

Internal Revenue Service

Department of the Treasury

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Legend

A =

B =

State X =

Date1 =

Date1A =

Date1B =

Date2 =

Date3 =

Date4 =

Date5 =

Year6 =

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Exchange =

Dear :

This is in reply to your letter dated November 15, 2002, requesting a ruling under Section 305 of the Internal Revenue Code ("Code"). Additional information was submitted December 3, 13 and 17, 2002. The relevant information submitted in your correspondence is summarized below.

A and B are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940. A and B are closed-end funds incorporated in State X, and their shares trade on the Exchange. As closed-end funds their shares are not redeemable at the option of their shareholders.

The managements of A and B believe that the market may undervalue their respective stocks by trading at prices less than the value of the pro rata portion of their respective assets allocable to such shares. In order to encourage the market to value A and B's stock at a price more closely reflective of their underlying asset values, A and B propose to offer to redeem a portion of their respective stocks pursuant to tender offers. Each offering price for the redemption of each share will equal the net asset value per share determined at the close of business on the day each offer terminates.

The representations set forth below have been made in connection with the proposed tender offers described above.

(a) Each company intends to qualify annually and be taxed as a regulated investment company under part I of Subchapter M of the Code. Furthermore, each company intends to distribute substantially all of their investment company taxable income and net realized capital gains at least annually.

(b) Neither A nor B is required by its charter, bylaws or otherwise to redeem its own stock. Neither the shareholders of A nor the shareholders of B have a right to require their respective company to make a tender offer or otherwise redeem any of their stock. The Board of Directors of A and the Board of Directors of B each has a fiduciary duty to the respective company and its shareholders to consider the appropriateness of any share repurchase. Neither the Board of Directors of A nor of B has, in any manner, relinquished its discretion in carrying out its fiduciary duties.

(c) The redemptions undertaken pursuant to the proposed tender offers are isolated transactions and are not related to any other past or future transactions.

(d) The proposed tender offers are motivated solely by the companies' business considerations and are not motivated by any intent on either company to confer a federal income tax benefit on any shareholder.

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(e) The proposed tender offers are not part of a plan to periodically increase the proportionate share of any shareholder in the assets or earnings and profits of either company.

(f) At the present time, neither A nor B has committed to make any further tender offers subsequent to the currently proposed tender offer. However, it is possible that either company will make additional tender offers in future years based on the circumstances prevailing at that time.

(g) A has not redeemed any of its shares since its creation on February 2, 1993, other than its June 2000 tender offer.

(h) B has not redeemed any of its shares since its creation on September 22, 1993, other than its June 2000 tender offer. B also repurchased some of its shares on the open market pursuant to the 1995 Repurchase.

Based solely on the information submitted and the representations stated above, we rule on the application of section 305 on the proposed tender offers as stated below.

(1) If undertaken, the redemption of either A or B stock pursuant to the respective tender offers as proposed, will each be a single and isolated transaction. If consummated, neither proposed tender offer will result in a deemed distribution under section 305 in respect of any A or B shareholder, respectively, regardless of whether such shareholder has a portion of his or her stock redeemed in the transaction (see Examples (10) and (11) of § 1.305-3(e) of the Income Tax Regulations. See also Rev. Rul. 77-19, 1979-1 C.B. 84.

The above ruling only applies section 305 to the shareholders of either A or B who do not participate at all or to those who partially participate in the proposed tender offer of their company. We express no opinion as to either of the proposed tender offer's federal income tax consequences under sections 302 or 301 on those shareholders who participate in whole or in part in either proposed tender offer. Furthermore, we express no opinion about the tax treatment of either proposed tender offer under any other provision of the Code and regulations, or the tax treatment of any conditions existing at the time of, or effects resulting from, either proposed tender offer that are not specifically covered by the foregoing ruling.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to the taxpayers.

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The rulings contained in this letter are based upon information and representations submitted by the taxpayers and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Marlene Oppenheim
Senior Counsel, Branch 2
Office of Associate Chief Counsel (Corporate)
