

20549-0609; Applicants, c/o Marco Adelfio, Esq., Morrison & Foerster LLP, 2000 Pennsylvania Avenue, NW., Suite 5500, Washington, DC 20006.

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SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. (202) 942-8090).

Applicants' Representations

1. Each Trust is organized as a Delaware statutory trust and registered under the Act as an open-end management investment company.¹ Responsibility for the overall management of the Trusts rests with each Trust's respective board of trustees (each, a "Board").

2. BACAP is registered as an investment adviser under the Investment Advisers Act of 1940. BACAP serves as investment adviser to each Fund. BACAP is a wholly owned subsidiary of Bank of America, N.A., which in turn is a wholly owned subsidiary of Bank of America Corporation, a bank holding company organized as a Delaware corporation.

3. Some Funds may lend money to banks or other entities by entering into repurchase agreements or purchasing other short-term instruments. Other Funds may need to borrow money from the same or similar banks or other entities for temporary purposes to

satisfy redemption requests, to cover unanticipated cash shortfalls such as a trade "fail" in which cash payment for a security sold by a Fund has been delayed, or for other temporary purposes. Currently, the Funds have an uncommitted line of credit and overdraft protection with their custodian, which is designed to cover reasonably anticipated borrowing needs.

4. If the Funds were to borrow money under this line of credit, the Funds would pay interest on the borrowed cash at a rate that would be higher than the rate that would be earned by them on repurchase agreements and other short-term instruments of the same maturity as the bank loan.

5. Applicants request an order that would permit the Funds to enter into a master interfund lending agreement ("Interfund Lending Agreements") that would permit each Fund to lend money directly to, and each Open-End Fund to borrow directly from, other Funds for temporary purposes (an "Interfund Loan"). Applicants believe that the Proposed Credit Facility would substantially reduce the Funds' potential borrowing costs and enhance their ability to earn higher rates of interest on short-term lendings. Although the Proposed Credit Facility would substantially reduce the Funds' need to borrow from banks, it would not necessarily eliminate the need to maintain lines of credit or other borrowing arrangements with banks. The Funds also would continue to maintain their existing uncommitted line of credit and overdraft protection.

6. Applicants anticipate that the Proposed Credit Facility will provide a borrowing Fund with significant cost savings when the cash position of the Fund is insufficient to meet temporary cash requirements. This situation could arise when redemptions exceed anticipated volumes and the Fund has insufficient cash on hand to satisfy such redemptions. When a Fund liquidates portfolio securities to meet redemption requests, it often does not receive payment in settlement for up to three days (or longer for certain foreign transactions). The Proposed Credit Facility would provide a source of immediate, short-term liquidity pending settlement of the sale of portfolio securities.

7. Applicants also propose using the Proposed Credit Facility when a sale of portfolio securities fails due to circumstances beyond the Fund's control, such as a delay in the delivery of cash to the Fund's custodian or improper delivery instructions by the broker effecting the transaction. Sales fails may present a cash shortfall if the

Fund has undertaken to purchase a security with the proceeds from securities sold. When the Fund experiences a cash shortfall due to a sales fail, the custodian typically extends temporary credit to cover the shortfall and the Fund incurs overdraft charges. Alternatively, the Fund could fail on its intended purchase due to lack of funds from the previous sale, resulting in additional costs to the Fund, or sell a security on a same day settlement basis, earning a lower return on the investment. Use of the Proposed Credit Facility under these circumstances would enable the Fund to have access to immediate short-term liquidity without incurring custodian overdraft, line of credit or other costs.

8. While bank borrowings could generally supply needed cash to cover unanticipated redemptions and sales fails, under the Proposed Credit Facility, a borrowing Fund would pay lower interest rates than would be payable under the Fund's line of credit arrangements or the overdraft provisions of the custody contract. In addition, Funds making loans to other Funds would earn interest at a rate higher than they otherwise could obtain from investing their cash in repurchase agreements or other short-term investments. Thus, applicants believe that the Proposed Credit Facility would benefit both borrowing and lending Funds.

9. The interest rate charged to the Funds on any loan under the Proposed Credit Facility (the "Interfund Rate") would be determined daily and would be the average of the Repo Rate and the Bank Loan Rate, both as defined below. The Repo Rate on any day would be the highest current rate available to the Funds from investments in overnight repurchase agreements. The Bank Loan Rate would be calculated by the Cash Management Group (as defined below) on each day an Interfund Loan is made according to a formula approved by the Boards intended to approximate the lowest interest rate at which short-term bank loans would be available to the Funds. The formula would be based upon a publicly available rate (e.g., Federal funds plus 25 basis points) and would vary with this rate so as to reflect changing bank loan rates. Each Board periodically would review the continuing appropriateness of using the formula to determine the Bank Loan Rate, as well as the relationship between the Bank Loan Rate and current bank loan rates that would be available to the Funds. The initial formula and any subsequent modifications to the formula would be subject to the approval of each Fund's Board.

¹ Applicants ask that the requested relief apply to (i) The Trusts and their existing and future investment portfolios ("Funds"), (ii) BACAP and any successor entity to BACAP, and (iii) any other registered management investment company and its series advised by BACAP or a person controlling, controlled by or under common control with, BACAP in the future (included in the term "Funds"). The term "successor" is limited to entities that result from a reorganization into another jurisdiction or a change in the type of business organization or other type of restructuring within the group of entities controlled by Bank of America Corporation. All existing investment companies that currently intend to rely on the requested relief are named as applicants. Any other existing or future investment companies that subsequently rely on the requested order will comply with the terms and conditions in the application. Applicants represent that any registered open-end Fund (an "Open-End Fund") may participate in the proposed credit facility ("Proposed Credit Facility") as either a borrower or lender. Applicants further represent that any registered closed-end Fund ("Closed-End Fund") that participates in the Proposed Credit Facility would only participate as a lender (the Closed-End Funds together with the Open-End Funds are referred to as the "Funds").