

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

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Refer Reply To:

CC:FIP:B02

PLR-101504-05

Date:

June 10, 2005

In Re:

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Dear

On Date 1 this office issued a private letter ruling (PLR 200509013) ("Initial Ruling") in response to Fund's original ruling request ("Original Ruling Request") concluding that Fund will not recognize gain under section 852(b)(6) of the Internal Revenue Code of 1986 (the Code), upon the distribution of stock or other securities in redemption of its shares upon the request of a shareholder pursuant to Fund's proposed tender offers.

In a letter dated January 6, 2005, you have requested a supplemental ruling that changed circumstances described below will not affect the conclusion reached in the Initial Ruling. Except as described below, all facts and representations cited in the Initial Ruling are incorporated for purposes of this letter. Any terms defined or legended in the Initial Ruling have the same meaning in this letter.

After submission of Fund's Original Ruling Request, Fund's two largest stockholders took the position that Fund's previously announced Program would be inadequate to address the discount to net asset value at which Fund's shares have been trading. On Date 2 at Fund's annual meeting, two candidates who had been nominated by one of those shareholders were elected as directors of Fund. On Date 3 following further discussions with shareholders that occurred after this office issued the Initial Ruling, Fund's board of directors decided not to proceed with the Program that was described in Fund's Original Ruling Request. Instead, Fund opted to implement a new program ("New Program").

Under the terms of the New Program, Fund will offer to repurchase up to w% of Fund's outstanding shares at a purchase price, paid in kind, equal to z% of net asset value per share as of the day after expiration of the tender offer ("Initial Repurchase Offer"). Initial Repurchase Offer will be conducted as soon as practicable following the receipt of this supplemental letter ruling, as well as approvals by the Securities Exchange Commission (SEC) and by regulators in Country. In addition, for r calendar years following the Initial Repurchase Offer, Fund will conduct subsequent repurchase offers semi-annually. Each subsequent repurchase offer will offer to repurchase up to x% of Fund's outstanding shares at a price equal to z% of net asset value per share on the day after the date the offer expires, if during a 13-week measuring period ending on the last day of the preceding semi-annual period, Fund's shares trade at an average weekly discount from net asset value that is greater than s%.

Consistent with Fund's Original Ruling Request, Fund intends to pay for the repurchased shares in kind with portfolio securities held by Fund on the date of repurchase. If any subsequent repurchase offer is oversubscribed, Fund will prorate the number of shares repurchased from participating shareholders in proportion to the total shares accepted for tender by Fund.

Fund represents that, consistent with its Original Ruling Request as amended by additional correspondence on Date 4, under the terms of the New Program, it will distribute to a shareholder exercising a redemption right a pro rata share of each of the securities held by Fund, except for (a) securities that are subject to restrictions on resale or transfer, such as private placement securities, (b) securities that, if distributed, would be required to be registered under the Securities Act of 1933, as amended, (c) securities issued by entities in countries that restrict or prohibit the holdings of securities by non-residents other than through qualified investment vehicles, or whose distribution would otherwise be contrary to applicable local laws, rules, or regulations, (d) portfolio

assets that involve the assumption of contractual obligations, such as derivatives, or that require special trading facilities, or that can only be traded with the counterparty to the transaction, and (e) securities which are not traded on a public securities market and for which quoted bid and ask prices are not available, consistent with the conditions imposed by the Securities Exchange Commission (SEC) on closed-end funds, such as Fund, in seeking orders to permit in-kind tender offers to limit distributed securities to those with readily available market quotations. In addition, Fund will distribute cash in lieu of assets represented by cash equivalents net of liabilities (such as certificates of deposit, commercial paper and repurchase agreements) that are not readily distributable.

Fund further represents that the securities distributed in consideration of the tendered shares will have an aggregate federal income tax basis that, as a percentage of Fund's aggregate federal income tax basis in all its assets prior to a tender offer, is no more than 1 percentage point lower than the percentage of the assets that are being distributed by Fund. For example, if a total of 50% of Fund's assets are distributed pursuant to a tender offer, Fund's aggregate federal income tax basis in all assets distributed in the tender will equal not less than 49% of the Fund's aggregate tax basis in all its assets prior to the tender offer.

Fund has applied to the SEC for exemptive relief permitting it to conduct tender offers pursuant to the New Program. Fund has also applied to the appropriate regulatory authority of Country to approve the transfer of Country securities to Fund shareholders in redemption of their shares, under the terms of the New Program.

The different terms of the New Program that replace Fund's previously announced Program in its Original Ruling Request do not affect the analysis in the Initial Ruling. Accordingly, based on the supplemental facts and representations provided, we conclude that Fund will not recognize gain under section 852(b)(6) of the Code upon the distribution of appreciated stock or other securities in redemption of its shares upon the request of a shareholder pursuant to the terms of the proposed tender offers to be conducted pursuant to the New Program.

No opinion is expressed or implied concerning the federal income tax consequences of the transaction described in this letter, except as expressly provided. In particular, no opinion is expressed with respect to the tax treatment of any foreign currency gain or loss that may arise from this transaction.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter should be attached to the federal income tax return of Fund for each taxable year in which it distributes stock or other securities in redemption of its shares upon the request of a shareholder as described in this letter.

Sincerely,

/S/

Susan Thompson Baker  
Assistant to the Branch Chief, Branch 2  
(Financial Institutions & Products)