3. Applicants assert that because the rights and privileges of shares would be substantially identical, the possibility that their interests would ever conflict is remote. The interests of each class of shareholders would be protected adequately because the 12b–1 plans and the payments thereunder will conform to the requirements of rule 12b–1, including the requirement that the 12b–1 plans be approved by the boards of trustees (the "trustees") of the respective Funds, including the independent trustees.

4. Applicants believe that the creation, issuance, and sale of new classes of shares by the Funds may assist the Funds in meeting the competitive demands of today's financial services industry. The proposed arrangement would permit the Funds to both facilitate the distribution of their securities and provide investors with a broader choice as to the method of purchasing shares without assuming excessive accounting and bookkeeping costs or unnecessary investment risks. Under the proposed arrangement, investors will be able to choose the method of purchasing shares that is most beneficial given the amount of their purchase and the length of time the investor expects to hold his shares. The proposed arrangement does not involve borrowed money and does not affect the Funds' existing assets or reserves. The proposed arrangement will not increase the speculative character of the new classes of shares in a Fund because all shares will participate in all of the Fund's appreciation, income, and expenses.

5. Applicants also are requesting an exemption from the provisions of sections 2(a)(32), 2(a)(35), 22(c), and 22(d) of the Act, and rule 22c-1 thereunder, to the extent necessary to allow the Funds the ability to assess a CDSC on certain classes of shares and any future classes of shares which may impose a CDSC, and to waive or reduce the CDSC with respect to certain types of redemptions. Applicants believe that the imposition of a CDSC on certain classes of shares is fair and in the best interests of their shareholders. The proposed sales structure permits Fund shareholders to have the advantage of greater investment dollars working for them from the time of their purchase of CDSC class shares than if a sales charge were imposed at the time of purchase.

## **Applicants' Conditions**

Applicants agree that any order granting the requested relief shall be subject to the following conditions:

1. Each class of shares of a Fund will represent interests in the same portfolio

of investments, and be identical in all respects, except as set forth below. The only differences between the classes of shares of a Fund will relate solely to one or more of the following: (a) Expenses assessed to a class pursuant to a 12b-1 plan or shareholder services plan, if any, with respect to such class; (b) the impact of class expenses, which are limited to any or all of the following: (i) Transfer agent fees identified as being attributable to a specific class of shares, (ii) stationary, printing, postage, and delivery expenses related to preparing and distributing materials such as shareholder reports, prospectuses, statements of additional information, and proxy statements to current shareholders of a specific class, (iii) Blue Sky registration fees incurred by a class of shares, (iv) SEC registration fees incurred by a class of shares, (v) expenses of administrative personnel and services as required to support the shareholders of a specific class, (vi) trustees' fees or expenses incurred as a result of issues relating to one class of shares, (vii) accounting expenses relating solely to one class of shares, (viii) auditors' fees, litigation expenses, legal fees, and expenses relating to a class of shares, and (ix) expenses incurred in connection with shareholders' meetings as a result of issues relating to one class of shares; (c) the fact that the classes will vote separately with respect to matters relating to a Fund's 12b-1 plan applicable to each class, if any, except as provided in condition 15; (d) the different exchange privileges of the classes of shares, if any; (e) certain classes may have a conversion feature; and (f) the designation of each class of shares of a Fund. Any additional incremental expenses not specifically identified which are subsequently identified and determined to be properly allocated to one class of shares shall not be so applied unless and until approved by the SEC

2. The trustees, including a majority of the independent trustees, will have approved the multi-class system, with respect to a particular Fund prior to the implementation of the system by that Fund. The minutes of the meetings of the trustees regarding the deliberations of the trustees with respect to the approvals necessary to implement the multi-class system will reflect in detail the reasons for the trustees' determination that the proposed multiclass system is in the best interests of each Fund and its shareholders.

3. The initial determination of the class expenses that will be allocated to a particular class and any subsequent changes thereto will be reviewed and approved by a vote of the trustees, including a majority of the independent trustees. Any person authorized to direct the allocation and disposition of monies paid or payable by a Fund to meet class expenses shall provide to the trustees, and the trustees shall review, at least quarterly, a written report of the amounts so expended and the purposes for which such expenditures were made.

4. If any class will be subject to a shareholder services plan, the plan will be adopted and operated in accordance with the procedures set forth in rule 12b–1(b) through (f) as if the expenditures made thereunder were subject to rule 12b–1, except that shareholders need not enjoy the voting rights specified in rule 12b–1.

5. On an ongoing basis, each Fund's board of trustees, pursuant to their fiduciary responsibilities under the Act and otherwise, will monitor that Fund, for the existence of any material conflicts among the interests of the classes of its shares. The trustees, including a majority of the independent trustees, shall take such action as is reasonably necessary to eliminate any such conflicts that may develop. The Adviser and the Distributor will be responsible for reporting any potential or existing conflicts to the trustees. If a conflict arises, the Adviser and the Distributor, at their own expense will take such actions as are necessary to remedy such conflict including establishing a new registered management investment company, if necessary.

6. The trustees will receive quarterly and annual statements concerning distribution and shareholder servicing expenditures in compliance with paragraph (b)(3)(ii) of rule 12b-1, as it may be amended from time to time. In the statements, only expenditures properly attributable to the sale or servicing of a particular class of shares will be used to justify any fees charged to that class. Expenditures not related to the sale or servicing of a particular class of shares will not be presented to the trustees to justify any fees charged to that class. The statements, including the allocations upon which they are based, will be subject to the review and approval of the independent trustees in the exercise of their fiduciary duties.

7. Dividends and other distributions paid by a Fund with respect to each class of its shares, to the extent any dividends or other distributions are paid, will be declared and paid on the same day and at the same time, and will be determined in the same manner and will be in the same amount, except that the amount of the dividends and other