amount of cash and/or the amount and kind of Securities held therein. No later than the close of business next succeeding the delivery to the Fund of such statement, the Fund shall deliver or cause the Administrator to deliver to the Custodian a Certificate specifying the then market value of the Securities described in such statement. In the event such then market value is indicated to be less than the Custodian's obligation with respect to any outstanding Put Option guarantee letter or similar document, the Fund shall promptly specify or cause the Administrator to promptly specify in a Certificate the additional cash and/or Securities to be deposited in such Collateral Account to eliminate such deficiency.

## ARTICLE XII

### PAYMENT OF DIVIDENDS OR DISTRIBUTIONS

1. The Fund shall deliver or cause the Administrator to deliver to the Custodian a copy of the resolution of the Board of Trustees of the Fund, certified by the Secretary, the Clerk, any Assistant Secretary or any Assistant Clerk, either (i) setting forth with respect to the Series specified therein the date of the declaration of a dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per Share of such Series to the shareholders of record as of that date and the total amount payable to the Dividend Agent and

any sub-dividend agent or co-dividend agent of the Fund on the payment date, or (ii) authorizing with respect to the Series specified therein the declaration of dividends and distributions on a daily basis and authorizing the Custodian to rely on Oral Instructions or a Certificate setting forth the date of the declaration of such dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per Share of such Series to the shareholders of record as of that date and the total amount payable to the Dividend Agent on the payment date.

2. Upon the payment date specified in such resolution, Oral Instructions or Certificate, as the case may be, the Custodian shall pay out of the money held for the account of each Series the total amount payable to the Dividend Agent and any

- 26 -

27

sub-dividend agent or co-dividend agent of the Fund with respect to such Series.

## ARTICLE XIII

### SALE AND REDEMPTION OF SHARES

1. Whenever the Fund shall sell any Shares, it shall deliver or cause the Administrator to deliver to the Custodian a Certificate duly specifying:

(a) The Series, the number of Shares sold, trade date, and price; and

(b) The amount of money to be received by the Custodian for the sale of such Shares and specifically allocated to the separate account in the name of such Series.

2. Upon receipt of such money from the Transfer Agent, the Custodian shall credit such money to the separate account in the name of the Series for which such money was received.

3. Upon issuance of any Shares of any Series described in the foregoing provisions of this Article, the Custodian shall pay, out of the money held for the account of such Series, all original issue or other taxes required to be paid by the Fund in connection with such issuance upon the receipt of a Certificate specifying the amount to be paid.

4. Except as provided hereinafter, whenever the Fund desires the Custodian to make payment out of the money held by the Custodian hereunder in connection with a redemption of any Shares, it shall deliver or cause the



Administrator to deliver to the Custodian a Certificate specifying:

(a) The number and Series of Shares redeemed; and

(b) The amount to be paid for such Shares.

5. Upon receipt from the Transfer Agent of an advice setting forth the Series and number of Shares received by the Transfer Agent for redemption and that such Shares are in good form for redemption, the Custodian shall make payment to the Transfer Agent out of the money held in the separate account in the name of the Series the total amount specified in the Certificate delivered pursuant to the foregoing paragraph 4 of this Article.

6. Notwithstanding the above provisions regarding the redemption of any Shares, whenever any Shares are redeemed pursuant to any check redemption privilege which may from time

- 27 -

28

to time be offered by the Fund, the Custodian, unless otherwise instructed by a Certificate, shall, upon receipt of an advice from the Fund or its agent setting forth that the redemption is in good form for redemption in accordance with the check redemption procedure, honor the check presented as part of such check redemption privilege out of the money held in the separate account of the Series of the Shares being redeemed.

#### ARTICLE XIV

##### OVERDRAFTS OR INDEBTEDNESS

1. If the Custodian, should in its sole discretion advance funds on behalf of any Series which results in an overdraft because the money held by the Custodian in the separate account for such Series shall be insufficient to pay the total amount payable upon a purchase of Securities specifically allocated to such Series, as set forth in a Certificate or Oral Instructions, or which results in an overdraft in the separate account of such Series for some other reason, or if the Fund is for any other reason indebted to the Custodian with respect to a Series, including any indebtedness to The Bank of New York under the Fund's Cash Management and Related Services Agreement, (except a borrowing for investment or for temporary or emergency purposes using Securities as collateral pursuant to a separate agreement and subject to the provisions of paragraph 2 of this Article), such overdraft or indebtedness shall be deemed to be a loan made by the Custodian to the Fund for such Series payable on demand and shall bear interest from the date incurred at a rate per annum (based on a 360-day year for the actual number of days involved) equal to 1/2% over Custodian's prime commercial lending rate in effect from time to time, such rate to be adjusted on the effective date of any change in such prime commercial

lending rate but in no event to be less than 6% per annum, or at such other rate per annum, if any, as the Fund and the Custodian may agree upon in writing from time to time. In addition, the Fund hereby agrees that the Custodian shall have a continuing lien and security interest in and to any property specifically allocated to such Series at any time held by it for the benefit of such Series or in which the Fund may have an interest which is then in the Custodian's possession or control or in possession or control of any third party acting in the Custodian's behalf. The Fund authorizes the Custodian, in its sole discretion, at any time to charge any such overdraft or indebtedness together with interest due thereon against any balance of account standing to such Series' credit on the Custodian's books. In addition, the Fund hereby covenants that on each Business Day on which either it intends to enter a Reverse Repurchase Agreement and/or otherwise borrow from a third party, or which next succeeds a Business Day on which at the

- 28 -

29

close of business the Fund had outstanding a Reverse Repurchase Agreement or such a borrowing, it shall prior to 9 a.m., New York City time, advise the Custodian, in writing, of each such borrowing, shall specify the Series to which the same relates, and shall not incur any indebtedness not so specified other than from the Custodian.

2. The Fund will cause to be delivered to the Custodian by any bank (including, if the borrowing is pursuant to a separate agreement, the Custodian) from which it borrows money for investment or for temporary or emergency purposes using Securities held by the Custodian hereunder as collateral for such borrowings, a notice or undertaking in the form currently employed by any such bank setting forth the amount which such bank will loan to the Fund against delivery of a stated amount of collateral. The Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such borrowing: (a) the Series to which such borrowing relates; (b) the name of the bank, (c) the amount and terms of the borrowing, which may be set forth by incorporating by reference an attached promissory note, duly endorsed by the Fund, or other loan agreement, (d) the time and date, if known, on which the loan is to be entered into, (e) the date on which the loan becomes due and payable, (f) the total amount payable to the Fund on the borrowing date, (g) the market value of Securities to be delivered as collateral for such loan, including the name of the issuer, the title and the number of shares or the principal amount of any particular Securities, and (h) a statement specifying whether such loan is for investment purposes or for temporary or emergency purposes and that such loan is in conformance with the Investment Company Act of 1940 and the Fund's prospectus. The Custodian shall deliver on the borrowing date specified in a Certificate the specified collateral and the executed promissory note, if any, against delivery by the lending bank of the total amount of the loan payable, provided that the same conforms to the total amount payable as set forth in the Certificate. The Custodian

may, at the option of the lending bank, keep such collateral in its possession, but such collateral shall be subject to all rights therein given the lending bank by virtue of any promissory note or loan agreement. The Custodian shall deliver such Securities as additional collateral as may be specified in a Certificate to collateralize further any transaction described in this paragraph. The Fund shall cause all Securities released from collateral status to be returned directly to the Custodian, and the Custodian shall receive from time to time such return of collateral as may be tendered to it. In the event that the Fund fails to specify in a Certificate the Series, the name of the issuer, the title and number of shares or the principal amount of any particular Securities to be delivered as collateral by the Custodian, the Custodian shall not be under any obligation to deliver any Securities.

- 29 -

30

## ARTICLE XV

### INSTRUCTIONS

1. With respect to any software provided by the Custodian to the Administrator in order for the Administrator to transmit Instructions to the Custodian (the "Software"), the Custodian grants to the Administrator a personal, nontransferable and nonexclusive license to use the Software solely for the purpose of transmitting Instructions on behalf of the Fund to, and receiving communications from, the Custodian in connection with its account(s). The Administrator agrees not to sell, reproduce, lease or otherwise provide, directly or indirectly, the Software or any portion thereof to any third party without the prior written consent of the Custodian.

2. The Administrator shall obtain and maintain at its own cost and expense all equipment and services, including but not limited to communications services, necessary for it to utilize the Software and transmit Instructions to the Custodian. The Custodian shall not be responsible for the reliability, compatibility with the Software or availability of any such equipment or services or the performance or nonperformance by any nonparty to this Custody Agreement.

3. The Administrator acknowledges for itself and the Fund that the Software, all data bases made available to the Administrator by utilizing the Software (other than data bases relating solely to the assets of the Fund and transactions with respect thereto), and any proprietary data, processes, information and documentation (other than which are or become part of the public domain or are legally required to be made available to the public) (collectively, the "Information"), are the exclusive and confidential property of the Custodian. The Administrator shall keep the Information confidential by using the same care and discretion that the

Administrator uses with respect to its own confidential property and trade secrets and shall neither make nor permit any disclosure without the prior written consent of the Custodian. Upon termination of this Agreement or the Software license granted hereunder for any reason, the Fund shall return to the Custodian all copies of the Information which are in its possession or under its control or which the Fund distributed to third parties.

4. The Custodian reserves the right to modify the Software from time to time upon reasonable prior notice and the Administrator shall install new releases of the Software as the Custodian may direct. The Administrator agrees not to modify or attempt to modify the Software without the Custodian's prior written consent. The Administrator acknowledges that any modifications to the Software, whether by the Administrator or the Custodian and whether with or

- 30 -

31

without the Custodian's consent, shall become the property of the Custodian.

5. The Custodian makes no warranties or representations of any kind with regard to the Software or the method(s) by which the Administrator may transmit Instructions to the Custodian, express or implied, including but not limited to any implied warranties or merchantability or fitness for a particular purpose.

6. Where the method for transmitting Instructions by the Administrator on behalf of the Fund involves an automatic systems acknowledgment by the Custodian of its receipt of such Instructions, then in the absence of such acknowledgment the Custodian shall not be liable for any failure to act pursuant to such Instructions, neither the Administrator nor the Fund may claim that such Instructions were received by the Custodian, and the Administrator or the Fund shall deliver a Certificate by some other means.

7. (a) The Administrator and the Fund agree that where the Administrator delivers to the Custodian Instructions hereunder, it shall be the Administrator's sole responsibility to ensure that only persons duly authorized by the Administrator transmit such Instructions to the Custodian. The Administrator will cause all persons transmitting Instructions to the Custodian to treat applicable user and authorization codes, passwords and authentication keys with extreme care, and irrevocably authorizes the Custodian to act in accordance with and rely upon Instructions received by it pursuant hereto.

(b) The Administrator hereby represents, acknowledges and agrees that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Custodian and that there may be more secure methods of transmitting instructions to the Custodian than the method(s) selected by the Administrator on behalf of the Fund. The Fund hereby agree that the security procedures (if any) to be followed in connection with the Fund's transmission of Instructions provide a commercially reasonable degree of

protection in light of its particular needs and circumstances.

8. The Administrator and the Fund hereby represent, warrant and covenant to the Custodian that this Agreement has been duly approved by a resolution of the Fund's Board of Trustees, and that its transmission of Instructions pursuant hereto shall at all times comply with the Investment Company Act of 1940, as amended.

9. The Fund shall notify the Custodian of any errors, omissions or interruptions in, or delay or unavailability of, its ability to send Instructions as promptly as practicable,

- 31 -

32

and in any event within 24 hours after the earliest of (i) discovery thereof, (ii) the Business Day on which discovery should have occurred through the exercise of reasonable care and (iii) in the case of any error, the date of actual receipt of the earliest notice which reflects such error, it being agreed that discovery and receipt of notice may only occur on a business day. The Custodian shall promptly advise the Administrator whenever the Custodian learns of any errors, omissions or interruption in, or delay or unavailability of, the Fund's ability to send Instructions.

#### ARTICLE XVI

##### DUTIES OF THE CUSTODIAN WITH RESPECT TO PROPERTY OF ANY SERIES HELD OUTSIDE OF THE UNITED STATES

1. The Custodian is authorized and instructed to employ, as sub-custodian for each Series' Foreign Securities (as such term is defined in paragraph (c)(1) of Rule 17f-5 under the Investment Company Act of 1940, as amended) and other assets, the foreign banking institutions and foreign securities depositories and clearing agencies designated on Schedule I hereto ("Foreign Sub-Custodians") to carry out their respective responsibilities in accordance with the terms of the sub-custodian agreement between each such Foreign Sub-Custodian and the Custodian, copies of which have been previously delivered to the Fund and receipt of which is hereby acknowledged (each such agreement, a "Foreign Sub-Custodian Agreement"). Upon receipt of a Certificate, together with a certified resolution substantially in the form attached as Exhibit E of the Fund's Board of Trustees, the Fund may designate any additional foreign sub-custodian with which the Custodian has an agreement for such entity to act as the Custodian's agent, as its sub-custodian and any such additional foreign sub-custodian shall be deemed added to Schedule I. Upon receipt of a Certificate from the Fund, the Custodian shall cease the employment of any one or more Foreign Sub-Custodians for maintaining custody of the Fund's assets and such Foreign Sub-Custodian shall be deemed deleted from Schedule I.

2. Each Foreign Sub-Custodian Agreement shall be substantially in the form previously delivered to the Fund and will not be amended in a way that materially adversely affects the Fund without the Fund's prior written consent.

3. The Custodian shall identify on its books as belonging to each Series of the Fund the Foreign Securities of such Series held by each Foreign Sub-Custodian. At the election of the Fund, it shall be entitled to be subrogated to the rights of the Custodian with respect to any claims by the Fund or any Series against a Foreign Sub-Custodian as a

- 32 -

33

consequence of any loss, damage, cost, expense, liability or claim sustained or incurred by the Fund or any Series if and to the extent that the Fund or such Series has not been made whole for any such loss, damage, cost, expense, liability or claim.

4. Upon request of the Fund, the Custodian will, consistent with the terms of the applicable Foreign Sub-Custodian Agreement, use reasonable efforts to arrange for the independent accountants of the Fund to be afforded access to the books and records of any Foreign Sub-Custodian insofar as such books and records relate to the performance of such Foreign Sub-Custodian under its agreement with the Custodian on behalf of the Fund.

5. The Custodian will supply to the Fund from time to time, as mutually agreed upon, statements in respect of the securities and other assets of each Series held by Foreign Sub-Custodians, including but not limited to, an identification of entities having possession of each Series' Foreign Securities and other assets, and advices or notifications of any transfers of Foreign Securities to or from each custodial account maintained by a Foreign Sub-Custodian for the Custodian on behalf of the Series.

6. The Custodian shall transmit promptly to the Fund all notices, reports or other written information received pertaining to the Fund's Foreign Securities, including without limitation, notices of corporate action, proxies and proxy solicitation materials.

7. Notwithstanding any provision of this Agreement to the contrary, settlement and payment for securities received for the account of any Series and delivery of securities maintained for the account of such Series may be effected in accordance with the customary or established securities trading or securities processing practices and procedures in the jurisdiction or market in which the transaction occurs, including, without limitation, delivery of securities to the purchaser thereof or to a dealer therefor (or an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such securities from such purchaser or dealer.

8. Notwithstanding any other provision in this Agreement to the contrary, with respect to any losses or damages arising out of or relating to any actions or omissions of any Foreign Sub-Custodian the sole responsibility and liability of the Custodian shall be to take appropriate action at the Fund's expense to recover such loss or damage from the Foreign Sub-Custodian. It is expressly understood and agreed that the Custodian's sole responsibility and liability shall be limited to amounts so recovered from the Foreign Sub-Custodian.

- 33 -

34

## ARTICLE XVII

### FX TRANSACTIONS

1. Whenever the Fund shall enter into an FX Transaction, the Fund shall promptly deliver or cause the Administrator to deliver to the Custodian a Certificate or Oral Instructions specifying with respect to such FX Transaction: (c) the Series to which such FX Transaction is specifically allocated; (b) the type and amount of Currency to be purchased by the Fund; (c) the type and amount of Currency to be sold by the Fund; (d) the date on which the Currency to be purchased is to be delivered; (e) the date on which the Currency to be sold is to be delivered; and (f) the name of the person from whom or through whom such currencies are to be purchased and sold. Unless otherwise instructed by a Certificate or Oral Instructions, the Custodian shall deliver, or shall instruct a Foreign Sub-Custodian to deliver, the Currency to be sold on the date on which such delivery is to be made, as set forth in the Certificate, and shall receive, or instruct a Foreign Sub-Custodian to receive, the Currency to be purchased on the date as set forth in the Certificate.

2. Where the Currency to be sold is to be delivered on the same day as the Currency to be purchased, as specified in the Certificate or Oral Instructions, the Custodian or a Foreign Sub-Custodian may arrange for such deliveries and receipts to be made in accordance with the customs prevailing from time to time among brokers or dealers in Currencies, and such receipt and delivery may not be completed simultaneously. The Fund assumes all responsibility and liability for all credit risks involved in connection with such receipts and deliveries, which responsibility and liability shall continue until the Currency to be received by the Fund has been received in full.

3. Any FX Transaction effected by the Custodian in connection with this Agreement may be entered with the Custodian, any office, branch or subsidiary of The Bank of New York Company, Inc., or any Foreign Sub-Custodian acting as principal or otherwise through customary banking channels. The Fund may issue a standing Certificate with respect to FX Transaction but the Custodian may establish rules or limitations concerning any foreign exchange facility made available to the Fund. The Fund shall bear all risks of investing in Securities or holding Currency. Without limiting the

foregoing, the Fund shall bear the risks that rules or procedures imposed by a Foreign Sub-Custodian or foreign depositories, exchange controls, asset freezes or other laws, rules, regulations or orders shall prohibit or impose burdens or costs on the transfer to, by or for the account of the Fund of Securities or any cash held outside the Fund's jurisdiction or denominated in Currency other than its home jurisdiction or the conversion of cash from one Currency into another

- 34 -

35

currency. The Custodian shall not be obligated to substitute another Currency for a Currency (including a Currency that is a component of a Composite Currency Unit) whose transferability, convertibility or availability has been affected by such law, regulation, rule or procedure. Neither the Custodian nor any Foreign Sub-Custodian shall be liable to the Fund for any loss resulting from any of the foregoing events.

## ARTICLE XVIII

### CONCERNING THE CUSTODIAN

1. Except as hereinafter provided, or as provided in Article XVI neither the Custodian nor its nominee shall be liable for any loss or damage, including reasonable counsel fees, resulting from its action or omission to act or otherwise, either hereunder or under any Margin Account Agreement, except for any such loss or damage arising out of its own negligence or willful misconduct. The Custodian agrees to indemnify and hold harmless the Trust and Trust's Trustees and officers to the extent described below against any loss as a result of any breach or violation of this Agreement by the Custodian or its officers, employees and agents or its nominees, resulting from their negligence or willful misconduct. The Custodian may, with respect to questions of law arising hereunder or under any Margin Account Agreement, apply for and obtain the advice and opinion of counsel to the Fund or of its own counsel, at the expense of the Fund, and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion. The Custodian shall be liable to the Fund for any loss or damage resulting from the use of the Book-Entry System or any Depository arising by reason of any negligence or willful misconduct on the part of the Custodian or any of its employees or agents. Notwithstanding the foregoing, or any other provision contained in this Agreement, in no event shall the Custodian be liable to the Trust, its Trustees or officers, or any third party, for special, indirect or consequential damages, or lost profits or loss of business, arising under or in connection with this Agreement, even if previously informed of the possibility of such damages and regardless of the form of action.



2. Without limiting the generality of the foregoing, the Custodian shall be under no obligation to inquire into, and shall not be liable for:

(a) The validity of the issue of any Securities purchased, sold, or written by or for the Fund, the legality of the purchase, sale or writing thereof, or the propriety of the amount paid or received therefor;

- 35 -

36

(b) The legality of the sale or redemption of any Shares, or the propriety of the amount to be received or paid therefor;

(c) The legality of the declaration or payment of any dividend by the Fund;

(d) The legality of any borrowing by the Fund using Securities as collateral;

(e) The legality of any loan of portfolio Securities, nor shall the Custodian be under any duty or obligation to see to it that any cash collateral delivered to it by a broker, dealer, or financial institution or held by it at any time as a result of such loan of portfolio Securities of the Fund is adequate collateral for the Fund against any loss it might sustain as a result of such loan. The Custodian specifically, but not by way of limitation, shall not be under any duty or obligation periodically to check or notify the Fund that the amount of such cash collateral held by it for the Fund is sufficient collateral for the Fund, but such duty or obligation shall be the sole responsibility of the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer or financial institution to which portfolio Securities of the Fund are lent pursuant to Article XIV of this Agreement makes payment to it of any dividends or interest which are payable to or for the account of the Fund during the period of such loan or at the termination of such loan, provided, however, that the Custodian shall promptly notify the Fund in the event that such dividends or interest are not paid and received when due; or

(f) The sufficiency or value of any amounts of money and/or Securities held in any Margin Account, Senior Security Account or Collateral Account in connection with transactions by the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer, futures commission merchant or Clearing Member makes payment to the Fund of any variation margin payment or similar payment which the Fund may be entitled to receive from such broker, dealer, futures commission merchant or Clearing Member, to see that any payment received by the Custodian from any broker, dealer, futures commission merchant or Clearing Member is the amount the Fund is entitled to receive, or to notify the Fund of the Custodian's receipt or non-receipt of any such payment.

3. The Custodian shall not be liable for, or considered to be the Custodian of, any money, whether or not represented by any check, draft, or other instrument for the payment of money, received by it on behalf of the Fund until the Custodian actually receives and collects such money directly or by the final crediting of the account representing the Fund's interest at the Book-Entry System or the Depository.

- 36 -

37

4. The Custodian shall have no responsibility and shall not be liable for ascertaining or acting upon any calls, conversions, exchange offers, tenders, interest rate changes or similar matters relating to Securities held in the Depository, unless the Custodian shall have actually received timely notice from the Depository. In no event shall the Custodian have any responsibility or liability for the failure of the Depository to collect, or for the late collection or late crediting by the Depository of any amount payable upon Securities deposited in the Depository which may mature or be redeemed, retired, called or otherwise become payable. However, upon receipt of a Certificate from the Fund of an overdue amount on Securities held in the Depository the Custodian shall make a claim against the Depository on behalf of the Fund, except that the Custodian shall not be under any obligation to appear in, prosecute or defend any action suit or proceeding in respect to any Securities held by the Depository which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability be furnished as often as may be required.

5. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount due to the Fund from the Transfer Agent of the Fund nor to take any action to effect payment or distribution by the Transfer Agent of the Fund of any amount paid by the Custodian to the Transfer Agent of the Fund in accordance with this Agreement.

6. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount if the Securities upon which such amount is payable are in default, or if payment is refused after due demand or presentation, unless and until (i) it shall be directed to take such action by a Certificate and (ii) it shall be assured to its satisfaction of reimbursement of its costs and expenses in connection with any such action.

7. The Custodian may in addition to the employment of Foreign Sub-Custodians pursuant to Article XVI appoint one or more banking institutions as Depository or Depositories, as Sub-Custodian or Sub-Custodians, or as Co-Custodian or Co-Custodians including, but not limited to, banking institutions located in foreign countries, of Securities and money at any time owned by the Fund, upon such terms and conditions as may be approved in a Certificate or contained in an agreement executed by the Custodian, the Fund and the appointed institution.

8. The Custodian shall not be under any duty or obligation (a) to ascertain whether any Securities at any time delivered to, or held by it or by any Foreign Sub-Custodian, for the account of the Fund and specifically allocated to a Series are such as properly may be held by the Fund or such Series under the provisions of its then current prospectus, or (b) to

- 37 -

38

ascertain whether any transactions by the Fund, whether or not involving the Custodian, are such transactions as may properly be engaged in by the Fund.

9. The Custodian shall be entitled to receive and the Fund agrees to pay to the Custodian all out-of-pocket expenses and such compensation as may be agreed upon from time to time between the Custodian and the Fund. The Fund represents that the Administrator has agreed to pay such compensation and expenses promptly upon receipt of statements therefor, and hereby directs the Custodian to (i) send all statements for compensation to its attention care of FDS at the following address: FDS Services, Inc., 3200 Horizon Drive, King of Prussia, PA 19406-0903, Attention: Mr. Elmer Gardner, Senior Vice President, and (ii) accept all payments made by FDS in the Fund's name as if such payments were made directly by the Fund. The Fund shall pay to FDS fees for services (including custodian services provided by the Custodian) in accordance with the Investment Company Services Agreement. The Custodian's compensation for services rendered hereunder is set forth in a separate agreement between the Custodian and FDS. Should FDS fail to pay or remit such compensation to the Custodian within 20 days of the date the same is due and payable, Custodian shall notify the Fund. If such payment or remittance is not received from FDS within 15 days of such notice, then the Custodian will be entitled to debit the Custody Account directly for such compensation. The Custodian may charge compensation with respect to which it has properly sent a notice to the Fund, as provided in the preceding sentence, and any expenses with respect to a Series incurred by the Custodian in the performance of its duties pursuant to such agreement against any money specifically allocated to such Series. Unless and until the Fund or the Administrator instructs the Custodian by a Certificate to apportion any loss, damage, liability or expense among the Series in a specified manner, the Custodian shall also be entitled to charge against any money held by it for the account of a Series such Series' pro rata share (based on such Series net asset value at the time of the charge to the aggregate net asset value of all Series at that time) of the amount of any loss, damage, liability or expense, including counsel fees, for which it shall be entitled to reimbursement under the provisions of this Agreement. The expenses for which the Custodian shall be entitled to reimbursement hereunder shall include, but are not limited to, the expenses of sub-custodians and foreign branches of the Custodian incurred in settling outside of New York City transactions involving the purchase and sale of Securities of the Fund.

10. The Custodian shall be entitled to rely upon any Certificate, notice or other instrument in writing received by the Custodian and reasonably believed by the Custodian to be a Certificate. The Custodian shall be entitled to rely upon any Oral Instructions actually received by the Custodian. The

- 38 -

39

Fund agrees to forward or cause the Administrator to forward to the Custodian a Certificate or facsimile thereof confirming such Oral Instructions in such manner so that such Certificate or facsimile thereof is received by the Custodian, whether by hand delivery, telecopier or other similar device, or otherwise, by the close of business of the same day that such Oral Instructions are given to the Custodian. The Fund agrees that the fact that such confirming instructions are not received by the Custodian shall in no way affect the validity of the transactions or enforceability of the transactions hereby authorized by the Fund. The Fund agrees that the Custodian shall incur no liability to the Fund in acting upon Oral Instructions given to the Custodian hereunder concerning such transactions provided such instructions reasonably appear to have been received from an Officer.

11. The Custodian shall be entitled to rely upon any instrument, instruction or notice received by the Custodian and reasonably believed by the Custodian to be given in accordance with the terms and conditions of any Margin Account Agreement. Without limiting the generality of the foregoing, the Custodian shall be under no duty to inquire into, and shall not be liable for, the accuracy of any statements or representations contained in any such instrument or other notice including, without limitation, any specification of any amount to be paid to a broker, dealer, futures commission merchant or Clearing Member.

12. The books and records pertaining to the Fund which are in the possession of the Custodian shall be the property of the Fund. Such books and records shall be prepared and maintained as required by the Investment Company Act of 1940, as amended, and other applicable securities laws and rules and regulations. The Fund, or the Fund's authorized representatives, shall have access to such books and records during the Custodian's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Custodian to the Fund or the Fund's authorized representative, and the Fund shall reimburse the Custodian its expenses of providing such copies. Upon reasonable request of the Fund, the Custodian shall provide in hard copy or on micro-film, whichever the Custodian elects, any records included in any such delivery which are maintained by the Custodian on a computer disc, or are similarly maintained, and the Fund shall reimburse the Custodian for its expenses of providing such hard copy or micro-film.

13. The Custodian shall provide the Fund with any report obtained by the

Custodian on the system of internal accounting control of the Book-Entry System, the Depository or O.C.C., and with such reports on its own systems of internal accounting control as the Fund may reasonably request from time to time.

- 39 -

40

14. The Fund agrees to indemnify the Custodian against and save the Custodian harmless from all liability, claims, losses and demands whatsoever, including attorney's fees, howsoever arising or incurred because of or in connection with this Agreement, including the Custodian's payment or non-payment of checks pursuant to paragraph 6 of Article XIII as part of any check redemption privilege program of the Fund, except for any such liability, claim, loss and demand arising out of the Custodian's own negligence or willful misconduct. For any legal proceeding giving rise to the indemnification set forth above in this paragraph, the Fund shall be entitled to defend or prosecute any claim in the name of the Custodian at its own expense and through counsel of its own choosing reasonably acceptable to the Custodian if it gives written notice to the Custodian within ten (10) Business days of receiving notice of such claim. Notwithstanding the foregoing, the Custodian may participate in the litigation at its own expense and with counsel of its own choosing.

15. Subject to the foregoing provisions of this Agreement, including, without limitation, those contained in Article XVI the Custodian may deliver and receive Securities, and receipts with respect to such Securities, and arrange for payments to be made and received by the Custodian in accordance with the customs prevailing from time to time among brokers or dealers in such Securities. When the Custodian is instructed to deliver Securities against payment, delivery of such Securities and receipt of payment therefor may not be completed simultaneously. The Fund assumes all responsibility and liability for all credit risks involved in connection with the Custodian's delivery of Securities pursuant to Certificates or instructions of the Fund or the Administrator which responsibility and liability shall continue until final payment in full has been received by the Custodian.

16. In the event the Custodian is advised by the Fund that the Fund is no longer utilizing the services of the Administrator, then the Custodian shall furnish or give to the Fund the statements or notices described above as to be furnished or given to the Administrator.

17. The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied in this Agreement against the Custodian. Without limiting the generality of the foregoing, the Custodian shall have no duties or responsibilities by reason of any terms or provisions in the Investment Company Services Agreement, and if such Investment Company Services Agreement shall cease to be in effect the Custodian shall have no additional duties hereunder.

ARTICLE XIX

TERMINATION

1. Either of the parties hereto may terminate this Agreement by giving to the other party a notice in writing specifying the date of such termination, which shall be not less than ninety (90) days after the date of giving of such notice, provided, however, that if such notice is sent by the Fund and recites that it is being given contemporaneously with a termination of the Investment Company Services Agreement with FDS, such notice may specify any date of termination selected by the Fund. In the event such notice is given by the Fund, it shall be accompanied by a copy of a resolution of the Board of Trustees of the Fund, certified by the Secretary, the Clerk, any Assistant Secretary or any Assistant Clerk, electing to terminate this Agreement and designating a successor custodian or custodians, each of which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. In the event such notice is given by the Custodian, the Fund shall, on or before the termination date, deliver to the Custodian a copy of a resolution of the Board of Trustees of the Fund, certified by the Secretary, the Clerk, any Assistant Secretary or any Assistant Clerk, designating a successor custodian or custodians. In the absence of such designation by the Fund, the Custodian may designate a successor custodian which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. Upon the date set forth in such notice this Agreement shall terminate, and the Custodian shall upon receipt of a notice of acceptance by the successor custodian on that date deliver directly to the successor custodian all Securities and money then owned by the Fund and held by it as Custodian, after deducting all fees, expenses and other amounts for the payment or reimbursement of which it shall then be entitled.

2. If a successor custodian is not designated by the Fund or the Custodian in accordance with the preceding paragraph, the Fund shall upon the date specified in the notice of termination of this Agreement and upon the delivery by the Custodian of all Securities (other than Securities held in the Book-Entry System which cannot be delivered to the Fund) and money then owned by the Fund be deemed to be its own custodian and the Custodian shall thereby be relieved of all duties and responsibilities pursuant to this Agreement, other than the duty with respect to Securities held in the Book Entry System which cannot be delivered to the Fund to hold such Securities hereunder in accordance with this Agreement.

## ARTICLE XX

## MISCELLANEOUS

1. Annexed hereto as Appendix A is a Certificate signed by two of the present Officers of the Fund under its seal, setting forth the names and the signatures of the present Officers. The Fund agrees to furnish to the Custodian a new Certificate in similar form in the event that any such present Officer ceases to be an Officer or in the event that other or additional Officers are elected or appointed. Until such new Certificate shall be received, the Custodian shall be fully protected in acting under the provisions of this Agreement upon Oral Instructions or signatures of the present Officers as set forth in the last delivered Certificate.

2. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, shall be sufficiently given if addressed to the Custodian and mailed or delivered to it at its offices at 90 Washington Street, New York, New York 10286, or at such other place as the Custodian may from time to time designate in writing.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Fund shall be sufficiently given if addressed to the Fund and mailed or delivered to it at its office at the address for the Fund first above written, or at such other place as the Fund may from time to time designate in writing, and any notice or other instrument in writing authorized or required to be given to the Administrator shall be sufficiently given if addressed to the Administrator at such address as the Administrator may from time to time designate in writing.

4. This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties with the same formality as this Agreement and approved by a resolution of the Board of Trustees of the Fund.

5. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Fund without the written consent of the Custodian, or by the Custodian without the written consent of the Fund, authorized or approved by a resolution of the Fund's Board of Trustees.

6. This Agreement shall be construed in accordance with the laws of the State of New York without giving effect to conflict of laws principles thereof. Each party hereby consents to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute

- 42 -

arising hereunder and hereby waives its right to trial by jury.

7. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

8. A copy of the Declaration of Trust of the Fund is on file with the Secretary of The State of Massachusetts, and notice is hereby given that this instrument is executed on behalf of the Board of Trustees of the Fund as Trustees and not individually and that the obligations of this instrument are not binding upon any of the Trustees or shareholders individually but are binding only upon the assets and property of the Fund; provided, however, that the Declaration of Trust of the Fund provides that the assets of a particular Series of the Fund shall under no circumstances be charged with liabilities attributable to any other Series of the Fund and that all persons extending credit to, or contracting with or having any claim against a particular Series of the Fund shall look only to the assets of that particular Series for payment of such credit, contract or claim.

- 43 -

44

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective Officers, thereunto duly authorized and their respective seals to be hereunto affixed, as of the day and year first above written.

<TABLE>  
<S>

<C>  
CALAMOS INSURANCE TRUST

[SEAL]

By: \_\_\_\_\_

Attest:

\_\_\_\_\_

THE BANK OF NEW YORK

[SEAL]

By: \_\_\_\_\_

Attest:



</TABLE>

45

APPENDIX A

I, \_\_\_\_\_, President and I, \_\_\_\_\_, of CALAMOS INSURANCE TRUST a Massachusetts business trust (the "Fund"), do hereby certify that:

The following individuals including officers and employees of the Administrator have been duly authorized by the Board of Trustees of the Fund in conformity with the Fund's Declaration of Trust and By-Laws to give Certificates or Oral Instructions on behalf of the Fund, and the signatures set forth opposite their respective names are their true and correct signatures:

<TABLE>

<S>	<C>
Name	Signature

</TABLE>

46

APPENDIX B

SCHEDULE

CALAMOS CONVERTIBLE PORTFOLIO

47

APPENDIX C

I, Vincent Blazewicz, a Vice President with THE BANK OF NEW YORK do hereby designate the following publications:

- The Bond Buyer
- Depository Trust Company Notices
- Financial Daily Card Service
- JJ Kenney Municipal Bond Service
- London Financial Times

EXHIBIT A

CERTIFICATION

The undersigned, \_\_\_\_\_, hereby certifies that he or she is the duly elected and acting of CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on \_\_\_\_\_, 1999, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of \_\_\_\_\_, 199 , (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis to deposit in the Book-Entry System, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Book-Entry System to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of CALAMOS INSURANCE TRUST, as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

[SEAL]

EXHIBIT A

CERTIFICATION

The undersigned, \_\_\_\_\_, hereby certifies that he or she is the duly elected and acting \_\_\_\_\_ of CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on \_\_\_\_\_, 1999, at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force

and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of \_\_\_\_\_, 199 , (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis to deposit in the Book-Entry System, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Book-Entry System to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of CALAMOS INSURANCE TRUST, as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

[SEAL]

50

#### EXHIBIT B

#### CERTIFICATION

The undersigned, \_\_\_\_\_, hereby certifies that he or she is the duly elected and acting \_\_\_\_\_ of CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on \_\_\_\_\_, 199 , at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of \_\_\_\_\_, 199 , (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Certificate, as defined in the Custody Agreement, to the contrary to deposit in the Depository, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Depository to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of CALAMOS INSURANCE TRUST, as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

[SEAL]

51

#### EXHIBIT B-1

CERTIFICATION

The undersigned, \_\_\_\_\_, hereby certifies that he or she is the duly elected and acting \_\_\_\_\_ of CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on \_\_\_\_\_, 199 , at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of \_\_\_\_\_, 199 , (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Certificate, as defined in the Custody Agreement, to the contrary to deposit in the Participants Trust Company as Depository, as defined in the Custody Agreement, all securities eligible for deposit therein, regardless of the Series to which the same are specifically allocated, and to utilize the Participants Trust Company to the extent possible in connection with its performance thereunder, including, without limitation, in connection with settlements of purchases and sales of securities, loans of securities, and deliveries and returns of securities collateral.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of CALAMOS INSURANCE TRUST, as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

[SEAL]

52

EXHIBIT C

CERTIFICATION

The undersigned, \_\_\_\_\_, hereby certifies that he or she is the duly elected and acting \_\_\_\_\_ of CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), and further certifies that the following resolution was adopted by the Board of Trustees of the Fund at a meeting duly held on \_\_\_\_\_, 199 , at which a quorum was at all times present and that such resolution has not been modified or rescinded and is in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to a Custody Agreement between The Bank of New York and the Fund dated as of \_\_\_\_\_, 199 , (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis until such time as it receives a Certificate, as defined in the Custody Agreement, to the contrary, to accept, utilize and act with respect to Clearing Member confirmations for Options and transaction in Options, regardless of the Series to which the same are specifically allocated, as such terms are defined in the Custody Agreement, as provided in the Custody Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of CALAMOS INSURANCE TRUST, as of the            day of            , 1999.

[SEAL]

53

EXHIBIT D

The undersigned,            ,            hereby certifies that he or she is the duly elected and acting President of CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), further certifies that the following resolutions were adopted by the Board of Trustees of the Fund at a meeting duly held on            , 199 , at which a quorum was at all times present and that such resolutions have not been modified or rescinded and are in full force and effect as of the date hereof.

RESOLVED, that The Bank of New York, as Custodian pursuant to the Custody Agreement between The Bank of New York and the Fund dated as of            , 199 (the "Custody Agreement") is authorized and instructed on a continuous and ongoing basis to act in accordance with, and to rely on Instructions (as defined in the Custody Agreement).

RESOLVED, that the Fund shall establish access codes and grant use of such access codes only to Officers of the Fund as defined in the Custody Agreement, shall establish internal safekeeping procedures to safeguard and protect the confidentiality and availability of user and access codes, passwords and authentication keys, and shall use Instructions only in a manner that does not contravene the Investment Company Act of 1940, as amended, or the rules and regulations thereunder.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of CALAMOS INSURANCE TRUST, as of the            day of            , 199 .

[SEAL]

54

EXHIBIT E

The undersigned,            , hereby certifies that he or she is the duly elected and acting            of CALAMOS INSURANCE TRUST, a Massachusetts business trust (the "Fund"), further certifies that the following resolutions were adopted by the Board of Trustees of the Fund at a meeting duly held on            , 199 , at which a quorum was at all times present and that such resolutions have not been modified or rescinded and are in full force and effect as of the date hereof.

RESOLVED, that the maintenance of the Fund's assets in each country listed in Schedule I hereto be, and hereby is, approved by the Board of Trustees as consistent with the best interests of the Fund and its shareholders; and further



## SERVICES AGREEMENT

THIS AGREEMENT, dated as of this \_\_\_\_ day of \_\_\_\_\_, 199\_ (the "Effective Date") between Calamos Insurance Trust (the "Fund"), a Massachusetts Business Trust having its principal place of business at 1111 Warrenville Road, Naperville, IL, 60563-1493 and FIRST DATA INVESTOR SERVICES GROUP, INC. ("Investor Services Group"), a Massachusetts corporation with principal offices at 4400 Computer Drive, Westboro, Massachusetts 01581.

## WITNESSETH

WHEREAS, the Fund is authorized to issue Shares in separate series, with each such series representing interests in a separate portfolio of securities or other assets.

WHEREAS, the Fund initially intends to offer Shares in those Portfolios identified in the attached Schedule A, each such Portfolio, together with all other Portfolios subsequently established by the Fund shall be subject to this Agreement in accordance with Article 14;

WHEREAS, the Fund on behalf of the Portfolios, desires to appoint Investor Services Group as its administrator, fund accounting agent, transfer agent, dividend disbursing agent and agent in connection with certain other activities and Investor Services Group desires to accept such appointment;

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the Fund and Investor Services Group agree as follows:

## Article 1 Definitions.

1.1 Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

(a) "Articles of Incorporation" shall mean the Articles of Incorporation, Declaration of Trust, or other similar organizational document as the case may be, of the Fund as the same may be amended from time to time.

(b) "Authorized Person" shall be deemed to include (i) any authorized officer of the Fund; or (ii) any person, whether or not such person is an officer or employee of the Fund, duly authorized to give Oral Instructions or Written Instructions on behalf of the Fund as indicated in writing to Investor Services Group from time to time.

(c) "Board Members" shall mean the Directors or Trustees of the governing body of the Fund, as the case may be.

(d) "Board of Directors" shall mean the Board of Directors or Board of Trustees of the Fund, as the case may be.

-1-

(e) "Commencement Date" shall mean the date on which Investor Services Group commences providing services to the Fund pursuant to this Agreement.

(f) "Commission" shall mean the Securities and Exchange Commission.

(g) "Custodian" refers to any custodian or subcustodian of securities and other property which the Fund may from time to time deposit, or cause to be deposited or held under the name or account of such a custodian pursuant to a Custodian Agreement.

(h) "1934 Act" shall mean the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, all as amended from time to time.

(i) "1940 Act" shall mean the Investment Company Act of 1940 and the rules and regulations promulgated thereunder, all as amended from time to time.

(j) "Oral Instructions" shall mean instructions, other than Written Instructions, actually received by Investor Services Group from a person reasonably believed by Investor Services Group to be an Authorized Person;

(k) "Portfolio" shall mean each separate series of shares offered by the Fund representing interests in a separate portfolio of securities and other assets;

(l) "Prospectus" shall mean the most recently dated Fund Prospectus and Statement of Additional Information, including any supplements thereto if any, which has become effective under the Securities Act of 1933 and the 1940 Act.

(m) "Shares" refers collectively to such shares of capital stock or beneficial interest, as the case may be, or class thereof, of each respective Portfolio of the Fund as may be issued from time to time.

(n) "Shareholder" shall mean a record owner of Shares of each respective Portfolio of the Fund.

(o) "Written Instructions" shall mean a written communication signed by a person reasonably believed by Investor Services Group to be an Authorized Person and actually received by Investor Services Group. Written Instructions shall include manually executed originals and authorized electronic transmissions, including telefacsimile of a manually executed original or other process.

## Article 2 Appointment of Investor Services Group.

The Fund, on behalf of the Portfolios, hereby appoints and constitutes Investor Services Group as its sole and exclusive transfer agent and dividend disbursing agent for Shares of each respective Portfolio of the Fund and as administrator, fund accounting agent, shareholder

-2-

3

servicing agent for the Fund and Investor Services Group hereby accepts such appointments and agrees to perform the duties hereinafter set forth. This Agreement shall be effective as of the Effective Date.

## Article 3 Duties of Investor Services Group.

3.1 Investor Services Group shall be responsible for:

(a) Administering and/or performing the customary services of a



transfer agent; acting as service agent in connection with dividend and distribution functions; and for performing shareholder account and administrative agent functions in connection with the issuance, transfer and redemption or repurchase (including coordination with the Custodian) of Shares of each Portfolio, as more fully described in the written schedule of Duties of Investor Services Group annexed hereto as Schedule B and incorporated herein, and in accordance with the terms of the Prospectus of the Fund on behalf of the applicable Portfolio, applicable law and the procedures established from time to time between Investor Services Group and the Fund.

(b) Recording the issuance of Shares and maintaining pursuant to Rule 17Ad-10(e) of the 1934 Act a record of the total number of Shares of each Portfolio which are authorized, based upon data provided to it by the Fund, and issued and outstanding. Investor Services Group shall provide the Fund on a regular basis with the total number of Shares of each Portfolio which are authorized and issued and outstanding and shall have no obligation, when recording the issuance of Shares, to monitor the issuance of such Shares or to take cognizance of any laws relating to the issue or sale of such Shares, which functions shall be the sole responsibility of the Fund.

(c) Investor Services Group shall be responsible for the following: performing the customary services of an administrator, including corporate secretarial, treasury and blue sky services, and fund accounting agent for the Fund, as more fully described in the written schedule of Duties of Investor Services Group annexed hereto as Schedule B and incorporated herein, and subject to the supervision and direction of the Board of Directors of the Fund.

(d) In addition to providing the foregoing services, the Fund hereby engages Investor Services Group as its exclusive service provider with respect to the Print/Mail Services as set forth in Schedule C for the fees also identified in Schedule C. Investor Services Group agrees to perform the services and its obligations subject to the terms and conditions of this Agreement.

(e) Notwithstanding any of the foregoing provisions of this Agreement, Investor Services Group shall be under no duty or obligation to inquire into, and shall not be liable for: (i) the legality of the issuance or sale of any Shares or the sufficiency of the amount to be received therefor; (ii) the legality of the redemption of any Shares, or the propriety of the amount to be paid therefor; (iii) the legality of the declaration of any

-3-

4

dividend by the Board of Directors, or the legality of the issuance of any Shares in payment of any dividend; or (iv) the legality of any recapitalization or readjustment of the Shares.

3.2 In addition, the Fund shall (i) identify to Investor Services Group in writing those transactions and assets to be treated as exempt from blue sky reporting for each State and (ii) verify the establishment of transactions for each State on the system prior to activation and thereafter monitor the daily activity for each State. The responsibility of Investor Services Group for the Fund's blue sky State registration status is solely limited to the initial establishment of transactions subject to blue sky compliance by the Fund and the reporting of such transactions to the Fund as provided above.

3.3 In performing its duties under this Agreement, Investor Services Group: (a) will act in accordance with the Articles of Incorporation, By-Laws, Prospectuses and with the Oral Instructions and Written Instructions of the Fund and will conform to and comply with the requirements of the 1940 Act and all

other applicable federal or state laws and regulations; and (b) will consult with legal counsel to the Fund, as necessary and appropriate. Furthermore, Investor Services Group shall not have or be required to have any authority to supervise the investment or reinvestment of the securities or other properties which comprise the assets of the Fund or any of its Portfolios and shall not provide any investment advisory services to the Fund or any of its Portfolios.

3.4 In addition to the duties set forth herein, Investor Services Group shall perform such other duties and functions, and shall be paid such amounts therefor, as may from time to time be agreed upon in writing between the Fund and Investor Services Group.

#### Article 4 Recordkeeping and Other Information.

4.1 Investor Services Group shall create and maintain all records required of it pursuant to its duties hereunder and as set forth in Schedule B in accordance with all applicable laws, rules and regulations, including records required by Section 31(a) of the 1940 Act. Where applicable, such records shall be maintained by Investor Services Group for the periods and in the places required by Rule 31a-2 under the 1940 Act.

4.2 To the extent required by Section 31 of the 1940 Act, Investor Services Group agrees that all such records prepared or maintained by Investor Services Group relating to the services to be performed by Investor Services Group hereunder are the property of the Fund and will be preserved, maintained and made available in accordance with such section, and will be surrendered promptly to the Fund on and in accordance with the Fund's request.

4.3 In case of any requests or demands for the inspection of Shareholder records of the Fund, Investor Services Group will endeavor to notify the Fund of such request and secure Written Instructions as to the handling of such request. Investor Services Group reserves the right, however, to exhibit the Shareholder records to any person whenever it is advised by its counsel that it may be held liable for the failure to comply with such request.

-4-

5

#### Article 5 Fund Instructions.

5.1 Investor Services Group will have no liability when acting upon Written or Oral Instructions believed to have been executed or orally communicated by an Authorized Person and will not be held to have any notice of any change of authority of any person until receipt of a Written Instruction thereof from the Fund. Investor Services Group will also have no liability when processing Share certificates which it reasonably believes to bear the proper manual or facsimile signatures of the officers of the Fund and the proper countersignature of Investor Services Group.

5.2 At any time, Investor Services Group may request Written Instructions from the Fund and may seek advice from legal counsel for the Fund, or its own legal counsel, with respect to any matter arising in connection with this Agreement, and it shall not be liable for any action taken or not taken or suffered by it in good faith in accordance with such Written Instructions or in accordance with the opinion of counsel for the Fund or for Investor Services Group. Written Instructions requested by Investor Services Group will be provided by the Fund within a reasonable period of time.

5.3 Investor Services Group, its officers, agents or employees, shall accept Oral Instructions or Written Instructions given to them by any person representing or acting on behalf of the Fund only if said representative is an Authorized Person. The Fund agrees that all Oral Instructions shall be followed within one business day by confirming Written Instructions, and that the Fund's failure to so confirm shall not impair in any respect Investor Services Group's

right to rely on Oral Instructions.

Article 6 Compensation.

6.1 The Fund on behalf of each of the Portfolios will compensate Investor Services Group for the performance of its obligations hereunder in accordance with the fees and other charges set forth in the written Fee Schedule annexed hereto as Schedule C and incorporated herein.

6.2 In addition to those fees set forth in Section 6.1 above, the Fund on behalf of each of the Portfolios agrees to pay, and will be billed separately for, out-of-pocket expenses incurred by Investor Services Group in the performance of its duties hereunder. Out-of-pocket expenses shall include, but shall not be limited to, the items specified in the written schedule of out-of-pocket charges annexed hereto as Schedule D and incorporated herein. Schedule D may be modified by written agreement between the parties. Unspecified out-of-pocket expenses shall be limited to those out-of-pocket expenses reasonably incurred by Investor Services Group in the performance of its obligations hereunder.

6.3 The Fund on behalf of each of the Portfolios agrees to pay all fees, charges and out-of-pocket expenses to Investor Services Group by Federal Funds Wire within fifteen (15) business days following the receipt of the respective invoice. In addition, with respect to all fees

-5-

6

under this Agreement, Investor Services Group may charge a service fee equal to the lesser of (i) one and one half percent (1 1/2%) per month or (ii) the highest interest rate legally permitted on any past due invoiced amounts, provided however, the foregoing service fee shall not apply if the Fund in good faith legitimately disputes any invoice amount in which case the Fund shall do the following within thirty (30) days of the postmark date: (a) pay Investor Services Group the undisputed amount of the invoice; and (b) provide Investor Services Group a detailed written description of the disputed amount and the basis for the Fund's dispute with such amount. In addition, the Fund shall cooperate with Investor Services Group in resolving disputed invoice amounts and then promptly paying such amounts determined to be due.

6.4 Any compensation agreed to hereunder may be adjusted from time to time by attaching to Schedule C, a revised Fee Schedule executed and dated by the parties hereto.

6.5 The Fund acknowledges that the fees and charges that Investor Services Group charges the Fund under this Agreement reflect the allocation of risk between the parties, including the disclaimer of warranties in Section 9.3 and the limitations on liability and exclusion of remedies in Section 11.2 and Article 12. Modifying the allocation of risk from what is stated here would affect the fees that Investor Services Group charges, and in consideration of those fees, the Fund agrees to the stated allocation of risk.

6.6 Investor Services Group will from time to time employ or associate with itself such person or persons as Investor Services Group may believe to be particularly suited to assist it in performing services under this Agreement. Such person or persons may be officers and employees who are employed by both Investor Services Group and the Fund. The compensation of such person or persons shall be paid by Investor Services Group and no obligation shall be incurred on behalf of the Fund in such respect.

6.7 Investor Services Group shall not be required to pay any of the following expenses incurred by the Fund: membership dues in the Investment Company Institute or any similar organization; investment advisory expenses; costs of printing and mailing stock certificates, prospectuses, reports and notices; interest on borrowed money; brokerage commissions; stock exchange

listing fees; taxes and fees payable to Federal, state and other governmental agencies; fees of Board Members of the Fund who are not affiliated with Investor Services Group; outside auditing expenses; outside legal expenses; Blue Sky registration or filing fees; or other expenses not specified in this Section 6.7 which may be properly payable by the Fund. Investor Services Group shall not be required to pay any Blue Sky registration or filing fees unless and until it has received the amount of such fees from the Fund.

Article 7 Documents.

In connection with the appointment of Investor Services Group, the Fund shall, on or before the date this Agreement goes into effect, but in any case within a reasonable period of time for Investor Services Group to prepare to perform its duties hereunder, deliver or caused to be delivered to Investor Services Group the documents set forth in the written schedule of Fund Documents annexed hereto as Schedule E.

-6-

7

Article 8 Investor Services Group System.

8.1 Investor Services Group shall retain title to and ownership of any and all data bases, computer programs, screen formats, report formats, interactive design techniques, derivative works, inventions, discoveries, patentable or copyrightable matters, concepts, expertise, patents, copyrights, trade secrets, and other related legal rights utilized by Investor Services Group in connection with the services provided by Investor Services Group to the Fund herein (the "Investor Services Group System").

8.2 Investor Services Group hereby grants to the Fund a limited license to the Investor Services Group System for the sole and limited purpose of having Investor Services Group provide the services contemplated hereunder and nothing contained in this Agreement shall be construed or interpreted otherwise and such license shall immediately terminate with the termination of this Agreement.

8.3 In the event that the Fund, including any affiliate or agent of the Fund or any third party acting on behalf of the Fund is provided with direct access to the Investor Services Group System for either account inquiry or to transmit transaction information, including but not limited to maintenance, exchanges, purchases and redemptions, such direct access capability shall be limited to direct entry to the Investor Services Group System by means of on-line mainframe terminal entry or PC emulation of such mainframe terminal entry and any other non-conforming method of transmission of information to the Investor Services Group System is strictly prohibited without the prior written consent of Investor Services Group.

Article 9 Representations and Warranties.

9.1 Investor Services Group represents and warrants to the Fund that:

(a) it is a corporation duly organized, existing and in good standing under the laws of the Commonwealth of Massachusetts;

(b) it is empowered under applicable laws and by its Articles of Incorporation and By-Laws to enter into and perform this Agreement;

(c) all requisite corporate proceedings have been taken to authorize it to enter into this Agreement;

(d) it is duly registered with its appropriate regulatory agency as a transfer agent and such registration will remain in effect for the

duration of this Agreement; and

(e) it has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.

9.2 The Fund represents and warrants to Investor Services Group that:

-7-

8

(a) it is duly organized, existing and in good standing under the laws of the jurisdiction in which it is organized;

(b) it is empowered under applicable laws and by its Articles of Incorporation and By-Laws to enter into this Agreement;

(c) all corporate proceedings required by said Articles of Incorporation, By-Laws and applicable laws have been taken to authorize it to enter into this Agreement;

(d) a registration statement under the Securities Act of 1933, as amended, and the 1940 Act on behalf of each of the Portfolios is currently effective and will remain effective, and all appropriate state securities law filings have been made and will continue to be made, with respect to all Shares of the Fund being offered for sale;

(e) all outstanding Shares are validly issued, fully paid and non-assessable and when Shares are hereafter issued in accordance with the terms of the Fund's Articles of Incorporation and its Prospectus with respect to each Portfolio, such Shares shall be validly issued, fully paid and non-assessable; and

(f) as of the date hereof, each Portfolio is duly registered and lawfully eligible for sale in each jurisdiction indicated for such Portfolio on the list furnished to Investor Services Group pursuant to Article 7 of this Agreement and that it will notify Investor Services Group immediately of any changes to the aforementioned list.

9.3 THIS IS A SERVICE AGREEMENT. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, INVESTOR SERVICES GROUP DISCLAIMS ALL OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE TO THE FUND OR ANY OTHER PERSON, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE (IRRESPECTIVE OF ANY COURSE OF DEALING, CUSTOM OR USAGE OF TRADE) OF ANY SERVICES OR ANY GOODS PROVIDED INCIDENTAL TO SERVICES PROVIDED UNDER THIS AGREEMENT. INVESTOR SERVICES GROUP DISCLAIMS ANY WARRANTY OF TITLE OR NON-INFRINGEMENT EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT.

Article 10 Indemnification.

10.1 Investor Services Group shall not be responsible for and the Fund on behalf of each Portfolio shall indemnify and hold Investor Services Group harmless from and against any and all claims, costs, expenses (including reasonable attorneys' fees), losses, damages, charges, payments and liabilities of any sort or kind which may be asserted against Investor Services Group or for which Investor Services Group may be held to be liable (a "Claim") arising out of or attributable to any of the following:

-8-

9

(a) any actions of Investor Services Group required to be taken pursuant to this Agreement unless such Claim resulted from a negligent act or omission to act or bad faith by Investor Services Group in the performance of its duties hereunder;

(b) Investor Services Group's reasonable reliance on, or reasonable use of information, data, records and documents (including but not limited to magnetic tapes, computer printouts, hard copies and microfilm copies) received by Investor Services Group from the Fund, or any authorized third party acting on behalf of the Fund, including but not limited to the prior transfer agent for the Fund, in the performance of Investor Services Group's duties and obligations hereunder;

(c) the reliance on, or the implementation of, any Written or Oral Instructions or any other instructions or requests of the Fund on behalf of the applicable Portfolio;

(d) the offer or sales of shares in violation of any requirement under the securities laws or regulations of any state that such shares be registered in such state or in violation of any stop order or other determination or ruling by any state with respect to the offer or sale of such shares in such state; and

(e) the Fund's refusal or failure to comply with the terms of this Agreement, or any Claim which arises out of the Fund's negligence or misconduct or the breach of any representation or warranty of the Fund made herein.

10.2 The Fund agrees and acknowledges that Investor Services Group has not prior to the date hereof assumed, and will not assume, any obligations or liabilities arising out of the conduct by the Company prior to the date hereof of those duties which Investor Services Group has agreed to perform pursuant to this Agreement. The Fund further agrees to indemnify Investor Services Group against any losses, claims, damages or liabilities to which Investor Services Group may become subject in connection with the conduct by the Fund or its agent of such duties prior to the date hereof.

10.3 In any case in which the Fund may be asked to indemnify or hold Investor Services Group harmless, Investor Services Group will notify the Fund promptly after identifying any situation which it believes presents or appears likely to present a claim for indemnification against the Fund although the failure to do so shall not prevent recovery by Investor Services Group and shall keep the Fund advised with respect to all developments concerning such situation. The Fund shall have the option to defend Investor Services Group against any Claim which may be the subject of this indemnification, and, in the event that the Fund so elects, such defense shall be conducted by counsel chosen by the Fund and satisfactory to Investor Services Group, and thereupon the Fund shall take over complete defense of the Claim and Investor Services Group shall sustain no further legal or other expenses in respect of such Claim. Investor Services Group will not confess any Claim or make any compromise in any case in which the Fund will be asked to provide indemnification, except with the Fund's prior written consent. The obligations of the parties hereto under this Article 10 shall survive the termination of this Agreement.

-9-

10

10.4 Any claim for indemnification under this Agreement must be made prior to the earlier of:

(a) one year after the Investor Services Group becomes aware of the event for which indemnification is claimed; or

(b) one year after the earlier of the termination of this Agreement or the expiration of the term of this Agreement.

10.5 Except for remedies that cannot be waived as a matter of law (and injunctive or provisional relief), the provisions of this Article 10 shall be Investor Services Group's sole and exclusive remedy for claims or other actions or proceedings to which the Fund's indemnification obligations pursuant to this Article 10 may apply.

#### Article 11 Standard of Care.

11.1 Investor Services Group shall at all times act in good faith and agrees to use its best efforts within commercially reasonable limits to ensure the accuracy of all services performed under this Agreement, but assumes no responsibility for loss or damage to the Fund unless said errors are caused by Investor Services Group's own negligence, bad faith or willful misconduct or that of its employees.

11.2 Notwithstanding any provision in this Agreement to the contrary, Investor Services Group's cumulative liability (to the Fund) for all losses, claims, suits, controversies, breaches, or damages for any cause whatsoever (including but not limited to those arising out of or related to this Agreement) and regardless of the form of action or legal theory shall not exceed the lesser of (i) \$500,000 or (ii) the fees received by Investor Services Group for services provided under this Agreement during the twelve months immediately prior to the date of such loss or damage. Fund understands the limitation on Investor Services Group's damages to be a reasonable allocation of risk and Fund expressly consents with respect to such allocation of risk. In allocating risk under the Agreement, the parties agree that the damage limitation set forth above shall apply to any alternative remedy ordered by a court in the event such court determines that sole and exclusive remedy provided for in the Agreement fails of its essential purpose.

11.3 Neither party may assert any cause of action against the other party under this Agreement that accrued more than two (2) years prior to the filing of the suit (or commencement of arbitration proceedings) alleging such cause of action.

11.4 Each party shall have the duty to mitigate damages for which the other party may become responsible.

#### Article 12 Consequential Damages.

-10-

11

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL INVESTOR SERVICES GROUP, ITS AFFILIATES OR ANY OF ITS OR THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR SUBCONTRACTORS BE LIABLE UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR LOST PROFITS, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER EITHER PARTY OR ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

#### Article 13 Term and Termination.

13.1 This Agreement shall be effective on the date first written above and shall continue for a period of five (5) years (the "Initial Term").

13.2 Upon the expiration of the Initial Term, this Agreement shall automatically renew for successive terms of three (3) years ("Renewal Terms") each, unless the Fund or Investor Services Group provides written notice to the other of its intent not to renew. Such notice must be received not less than ninety (90) days and not more than one-hundred eighty (180) days prior to the

expiration of the Initial Term or the then current Renewal Term.

13.3 In the event a termination notice is given by the Fund, all expenses associated with movement of records and materials and conversion thereof to a successor transfer agent will be borne by the Fund.

13.4 If a party hereto is guilty of a material failure to perform its duties and obligations hereunder (a "Defaulting Party") the other party (the "Non-Defaulting Party") may give written notice thereof to the Defaulting Party, and if such material breach shall not have been remedied within thirty (30) days after such written notice is given, then the Non-Defaulting Party may terminate this Agreement by giving thirty (30) days written notice of such termination to the Defaulting Party. If Investor Services Group is the Non-Defaulting Party, its termination of this Agreement shall not constitute a waiver of any other rights or remedies of Investor Services Group with respect to services performed prior to such termination of rights of Investor Services Group to be reimbursed for out-of-pocket expenses. In all cases, termination by the Non-Defaulting Party shall not constitute a waiver by the Non-Defaulting Party of any other rights it might have under this Agreement or otherwise against the Defaulting Party.

13.5 Notwithstanding anything contained in this Agreement to the contrary, should the Fund desire to move any of the services provided by Investor Services Group hereunder to a successor service provider prior to the expiration of the then current Initial or Renewal Term, or should the Fund or any of its affiliates take any action which would result in Investor Services Group ceasing to provide transfer agency, administration or fund accounting services to the Fund prior to the expiration of the Initial or any Renewal Term, Investor Services Group shall make a good faith effort to facilitate the conversion on such prior date, however, there can be no

-11-

12

guarantee that Investor Services Group will be able to facilitate a conversion of services on such prior date. In connection with the foregoing, should services be converted to a successor service provider or should the Fund or any of its affiliates take any action which would result in Investor Services Group ceasing to provide transfer agency, administration or fund accounting services to the Fund prior to the expiration of the Initial or any Renewal Term, the payment of fees to Investor Services Group as set forth herein shall be accelerated to a date prior to the conversion or termination of services and calculated as if the services had remained with Investor Services Group until the expiration of the then current Initial or Renewal Term and calculated at the asset and/or Shareholder account levels, as the case may be, on the date notice of termination was given to Investor Services Group.

#### Article 14 Additional Portfolios

14.1 In the event that the Fund establishes one or more Portfolios in addition to those identified in Schedule A, with respect to which the Fund desires to have Investor Services Group render services as transfer agent under the terms hereof, the Fund shall so notify Investor Services Group in writing, and if Investor Services Group agrees in writing to provide such services, Exhibit 1 shall be amended to include such additional Portfolios.

#### Article 15 Confidentiality.

15.1 The parties agree that the Proprietary Information (defined below) and the contents of this Agreement (collectively "Confidential Information") are confidential information of the parties and their respective licensors. The Fund and Investor Services Group shall exercise at least the same degree of care, but not less than reasonable care, to safeguard the confidentiality of the Confidential Information of the other as it would exercise to protect its own confidential information of a similar nature. The Fund and Investor Services Group shall not duplicate, sell or disclose to



others the Confidential Information of the other, in whole or in part, without the prior written permission of the other party. The Fund and Investor Services Group may, however, disclose Confidential Information to their respective parent corporation, their respective affiliates, their subsidiaries and affiliated companies and employees, provided that each shall use reasonable efforts to ensure that the Confidential Information is not duplicated or disclosed in breach of this Agreement. The Fund and Investor Services Group may also disclose the Confidential Information to independent contractors, auditors, and professional advisors, provided they first agree in writing to be bound by the confidentiality obligations substantially similar to this Section 15.1. Notwithstanding the previous sentence, in no event shall either the Fund or Investor Services Group disclose the Confidential Information to any competitor of the other without specific, prior written consent.

15.2 Proprietary Information means:

(a) any data or information that is competitively sensitive material, and not generally known to the public, including, but not limited to, information about product plans, marketing strategies, finance, operations, customer relationships, customer profiles, sales estimates, business plans, and internal performance results relating to the past,

-12-

13

present or future business activities of the Fund or Investor Services Group, their respective subsidiaries and affiliated companies and the customers, clients and suppliers of any of them;

(b) any scientific or technical information, design, process, procedure, formula, or improvement that is commercially valuable and secret in the sense that its confidentiality affords the Fund or Investor Services Group a competitive advantage over its competitors; and

(c) all confidential or proprietary concepts, documentation, reports, data, specifications, computer software, source code, object code, flow charts, databases, inventions, know-how, show-how and trade secrets, whether or not patentable or copyrightable.

15.3 Confidential Information includes, without limitation, all documents, inventions, substances, engineering and laboratory notebooks, drawings, diagrams, specifications, bills of material, equipment, prototypes and models, and any other tangible manifestation of the foregoing of either party which now exist or come into the control or possession of the other.

15.4 The obligations of confidentiality and restriction on use herein shall not apply to any Confidential Information that a party proves:

(a) Was in the public domain prior to the date of this Agreement or subsequently came into the public domain through no fault of such party; or

(b) Was lawfully received by the party from a third party free of any obligation of confidence to such third party; or

(c) Was already in the possession of the party prior to receipt thereof, directly or indirectly, from the other party; or

(d) Is required to be disclosed in a judicial or administrative proceeding after all reasonable legal remedies for maintaining such information in confidence have been exhausted including, but not limited to, giving the other party as much advance notice of the possibility of such disclosure as practical so the other party may attempt to stop such disclosure or obtain a protective order concerning

such disclosure; or

(f) Is subsequently and independently developed by employees, consultants or agents of the party without reference to the Confidential Information disclosed under this Agreement.

Article 16 Force Majeure; Excused Non-Performance.

No party shall be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused, directly or indirectly,

-13-

14

by (i) fire, flood, elements of nature or other acts of God; (ii) any outbreak or escalation of hostilities, war, riots or civil disorders in any country, (iii) any act or omission of the other party or any governmental authority; (iv) any labor disputes (whether or not the employees' demands are reasonable or within the party's power to satisfy); or (v) nonperformance by a third party or any similar cause beyond the reasonable control of such party, including without limitation, failures or fluctuations in telecommunications or other equipment. In addition, no party shall be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent that such default or delay is caused, directly or indirectly, by the actions or inactions of the other party. In any such event, the non-performing party shall be excused from any further performance and observance of the obligations so affected only for as long as such circumstances prevail and such party continues to use commercially reasonable efforts to recommence performance or observance as soon as practicable.

Article 17 Assignment and Subcontracting.

This Agreement, its benefits and obligations shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned or otherwise transferred by either party hereto, without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that Investor Services Group may, in its sole discretion, assign all its right, title and interest in this Agreement to an affiliate, parent or subsidiary, or to the purchaser of substantially all of its business. Investor Services Group may, in its sole discretion, engage subcontractors to perform any of the obligations contained in this Agreement to be performed by Investor Services Group.

Article 18 Arbitration.

18.1 Any claim or controversy arising out of or relating to this Agreement, or breach hereof, shall be settled by arbitration administered by the American Arbitration Association in Boston, Massachusetts in accordance with its applicable rules, except that the Federal Rules of Evidence and the Federal Rules of Civil Procedure with respect to the discovery process shall apply.

18.2 The parties hereby agree that judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

18.3 The parties acknowledge and agree that the performance of the obligations under this Agreement necessitates the use of instrumentalities of interstate commerce and, notwithstanding other general choice of law provisions in this Agreement, the parties agree that the Federal Arbitration Act shall govern and control with respect to the provisions of this Article 18.

Article 19 Notice.

Any notice or other instrument authorized or required by this Agreement to be given in writing to the Fund or Investor Services Group, shall be sufficiently given if addressed to that party and received by it at its office set forth below or at such other place as it may from time to time designate in writing.

To the Fund:  
Calamos Asset Management  
1111 Warrenville Road  
Naperville IL 60563-1493

Attention: John Calamos, President

To Investor Services Group:

First Data Investor Services Group, Inc.  
4400 Computer Drive  
Westboro, Massachusetts 01581  
Attention: President

with a copy to Investor Services Group's General Counsel

Article 20 Governing Law/Venue.

The laws of the Commonwealth of Massachusetts, excluding the laws on conflicts of laws, shall govern the interpretation, validity, and enforcement of this agreement. All actions arising from or related to this Agreement shall be brought in the state and federal courts sitting in the City of Boston, and Investor Services Group and the Fund hereby submit themselves to the exclusive jurisdiction of those courts.

Article 21 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original; but such counterparts shall, together, constitute only one instrument.

Article 22 Captions.

The captions of this Agreement are included for convenience of reference only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.

Article 23 Publicity.

Neither Investor Services Group nor the Fund shall release or publish news releases, public announcements, advertising or other publicity relating to this Agreement or to the transactions contemplated by it without the prior review and written approval of the other party; provided, however, that either party may make such disclosures as are required by legal,

accounting or regulatory requirements after making reasonable efforts in the circumstances to consult in advance with the other party.

Article 24 Relationship of Parties/Non-Solicitation.

24.1 The parties agree that they are independent contractors and not

partners or co-venturers and nothing contained herein shall be interpreted or construed otherwise.

24.2 During the term of this Agreement and for one (1) year afterward, the Fund shall not recruit, solicit, employ or engage, for the Fund or others, Investor Services Group's employees.

Article 25 Entire Agreement; Severability.

25.1 This Agreement, including Schedules, Addenda, and Exhibits hereto, constitutes the entire Agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous proposals, agreements, contracts, representations, and understandings, whether written or oral, between the parties with respect to the subject matter hereof. No change, termination, modification, or waiver of any term or condition of the Agreement shall be valid unless in writing signed by each party. No such writing shall be effective as against Investor Services Group unless said writing is executed by a Senior Vice President, Executive Vice President, or President of Investor Services Group. A party's waiver of a breach of any term or condition in the Agreement shall not be deemed a waiver of any subsequent breach of the same or another term or condition.

25.2 The parties intend every provision of this Agreement to be severable. If a court of competent jurisdiction determines that any term or provision is illegal or invalid for any reason, the illegality or invalidity shall not affect the validity of the remainder of this Agreement. In such case, the parties shall in good faith modify or substitute such provision consistent with the original intent of the parties. Without limiting the generality of this paragraph, if a court determines that any remedy stated in this Agreement has failed of its essential purpose, then all other provisions of this Agreement, including the limitations on liability and exclusion of damages, shall remain fully effective.

Article 26 Miscellaneous.

The Fund and Investor Services Group agree that the obligations of the Fund under the Agreement shall not be binding upon any of the Board Members, shareholders, nominees, officers, employees or agents, whether past, present or future, of the Fund individually, but are binding only upon the assets and property of the Fund, as provided in the Articles of Incorporation. The execution and delivery of this Agreement have been authorized by the Board Members of the Fund, and signed by an authorized officer of the Fund, acting as such, and neither such authorization by such Board Members nor such execution and delivery by such officer shall be deemed to have been made by any of them or any shareholder of the Fund individually or to impose any liability on any of them or any shareholder of the Fund personally,

-16-

17

but shall bind only the assets and property of the Fund as provided in the Articles of Incorporation.

-17-

18

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers, as of the day and year first above written.

Calamos Insurance Trust

By:

-----  
John Calamos

Title: President

-----

FIRST DATA INVESTOR SERVICES GROUP, INC.

By:

-----  
Kennth J Kempf

Title: Senior Vice President

-----

-18-

19

SCHEDULE A

LIST OF PORTFOLIOS

Calamos Convertible Portfolio

-19-

20

SCHEDULE B

DUTIES OF INVESTOR SERVICES GROUP

I. TRANSFER AGENCY SERVICES

(a) Shareholder Information. Investor Services Group shall maintain a record of the number of Shares held by each Shareholder of record which shall include name, address, taxpayer identification and which shall indicate whether such Shares are held in certificates or uncertificated form.

(b) Shareholder Services. Investor Services Group shall respond as appropriate to all inquiries and communications from Shareholders relating to Shareholder accounts with respect to its duties hereunder and as may be from

time to time mutually agreed upon between Investor Services Group and the Fund.

(c) Share Certificates.

- At the expense of the Fund, the Fund shall supply Investor Services Group with an adequate supply of blank share certificates to meet Investor Services Group requirements therefor. Such Share certificates shall be properly signed by facsimile. The Fund agrees that, notwithstanding the death, resignation, or removal of any officer of the Fund whose signature appears on such certificates, Investor Services Group or its agent may continue to countersign certificates which bear such signatures until otherwise directed by Written Instructions.
- Investor Services Group shall issue replacement Share certificates in lieu of certificates which have been lost, stolen or destroyed, upon receipt by Investor Services Group of properly executed affidavits and lost certificate bonds, in form satisfactory to Investor Services Group, with the Fund and Investor Services Group as obligees under the bond.
- Investor Services Group shall also maintain a record of each certificate issued, the number of Shares represented thereby and the Shareholder of record. With respect to Shares held in open accounts or uncertificated form (i.e., no certificate being issued with respect thereto) Investor Services Group shall maintain comparable records of the Shareholders thereof, including their names, addresses and taxpayer identification. Investor Services Group shall further maintain a stop transfer record on lost and/or replaced certificates.

(d) Mailing Communications to Shareholders; Proxy Materials. Investor Services Group will address and mail to Shareholders of the Fund, all reports to Shareholders, dividend and distribution notices and proxy material for the Fund's meetings of Shareholders. In

-20-

21

connection with meetings of Shareholders, Investor Services Group will prepare Shareholder lists, mail and certify as to the mailing of proxy materials, process and tabulate returned proxy cards, report on proxies voted prior to meetings, act as inspector of election at meetings and certify Shares voted at meetings.

(e) Sales of Shares.

- Investor Services Group shall not be required to issue any Shares of the Fund where it has received a Written Instruction from the Fund or official notice from any appropriate authority that the sale of the Shares of the Fund has been suspended or discontinued. The existence of such Written Instructions or such official notice shall be conclusive evidence of the right of Investor Services Group to rely on such Written Instructions or official notice.
- In the event that any check or other order for the payment of money is returned unpaid for any reason, Investor Services Group will endeavor to: (i) give prompt notice of such return to the Fund or its designee; (ii) place a stop transfer order against all Shares issued as a result of such check or order; and (iii) take such actions as Investor Services Group may from time to time deem appropriate.

(f) Transfer and Repurchase.

- Investor Services Group shall process all requests to transfer or redeem Shares in accordance with the transfer or repurchase procedures set forth in the Fund's Prospectus.
- Investor Services Group will transfer or repurchase Shares upon receipt of Oral or Written Instructions or otherwise pursuant to the Prospectus and Share certificates, if any, properly endorsed for transfer or redemption, accompanied by such documents as Investor Services Group reasonably may deem necessary.
- Investor Services Group reserves the right to refuse to transfer or repurchase Shares until it is satisfied that the endorsement on the instructions is valid and genuine. Investor Services Group also reserves the right to refuse to transfer or repurchase Shares until it is satisfied that the requested transfer or repurchase is legally authorized, and it shall incur no liability for the refusal, in good faith, to make transfers or repurchases which Investor Services Group, in its good judgement, deems improper or unauthorized, or until it is reasonably satisfied that there is no basis to any claims adverse to such transfer or repurchase.
- When Shares are redeemed, Investor Services Group shall, upon receipt of the instructions and documents in proper form, deliver to the Custodian and the Fund or its designee a notification setting forth the number of Shares to be repurchased. Such repurchased shares shall be reflected on appropriate accounts maintained by Investor

-21-

22

Services Group reflecting outstanding Shares of the Fund and Shares attributed to individual accounts.

- Investor Services Group shall upon receipt of the monies provided to it by the Custodian for the repurchase of Shares, pay such monies as are received from the Custodian, all in accordance with the procedures described in the written instruction received by Investor Services Group from the Fund.
  - Investor Services Group shall not process or effect any repurchase with respect to Shares of the Fund after receipt by Investor Services Group or its agent of notification of the suspension of the determination of the net asset value of the Fund.
- (g) Dividends.
- Upon the declaration of each dividend and each capital gains distribution by the Board of Directors of the Fund with respect to Shares of the Fund, the Fund shall furnish or cause to be furnished to Investor Services Group Written Instructions setting forth the date of the declaration of such dividend or distribution, the ex-dividend date, the date of payment thereof, the record date as of which Shareholders entitled to payment shall be determined, the amount payable per Share to the Shareholders of record as of that date, the total amount payable on the payment date and whether such dividend or distribution is to be paid in Shares at net asset value.
  - On or before the payment date specified in such resolution of the Board of Directors, the Fund will provide Investor Services Group with sufficient cash to make payment to the Shareholders of record as of such payment date.
  - If Investor Services Group does not receive sufficient cash from

the Fund to make total dividend and/or distribution payments to all Shareholders of the Fund as of the record date, Investor Services Group will, upon notifying the Fund, withhold payment to all Shareholders of record as of the record date until sufficient cash is provided to Investor Services Group.

(h) Retirement Plans. In connection with the individual retirement account, simplified employee pension plan, rollover individual retirement plan, educational IRA and ROTH individual retirement account (each hereinafter referred to as an "IRA" and, collectively, the "IRAs") within the meaning of Section 408 of the Internal Revenue Code of 1986, as amended (the "Code") offered by the Fund for which contributions of the Funds' shareholders (the "Participants") in the IRA's are invested in shares of the Fund, Investor Services Group shall provide the following administrative services in addition to those services described herein:

- Establish a record of types and reasons for distributions (i.e., attainment of age 59-1/2, disability, death, return of excess contributions, etc.);
- Record method of distribution requested and/or made;

-22-

23

- Receive and process designation of the beneficiary forms;
- Examine and process requests for direct transfers between custodians/trustees, transfer and pay over to the successor assets in the account and records pertaining thereto as requested;
- Prepare any annual reports or returns required to be prepared and/or filed by a custodian of an IRA, including, but not limited to, an annual fair market value report, Forms 1099R and 5498 and file with the IRS and provide to Participant/Beneficiary; and
- Perform applicable federal withholding and send Participants/Beneficiaries an annual TEFRA notice regarding required federal tax withholding.

(i) Cash Management Services. Funds received by Investor Services Group in the course of performing its services hereunder will be held in bank accounts and/or money market fund accounts. With respect to funds maintained in money market fund accounts, Investor Services Group shall retain any interest generated or earned. With respect to funds maintained in bank accounts, Investor Services Group shall retain any excess balance credits or excess benefits earned or generated by or associated with such bank accounts or made available by the institution at which such bank accounts are maintained after such balance credits or benefits are first applied towards banking service fees charged by such institution in connection with banking services provided on behalf of the Fund.

(j) Lost Shareholders. Investor Services Group shall perform such services as are required in order to comply with Rules 17a-24 and 17Ad-17 of the 34 Act (the Lost Shareholder Rules"), including, but not limited to those set forth below. Investor Services Group may, in its sole discretion, use the services of a third party to perform the some or all such services.

- documentation of electronic search policies and procedures;
- execution of required searches;
- creation and mailing of confirmation letters;
- taking receipt of returned verification forms;
- providing confirmed address corrections in batch via electronic media;
- tracking results and maintaining data sufficient to comply with the Lost Shareholder Rules; and
- preparation and submission of data required under the Lost



II. FUND ACCOUNTING SERVICES

Performing fund accounting and bookkeeping services (including the maintenance of such accounts, books and records of the Fund as may be required by Section 31(a) of the 1940 Act) as follows:

- Daily, Weekly, and Monthly Reporting
- Portfolio and General Ledger Accounting

-23-

24

- Daily Valuation of all Portfolio Securities
- Daily Valuation and NAV Calculation
- Comparison of NAV to market movement
- Review research of price tolerance/fluctuation report to market movements and events
- Research of items appearing on the price exception report
- Weekly cost monitoring along with market-to-market valuations in accordance with Rule 2a-7
- Security trade processing
- Daily cash and position reconciliation with the custodian bank
- Daily updating of price and distribution rate information to the Transfer Agent/Insurance Agent
- Daily support and report delivery to Portfolio Management
- Daily calculation of Portfolio adviser fees and waivers
- Daily calculation of distribution rates
- Daily investable cash call
- Monitor and research aged receivables
- Collect aged income items and perform reclaims
- Update NASDAQ reporting
- Daily maintenance of each Portfolio's general ledger including expense accruals
- Daily NAV per share notification to other vendors as required
- Calculation of 30-day SEC yields and total returns
- Preparation of month-end reconciliation package
- Monthly reconciliation of Portfolio expense records

-24-

- Application of monthly pay down gain/loss
- Preparation of all annual and semi-annual audit work papers

### III Custody Administration Services

- Assign an experienced Custody Administrator to accept, control and process the Fund's daily portfolio transactions.
- Match and review DTC eligible ID's and trade information with the Fund's instructions for accuracy and coordinating with the Custodian and the Accounting Agent for recording and affirmation processing with the depository.
- Settle all depository eligible issues in a totally automated environment. Transactions requiring physical delivery will be settled through the Custodian's New York office.
- Assist the Fund in placing cash management trades through the Custodian, such as commercial paper, CDs and repurchase agreements.
- Provide the Fund's fund accounting agent and investment Adviser with daily custodian statements reflecting all prior day cash activity on behalf of each portfolio by 8:30 a.m. eastern time. Complete descriptions of any posting, inclusive of Sedol/CUSIP numbers, interest/dividend payment date, capital stock details, expense authorizations, beginning/ending cash balances, etc., will be provided by the Custodian's reports or system.
- Provide monthly activity statements combining both cash changes and security trades, and a full portfolio listing.
- Communicate to the Fund and the Fund's fund accounting agent on any corporate actions, capital changes and interest rate changes supported by appropriate supplemental reports received from the Custodian. Follow-up will be made with the Custodian to ensure all necessary actions and/or paperwork is completed.
- Work with fund accounting and the Custodian Bank on monthly asset reconciliations.
- Coordinate and resolve unsettled dividends, interest, paydowns and capital changes. Assist in resolution of failed transactions and any settlement problems.
- Provide a comprehensive program that audits transactions, monitors and evaluates the Custodian's service and recommends changes that may improve performance.
- Arrange for Securities Lending, Lines of Credit, and/or Letters of Credit through the Custodian.

-25-

- Monitor Fund cash positions.
- Provide Automated Mortgage-Backed processing through the Custodian.
- Provide the Fund's auditors with trade documentation to help expedite the fund's audit.

- Cooperation and communication between Fund Accounting, the Custodian and the Transfer Agent is facilitated smoothly when Custody Administration is performed by Investor Service Group.

-26-

27

SCHEDULE C

FEE SCHEDULE

(All fees will be for a term of five (5) years from effective date, discount fees specified below will be offered for the first two years with full fees effective for year 3)

I. Fees related to Portfolio Valuation and Mutual Fund Accounting

A. Annual Fee Schedule Per Domestic Portfolio: \*\*U.S. Dollar Denominated Securities only (1/12th payable monthly)

\$25,000	Minimum to	\$ 20 Million of Average Daily Net Assets*
.0003	On Next	\$ 30 Million of Average Daily Net Assets*
.0002	On Next	\$ 50 Million of Average Daily Net Assets*
.0001	Over	\$100 Million of Average Daily Net Assets*

Each additional class is \$7,500 minimum per year.

\* For multiple class portfolios, fees are based on Combined Classes' Average Daily Net Assets.

\*\* Should a portfolio hold more than 5 non-U.S.D. securities, Section "B" below will apply in lieu of Section A.

Should a portfolio require the use of multiple Custodians with separate statements and accounts, resulting in additional FPS reconciliations and money movements, Section "B" below will apply in lieu of Section A.

B. Annual Fee Schedule per Complex Domestic Portfolio: \*(1/12th payable monthly)

\$30,000	Minimum to	\$ 20 Million of Average Daily Net Assets*
.0003	On Next	\$ 30 Million of Average Daily Net Assets*
.0002	On Next	\$ 50 Million of Average Daily Net Assets*
.0001	Over	\$100 Million of Average Daily Net Assets*

Each additional class is \$7,500 minimum per year.

\* For multiple class portfolios, fees are based on Combined Classes' Average Daily Net Assets.

\*\* Should a portfolio hold more than 50% of its assets in non-U.S.D. securities, Section "C" below will apply in lieu of Section A or B.

C. Annual Fee Schedule Per Global Portfolio: (1/12th payable monthly)

\$40,000	Minimum to	\$ 20 Million of Average Daily Net Assets*
.0003	On Next	\$ 30 Million of Average Daily Net Assets*

-1-

28

.0002 On Next \$ 50 Million of Average Daily Net Assets\*  
 .0001 Over \$100 Million of Average Daily Net Assets\*

Each additional class is \$7,500 minimum per year.

- For multiple class portfolios, fees are based on Combined Classes' Average Daily Net Assets.

Summary

The above fees are subject to the following discounts;

- Full fee for any portfolio over \$10 million
- 20% discount on annual fee schedule first year for any fund under \$10 million
- 10% discount on annual fee schedule second year for any fund under \$10 million

D. Pricing Services Quotation Fee

Specific costs will be identified based upon options selected by the Trust and will be billed monthly.

FPS does not currently pass along the charges for the U.S. equity prices supplied by Muller Data. Should the Fund invest in security types other than domestic equities supplied by Muller, the following fees would apply.

<TABLE>  
<CAPTION>

SECURITY TYPES	MULLER DATA CORP.*	INTERACTIVE DATA CORP.*	J.J. KENNY CO., INC.*
<S>	<C>	<C>	<C>
Government Bonds	\$ .50	\$ .50	\$ .25 (a)
Mortgage-Backed (evaluated, seasoned, closing)	.50	.50	.25 (a)
Corporate Bonds (short and long term)	.50	.50	.25 (a)
U.S. Municipal Bonds (short and long term)	.55	.80	.50 (b)
CMO's/ARM's/ABS	1.00	.80	1.00 (a)
Convertible Bonds	.50	.50	1.00 (a)
High Yield Bonds	.50	.50	1.00 (a)
Mortgage-Backed Factors (per Issue per Month)	1.00	n/a	n/a
U.S. Equities	(d)	.15	n/a

</TABLE>

<TABLE>  
<CAPTION>

SECURITY TYPES	MULLER DATA CORP.*	INTERACTIVE DATA CORP.*	J.J. KENNY CO., INC.*
<S>	<C>	<C>	<C>
U.S. Options	n/a	.15	n/a

Domestic Dividends & Capital Changes (per Issue per Month)	(d)	3.50	n/a
Foreign Securities	.50	.50	n/a
Foreign Securities Dividends & Capital Changes (per Issue per Month)	2.00	4.00	n/a
Set-up Fees (one-time)	n/a	n/a (e)	.25 (c)
All Added Items	n/a	n/a	.25 (c)

</TABLE>

\* Based on current Vendor costs, subject to change. Costs are quoted based on individual security CUSIP/identifiers and are per issue per day except as noted.

- (a) \$35.00 per day minimum
- (b) \$25.00 per day minimum
- (c) \$ 1.00, if no CUSIP
- (d) At no additional cost to FPS clients
- (e) Interactive Data also charges monthly transmission costs and disk storage charges.

- 1) Futures and Currency Forward Contracts \$2.00 per Issue per Day
- 2) Dow Jones Markets (formerly Telerate Systems, Inc.)\* (if applicable)  
\*Based on current vendor costs, subject to change.

Specific costs will be identified based upon options selected by the Trust and will be billed monthly.

- 3) Reuters, Inc.\*  
\*Based on current vendor costs, subject to change.

FPS does not currently pass along the charges for the domestic security prices supplied by Reuters, Inc.

- 4) Municipal Market Data\* (if applicable)  
\*Based on current vendor costs, subject to change.

-3-

30

Specific costs will be identified based upon options selected by the Trust and will be billed monthly.

E. SEC Yield Calculation - For Domestic Funds Only: (if applicable)

Provide up to 12 reports per year to reflect the yield calculations for non-money market Funds required by the SEC, \$1,000 per year per Fund. For multiple class Funds, \$1,000 per year per class. Daily SEC yield reporting is available at \$3,000 per year per Fund (US dollar denominated securities only).

II. Fees related to Shareholder Servicing

A. Transfer Agent and Shareholder Services:  
\$20.00 per account per year per portfolio

Minimum monthly fee - \$1,000 per portfolio Each additional class minimum monthly fee is \$1,000.

III. Fees related to Custody Administration

A. The Bank of New York

1. Domestic Securities and ADRs, Per Portfolio: (1/12th payable monthly)  
U.S. Dollar Denominated Securities only

.00010	On First	\$100 Million of Average Daily Net Assets
.000085	On the Next	\$100 Million of Average Daily Net Assets
.000075	Over	\$200 Million of Average Daily Net Assets

Minimum monthly fee is \$250 per portfolio

2. Custody Domestic Securities Transactions Charge: (billed monthly)

Book Entry DTC, Federal Book Entry, PTC	\$11.00
Options/Futures	\$20.00
Physical Securities	\$20.00
P & I Paydowns	\$ 5.50
Wires	\$ 7.00
Check Request	\$ 6.00

A transaction includes buys, sells, maturities or free security movements.

Cedel/Euroclear

4 BPS safekeeping charge, \$25 transaction charge.

Fee expressed in basis points per annum based upon month end market

value.

CUSTODY OF FOREIGN SECURITIES PER GLOBAL PORTFOLIO  
(Bank of New York Custody Schedule)

<TABLE>  
<CAPTION>

COUNTRIES	*SAFEKEEPING CHARGES (BASIS POINTS)	TRANSACTION FEE (USD)
<S> Argentina	<C> 22	<C> 75
Australia	5	65
Austria	6	90
Bangladesh	49	180
Belgium (reg bds)	3.5	80
Belgium (equities and Cpn bds)	6	80
Brazil	34	40
Canada	3	20
Chile	34	65
China	24	20
Colombia	54	165
Czech Republic	27	65

Denmark	4	110
Euromarket (Cedel/Euroclear)	4	20
Finland	16	75
France	5	75
Germany	3	40
Greece	34	150
Hong Kong	10	70
Hungary	69	205
India	54	180**

</TABLE>

-5-

32

<TABLE>  
<CAPTION>

	COUNTRIES	*SAFEKEEPING CHARGES (BASIS POINTS)	TRANSACTION FEE (USD)
<S>		<C>	<C>
	Indonesia	15	105
	Ireland	4.5	55
	Israel	79	60
	Italy	5	95
	Japan (bonds)	5	15
	Japan (equities)	4	15
	Luxembourg	9.50	85
	Malaysia	11	95
	Mexico	15	30
	Morocco	39	115
	Netherlands	8	17
	New Zealand	4.5	90
	Norway	4	90
	Pakistan	44	170
	Peru	79	195
	Philippines	15	145
	Poland	59	155
	Portugal	34	145
	Russia	31	170

Singapore	7	45
South Africa	3	40
South Korea	16	30
Spain	6	55
Sri Lanka	21	75
Sweden	4	65

</TABLE>

-6-

33

<TABLE>  
<CAPTION>

	COUNTRIES	*SAFEKEEPING CHARGES (BASIS POINTS)	TRANSACTION FEE (USD)
<S>		<C>	<C>
	Switzerland	4	105
	Taiwan	20	105
	Thailand	6	50
	Turkey	34	105
	United Kingdom	4	40
	United Kingdom (gilts)	4	55
	Uruguay (Equities)	64	90
	Uruguay (bonds)	44	90
	Venezuela	54	180

</TABLE>

CHART NOTES:

\* Fee expressed in basis points per annum is calculated based upon month-end market value.

\*\* Transaction charge is per 10,000 shares or part thereof.

A transaction includes buys, sells, maturities or Free Security movements.

GLOBAL NETWORK USAGE FEE:  
\$350 per portfolio per month.

If trades in foreign assets denominated in foreign currencies held in the local country, the above fee will apply. The \$350 fee is waived on Euroclear/Cedel transactions.

Minimum charges imposed by Agent Banks/Local Administrators  
Chile - USD 5,000 per annum.  
Columbia - USD 600 per month.  
Peru - USD 6,000 per annum per account.  
Brazil - USD 15 basis points for annual administrative charge.  
Taiwan - USD 3,000 account opening charge.



C. When Issued, Securities Lending, Index Futures, etc:

Should any investment vehicle require a separate segregated custody account, a fee of \$250 per account per month will apply.

34

D. Custody Miscellaneous Fees

Administrative fees incurred in certain local markets will be passed onto the customer with a detailed description of the fees. Fees include income collection, corporate action handling, overdraft charges, funds transfer, special local taxes, stamp duties, registration fees, messenger and courier services and other out-of-pocket expenses.

- IV. Lost Shareholder Search/Reporting: \$2.75 per account search\*
  - \* The per account search fee shall be waived until June 2000 so long as the Fund retains Keane Tracers, Inc. ("KTI") to provide the Fund with KTI's "In-Depth Research Program" services.

V. Print/Mail Fees.

(a) Standard Pricing:

Implementation Fee: \$ 5000.00

-----

Testing Application or Data Requirements: \$3.00/fax

Work Order: \$15.00 per workorder

Daily Work (Confirms):

Hand: \$71/K with \$75.00 minimum (includes BRE or CRE)  
\$0.07/each additional insert

Machine: \$42/K with \$50.00 minimum (includes BRE or CRE)  
\$0.01/each additional insert

Daily Checks\*:

Hand: \$91/K with \$100.00 minimum daily (includes 1 insert)  
\$0.08/each additional insert

Machine: \$52/K with \$75.00 minimum (includes 1 insert)  
\$0.01/each additional insert

\* There is a \$3.00 charge for each 3606 Form sent.

Statements:

Hand: \$78/K with \$75.00 minimum (includes BRE or CRE)  
\$0.08/each additional insert  
\$125/K for intelligent inserting

Machine: \$52/K with \$75.00 minimum (includes BRE or CRE)  
\$0.01 each additional insert  
\$58/K for intelligent inserting

Periodic Checks:

Hand: \$91/K with \$100.00 minimum (includes 1 insert)  
\$0.08/each additional insert

Machine: \$52/K with \$100.00 minimum (includes 1 insert)

\$0.01/each additional insert

12B1/Dealer Commission Checks/Statements: \$0.78/each envelope with \$100.00  
minimum

Spac Reports/Group Statements: \$78/K with \$75.00 minimum

Listbills: \$0.78 per envelope with \$75.00 minimum

Printing Charges: (price ranges dependent on volumes)  
\$0.08/per confirm/statement/page  
\$0.10/per check

Folding (Machine): \$18/K

Folding (Hand): \$.12 each

Presort Charge: postage rate  
\$0.035 per piece

Courier Charge: \$15.00 for each on call courier trip/or  
actual cost for on demand

Overnight Charge: \$3.50 per package service charge plus Federal  
Express/Airborne charge

Inventory Storage: \$20.00 for each inventory location as of the  
15th of the month

Inventory Receipt: \$20.00 for each SKU / Shipment

Hourly work; special projects, opening envelopes, etc.: \$24.00 per hour

Special Pulls: \$2.50 per account pull

Boxes/Envelopes: Shipping boxes \$0.85 each  
Oversized Envelopes \$0.45 each

Forms Development/Programming Fee: \$100/hr

Systems Testing: \$85/hr

Cutting Charges: \$10.00/K

(b) Special Mailings:  
Special mailing pricing is based on appropriate notification  
(standard of 30 day notification) and scheduling for special  
mailings. Scheduling requirements include having collateral arrive  
at agreed upon times in advance of deadlines. Mailings which arise  
with shorter time frames and turns will be billed at a premium based  
on turn around requirements.

Work Order: \$30.00 per Workorder

Daily Work (Confirms):  
Hand: \$135.00 to create an admark tape  
\$10.00/K to zip + 4 data enhance/\$125.00 minimum  
\$80.00/hr for any data manipulation  
\$10.00/K combo charge

-9-

Admark & Machine Insert  
#10, #11, 6x9: \$62/K to admark envelope and machine insert

1 piece/\$125.00 min  
 \$2.50/K for each additional insert  
 \$38/K to admark only with \$75.00 minimum  
 \$25.00/K hand sort  
 9x12: \$135/K to admark envelope and machine insert  
 1 piece/\$125.00 min  
 \$5.00/K for each additional insert  
 \$38/K to admark only/\$75.00 minimum  
 \$0.08 for each hand insert

Admark & Hand Insert:

#10, #11, 6x9: \$0.08 for each hand insert  
 \$25.00/K hand sort  
 9x12 \$0.09 for each hand insert  
 \$35.00/K hand sort

Pressure/Sensitive Labels:

\$0.32 each to create, affix and hand insert 1 piece/\$75.00 minimum  
 \$0.08 for each hand insert  
 \$0.10 to affix labels only  
 \$0.10 to create labels only

Legal Drop: \$150.00 / compliant legal drop per job and processing fees

Create Mailing List: \$0.40 per entry with \$75.00 minimum

Presort Fee: \$0.035 per piece

VI. Investor Services Group shall be entitled to the following fee for the performance of any Special Legal Services as described in Schedule B in accordance with the Written Instructions of the Fund: \$185 per hour subject to certain project caps as may be agreed to by Investor Services Group and the Fund. Services and charges may vary based on volume.

VII. Charges. The Fund shall be charged for the following products and services as applicable:

- Ad hoc reports
- Ad hoc SQL time
- COLD Storage
- Digital Recording
- Banking Services, including incoming and outgoing wire charges
- Microfiche/microfilm production
- Magnetic media tapes and freight
- Manual Pricing
- Materials for Rule 15c-3 Presentations
- Pre-Printed Stock, including business forms, certificates, envelopes, checks and stationary

-10-

37

VIII. Fee Adjustments. After the one year anniversary of the effective date of this Agreement, Investor Services Group may adjust the fees described in the above sections once per calendar year, upon thirty (30) days prior written notice in an amount not to exceed the cumulative percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) U.S. City Average, All items (unadjusted) - (1982-84=100), published by the U.S. Department of Labor since the last such adjustment in the Client's monthly fees (or the Effective Date absent a prior such adjustment).

IX. Programming Costs. The following programming rates are subject to an annual 5% increase after the one year anniversary of the effective date of this Agreement.

(a) Dedicated Team: Programmer: \$100,000 per annum

BSA: \$ 85,000 per annum  
Tester: \$ 65,000 per annum  
(b) System Enhancements (Non Dedicated Team): \$150.00 per/hr per programmer

-11-

38

SCHEDULE D

OUT-OF-POCKET EXPENSES

The Fund shall reimburse Investor Services Group monthly for applicable out-of-pocket expenses, including, but not limited to the following items:

- Postage - direct pass through to the Fund
- Telephone and telecommunication costs, including all lease, maintenance and line costs
- Proxy solicitations, mailings and tabulations
- Shipping, Certified and Overnight mail and insurance
- Terminals, communication lines, printers and other equipment and any expenses incurred in connection with such terminals and lines
- Duplicating services
- Distribution and Redemption Check Issuance
- Courier services
- Federal Reserve charges for check clearance
- Overtime, as approved by the Fund
- Temporary staff, as approved by the Fund
- Travel and entertainment, as approved by the Fund
- Record retention, retrieval and destruction costs, including, but not limited to exit fees charged by third party record keeping vendors
- Third party audit reviews
- Insurance
- Pricing services (or services used to determine Fund NAV)
- Vendor set-up charges for Blue Sky and other services
- Blue Sky filing or registration fees
- EDGAR filing fees
- Vendor pricing comparison
- Such other expenses as are agreed to by Investor Services Group and the Fund

The Fund agrees that postage and mailing expenses will be paid on the day of or prior to mailing as agreed with Investor Services Group. In addition, the Fund will promptly reimburse Investor Services Group for any other unscheduled expenses incurred by Investor Services Group whenever the Fund and Investor Services Group mutually agree that such expenses are not otherwise properly borne by Investor Services Group as part of its duties and obligations under the Agreement.

-12-

39

SCHEDULE E

FUND DOCUMENTS

- Certified copy of the Articles of Incorporation of the Fund, as amended
- Certified copy of the By-laws of the Fund, as amended
- Copy of the resolution of the Board of Directors authorizing the execution and delivery of this Agreement
- Copies of all agreements between the Fund and its service providers

- Specimens of the certificates for Shares of the Fund, if applicable, in the form approved by the Board of Directors of the Fund, with a certificate of the Secretary of the Fund as to such approval
- All account application forms and other documents relating to Shareholder accounts or to any plan, program or service offered by the Fund
- Certified list of Shareholders of the Fund with the name, address and taxpayer identification number of each Shareholder, and the number of Shares of the Fund held by each, certificate numbers and denominations (if any certificates have been issued), lists of any accounts against which stop transfer orders have been placed, together with the reasons therefore, and the number of Shares redeemed by the Fund
- All notices issued by the Fund with respect to the Shares in accordance with and pursuant to the Articles of Incorporation or By-laws of the Fund or as required by law and shall perform such other specific duties as are set forth in the Articles of Incorporation including the giving of notice of any special or annual meetings of shareholders and any other notices required thereby.
- A listing of all jurisdictions in which each Portfolio is registered and lawfully available for sale as of the date of this Agreement and all information relative to the monitoring of sales and registrations of Fund shares in such jurisdictions
- Each Fund's most recent post-effective amendment to its Registration Statement
- Each Fund's most recent prospectus and statement of additional information, if applicable, and all amendments and supplements thereto

## USE OF NAME AGREEMENT

CALAMOS INSURANCE TRUST, a Massachusetts business trust registered as an open-end management investment company under the Investment Company Act of 1940 (the "Trust"), and CALAMOS ASSET MANAGEMENT, INC., an Illinois corporation with its principal place of business in Naperville, Illinois ("CAM"), in consideration for the engagement of CAM by the Trust as manager and investment adviser to the Trust for its series designated CALAMOS CONVERTIBLE PORTFOLIO, agree that:

1. The name "Calamos" and any logo associated with that name are the valuable property of CAM.

2. For so long as CAM serves as investment adviser to any series of the Trust, the Trust shall have the right to use the name "Calamos" and any logo associated with that name in the names of such series of the Trust, and in related marketing materials, including any prospectus and statement of additional information.

3. Upon the cessation of CAM's services as investment adviser to a series of the Trust, the Trust agrees to cease to use the "Calamos" name and any associated logo in connection with such series as promptly as it can reasonably do so.

Dated: May 1, 1999

CALAMOS INSURANCE TRUST

By

-----

John P. Calamos  
President

CALAMOS ASSET MANAGEMENT, INC.

By

-----

James S. Hamman, Jr.  
Vice President

March 25, 1999

Calamos Insurance Trust  
1111 East Warrenville road  
Naperville, Illinois 60563-1493

Ladies and Gentlemen:

As special Massachusetts counsel to Calamos Insurance Trust, a Massachusetts business trust (the "Trust"), we have been asked to deliver this opinion in connection with the issuance of an indefinite number of shares, without par value, of the Trust's series designated Calamos Convertible Portfolio (the "Shares") that are subject of Form N-1A Registration Statement No. 333-72511, (the "Registration Statement").

We have examined the Amended and Restated Declaration of Trust of the Trust as filed with the Secretary of State of the Commonwealth of Massachusetts, such records of the proceedings of the Trustees of the Trust as we deem appropriate and the Registration Statement.

Based upon the foregoing, we are of the opinion that under Massachusetts law, when issued and sold and paid for in accordance with the then applicable Prospectus included as a part of the Registration Statement as then effective, the Shares will be duly authorized, validly issued, fully paid and nonassessable by the Trust.

We consent to a copy of this opinion being filed as an exhibit to the Registration Statement.

Very truly yours,

Goodwin, Procter & Hoar LLP

## CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Independent Auditors" and to the use of our report on the Calamos Insurance Trust -- Calamos Convertible Portfolio dated March 26, 1999 in the Registration Statement (Form N-1A) and in the related Prospectus and Statement of Additional Information of Calamos Insurance Trust, filed with the Securities and Exchange Commission in this Pre-Effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933 (Registration No. 333-72511) and in this Amendment No. 1 to the Registration Statement under the Investment Company Act of 1940 (Registration No. 811-09237).

ERNST & YOUNG LLP

Chicago, Illinois  
March 26, 1999



## SUBSCRIPTION AGREEMENT

Calamos Insurance Trust

1. Shares Subscription. The undersigned agrees to purchase from Calamos Insurance Trust (the "Fund") the number of shares (the "Shares") of the Fund's Calamos Convertible Portfolio (the "Portfolio"), without par value, set forth at the end of this Agreement on the terms and conditions set forth herein and in the Preliminary Prospectus ("Preliminary Prospectus") described below, and hereby tenders the amount of the price required to purchase these Shares at the price set forth at the end of this Agreement.

The undersigned understands that the Fund has prepared a registration statement or an amendment thereto for filing with the Securities and Exchange Commission on Form N-1A, which contains the Preliminary Prospectus which describes the Fund, the Portfolio and the Shares. By its signature hereto, the undersigned hereby acknowledges receipt of a copy of the Preliminary Prospectus.

The undersigned recognizes that the Portfolio will not be fully operational until such time as it commences the public offering of its shares. Accordingly, a number of features of the Portfolios described in the Preliminary Prospectus, including, without limitation, the declaration and payment of dividends, and redemption of shares upon request of shareholders, are not, in fact, in existence at the present time and will not be instituted until the Fund's registration under the Securities Act of 1933 is made effective.

2. Representations and Warranties. The undersigned hereby represents and warrants as follows:

(a) It is aware that no Federal or state agency has made any findings or determination as to the fairness for investment, nor any recommendation or endorsement, of the Shares;

(b) It has such knowledge and experience of financial and business matters as will enable it to utilize the information made available to it in connection with the offering of the Shares, to evaluate the merits and risks of the prospective investment and to make an informed investment decision;

(c) It recognizes that the Portfolio has no financial or operating history and, further, that investment in the Portfolio involves certain risks,

and it has taken full cognizance of and understands all of the risks related to the purchase of the Shares, and it acknowledges that it has suitable financial resources and anticipated income to bear the economic risk of such an investment;

(d) It is purchasing the Shares for its own account, for investment, and not with any present intention of redemption, distribution, or resale of the Shares, either in whole or in part;

(e) It will not sell the Shares purchased by it without registration of the Shares under the Securities Act of 1933 or exemption therefrom;

(f) This Agreement and the Preliminary Prospectus and such material documents relating to the Fund as it has requested have been provided to it by the Fund and have been reviewed carefully by it; and

(g) It has also had the opportunity to ask questions of, and receive answers from, representatives of the Fund concerning the Fund and the terms of the offering.

3. The undersigned recognizes that the Fund reserves the unrestricted right to reject or limit any subscription and to close the offer at any time.

Number of Shares of the Portfolio: 10,000 shares at a subscription price of \$10.000 per share for an aggregate price of \$100,000 for the Calamos Convertible Portfolio.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 26th day of March, 1999.

CALAMOS ASSET MANAGEMENT, INC.

By: /s/ James S. Hamman, Jr.

-----  
James S. Hamman, Jr.  
Vice President