

sections 18(f)(1), 18(g), and 18(i) of the Act to the extent that the proposed issuance and sale of multiple classes of shares representing interests in a Fund's Portfolios could be deemed: (A) to result in a "senior security" within the meaning of section 18(g) and to be prohibited by section 18(f)(1), and (B) to violate the equal voting provisions of section 18(i). Applicants believe that the proposed allocation of expenses and voting rights in the manner described above is equitable and would not discriminate against any group of shareholders. The proposed arrangement does not involve borrowings, and does not affect the Funds' existing assets or reserves. The proposed arrangement also will not increase the speculative character of the shares of a Fund.

2. Applicants also request an exemption under section 6(c) from sections 2(a)(32), 2(a)(35), 22(c), and 22(d) of the Act and rule 22c-1 thereunder to permit the Funds to assess, and under certain circumstances waive, a CDSC in connection with the redemption of shares.

Applicants' Conditions

Applicants agree that any order granting the requested relief shall be subject to the conditions set forth below.

1. Each class of shares of a Portfolio 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 Portfolio will relate solely to one or more of the following: (a) Expenses assessed to a class pursuant to a Plan, if any, with respect to such class; (b) sales charges applicable to a class of shares, if any (c) 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) stationery, printing, postage, and delivery expenses related to preparing and distributing materials such as shareholder reports, prospectuses, and proxy statements to current shareholders of a specific class of shares, (iii) Blue Sky registration fees incurred by a specific class of shares, (iv) SEC registration fees incurred by a specific class of shares, (v) expenses of administrative personnel and services as required to support the shareholders of a specific class of shares, (vi) directors' fees or expenses incurred as a result of issues relating to a specific class of shares, (vii) accounting expenses relating solely to a specific class of shares, (viii) auditors' fees, litigation expenses, and legal fees and expenses relating to a specific class of shares, (ix)

expenses incurred in connection with shareholders meetings as a result of issues relating to a specific class of shares, (x) organizational expenses related to a specific class of shares and (xi) any other incremental expenses subsequently identified which should be properly allocated to a specific class of shares and which, as such, are approved by the SEC pursuant to an amended order or by rule or regulation; (d) the fact that the classes will vote separately with respect to matters relating to the applicable distribution plan and related agreements, if any, or any other matters appropriately limited to such class(es); (e) the different exchange privileges of the classes of shares, if any; and (f) the designation of each class of shares of a Portfolio.

2. The board of directors of each Company, including a majority of the directors who are not interested persons of the Company ("Independent Directors"), will have approved the Multiple Class System with respect to a particular Portfolio of the Company prior to the implementation of the system by that Portfolio. The minutes of the meetings of the board of the Company regarding the deliberations of the directors with respect to the approvals necessary to implement the Multiple Class System will reflect in detail the reasons for the determination by the board that the proposed Multiple Class System is in the best interests of each Portfolio 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 appropriate board of directors, including a majority of the Independent Directors. Any person authorized to direct the allocation and disposition of monies paid or payable by a Portfolio to meet Class Expense shall provide to the applicable board and the directors 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(s) 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, the board of each Company, pursuant to its fiduciary responsibilities under the Act and otherwise, will monitor each Portfolio, as applicable, for the existence of any material conflicts among the interests of

the classes of its shares, if there is more than one class. The board, including a majority of the Independent Directors, shall take such action as is reasonably necessary to eliminate any such conflicts that may develop. Each Portfolio's principal underwriter and investment adviser will be responsible for reporting any potential or existing conflicts to the appropriate board. If such a conflict arises, the Portfolio's principal underwriter and investment adviser, 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 principal underwriter of each Portfolio implementing a Multiple Class System will adopt compliance standards with respect to when each class of shares may be appropriately sold to particular investors. Applicants will require all persons selling shares of the Portfolios to agree to conform to such standards.

7. The board of directors of each Company will receive quarterly and annual statements concerning the amounts expended under the Company's Plans 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 and fee for services charged to that class. Expenditures not related to the sale or servicing of a particular class will not be presented to the board to justify any fee attributable to that class. The statements, including the allocations upon which they are based, will be subject to the review and approval of the Independent Directors in the exercise of their fiduciary duties.

8. Dividends and other distributions paid by a Portfolio with respect to each class of its shares, to the extent any dividends and 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 distributions declared and paid by a particular class may be different from that of another class because payments made under a Plan or Plan Agreement by a class and Class Expenses will be borne exclusively by that class.

9. The methodology and procedures for calculating the net asset value and dividends and other distributions of the classes and the proper allocation of expenses among the classes have been reviewed by an expert ("Expert") who has rendered a report to applicants,