

[Investment Company Act Release No. 22380; 811-4333]

**Mitchell Hutchins/Kidder, Peabody Government Income Fund, Inc.; Notice of Application**

December 6, 1996.

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

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

**APPLICANT:** Mitchell Hutchins/Kidder, Peabody Government Income Fund, Inc.

**RELEVANT ACT SECTION:** Section 8(f).

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

**FILING DATE:** The application was filed on October 15, 1996.

**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 December 31, 1996, 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, N.W., Washington, D.C. 20549. Applicant, c/o Dianne E. O'Donnell, Legal Department, Mitchell Hutchins Asset Management Inc., 1285 Avenue of the Americas, 18th Floor, New York, New York 10019.

**FOR FURTHER INFORMATION CONTACT:** Diane L. Titus, Paralegal Specialist, at (202) 942-0584, or Mary Kay Frech, Branch Chief, at (202) 942-0564 (Divisions 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 an open-end, diversified management investment company organized as a corporation under the laws of the State of Maryland. On June 21, 1985, applicant registered under section 8(a) of the Act and filed

a registration statement on Form N-1A pursuant to section 8(b) of the Act and the Securities Act of 1933, covering an indefinite number of shares of common stock. The registration statement was declared effective on October 8, 1985, and the initial public offering of common stock commenced thereafter.

2. On July 20, 1995, applicant's Board of Directors approve an Agreement and Plan of Reorganization and Liquidation ("Plan") between applicant and PaineWebber Managed Investments Trust Fund on behalf of its series, PaineWebber U.S. Government Income Fund ("PW Fund"), whereby PW Fund was to acquire all the assets of applicant in exchange solely for shares of beneficial interest in PW Fund and the assumption by PW Fund of all of applicant's liabilities. In accordance with rule 17a-8 of the Act, applicant's directors determined that the reorganization was in the best interests of applicant and that the interests of applicant's existing shareholders would not be diluted as a result.<sup>1</sup>

3. According to applicant's proxy statement, the directors considered a number of factors in approving the Plan, including, (a) the compatibility of the investment objectives, policies, and restrictions of the funds, (b) the effect of the reorganization on expected investment performance, (c) the effect of the reorganization on the expense ratio of the PW Fund relative to its current expense ratio, and (d) possible alternatives to the reorganization, including continuing to operate on a stand-alone basis or liquidation.

4. Proxy materials relating to the Plan and the transactions contemplated thereby and a combined prospectus relating to the shares of PW Fund to be issued were mailed to applicant's shareholders on or about September 20, 1995. At a special meeting held on October 19, 1995, applicant's shareholders approved the Plan.

5. On October 20, 1995 (the "Closing Date"), applicant had 2,722,401.99 of Class A shares, 87,709.60 of Class B shares, and 217,018.48 of Class C shares of common stock outstanding, having an aggregate net asset value of \$38,732,027.42 of Class A shares, \$1,247,329.82 of Class B shares, and \$3,085,587.82 of Class C shares and a

<sup>1</sup>Applicant and PW Fund may be deemed to be affiliated persons of each other by reason of having a common investment adviser, common directors, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a-8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

per share net asset value of \$14.23 of Class A shares, \$14.22 of Class B shares and \$14.22 of Class C shares. Pursuant to the Plan, applicant transferred to PW Fund all rights, title, and interest in and to applicant's assets. In exchange therefor, PW Fund assumed all liabilities, debts, obligations, and duties of applicant, and issued to applicant the number of shares of PW Fund determined by dividing the net asset value of a share of applicant by the net asset value of a share of PW Fund, in each case as of the close of regular trading on the New York Stock Exchange, Inc. on the Closing Date.

6. On the Closing Date, applicant liquidated and distributed *pro rata* to its shareholders of record, determined as of the close of business on the Closing Date, the shares of PW Fund received by applicant in the reorganization, in exchange for such shareholders' shares of applicant.

7. The expenses incurred in connection with the reorganization consisted primarily of legal expenses, expenses of printing and mailing communications to shareholders, registration fees, and miscellaneous accounting and administrative expenses. These expenses totaled approximately \$200,000 and were borne by applicant and PW Fund in proportion to their respective net assets.

8. As of the date of the application, applicant has no assets, debts or liabilities, and has no security holders. Applicant is not a party to any litigation or administrative proceedings. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for winding-up of its affairs.

9. On January 30, 1996, applicant and PW Fund filed Articles of Transfer with the Maryland State Department of Assessments and Taxation. Applicant intends to file Articles of Dissolution with the State of Maryland.

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

Jonathan G. Katz,  
Secretary.

[FR Doc. 96-31613 Filed 12-12-96; 8:45 am]

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[Investment Company Act Release No. 22379; 811-4332]

**Mitchell Hutchins/Kidder, Peabody Equity Income Fund, Inc.; Notice of Application**

December 6, 1996.

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