

since all such shares will participate *pro rata* in all of the Fund's income and all of the Fund's expenses (with the exception of the proposed Plan Payments and Class Expenses).

Applicants' Conditions

Applications agree that the order granting the requested relief will be subject to the following conditions:

1. Each class of shares of a Fund will represent interests in the same portfolio of investments, and be identical in all respects, except for differences related to: (a) Class designation; (b) expenses assessed to a class pursuant to a Services Plan or Shareholder Administrative Plan; (c) certain Class Expenses, which would be limited to (i) transfer agent fees identified by the transfer agent as being attributable to a specific class of shares; (ii) stationery, printing, postage, and delivery expenses related to preparing and distributing materials such as shareholder reports, prospectuses, and proxies to current shareholders of a specific class; (iii) blue sky registration fees incurred by a class of shares; (iv) SEC registration fees incurred by a class of shares; (v) the expense of the Investment Company's administrative personnel and services as required to support the shareholders of a specific class; (vi) litigation or other legal expenses relating to one class of shares; (vii) Trustees' fees incurred as a result of issues relating to one class of shares; (viii) independent accountants' fees related solely to a specific class of shares; (ix) expenses incurred in connection with shareholder meetings as a result of issues relating to one class of shares; and (x) account expenses relating to a particular class of shares; (d) voting rights as to matters exclusively affecting one class of shares; and (e) exchange privileges. Any additional incremental expenses not specifically identified above which are subsequently identified and determined to be properly allocated to one class of shares shall not be so allocated until approved by the Commission pursuant to an amended order.

2. The Trustees of the Investment Company, including a majority of the independent Trustees, will approve the offering of different classes of New Shares (the "Multi-Class System") with respect to a particular Fund, prior to the implementation of the Multi-Class System by the Fund. The minutes of the meetings of the Trustees regarding the deliberations of the Trustees with respect to the approval necessary to implement the Multi-Class System will reflect in detail the reasons for the Trustees' determination that the proposed Multi-Class System is in the

best interests of the Fund and its shareholders.

3. The initial determination of the Class Expenses, if any, that will be allocated to a particular class and any subsequent changes thereto will be reviewed and approved by a vote of the Board of Trustees of the Investment Company, including a majority of the independent Trustees. Any person authorized to direct the allocation and disposition of monies paid or payable by a Fund to meet Class Expenses shall provide to the Board of Trustees, and the Trustees shall review, at least quarterly, a written report of the amounts so expended and the purposes for which such expenditures were made.

4. On an ongoing basis, the Trustees, pursuant to their fiduciary responsibilities under the Act and otherwise, will monitor the Funds for the existence of any material conflicts among the interests of the various classes of shares. The Trustees, including a majority of the independent Trustees, shall take such action as is reasonably necessary to eliminate any such conflicts that may develop. FRIMCo and RFD will be responsible for reporting any potential or existing conflicts to the Trustees. If a conflict arises, FRIMCo and RFD at their own cost will remedy such conflict up to and including establishing a new registered management investment company.

5. RFD, as the Investment Company's distributor, will adopt compliance standards as to when each class of shares may be sold to particular investors. Applicants will require all persons selling shares of the Funds to agree to conform to such standards. Such compliance standards will require that all investors eligible to purchase Institutional Shares be sold only Institutional Shares, rather than any other class of shares offered by the Fund.

6. The Shareholder Administrative Plan will be adopted and operated in accordance with the procedures set forth in rule 12b-1 (b) through (f) as if the expenditures made thereunder were subject to rule 12b-1, except that shareholders need not enjoy the voting rights specified in rule 12b-1.

7. The Trustees will receive quarterly and annual statements concerning the amounts expended under the Shareholder Administrative Plan and Services Plan and the related Plan Agreements complying with paragraph (b)(3)(ii) of rule 12b-1, as it may be amended from time to time. In the statements, only expenditures properly attributable to the sale or servicing of a particular class of shares will be used to

justify any distribution or servicing fee charged to that class. Expenditures not related to the sale or servicing of a particular class will not be presented to the Trustees to justify any fee attributable to that class. The statements, including the allocations upon which they are based, will be subject to the review and approval of the independent Trustees in the exercise of their fiduciary duties.

8. Dividends paid by a Fund with respect to a class of shares will be calculated in the same manner, at the same time, on the same day, and will be in the same per share amount as dividends paid by that Fund with respect to each other class of shares of the Fund, except that the amount of dividends declared and paid by a particular class may be different from another class because Plan Payments made by a class under its Plan and any Class Expenses will be borne exclusively by the affected class.

9. The methodology and procedures for calculating the net asset value and dividends/distributions of the various classes and the proper allocation of expenses among the classes has been reviewed by an expert (the "Expert") who has rendered a report to the applicants concluding that such methodology and procedures are adequate to ensure that such calculations and allocations would be made in an appropriate manner. The Expert's report is attached as Exhibit F to the originally filed application, and is incorporated by reference. On an ongoing basis, the Expert, or an appropriate substitute Expert, will monitor the manner in which the calculations and allocations are being made and, based upon such review, will render at least annually a report to the Investment Company that the calculations and allocations are being made properly. The reports of the Expert will be filed as part of the periodic reports filed with the Commission pursuant to sections 30(a) and 30(b)(1) of the Act and the work papers of the Expert with respect to such reports, following request by the Investment Company (which the Investment Company agrees to provide), will be available for inspection by the Commission staff upon written request by a senior member of the Division of Investment Management or a regional office of the Commission. Authorized staff members would be limited to the director, an associate director, the chief accountant, the chief financial analyst, an assistant director, and any regional administrators or associate and assistant administrators. The initial report of the Expert is a "Special Purpose" report on