

James J. Dwyer, Staff Attorney, at (202) 942-0581, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end non-diversified management investment company that was organized as a Massachusetts business trust. On November 26, 1990, applicant registered under the Act as an investment company, and filed a registration statement to register its shares under the Securities Act of 1933. The registration statement became effective on March 4, 1992, and applicant's initial public offering commenced on that date.

2. At a meeting held on January 7, 1994, applicant's trustees approved an agreement and plan of reorganization (the "Plan") whereby applicant would transfer all of its assets and liabilities to Putnam Tax Exempt Income Fund (the "Income Fund"), a Massachusetts business trust registered under the Act, and subsequently liquidate. Applicant's trustees determined that the proposed reorganization would achieve economies of scale, including lower advisory and operating costs, and result in performance benefits for applicant's shareholders.

3. Applicant and Income Fund share a common investment adviser, officers, and trustees. Accordingly, applicant and Income Fund may be deemed to be affiliated persons of each other. Applicant therefore relied on the exemption provided by rule 17a-8 under the Act to effect the reorganization. Consequently, in accordance with rule 17a-8, applicant's trustees determined on January 7, 1994, that the purchase of the assets of applicant by Income Fund was in the best interests of applicant's shareholders, and that such purchase would not result in any dilution to the interests of the existing shareholders.¹

4. Proxy materials relating to the Plan were filed with the SEC on March 14, 1994, and mailed to applicant's shareholders on March 29, 1994. Applicant's shareholders voted to approve the Plan at a special meeting held on May 5, 1994.

5. As of May 6, 1994, applicant had 1,862,787.75 shares outstanding, having an aggregate net asset value of \$16,314,742.28 and a per share net asset value of \$8.76. On May 9, 1994, pursuant to the Plan, applicant transferred all of its assets and liabilities to Income Fund in exchange for a number of full and fractional Class A shares of Income Fund having an aggregate net asset value equal to the value of applicant's assets attributable to shares of applicant transferred to Income Fund. No brokerage commissions were paid in connection with such transfer. Applicant then distributed to its shareholders *pro rata* the Income Fund Class A shares it received, in complete liquidation of application.

6. The expenses applicable to the Plan, consisting of accounting, printing, administrative, and certain legal expenses, were \$76,669. Applicant paid all expenses in connection with proxy printing and solicitation. All other expenses were assumed ratably by applicant and Income Fund in proportion to their net assets as of May 6, 1994.

7. Applicant has no shareholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding up of its affairs.

8. On August 5, 1994, applicant filed the necessary documents in Massachusetts to terminate its existence as a Massachusetts business trust.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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[Rel. No. IC-20896; 811-6433]

Smith Breeden Institutional Intermediate Duration U.S. Government Fund; Notice of Application

February 10, 1995.

AGENCY: Securities and Exchange Commission ("SEC").

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Smith Breeden Institutional Intermediate Duration U.S. Government Fund.

RELEVANT ACT SECTION: Order requested under section 8(f).

SUMMARY OF APPLICATION: Applicant seeks an order declaring it has ceased to be an investment company.

FILING DATES: The application was filed on November 21, 1994 and amended on February 6, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on March 7, 1995, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street NW., Washington, D.C. 20549. Applicant, 200 Europa Drive, Suite 200, Chapel Hill, North Carolina 27514.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942-0562, or C. David Messman, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is a registered open-end, diversified, management investment company under the Act and is organized as a business trust under the laws of the Commonwealth of Massachusetts. On October 8, 1991, applicant filed a Notification of Registration on Form N-8A pursuant to section 8(a) of the Act and a registration statement on Form N-1A under section 8(b) of the Act. With respect to the securities issued by applicant pursuant to the Securities Act of 1933, a registration statement on Form N-1A was filed on November 29, 1991. The registration statement became effective on February 24, 1992, and applicant's initial public offering commenced on March 12, 1992.

2. At a joint meeting held on June 2, 1994, applicant's Board of Trustee (the "Trustees") unanimously determined that applicant's continuation was no longer in the best interest of applicant or its shareholders. The Trustees determined that applicant's

¹ Rule 17a-8 provides relief from the affiliated transaction prohibition of section 17(a) of the Act for a merger of investment companies that may be affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.