

Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of that person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person that directly or indirectly owns, controls, or holds with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the other person; (c) any person directly or indirectly controlling, controlled by, or under common control with the other person; and (d) if the other person is an investment company, any investment adviser of that company.

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors/trustees, and/or common officers, provided that certain conditions set forth in the rule are satisfied.

3. Applicants believe that they may not rely on rule 17a-8 under the Act because the Funds may be affiliated for reasons other than those set forth in the rule. Because the Ohio Company owns 5% or more of each of the Acquired Funds, each Acquired Fund may be deemed an "affiliated person" of each Acquiring Fund.

4. Section 17(b) of the Act provides that the Commission may exempt a transaction from the provisions of section 17(a) if the evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

5. Applicants request an order under section 17(b) of the Act exempting them from section 17(a) of the Act to the extent necessary to consummate the Reorganizations. Applicants submit that the terms of the Reorganizations satisfy the standards set forth in section 17(b) of the Act. Applicants also note that the Boards of the Acquiring and the Acquired Funds, including the Independent Trustees, have determined

that the Reorganizations are in the best interests of their shareholders and that the interests of the existing shareholders of the Funds will not be diluted as a result of the Reorganizations. In addition, applicants state that the exchange of the Acquired Funds' shares for shares of the Acquiring Funds will be based on the Funds' relative net asset values.

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

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-26885]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

June 12, 1998.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by July 6, 1998, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After July 6, 1998, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Eastern Utilities Associates (70-9205)

Notice of Proposal to Amend Declaration of Trust to Eliminate

Requirement of Shareholder Approval For the Sale By Eastern Utility Associates of Any of Its Majority-Owned Subsidiaries; Order Authorizing Solicitation of Proxies

Eastern Utilities Associates, ("EUA"), P.O. Box 2333, Boston, Massachusetts 02107, a registered holding company, has filed a declaration with the Commission under section 6(a)(2), 7, and 12(e) of the Public Utility Holding Company Act of 1935, as amended ("Act"), and rules 62 and 65 under the Act.

EUA's declaration of trust ("Declaration of Trust") currently provides that a two thirds majority of the holders of its outstanding common shares entitled to vote must approve the sale by EUA of any of its majority-owned subsidiaries. EUA seeks authority to amend its Declaration of Trust to eliminate this requirement ("Proposed Amendment").

EUA proposes to solicit proxies from its common shareholders ("Shareholders") to approve the Proposed Amendment at a special meeting scheduled for July 20, 1998 ("Special Meeting"). Accordingly, EUA requests that an order authorizing the solicitation of proxies be issued as soon as practicable under rule 62(d).

It is ordered, under rule 62 under the Act, that the declaration regarding the proposed solicitation of proxies can become effective immediately, subject to the terms and conditions contained in rule 24 under the Act.

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

Jonathan G. Katz,

Secretary.

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