Dear [Name]:

This letter responds to your July 18, 2012 request for rulings, submitted by your authorized representatives, under sections 301 and 305 of the Internal Revenue Code of 1986, as amended (the “Code”). The information received in that request is summarized below.

FACTS

Taxpayer, a State A corporation, is registered as a closed-end management investment company under the Investment Company Act of 1940, as amended. Taxpayer has elected to be treated as a regulated investment company (a “RIC”) under subchapter M
of Chapter 1 of the Code and files its federal income tax returns as a RIC. Taxpayer, for all relevant periods, qualifies as a RIC and intends to maintain such qualification.

Taxpayer has one class of common stock outstanding ("Common Stock"), the shares of which are publicly traded and listed on the Exchange.

Taxpayer has adopted a dividend reinvestment plan ("DRIP") that generally provides for the reinvestment of its distributions on behalf of each holder of its Common Stock, unless a shareholder affirmatively elects to receive cash.

Subject to the approval of Taxpayer’s Board of Directors, Taxpayer intends to make one or more future dividends and/or future “spillback” dividends (dividends made after the close of a taxable year that relate back to that taxable year pursuant to an election under section 855) with respect to its Common Stock for its taxable years ending on Date 1 and Date 2 in the form of cash, subject to the Cash Limit (as defined below), or Common Stock, at the election of each shareholder (the “Proposed Distributions”).

Taxpayer will transmit to each shareholder an election form relating to a Proposed Distribution. Each shareholder may elect on the form, by the election deadline, to receive its portion of a Proposed Distribution in (a) cash (the “Cash Option”), or (b) Common Stock of equivalent value (the “Stock Option”). If a shareholder fails to make a valid election by the election deadline, that shareholder will be deemed to have made an election to receive 100 percent Common Stock.

The total number of shares of Common Stock to be issued in a Proposed Distribution will equal (a) the total amount of the Proposed Distribution minus the amount of cash payable pursuant to elections under the Cash Option (but subject to the Cash Limit), divided by (b) the average trading price of a share of Common Stock on the Exchange as of the close of trading during a three-business-day period ending on a date that is as close as practicable to the dividend payment date, but that is sufficiently in advance of that date to allow Taxpayer to determine the number of shares of Common Stock that it will issue and distribute in the Proposed Distribution (the “Average Trading Price”). There may be some change in value of the Common Stock between the time the Average Trading Price is determined and the dividend payment date, which may be substantial depending upon then-current market conditions. In that event, the total value of the shares of Common Stock actually distributed in the Proposed Distribution may not be equal to the amount of cash that the shareholders electing to receive such shares would have received if they had elected to receive all-cash distributions.

While each shareholder will have the option to elect to receive cash in lieu of Common Stock for the shareholder’s entire entitlement under a Proposed Distribution, Taxpayer intends to limit the aggregate amount of cash to be distributed in a Proposed Distribution to an amount not less than 20 percent of the total value of the Proposed Distribution (such amount, the “Cash Limit”). In no event will the total amount of cash available be less than 20 percent of the total value of a Proposed Distribution. Any cash
paid in lieu of fractional shares of Common Stock will not count towards the Cash Limit. Thus, Taxpayer may pay more than 20 percent of the total amount of a Proposed Distribution in cash.

If, for any Proposed Distribution, the total number of shares of Common Stock for which shareholders have made a cash election (“Cash Election Shares”) would result in the payment of cash in an aggregate amount that is less than or equal to the Cash Limit, then the entire portion of such Proposed Distribution that is payable with respect to the Cash Election Shares will be paid in cash.

If, for any Proposed Distribution, however, the total number of Cash Election Shares would result in the payment of cash in an aggregate amount that is greater than the Cash Limit, then each holder of Cash Election Shares will receive its respective portion of that Proposed Distribution with respect to the Cash Election Shares as follows:

1. In cash, in an amount equal to the proportion that such shareholder’s Cash Election Shares bear to the total number of Cash Election Shares, multiplied by an amount equal to the Cash Limit; plus

2. In shares of Common Stock, based on the Average Trading Price, as to the remainder of the Proposed Distribution.

As a result, if too many shareholders elect to receive a Proposed Distribution in cash, a holder of Cash Election Shares will instead receive a pro rata amount of cash, but in no case less than 20 percent of its entitlement under a Proposed Distribution in cash.

With respect to any shareholder participating in the DRIP, the DRIP will apply to a Proposed Distribution only to the extent that, in the absence of the DRIP, the shareholder would have received the distribution in cash.

RULINGS

Based solely on the information provided and the representations made, we rule as follows:

1. Any and all cash and Common Stock distributed in a Proposed Distribution by Taxpayer will be treated as a distribution of cash and property with respect to its stock to which section 301 applies. Sections 301 and 305(b)(1).

2. The amount of any distribution of Common Stock received by any shareholder that receives Common Stock in a Proposed Distribution will be considered equal to the amount of cash which could have been received instead by such shareholder. Treas. Reg. §§ 1.305-1(b)(2) and 1.305-2(b), Ex. 2.

CAVEATS
Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the Proposed Distributions under other provisions of the Code and regulations or the tax treatment of any condition existing at the time of, or effects resulting from the Proposed Distributions that is not specifically covered by the above rulings. In particular, no opinion is expressed with regard to whether Taxpayer qualifies as a RIC under subchapter M of the Code or whether the distributions made pursuant to the ruling will satisfy the “required distribution” requirement under section 4981(b)(1), as modified by section 852(c)(2).

PROCEDURAL STATEMENTS

The rulings contained in this letter are based upon facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) 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. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this letter ruling.

In accordance with the power of attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

______________________
A. Graham Magill
Assistant Branch Chief, Branch 5
Office of Associate Chief Counsel
(Corporate)

cc: