BOULDER GROWTH & INCOME FUND
Form N-2/A
April 15, 2008

As filed with the Securities and Exchange Commission on April 15, 2008.

Securities Act Registration No. 333-149535

Investment Company Registration No. 811-02328

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 |X|
Pre-Effective Amendment No. 1 |_|
Post-Effective Amendment No. ___ |_|
And/or
REGISTRATION STATEMENT UNDER
THE INVESTMENT COMPANY ACT OF 1940 |X|
AMENDMENT NO. 19 |X|

Boulder Growth & Income Fund, Inc.
(Exact Name of Registrant as Specified In Charter)

2344 Spruce Street, Suite A
Boulder, Colorado 80302
(Address of Principal Executive Offices)

(303) 444-5483
(Registrant's Telephone Number, including Area Code)

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Copies to:

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515 South Flower Street, 25th Floor
Los Angeles, CA 90071

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. [_]

It is proposed that the filing will become effective when declared effective pursuant to Section 8(c). [x]

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price per Unit	Pro Aggr
Shares of Common Stock, par value $.01 per share ("Shares")	___________ Shares	$____	$1

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

BOULDER GROWTH & INCOME FUND, INC.

Form N-2

CROSS REFERENCE SHEET

PART C OTHER INFORMATION

Information required to be included in Part C is set forth under the appropriate item, so numbered, in Part C to this Registration Statement.

The information in this Prospectus is not complete and may be changed. A registration statement relating to the Securities has been filed with the Securities and Exchange Commission. We may not sell these securities until this registration statement is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer, solicitation or sale is not permitted.

PROSPECTUS

[________________] RIGHTS FOR [_______________] SHARES

BOULDER GROWTH & INCOME FUND, INC.

COMMON STOCK

The Boulder Growth & Income Fund, Inc. (the "Fund") is issuing non-transferable rights ("Rights") to its holders of record of shares ("Shares") of common stock ("Common Stock") (such holders, "Common Stockholders"). These Rights will allow Common Stockholders to subscribe for new Shares of Common Stock. For every three (3) Rights a Common Stockholder receives, such Common Stockholder will be entitled to buy one (1) new Share. Each Common Stockholder will receive one Right for each outstanding Share it owns on _____________ (the "Record Date"). Fractional Shares will not be issued upon the exercise of the Rights. Accordingly, the number of Rights to be issued to a Common Stockholder on the Record Date will be rounded up to the nearest whole number of Rights evenly divisible by three. Common Stockholders on the Record Date may purchase Shares not acquired by other Common Stockholders in this Rights offering (the "Offering"), subject to limitations discussed in this Prospectus. Additionally, if there are not enough unsubscribed Shares to honor all over-subscription requests, the Fund may, in its discretion, issue additional Shares up to 100% of the Shares available in the Offering to honor oversubscription requests. See "The Offering - Over-Allotment and Over-Subscription Privilege" below.

The Rights are non-transferable, and may not be purchased or sold. Rights will expire without residual value at the Expiration Date (defined below). The Rights will not be listed for trading on the NYSE, and there will not be any market for trading Rights. The Shares to be issued pursuant to the Offering will be listed for trading on the NYSE, subject to the NYSE being officially notified of the issuance of those Shares.

On _________________, the last reported net asset value ("NAV") per Share was $____ and the last reported sales price per Share on the NYSE was $____, which represents a _____% premium to the Fund's NAV per Share. The subscription price per Share (the "Subscription Price") will be the NAV per Share as calculated at the close of trading on the date of expiration of the Offering (referred to herein as the "Expiration Date").

STOCKHOLDERS WHO CHOOSE TO EXERCISE THEIR RIGHTS WILL NOT KNOW THE SUBSCRIPTION PRICE PER SHARE AT THE TIME THEY EXERCISE SUCH RIGHTS SINCE THE OFFERING WILL

EXPIRE (I.E., CLOSE) PRIOR TO THE AVAILABILITY OF THE FUND'S NAV AND OTHER RELEVANT MARKET INFORMATION ON THE EXPIRATION DATE. ONCE A STOCKHOLDER SUBSCRIBES FOR SHARES AND THE FUND RECEIVES PAYMENT OR GUARANTEE OF PAYMENT, SUCH STOCKHOLDER WILL NOT BE ABLE TO CHANGE THEIR DECISION. THE OFFERING WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _______________ (THE "EXPIRATION DATE"), UNLESS THE OFFERING IS EXTENDED AS DISCUSSED IN THIS PROSPECTUS.

For more information, please call Morrow & Co., Inc. (the "Information Agent") toll free at (800) 607-0088.

The Fund is a registered closed-end, non-diversified management investment company incorporated under the laws of the State of Maryland. The Fund's investment objective is total return. The Fund seeks to produce both long-term capital appreciation through investment in common stocks of domestic and foreign issuers and high current income consistent with preservation of capital through investments in income producing securities. See "Investment Objective and Policies." There can be no assurance that the Fund's investment objective will be achieved. Boulder Investment Advisers, LLC ("BIA") and Stewart West Indies Trading Company, Ltd. doing business as Stewart Investment Advisers ("SIA") (collectively the "Advisers") act as the investment advisers to the Fund. The address of the Fund and BIA is 2344 Spruce Street, Suite A, Boulder, Colorado 80302. The address for SIA is Bellerive, Queen Street, St. Peter, Barbados.

AN INVESTMENT IN THE FUND IS NOT APPROPRIATE FOR ALL INVESTORS. NO ASSURANCES CAN BE GIVEN THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE ACHIEVED. FOR A DISCUSSION OF CERTAIN RISK FACTORS AND SPECIAL CONSIDERATIONS WITH RESPECT TO OWNING SHARES OF THE FUND, SEE "RISK FACTORS" ON PAGE 29 OF THIS PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Estimated Subscription Price	Estimated Sales Load	Estim
Per Share	$_____(1)	None	
Total	$_____	None	

(1) Since the Subscription Price will not be determined until after printing and distribution of this Prospectus, the "Estimated Subscription Price" above is an estimate of the subscription price based on the Fund's per-Share NAV at the end of business on _________________, the Friday immediately preceding the printing and distribution of this Prospectus. See "The Offering - Subscription Price" and "The Offering - Payment For Shares" below.

(2) Proceeds to the Fund before deduction of expenses incurred by the Fund in connection with the Offering. Offering expenses are estimated to be

approximately $_______. Funds received by check prior to the final due date of this Offering will be deposited in a segregated interest-bearing account pending allocation and distribution of Shares. Interest on subscription monies will be paid to the Fund regardless of whether Shares are issued by the Fund; interest will not be used as credit toward the purchase of Shares.

Trusts and other entities affiliated with the Horejsi family hold 15.7% of the Common Stock, and certain other persons affiliated with the Fund and the Advisers (collectively referred to herein as the "Horejsi Affiliates" and more specifically described on Pages 36 and 46 of this Prospectus and in the Statement of Additional Information), may be deemed to control the Fund. The Horejsi Affiliates have indicated that they will fully subscribe in the Primary Subscription (defined below) on the same terms as other Common Stockholders. The Horejsi Affiliates may subscribe in the Over-Subscription Privilege (defined below). See "The Offering - Over-Allotment and Over-Subscription Privilege" below.

This Prospectus concisely sets forth certain information about the Fund that a prospective investor should know before investing. Investors are advised to read and retain it for future reference. A Statement of Additional Information, dated April _____, 2008 (the "SAI"), containing additional information about the Fund has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this Prospectus. A copy of the SAI, the table of contents of which appears on Page 62 of this Prospectus, the Fund's most recent annual and semi-annual report to Stockholders (the "Shareholder Reports") and additional information about the Fund and other Stockholder inquiries may be obtained without charge by contacting Morrow & Co., Inc., the Fund's Information Agent, at (800) 607-0088. The SAI and other reports and information regarding the Fund are available at the Fund's website at www.boulderfunds.net. The SAI and Shareholder Reports will be sent within two business days of receipt of a request.

The Securities and Exchange Commission ("SEC") maintains an Internet site (http://www.sec.gov) that contains the SAI, materials incorporated by reference, and other information regarding the Fund.

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PROSPECTUS SUMMARY

This summary highlights some information that is described more fully elsewhere in this Prospectus. It may not contain all of the information that is important to a stockholder or prospective stockholder. To understand the Offering fully, each stockholder or prospective stockholder should read the entire document carefully, including the risk factors as set forth below.

The Fund

Boulder Growth & Income Fund, Inc. (the "Fund") is a non-diversified, closed-end management investment company organized in October 1972 and began investment activities in January 1974. Shares of common stock, par value $0.01 per share ("Common Stock"), of the Fund ("Shares") are traded on the New York Stock Exchange (the "NYSE") under the symbol "BIF." As of ___________________, the Fund had __________ Shares and 1,000 shares of auction market preferred stock outstanding. The average weekly trading volume of the Shares on the NYSE during the period from January 1, 2008 through ___________, 2008 was _________ Shares. As of _________________, the total net assets of the Fund were approximately $_____ million, including $25 million in auction market preferred stock leverage. The Fund's investment advisers are Boulder Investment Advisers, LLC ("BIA") and Stewart West Indies Trading Company, Ltd. d/b/a Stewart Investment Advisers ("SIA") (collectively, the "Advisers"). The address of the Fund and BIA is 2344 Spruce Street, Suite A, Boulder, Colorado 80302. The address of SIA is Bellerive, Queen Street, St. Peter, Barbados.

The Offering

The Fund is issuing to its holders of record of Common Stock ("Common Stockholders") as of the close of business on _____________ (the "Record Date") non-transferable rights ("Rights") to subscribe for an aggregate of approximately _________ Shares of Common Stock (the "Offer"). Common Stockholders will receive one Right for each outstanding Share held as of the Record Date. The number of Rights to be issued to a Common Stockholder on the Record Date will be rounded up to the nearest whole number evenly divisible by three. For every three Rights that a Common Stockholder receives, such Common Stockholder may subscribe for one new Share of the Fund at a subscription price equal to the NAV per Share as calculated at the close of trading on the date of expiration of the Offering (referred to herein as the "Expiration Date"). No fractional Shares will be issued. A Common Stockholder's right to acquire Shares during the period in which Rights may be exercised (the "Subscription Period") is referred to as the "Primary Subscription." See "The Offering."

In addition to the Primary Subscription, Record Date Stockholders who exercise all of their Rights are entitled to subscribe for Shares which were not otherwise subscribed for by others in the Primary Subscription (the "Over-Subscription Privilege"). If sufficient Shares are not available to honor all requests under the Over-Subscription Privilege, the Fund may, in its discretion, issue additional Shares up to 100% of the Shares available in the Offering (or _________ Shares for a total of __________ Shares) (defined below as "Over-Allotment Shares") to honor over-subscription requests, with such Shares subject to the same terms and conditions of this Offering. See "Over-Allotment and Over-Subscription Privilege" below.

Purpose of the Offering

The Board of Directors of the Fund (the "Board") has determined that it would be in the best interests of the Fund and its existing stockholders to increase the assets of the Fund. The primary reasons include:

* The Primary Subscription will provide existing Common Stockholders an opportunity to purchase additional Shares at a price that is potentially below market value without incurring any commission or transaction charges.

* Raising more cash will better position the Fund to take advantage of investment opportunities that may arise.

* Increasing the Fund's assets will provide the Fund flexibility in maintaining the Distribution Policy (defined below). The Distribution Policy permits holders of Common Stock to realize a predictable, but not assured, level of cash flow and some liquidity periodically with respect to their Common Stock without having to sell Shares. See "The Offering - Purpose of the Offering" below.

* Increasing Fund assets may lower the Fund's expenses as a proportion of net assets because the Fund's fixed costs would be spread over a larger asset base. For example, as a result of the Fund's 2007 rights offering and as of the date of this Prospectus, the Fund's expense ratio was reduced from ___% to ___%, a decrease of ____basis points. There can be no assurance that by increasing the size of the Fund, the Fund's expense ratio will be lowered.

* Since the Offering will increase the Fund's outstanding Shares and the liquidity of the Shares, it may increase the number of beneficial owners of the Shares over the long term, which could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the Shares on the NYSE.

* Increasing the Fund's total assets will reduce the Fund's leverage as a percentage of assets from __% to approximately __% (assuming the Primary Subscription is fully subscribed). The Fund is currently leveraged with $25 million of Auction Market Preferred Shares (the "AMPS") and the Fund intends to maintain this amount of leverage. Because leveraging increases risk, the additional assets raised from the Offering will mitigate risks commonly associated with leverage.

* The increase in assets will result in the Fund exceeding the AMPS' asset-coverage ratio requirements under its Articles Supplementary by a wider margin, thus giving the Fund greater flexibility to buy and hold investments without violating those requirements.

Investment Objective and Principal Investment Strategies

The Fund's investment objective is total return. The Fund seeks to produce both income and long-term capital appreciation by investing in a portfolio of equity and debt securities. The Fund invests primarily in common stocks, including dividend paying common stocks such as those issued by utilities, real estate investment trusts ("REITs") and regulated investment companies under the Code (as defined below) ("RICs"). The Fund also invests in fixed income securities such as U.S. government securities, preferred stocks and bonds. The Fund invests primarily in securities of U.S.-based companies and to a lesser extent in foreign equity securities and sovereign debt, in each case denominated in foreign currency. The Fund has no restrictions on its ability to invest in foreign securities. The Fund is concentrated in real estate related companies, which means it must invest more than 25% of its total assets in REITs or the equity or debt securities of companies in or primarily servicing the real estate industry or deriving a substantial portion of their revenue from, or having a substantial portion of their assets invested in, real estate ("Real Estate Related Companies"). No assurance can be given that the Fund will achieve its investment objective. See "Investment Objective and Policies."

The Fund is a "non-diversified" investment company, as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), which means that it is permitted to invest its assets in a more limited number of issuers than "diversified" investment companies. A diversified company may not, with respect to 75% of its total assets, invest more than 5% of its total assets in the securities of any one issuer and may not own more than 10% of the outstanding voting securities of any one issuer. However, under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"),

(A) not more than 25% of the Fund's total assets may be invested in securities of any one issuer (other than U.S. government securities and RICs) or of any two or more issuers controlled by the Fund which may be deemed to be engaged in the same, similar or related trades or businesses; and (B) with respect to 50% of the total value of the Fund's portfolio, (i) the Fund must limit to 5% the portion of its assets invested in the securities of a single issuer (other than U.S. government securities and RICs), and (ii) the Fund may not own more than 10% of the outstanding voting securities of any one issuer (other than U.S. government securities and RICs). The Fund intends to concentrate its common stock investments in a few issuers and to take large positions in those issuers, consistent with being a "non-diversified" fund. As a result, the Fund may be subject to a greater risk of loss than a diversified fund or a fund that has diversified its investments more broadly. Taking larger positions is also likely to increase the volatility of the Fund's NAV, reflecting fluctuation in the value of large Fund holdings.

The Fund has adopted a concentration policy pursuant to which it must, under normal market conditions, invest more than 25% of its total assets in Real Estate Related Companies. The Fund must obtain stockholder approval prior to changing this policy. Real Estate Related Companies include, but are not limited to: REITs and other closed-end registered investment companies that invest primarily in REITs; home builders; real estate developers; property management companies; real estate brokerage companies; commercial and industrial construction companies; financial companies who make or service real estate mortgages and/or construction loans; title, homeowners and builders risk insurance companies; manufacturers, distributors and retailers of construction materials and/or building supplies; lumber, paper, forest products, and other companies with significant real estate holdings; holding companies of any of these companies; and any other companies that the Fund's advisers reasonably determine are "real estate related companies." Although the Fund may invest in Real Estate Related Companies of any size, it currently intends to invest in such companies with market capitalizations of greater than $500 million. Although the Fund generally invests in U.S.-based Real Estate Related Companies, such companies may invest directly or indirectly in non-U.S. properties, and the Fund may make direct investments in foreign Real Estate Related Companies.

Under the 1940 Act, the Fund is subject to certain conditions and restrictions with regard to its investments in RICs (see "Portfolio Contents - Registered Investment Companies"). Under Subchapter M, no single investment can exceed 25% of the Fund's total assets at the time of purchase. These percentage limitations are calculated at the time of investment, and the Fund is not required to dispose of assets if holdings increase above these levels due to appreciation. As of [________], [________] of the Fund's total assets were invested in RICs, and [________] of the Fund's total assets were invested in Berkshire Hathaway, Inc. (NYSE: BRK) ("Berkshire"). Despite the [________] holding in Berkshire, the Fund remains in compliance with Subchapter M (as discussed above) because, at the time of investment, the Fund's holdings in Berkshire were less than 25% and all subsequent increases are due to market appreciation. The Fund's holdings in Berkshire, while a significant percentage of its overall holdings, do not violate the Fund's concentration policy in Real Estate Related Companies because the Fund is able to satisfy its obligation to invest more than 25% of its assets in Real Estate Related Companies while at the same time having a large position in Berkshire. The Fund has no restrictions on its ability to invest in foreign securities. As of [________], [________] of the Fund's total assets were invested in foreign securities.

Under normal market conditions, the Fund intends to invest at least 80% of its total assets in common stocks, primarily domestic common stocks and secondarily in foreign common stocks denominated in foreign currencies. The Fund's investments in common stocks may include, but is not limited to, RICs whose objective is income, REITs, and other dividend-paying common stocks. The portion of the Fund's assets that are not invested in common stocks may be invested in fixed income securities, cash equivalents and other income-producing securities. The term "fixed income securities" includes but is not limited to corporate bonds, U.S. government securities, notes, bills, debentures, preferred stocks, convertible securities, bank debt obligations, repurchase agreements and short-term money market obligations.

Under normal market conditions, the Fund will have 20% or less of its total assets in cash or cash equivalents. The Fund may, for temporary defensive purposes, allocate a higher portion of its assets to cash and cash equivalents. For this purpose, cash equivalents consist of, but are not limited to, short-term (less than twelve months to maturity) U.S. government securities, certificates of deposit and other bank obligations, investment grade corporate bonds, other debt instruments and repurchase agreements. When the Fund takes temporary defensive positions it may have difficulty achieving its investment objective.

Except for the Fund's investment objective, industry concentration and fundamental investment restrictions as described in this Prospectus and in the SAI, the percentage limitations and investment policies set forth in this Prospectus can be changed by the Board without stockholder approval.

In May 2006, the Fund adopted a level-rate distribution policy (the "Distribution Policy") pursuant to which Common Stockholders would receive a consistent, but not assured, periodic cash payment. Presently, under the Distribution Policy, the Fund makes regular distributions at the rate of $0.115 per Share per month, or $1.38 per Share annually. The monthly dividend is equivalent to ____% of the Fund's per Share market price and ___% of the Fund's most recent NAV of $____ per share, both on an annualized basis. The annualized distribution rate under the Distribution Policy is reviewed periodically by the Board and generally will not exceed the long term performance of the Fund based on a rolling 5-year performance history, subject to the Board's discretion to suspend, modify or terminate the Distribution Policy at any time. See "Dividends and Distributions - Level-Rate Distribution Policy."

The Advisers do not expect to make significant changes to the makeup of the Fund's portfolio or seek to invest in "high yielding" securities as a result of the Distribution Policy. The Fund may carry a slightly higher cash balance from time to time in order to fulfill the distribution payments. If the Fund carries higher cash balances during rising equity markets, the Fund's performance may be negatively affected relative to other equity funds. Conversely, carrying higher cash balances during declining equity markets may positively affect the Fund's performance. To avoid Code and 1940 Act requirements to make distributions in excess of the Distribution Policy, the Advisers expect to manage the portfolio slightly differently than in the absence of the Distribution Policy, but in a manner consistent with the Fund's investment objective and policies. For example, the Advisers may realize a loss in a security by selling it in order to offset realized capital gains, whereas, absent the Distribution Policy, the Advisers may not have realized the loss. The Advisers also may increase the

Fund's position in a security with an unrealized loss, and subsequently sell the tax lot with the higher tax cost basis 31 days or more after the purchase to avoid a wash sale, leaving the Fund with approximately the same position in the security but with a lower tax cost basis. The Advisers may also purchase stock of an issuer paying an unusually large dividend and, after the stock begins trading ex-dividend, sell the stock at a loss, thereby allowing the Fund to offset gains realized on other securities sold during the year. The Advisers enter into such transactions only when they believe that there is a high probability of realizing an economic profit for the Fund. The investment strategies described above were utilized by the Advisers prior to the implementation of the Distribution Policy to realize losses for the Fund in an effort to be tax efficient, and may result in slightly higher portfolio turnover and transaction costs. The Fund may have a slightly higher portfolio turnover rate than other similar equity funds due to the periodic need to liquidate securities for the purpose of making payments under the Distribution Policy and the strategy of purchasing stocks paying unusually large dividends as discussed above. See "Dividends and Distributions - Level-Rate Distribution Policy" and "Investment Objective and Policies - Level-Rate Distribution Policy." The Advisers will not hold positions with unrealized capital gains that they believe should be sold based on their fundamental analysis of the underlying issuer. The Advisers believe it would be better to discontinue the Distribution Policy than to see unrealized gains turn into unrealized losses.

The Fund may have net realized gains for the fiscal year ending November 30, 2008. In such case, unless the Fund (i) realizes capital losses prior to November 30, 2008 in an amount sufficient to offset all realized gains for the Fund's fiscal year or (ii) obtains exemptive relief from the Securities and Exchange Commission (the "SEC") from Section 19(b) of the 1940 Act and Rule 19b-1 under the 1940 Act prior to November 30, 2008 so it can characterize a portion of its previous distributions as realized capital gains, the Fund would be required to distribute the entire amount of its net realized capital gains for the fiscal year to its stockholders in December 2008. The per share amount of any such net realized capital gains distribution may be greater than per share amount at which monthly distributions previously have been made pursuant to the Distribution Policy, and therefore could shrink the Fund's assets more quickly than would otherwise be the case. The Advisers may utilize the investment strategies described in the preceding paragraph to realize capital losses in an amount sufficient to offset the Fund's realized capital gains for the fiscal year.

Limitations on investments expressed in percentages are measured and are applicable only at the time of investment. They are not measured or applied on an ongoing basis. There is no requirement for the Fund to sell or change its portfolio investments resulting from changes in valuations to such investments.

Investment Philosophy

Common Stocks. With respect to the Fund's common stock portfolio (other than common stocks purchased primarily for their income-producing potential), the Advisers use an "intrinsic value" approach to selecting securities for the Fund's portfolio. The Advisers define intrinsic value as the discounted value of the cash that can be taken out of a business during its remaining life. Accordingly, in their securities selection process, the Advisers put primary emphasis on analysis of balance sheets, cash flows, the quality of management and its ability to efficiently and effectively allocate capital, and indicators of internal returns (e.g., return on capital) which suggest future profitability and the relationships that these factors have to the price of a given security. The intrinsic value approach is based on the belief that the securities of certain companies may sell at a discount from the Advisers' estimate of such companies' "intrinsic value." The Advisers will attempt to identify and invest in such securities with the expectation that such value discount will narrow over time and thus provide capital appreciation for the Fund. When the Fund makes an investment in the common stock of an issuer, it will likely make a significant investment and typically hold such stock for a long period of time. Over time, the Fund believes that value investing produces superior total returns. There are risks associated with this "intrinsic value" approach which are outlined in "Risk Factors" below.

Fixed Income Investments. In seeking its total return objective, the Fund may invest a portion of its assets in U.S. government securities, preferred stocks, bonds and other income producing securities. In selecting such investments, the Advisers consider, among other things, current yield, liquidity, price variability and the underlying fundamental characteristics of the issuer, with particular emphasis on debt to equity and debt coverage ratios.

Use of Leverage by the Fund

The Fund has utilized financial leverage on an ongoing basis for investment purposes specifically through the issuance of the AMPS. In October 2005, the Fund issued 1,000 shares of AMPS at a purchase price of $25,000 per share plus accrued dividends. As of __________________, the Fund's total leverage from the issuance of AMPS was approximately __% of the Fund's total assets. This amount may change, but the Fund will not incur additional leverage in the form of preferred shares if as a result its total leverage would exceed 50% of the Fund's total assets. Although the Fund may in the future offer other preferred shares, increase the number of AMPS, or incur other indebtedness, which would further leverage the Fund, the Fund does not currently intend to offer preferred shares or to incur indebtedness, other than short-term credits in connection with the settlement of portfolio transactions.

Starting in early 2008 and continuing as of the date of this Prospectus, the market for auction market preferred securities experienced an unprecedented lack of liquidity that has resulted in failed auctions across the closed-end fund industry, including the AMPS issued by the Fund. The Fund continues to pay interest to the holders of AMPS, and continues to be AAA-rated by one or more nationally recognized credit agencies. Given the current interest rate environment, the Advisers believe that leverage is beneficial to the overall performance of the Fund, even though the auctions for the AMPS may continue to fail. There is no readily available solution that will resolve the failed auction situation. Any potential solution would be subject to factors beyond the Advisers' control such as market, credit and economic developments and, possibly, regulatory approval. There cannot be any assurance that potential solutions will be workable, receive all necessary approvals or implemented. As of the date of this Prospectus, there is no definitive timing for a resolution to this issue.

The Fund generally will not utilize leverage if the Advisers anticipate that leverage would result in a lower return to Common Stockholders over time. Use of financial leverage creates an opportunity for increased returns for the Common Stockholders but, at the same time, creates the possibility for greater loss (including the likelihood of greater volatility of NAV and market price of the Shares and of dividends), and there can be no assurance that a leveraging strategy will be successful during any period in which it is employed. Because the fees paid to the Advisers and FAS (defined below) will be calculated on the basis of the Fund's managed assets, the fees will be higher when leverage (including the AMPS) is utilized, giving the Advisers an incentive to utilize leverage.

All attendant costs of the AMPS leverage (e.g., auction agent and brokerage fees, dividends to AMPS stockholders, etc.) are borne by the Common Stockholders. The issuance of AMPS by the Fund may have costs and present other risks for Common Stockholders, including: (i) leverage may magnify market fluctuations in the Fund's underlying holdings, thus causing a disproportionate change in the Fund's NAV; (ii) the Fund's cost of leverage may exceed the return on the underlying securities acquired with the proceeds of the leverage, thereby diminishing rather than enhancing the return to stockholders and generally making the Fund's total return to such stockholders more volatile; (iii) the Fund may be required to sell investments in order to meet dividend or interest payments on the debt or preferred stock it has issued when it may be disadvantageous to do so; (iv) leveraging through the issuance of preferred stock requires that the holders of the preferred stock have class voting rights on various matters that could make it more difficult for Common Stockholders to change the investment objective or fundamental policies of the Fund, to convert it to an open-end fund or make certain other changes; and (v) the Fund may be forced to redeem some or all of the AMPS at inopportune times due to a decline in market value of Fund investments.

Additionally, the AMPS stockholders have a "dividend preference" for their shares meaning that, should the Fund decide to liquate the AMPS, the Fund, or both, AMPS stockholders would receive first priority in payment of their liquidation preference, or $25,000 per share, plus accrued and unpaid dividends, before Common Stockholders would receive payment on the value of their liquidated shares. The net result may be that Common Stockholders receive an amount per share upon liquidation of the Fund that is reduced by the liquidation preference plus accrued and unpaid dividends first paid to AMPS stockholders. This reduced amount could be less than the current market value if the Fund is trading at a premium to its net asset value at the time of such liquidation.

Dividends and Distributions

In May 2006, the Fund adopted the Distribution Policy, pursuant to which Common Stockholders would receive a consistent, but not assured, periodic cash payment. Presently, under the Distribution Policy, the Fund makes regular distributions at the rate of $0.115 per Share per month, or $1.38 per Share annually. The monthly dividend is equivalent to _____% of the Fund's per Share market price and ___% of the Fund's most recent NAV of $____ per Share, both on an annualized basis. The annualized distribution rate under the Distribution Policy is reviewed periodically by the Board and generally will not exceed the long term performance of the Fund based on a rolling 5-year performance history, subject to the Board's discretion to suspend, modify or terminate the Distribution Policy at any time. The Fund may have net realized gains for the fiscal year ending November 30, 2008. In such case, unless the Fund (i) realizes capital losses prior to November 30, 2008 in an amount sufficient to offset all realized gains for the Fund's fiscal year or (ii) obtains exemptive relief from the SEC from Section 19(b) of the 1940 Act and Rule 19b-1 under the 1940 Act prior to November 30, 2008, so it can characterize a portion of its previous distributions as realized capital gains, the Fund would be required to distribute the entire amount of its net realized capital gains for the fiscal year to its stockholders in December 2008. The per share amount of any such net realized capital gains distribution may be greater than the per share amount at which monthly distributions previously have been made pursuant to the Distribution Policy, and therefore could shrink the Fund's assets more quickly than would otherwise be the case.

Rights holders who exercise their Rights will receive newly issued Shares within fifteen (15) days of the record date of the most recent monthly payment under the Distribution Policy, which record date may occur during the Subscription Period. Common Stockholders who receive newly issued Common Stock in the Offering will not receive a distribution under the Distribution Policy with respect to such newly issued Shares for the record date immediately prior to issuance of the newly issued Shares. Common Stockholders will be entitled to receive monthly distributions for record dates subsequent to their receipt of newly issued Common Stock in accordance with the Distribution Policy. The Offering will not impact the distributions to be paid to current Common Stockholders regardless of whether they exercise their Rights or allow their Rights to lapse, subject to suspension, termination, or modification of the Distribution Policy by the Board at any time.

See "Dividends and Distributions - Level-Rate Distribution Policy" and "Risk Factors."

Dividend Reinvestment Policy

Common Stockholders receive all dividends and capital gains distributions in cash. However, the Fund has established a dividend reinvestment plan under which all Common Stockholders whose Shares are registered in their own name may elect to have all such dividends and distributions automatically reinvested in additional Shares. Common Stockholders who elect to hold their Shares in the name of a broker or nominee should contact such broker or nominee to determine whether they may participate in the Plan. See "Dividends and Distributions - Dividend Reinvestment Plan."

Periodic Rights Offerings

The Fund has conducted several rights offerings in the past and is likely to continue to conduct rights offerings in the future. The Fund conducted a one-for-one rights offering in 2002, which doubled the number of common shares outstanding at the time and resulted in approximately $24.35 million in net proceeds to the Fund. Over a period of approximately 4 1/2 months following the offering, the Fund invested the proceeds in accordance with its investment objectives. The Fund conducted a one-for-three rights offering in September 2007, which resulted in the issuance of approximately 3.8 million common shares and approximately $32.8 million in net proceeds to the Fund. As of April [ ], 2008, the Fund has invested approximately [48%] of these proceeds. During this period, the market declined with the S&P 500 Index down over 13%. Pending investment in accordance with its investment objective, the Fund has invested some of the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments. Some of these investments have included investments in the ARPS (auction rate preferred securities) of other issuers. As of the date of this Prospectus, the Fund has invested approximately $17.9 million, or approximately 12% of its assets, in ARPS of three different issuers. Although the auctions for these ARPS have recently failed, the Fund continues to receive dividend payments from these securities which conform to the Advisers' expected return on these types of investments. See "Investment Objective and Policies" and "Use of Proceeds" below.

Risk Factors

General Risks of Investing in the Fund. The Fund is not a complete investment program and should only be considered as an addition to an investor's existing diversified portfolio of investments. Due to uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives.

* Non-Diversified Status Risk. The Fund is classified as "non-diversified" under the 1940 Act. As a result, it can invest a greater portion of its assets in obligations of a single issuer than a "diversified" fund. The Fund will therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence. The Fund intends to diversify its investments to the extent necessary to qualify, and maintain its status, as a regulated investment company under U.S. federal income tax laws. See "Risk Factors" and "Federal Income Tax Matters."

* Investments in Common Stocks. The Fund intends to invest, under normal market conditions, at least 80% of its total assets in publicly traded common stocks. Common stocks generally have greater risk exposure and reward potential over time than bonds. The volatility of common stock prices has historically been greater than bonds, and as the Fund invests primarily in common stocks, the Fund's NAV may also be volatile. Further, because the time horizon for the Fund's investments in common stock is longer, the time necessary for the Fund to achieve its objective of total return will likely be longer than for a fund that invests solely for income.

* Concentration Risk. The Fund intends to concentrate its common stock investments in a few issuers and to take large positions in those issuers, consistent with being a "non-diversified" fund. As a result, the Fund may be subject to a greater risk of loss than a diversified fund or a fund that has diversified its investments more broadly. Taking larger positions is also likely to increase the volatility of the Fund's NAV, reflecting fluctuation in the value of large Fund holdings.

* Investment in Berkshire Hathaway. The Fund presently has invested a significant percentage of its portfolio in Berkshire Hathaway, Inc. (NYSE: BRK) (defined above as "Berkshire"). As of _________________, the Fund held ___ Berkshire Class A shares and ___ Berkshire Class B shares, representing ____% of the Fund's total assets. The Advisers do not currently intend to liquidate any portion of the Fund's position in Berkshire. Although not an insurance company itself, Berkshire owns Geico Insurance, General Re Insurance and other insurance companies, and therefore derives a significant portion of its income, and its net asset value, from insurance companies. The insurance business can be significantly affected by interest rates as well as price competition within the industry. In addition, an insurance company may experience significant changes in its year to year operating performance based both on claims paid and on performance of invested assets. Insurance companies can also be affected by government regulations and tax laws, which may change from time to time. A significant decline in the

market price of Berkshire or any other company in which the Fund has made a significant common stock investment (i) would result in a significant decline in the Fund's NAV; (ii) may result in a proportionate decline in the market price of the Shares; and (iii) may result in greater risk and market fluctuation than a fund that has a more diversified portfolio. The Fund's holdings in Berkshire, while a significant percentage of its overall holdings, do not violate the Fund's concentration policy in Real Estate Related Companies because the Fund is able to satisfy its obligation to invest more than 25% of its assets in Real Estate Related Companies while at the same time having a large position in Berkshire.

* Investments in Real Estate Related Companies. The Fund has adopted a concentration policy pursuant to which it must, under normal market conditions, invest more than 25% of its total assets in Real Estate Related Companies. The Fund must obtain stockholder approval prior to changing this policy, thus limiting its flexibility to liquidate such companies in the future should market conditions warrant. Since the Fund will concentrate its assets in the real estate industry, the Fund's performance will be generally linked to performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments. REIT and other Real Estate Related Company prices also may drop because of the failure of borrowers to pay their loans and poor management. Many REITs utilize leverage, which increases investment risk and could adversely affect a REIT's operations and market value in periods of rising interest rates, as well as risks normally associated with debt financing. In addition, there are risks associated with particular sectors of real estate investments (e.g., retail, office, hotel, healthcare and multifamily properties), although the Fund does not intend to focus on any particular sector of real estate investments.

* Leveraging Risk. The Fund is currently leveraged with the AMPS. All attendant costs of the AMPS leverage (e.g., auction agent and brokerage fees, dividends to AMPS stockholders, etc.) are borne by the Common Stockholders. Use of leverage may have a number of adverse effects on the Fund and its stockholders including: (i) leverage may magnify market fluctuations in the Fund's underlying holdings thus causing a disproportionate change in the Fund's NAV; (ii) the Fund's cost of leverage may exceed the return on the underlying securities acquired with the proceeds of the leverage, thereby diminishing rather than enhancing the return to stockholders and generally making the Fund's total return to such stockholders more volatile; (iii) the Fund may be required to sell investments in order to meet dividend or interest payments on the debt or preferred stock it has issued when it may be disadvantageous to do so; (iv) leveraging through the issuance of preferred stock requires that the holders of the preferred stock have class voting rights on various matters that could make it more difficult for Common Stockholders to change the investment objective or fundamental policies of the Fund, to convert it to an open-end fund or make certain other changes; and (v) the Fund may be forced to redeem some or all of the AMPS at inopportune times due to a decline in market value of Fund investments. Because the fees paid to the Advisers and FAS (defined below) will be calculated on the basis of the Fund's managed assets, the fees will be higher when leverage (including the AMPS) is utilized, giving the Advisers an incentive to utilize leverage.

Additionally, the AMPS holders have a dividend preference for their shares, meaning that should the Fund decide to liquate the AMPS, the Fund, or both, the holders of AMPS would receive first priority in payment of their liquidation preference, or $25,000 per share, plus accrued and unpaid dividends, before Common Stockholders would receive payment on the value of their liquidated shares. The net result could be that Common Stockholders receive an amount per share upon liquidation of the Fund an amount that is reduced by the AMPS liquidation preference plus accrued and unpaid dividends first paid to AMPS holders. This reduced amount could be less than the current market value if the Fund is trading at a premium to its net asset value at the time of such liquidation.

In February 2008, the recent liquidity crisis in the credit markets spilled over into the auction rate preferred market, disrupting trading in auction rate preferred securities ("ARPS") like the AMPS and resulting in widespread failed auctions of ARPS. The Fund's most recent AMPS auction similarly failed on [ ], 2008, and as of the date of this Prospectus, there has not been a successful subsequent auction. A failed auction occurs when there are too few buyers willing to bid on and purchase the ARPS at the periodic auction. Generally in a failed auction, because there are too few buyers, holders of ARPS are unable to sell and therefore must remain holders of the ARPS, although they continue to be paid interest on the shares they hold, typically at a higher interest rate. In the case of the AMPS, this higher rate is referred to as the "Maximum Applicable Rate". The Maximum Applicable Rate is intended in part to mitigate the inconvenience and temporary illiquidity of failed auctions, although the holder must continue to hold the ARPS until a subsequent successful auction is conducted or the issuer redeems the ARPS.

In the case of the AMPS, the Maximum Applicable Rate depends on the credit rating assigned to the AMPS and the duration of the dividend period. Currently, the AMPS have a Fitch rating of "AAA", a Moody's rating of "Aaa" and a 28-day dividend period. This corresponds with a Maximum Applicable Rate which is the higher of 125% of the reference rate (i.e., the 30-day London Inter-Bank Offered Rate or "LIBOR") or 1.25% plus the reference rate. As of __________________, the Maximum Applicable Rate for the Fund was ___%. As a point of reference, prior to the first failed AMPS auction, the rate paid by the Fund was ___%. Although the Maximum Applicable Rate presently paid by the Fund is relatively close to the rate set at its most recent successful auction, these circumstances could abruptly change if short-term interest rates increase. In such event, the Maximum Applicable Rate could also increase substantially.

Additionally, should the credit rating assigned to the AMPS be downgraded, the Maximum Applicable Rate paid by the Fund would increase depending on the revised credit rating. For example, should the AMPS' credit rating be downgraded to A+ by Fitch and/or to A1 by Moody's, the Maximum Applicable Rate payable by the Fund would increase to the higher of 200% of the reference rate (e.g., LIBOR) or 2.00% plus the reference rate. In no instance would the Maximum Applicable Rate exceed the greater of 300% of the reference rate or 3.00% plus the reference rate.

* Level-Rate Distribution Policy. In May 2006 stockholders voted in favor of, and the Fund adopted, the Distribution Policy. A level-rate

distribution policy allows a fund to provide a regular, periodic (but not assured) distribution to its common stockholders which is not dependent on the amount of income earned or capital gains realized by the fund. An equity fund, such as the Fund, is designed for investors to participate in a professionally managed portfolio of equity investments. Over the long-term, equity investments have historically provided higher total returns than fixed income investments such as bonds. However, unlike most fixed income funds, which pay stockholders a regular dividend based on the fund's investment income, equity funds generally pay only one dividend per year consisting of a relatively small amount of net investment income and any net realized capital gains. A managed distribution permits a fund to distribute a predetermined monthly amount, regardless of when or whether income is earned or capital gains are realized. However, the practice of making distributions that exceed income earned or capital gains realized can result in the Fund making distributions that consist of a return of capital. A level-rate distribution policy recognizes that many investors are willing to accept the potentially higher asset volatility of equity investments, but would prefer that a consistent level of cash distributions are available to them each month for reinvestment or other purposes of their choosing.

The Distribution Policy initially provided for monthly distributions at the rate of $0.10 per Share per month, or $1.20 per Share annually, which represented a 14.9% annual distribution rate relative to the Fund's NAV at the time. In February 2007, because the NAV of the Fund had increased substantially since the Distribution Policy was adopted, and the Board wished to maintain a similar annual distribution rate to that originally adopted, the Fund increased the distribution rate to $0.115 per Share per month, or $1.38 per Share annually, representing a 14.6% annual distribution rate relative to the Fund's NAV at the time. At its quarterly meeting in January 2008, the Board considered and resolved to maintain the then-current distribution rate at $0.115 per Share per month, or $1.38 per Share annually, representing ___% of the Fund's per Share market price and ___% of the Fund's most recent NAV, both on an annualized basis. The annual distribution rate under the Distribution Policy is reviewed periodically by the Board and generally will not exceed the annual long term performance of the Fund based on a rolling 5-year performance history, subject to the Board's discretion to suspend, modify or terminate the Distribution Policy at any time. For the five-year period ending December 31, 2007, the Fund returned 15.9% on its NAV on an annualized basis.

Exemptive relief from the SEC is not required in the near term in order to continue the Distribution Policy. The Fund has applied to the SEC for exemptive relief from Section 19(b) of the 1940 Act and Rule 19b-1 under the 1940 Act to enable the Fund to continue the Distribution Policy over the long term. Section 19(b) of the 1940 Act limits an investment company's ability to make multiple distributions of net realized long-term capital gains each year, subject to certain exceptions contained in Rule 19b-1. Historically, investment companies that wished to implement a managed distribution policy requiring multiple capital gain distributions per year routinely received exemptive relief from Section 19(b). However, as of the date of this Prospectus, the SEC has not responded either favorably or unfavorably to the Fund's request for exemptive relief originally filed in 2004 and amended in January 2007. It is generally believed that the SEC has imposed a moratorium on granting this type of request for exemptive relief over concerns that inadequate disclosures by investment companies regarding sources of distributions (e.g., net investment income, net long-term capital gain, return of capital) have resulted in fund investors not understanding that distributions may include a return of capital and do not necessarily represent a dividend yield.

For the fiscal year ended November 30, 2007, the Distribution Policy did not violate Section 19(b) because the Fund had capital loss carry-forwards that were used to offset the Fund's realized net capital gains and all gains not otherwise offset were paid to Common Stockholders in the calendar-year-end distribution. Accordingly, only one distribution was made pursuant to the Distribution Policy which consisted of net long-term capital gains in compliance with Section 19(b). The Fund may similarly have net realized gains for the fiscal year ending November 30, 2008. In such case, unless the Fund (i) realizes capital losses prior to November 30, 2008, in an amount sufficient to offset all realized gains for the Fund's fiscal year or (ii) obtains exemptive relief from the SEC from Section 19(b) of the 1940 Act and Rule 19b-1 under the 1940 Act prior to November 30, 2008, so it can characterize a portion of its previous distributions as realized capital gains, the Fund would be required to distribute the entire amount of its net realized capital gains for the fiscal year to its stockholders in December 2008. The per share amount of any such net realized capital gains distribution may be greater than the per share amount at which monthly distributions previously have been made pursuant to the Distribution Policy, and therefore could shrink the Fund's assets more quickly than would otherwise be the case.

There are certain risks and negative impacts associated with the Distribution Policy:

- The Distribution Policy may impact the way in which the Fund is managed. The Advisers do not expect to make significant changes to the makeup of the Fund's portfolio or seek to invest in "high yielding" securities as a result of the Distribution Policy. The Fund may carry a slightly higher cash balance from time to time in order to fulfill the distribution payments. If the Fund carries higher cash balances during rising equity markets, the Fund's performance may be negatively affected relative to other equity funds. Conversely, carrying higher cash balances during declining equity markets may positively affect the Fund's performance. To avoid Code and 1940 Act requirements to make distributions in excess of the Distribution Policy, the Advisers expect to manage the portfolio slightly differently than in the absence of the Distribution Policy, but in a manner consistent with the Fund's investment objective and policies. For example, the Advisers may realize a loss in a security by selling it in order to offset realized capital gains, whereas, absent the Distribution Policy, the Advisers may not have realized the loss. The Advisers also may increase the Fund's position in a security with an unrealized loss, and subsequently sell the tax lot with the higher tax cost basis 31 days or more after the purchase to avoid a wash sale, leaving the Fund with approximately the same position in the security but with a lower tax cost basis. The Advisers may also purchase stock of an issuer paying an unusually large dividend and, after the stock begins trading ex-dividend, sell the stock at a loss, thereby allowing the Fund to offset gains realized on other securities sold during the year. The Advisers enter into such transactions only when they believe that there is a high probability of realizing an economic profit for the Fund. The investment strategies described above were utilized by the Advisers prior to the implementation of the Distribution Policy to realize losses for the Fund in an effort to be tax efficient, and may result in slightly higher portfolio turnover and transaction costs. The Advisers will not hold positions with unrealized capital gains that they believe should be sold based on their fundamental analysis of the underlying issuer. The Advisers believe it would be better to discontinue the Distribution Policy than to see unrealized gains turn into unrealized losses. The Fund may have net realized gains for the fiscal year ending November 30, 2008. In such case, unless the Fund (i) realizes capital losses prior to November 30, 2008 in an amount sufficient to offset all realized gains for the Fund's fiscal year or (ii) obtains exemptive relief from the SEC from Section 19(b) of the 1940 Act and Rule 19b-1 under the 1940 Act prior to November 30, 2008, so it can characterize a portion of its previous distributions as realized capital gains, the Fund would be required to distribute the entire amount of its net realized capital gains for the fiscal year to its stockholders in December 2008. The per share amount of any such net realized capital gains distribution may be greater than the per share amount at which monthly distributions previously have been made pursuant to the Distribution Policy, and therefore could shrink the Fund's assets more quickly than would otherwise be the case. The Advisers may utilize the investment strategies described above to realize capital losses in an amount sufficient to offset the Fund's realized capital gains for the fiscal year.

- The Distribution Policy is subject to modification, suspension or termination at any time by the Board. Because the Distribution Policy was implemented without an exemption under Section 19(b) of the 1940 Act and Rule 19b-1, the Fund must have the flexibility to modify, suspend or terminate the Distribution Policy immediately if the Board deems such action to be in the best interests of the Fund and its stockholders.

  As discussed above, the annual distribution rate under the Distribution Policy is reviewed periodically by the Board and generally will not exceed the average annual long term performance of the Fund based on a rolling 5-year performance history. If the Fund's long term performance declines, the Board will make a corresponding reduction in the annual distribution rate under the Distribution Policy. In addition, the SEC may impose conditions on any grant of exemptive relief from Section 19(b) that require the Board to consider adjusting the annual distribution rate on a more frequent basis under certain circumstances.

- A modification, suspension or termination of the Distribution Policy could result in a concurrent reduction or cessation of the $0.115 per Share monthly distribution presently paid to Common Stockholders. If the Distribution Policy was suspended or terminated, the Fund would revert back to its prior practice of distributing only net investment income and net realized capital gains at the end of its fiscal year. A modification, suspension or termination of the Distribution Policy could have the effect of abruptly creating a trading discount (if the Fund is trading at or above NAV) or widening an existing trading discount.

- If the Fund's annual total return is less than the annual distribution, the Distribution Policy could have the effect of shrinking the assets of the Fund and thus increasing the Fund's expense ratio (i.e., the Fund's fixed expenses will be spread over a smaller pool of assets). The Board has determined that the annual distribution rate should not exceed the Fund's average annual long term performance of the Fund based on a rolling

5-year performance history. However, there may be interim periods where the annual distribution rate exceeds the short-term return on the Fund's NAV, which could shrink the assets of the Fund. In addition, if the Fund does not obtain exemptive relief from Section 19(b) prior to the end of its fiscal year and the Board elects to characterize the Fund's final distribution for the calendar year as including all net capital gain realized during the year, such distribution could shrink the Fund's assets more quickly than would otherwise be the case if the per share amount of any such net realized capital gains distribution is greater than per share amount at which monthly distributions previously have been made pursuant to the Distribution Policy.

- A distribution which contains a return of capital, which the Fund expects generally to be the case, will result in added record keeping for Common Stockholders. Return of capital is not taxable to Common Stockholders in the year it is paid. However, Common Stockholders will need to reduce the cost basis of their stock by the amount of the return of capital so that, when they sell the stock, they will have properly accounted for the return of capital. Such an adjustment will cause Common Stockholders' gain to be more, or their loss to be less, as the case may be. For example, if a Common Stockholder purchased stock in the Fund for $7.00 per Share and then receives dividends from the Fund which have $1.00 per Share return of capital, and then the stockholder subsequently sells his Shares for $7.50 per Share, his gain will be $1.50 per Share, since he would have adjusted his cost basis downward by $1.00 per Share (from $7.00 per Share to $6.00 per Share). Common Stockholders who hold their stock in non-taxable accounts such as IRA's will not need to make any such adjustments. Common Stockholders should contact their own tax advisor if they have questions regarding the tax treatment of the distributions under the Distribution Policy.

- The Fund may have a slightly higher portfolio turnover rate than other similar equity funds due to the periodic need to liquidate securities for the purpose of making payments under the Distribution Policy and the strategy of purchasing stocks paying unusually large dividends as discussed above. See "Dividends and Distributions - Level-Rate Distribution Policy" and "Investment Objective and Policies - Level-Rate Distribution Policy."

* Discount From NAV. The common stock of closed-end funds frequently trades at a market price that is less than the value of the net assets attributable to those shares (a "discount"). The possibility that the Shares will trade at a discount from NAV is a risk separate and distinct from the risk that the Fund's NAV will decrease. The risk of purchasing shares of a closed-end fund that might trade at a discount is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance.

* Premium Over NAV. The Shares may trade at a market price that is greater than the value of the net assets attributable to those Shares (a "premium"). The possibility that the Shares will trade at a premium over NAV is a risk separate and distinct from the risk that the Fund's NAV will decrease. For those Common Stockholders who acquire Shares at

a premium, such premium may be unsustainable. If the price of the Shares falls, the Common Stockholders will experience a loss on their investments.

* Size of the Fund. As of ___________________, the Fund had total net assets of approximately $_____ million, including $25 million in AMPS leverage. As a fund with a relatively small asset base, the Fund may be subject to certain operational inefficiencies including: higher expense ratio, less coverage by analysts and the marketplace in general which can contribute to a less active trading market for the Shares and consequently a wider discount, more limited ability to attract new investors and/or take advantage of investment opportunities and less ability to take advantage of lower transaction costs available to larger investors.

* Repurchase of the Shares. The Fund is authorized to repurchase Shares on the open market when the Shares are trading at a discount from NAV per Share as determined by the Board from time to time. Any acquisition of Shares by the Fund will decrease the total assets of the Fund and, therefore, have the effect of increasing the Fund's expense ratio and may adversely affect the ability of the Fund to achieve its investment objectives. Furthermore, the acquisition of Shares by the Fund may require the Fund to redeem the AMPS in order to maintain certain asset coverage requirements. To the extent the Fund may need to liquidate investments to fund the repurchase of Shares, this may result in portfolio turnover which will result in additional expenses being borne by the Fund.

* Dependence on Key Personnel. The Advisers are dependent upon the expertise of Stewart Horejsi in providing advisory services with respect to the Fund's investments. If the Advisers were to lose the services of Mr. Horejsi, their ability to service the Fund could be adversely affected. There can be no assurance that a suitable replacement could be found for Mr. Horejsi in the event of his death, resignation, retirement or inability to act on behalf of the Advisers.

* Issuer Risk. The value of the Fund's portfolio may decline for a number of reasons which directly relate to the issuers of the securities in the portfolio, such as management performance, financial leverage and reduced demand for an issuer's goods and services.

* Inflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund's portfolio can decline.

* Repurchase Agreements. The use of repurchase agreements involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying securities.

* Foreign Securities Risk. The Fund is permitted to invest in foreign securities without limitation. Investment in non-U.S. issuers may

involve unique risks compared to investing in securities of U.S. issuers. These risks are more pronounced to the extent that the Fund invests a significant portion of its non-U.S. investments in one region or in the securities of emerging market issuers. These risks may include:

- Less information about non-U.S. issuers or markets may be available due to less rigorous disclosure, accounting standards or regulatory practices.

- Many non-U.S. markets are smaller, less liquid and more volatile. In a changing market, the Advisers may not be able to sell the Fund's portfolio securities at times, in amounts and at prices they consider reasonable.

- Currency exchange rates or controls may adversely affect the value of the Fund's investments.

- The economies of non-U.S. countries may grow at slower rates than expected or may experience downturns or recessions.

- Withholdings and other non-U.S. taxes may decrease the Fund's return.

* Currency Risk. The Fund currently holds investments in foreign securities and thus a portion of the Fund's assets may be quoted or denominated in non-U.S. currencies. These securities may be adversely affected by fluctuations in relative currency exchange rates and by exchange control regulations. The Fund's investment performance may be negatively affected by a devaluation of a currency in which the Fund's investments are quoted or denominated. Further, the Fund's investment performance may be significantly affected, either positively or negatively, by currency exchange rates because the U.S. dollar value of securities quoted or denominated in another currency will increase or decrease in response to changes in the value of such currency in relation to the U.S. dollar. The Fund does not currently hedge against the potential decline in value of foreign currencies against the U.S. dollar and does not foresee hedging currency risk in the future, though it is not precluded from doing so.

* Sovereign Debt Risk. An investment in debt obligations of non-U.S. governments and their political subdivisions ("sovereign debt") involves special risks that are not present in corporate debt obligations. The non-U.S. issuer of the sovereign debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of a default. During periods of economic uncertainty, the market prices of sovereign debt may be more volatile than prices of debt obligations of U.S. issuers. In the past, certain non-U.S. countries have encountered difficulties in servicing their debt obligations, withheld payments of principal and interest and declared moratoria on the payment of principal and interest on their sovereign debt.

* Liquidity Risk. Although the Fund invests primarily in securities traded on national exchanges, it may invest in less liquid assets from time to time that are not readily marketable and may be subject to restrictions on resale. Illiquid securities may be more difficult to value or may impair the Fund's ability to realize the full value of its assets in the event of a voluntary or involuntary liquidation of such assets and thus may cause a decline in the Fund's NAV. The Fund has no limitation on the amount of its assets that may be invested in

securities which are not readily marketable or are subject to restrictions on resale, although it may not invest more than 30% of the value of its total assets in securities which have been acquired through private placement. In certain situations, the Advisers could find it more difficult to sell such securities at times, in amounts and at prices they consider reasonable.

* Market Disruption Risk. The terrorist attacks in the United States on September 11, 2001 had a disruptive effect on the securities markets. The Fund cannot predict the effects of similar events in the future on the U.S. economy. These terrorist attacks and related events, including the war in Iraq, its aftermath, and continuing occupation of Iraq by coalition forces, have led to increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. A similar disruption of the financial markets could impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to the Common Stock and AMPS.

* Anti-Takeover Provisions Risk. The Fund's charter (the "Charter") and bylaws (the "Bylaws") include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board. Such provisions could limit the ability of stockholders to sell their Shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions include advance notice requirements for stockholder proposals and super-majority voting requirements for certain transactions with affiliates, open-ending the Fund or a merger, liquidation, asset sale or similar transaction.

* Investments in RICs. The Fund may invest in securities issued by other closed-end funds (or RICs) subject to such limitations, restrictions and conditions as imposed by Federal law. Accordingly, the Fund will be subject to the particular risks associated with investing in other closed-end funds that are separate from risks associated with the underlying investments held such RICs. Both the Fund and any RICs in which it invests have management fees. In addition, the RICs in which the Fund invests will typically incur other operating expenses that are borne by their investors, including the Fund. As a result, Fund stockholders will bear not only the Fund's management fees and operating expenses, but also the fees and expenses of the RICs in which the Fund invests. Investors would bear less expense if they invested directly in the underlying RICs in which the Fund invests. The Fund may also invest in RICs that are not limited in their portfolio trading activity and thus may experience high portfolio turnover rates. Higher turnover rates generally result in correspondingly greater brokerage commissions and other transactional expenses which may be borne by the Fund, directly or through its investment in RICs. Higher turnover rates also may be more likely to generate capital gains that must be distributed to Fund stockholders, either as a result of the Fund's receipt of capital gains from RIC transactions or from the Fund's trading in RICs or other investments.

* Investments in Auction Rate Preferred Securities. From time to time the Fund invests in the ARPS of other closed-end investment companies which carry the highest credit rating from Moodys, S&P and Fitch. As of __________________, the Fund held approximately $_______ of such ARPS. Recently, the liquidity crisis in the credit market spilled over into the auction rate preferred market, disrupting trading in ARPS and resulting in widespread failed auctions. A failed auction occurs when

there are too few buyers willing to bid on and purchase ARPS at the periodic auction, typically held every 7 or 28 days. Generally in a failed auction, because there are too few buyers, holders of the ARPS are unable to sell their shares and therefore must remain holders of the ARPS although they continue to be paid interest on the shares they hold, typically at a higher interest rate (e.g., a "fail rate"). Although fail rates are intended in part to mitigate the inconvenience and temporary illiquidity of failed auctions, holders like the Fund must continue to hold the ARPS until a subsequent successful auction is conducted or the issuer redeems the ARPS. Consequently, holders of ARPS like the Fund will have to hold ARPS until liquidity returns to the auction rate preferred market and successful auctions are held, or until the issuers of the ARPS elect to redeem. The Fund cannot predict when or if the liquidity issues affecting the auction rate preferred market will be resolved and thus is not able to predict when it will be able to liquidate its ARPS holdings.

* Investments in mid- and small-cap securities. The Fund may invest in small- and mid-cap companies from time to time. Generally, small-cap stocks are those securities issued by companies with a total market capitalization of between $300 million to $2 billion, and mid-cap stocks are those securities issued by companies with a total market capitalization of between $2 billion to $10 billion. The small- and mid-cap stocks in which the Fund may invest may present greater opportunities for capital growth than larger companies, but also may be more volatile and subject to greater risk. This is because smaller companies generally may have limited financial resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies, which could lead to higher transaction costs and reduced returns to holders of these securities, including potentially the Fund. In addition, there may be less publicly available information about smaller companies which can also lead to higher risk in terms of arriving at an accurate valuation for these smaller companies.

Investment Advisers

The Fund is co-advised by Boulder Investment Advisers, LLC ("BIA") and Stewart West Indies Trading Company, Ltd. d/b/a Stewart Investment Advisers ("SIA") (collectively, the "Advisers"). The Advisers have been providing advisory services to the Fund since January 2002, to the Boulder Total Return Fund, Inc. since March 1999, and to The Denali Fund Inc. since October 2007. As of __________________, the Advisers had a total of $____ million in assets under management. The Fund pays the Advisers an aggregate monthly fee at the annual rate of 1.25% of the Fund's average monthly total net assets (including the principal amount of leverage, if any) (the "Adviser Fee"). At a regular meeting of the Board held on January 25, 2008, the Advisers agreed to a waiver of advisory fees at certain "break-point" levels such that, in the future, the Adviser Fee would be calculated at the annual rate of 1.25% on asset levels up to $400 million, 1.10% on assets levels between $400-$600 million; and 1.00% on asset levels exceeding $600 million. The fee waiver agreement has a one-year term and is renewable annually.

Administrator, Custodian, Transfer Agent, Registrar and Dividend Disbursing Agent

Fund Administrative Services, LLC ("FAS") is an affiliate of the Advisers and serves as the Fund's co-administrator. Under its Administration Agreement with the Fund, FAS provides certain administrative and executive management services to the Fund including: providing the Fund's principal offices and executive officers, overseeing and administering all contracted service providers, making recommendations to the Board regarding policies of the Fund, conducting stockholder relations, authorizing expenses and other administrative tasks.

Under the Administration Agreement, FAS receives a monthly fee calculated at an annual rate of 0.20% of the value of the Fund's average monthly total net assets (including the principal amount of leverage, if any) up to $250 million; 0.18% of the Fund's average monthly total net assets on the next $150 million; and 0.15% on the value of the Fund's average monthly total net assets over $400 million. FAS has agreed to waive a portion of its fee in order to limit the Fund's total monthly administration expenses (including administration, co-administration, transfer agent and custodian fees) to 0.30% of the Fund's average monthly total net assets. The equity owners of FAS are Evergreen Atlantic, LLC and the Lola Brown Trust No. 1B (the "LB Trust"), each of which is considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act.

State Street Bank and Trust Company ("State Street") serves as the Fund's co-administrator and custodian. As compensation for its services, State Street receives certain out-of-pocket expenses, transaction fees and asset-based fees of 0.058% annually (or a minimum of $10,500 per month), which are accrued daily and paid monthly.

PFPC Inc. ("PFPC"), an indirect, majority-owned subsidiary of PNC Financial Services Group, Inc., serves as the Fund's transfer agent, dividend-paying agent and registrar for the Common Stock. As compensation for PFPC's services as such, the Fund pays PFPC a monthly fee plus certain out-of-pocket expenses.

Deutsche Bank Trust Company Americas serves as Auction Agent, transfer agent, dividend paying agent and registrar for the AMPS.

IMPORTANT TERMS OF THE OFFERING

Total number of Shares available for Primary Subscription	__________
Total number of Shares available in the Over-Allotment	___________
Number of Rights a Common Stockholder will receive for each outstanding Share owned by such Common Stockholder on the Record Date	One Right for each Share(+)
Number of Rights required to purchase one new Share	Three Rights for each new Share
Subscription Price	The NAV per Share as calculated at the c Date.
Estimated Subscription Price	$____. Since the Subscription Price

after printing and distribution of thi
Subscription Price" is an estimate of t
the Fund's per-share NAV at the end of
the Friday immediately preceding the
this Prospectus.

+ The number of Rights to be issued to a Common Stockholder on the Record Date will be rounded up to the nearest whole number of Rights evenly divisible by three. See "The Offering - Over-Allotment and Over-Subscription Privilege" below.

IMPORTANT DATES FOR THE OFFERING

Record Date	_______________
Subscription Period	______________ to ______________
Expiration Date of the Offering	______________++
Deadline for delivery of Subscription Certificate and payment of Shares, or Notice of Guaranteed Delivery (*)	______________
Deadline for payment pursuant to Notice of Guaranteed Delivery (*)	______________
Confirmation to participants	______________
Deadline for final payment for Shares (if any)**	______________

++ Unless the Offering is extended to a date no later than ______________.

* Record Date Stockholders (defined below) exercising Rights must deliver to the Subscription Agent (defined below) by the Expiration Date either (i) the Subscription Certificate together with the estimated payment or (ii) a Notice of Guaranteed Delivery.

** Since the actual Subscription Price due from subscribing Common Stockholders (vis-a-vis the Estimated Subscription Price above) will not be determined until after printing and distribution of this Prospectus, additional monies may be owed by subscribers.

KEY ELEMENTS OF THE OFFERING

ONE-FOR-THREE OFFERING

The Offering will give Common Stockholders who own Common Stock on the Record Date ("Record Date Stockholders") the non-transferable right to purchase one new Share for every three Rights held. Common Stockholders will receive one Right for every Share owned on the Record Date. For example, if a Common Stockholder owns 300 Shares on the Record Date, such Common Stockholder will receive 300 Rights entitling such Common Stockholder to purchase 100 new Shares. Record Date Stockholders may exercise all or some of their Rights.

NON-TRANSFERABILITY OF RIGHTS

The Rights are non-transferable and may not be purchased or sold. Rights will expire without residual value at the Expiration Date. The Rights will not be listed for trading on the NYSE, and there will not be any market for trading Rights. The Shares to be issued pursuant to the Offering will be listed for trading on the NYSE, subject to the NYSE being officially notified of the issuance of those Shares.

SUBSCRIPTION PRICE

Under the Offering, new Shares will be sold at a price equal to the NAV per Share as calculated at the close of trading on the Expiration Date (the "Subscription Price"). Management believes that this pricing (versus a percentage discount relative to the market price or a pre-determined fixed price) will provide an incentive to Common Stockholders to participate in the Offering.

OVER-SUBSCRIPTION PRIVILEGE & OVER-ALLOTMENT SHARES

If all of the Rights initially issued are not exercised by Record Date Stockholders, any unsubscribed Shares will be offered to other Record Date Stockholders who have exercised all of their Rights (the "Over-Subscription Privilege"). However, to the extent there are insufficient unsubscribed Shares to satisfy all over-subscription requests, Record Date Stockholders who have exercised all of their Rights will have preference in the Over-Subscription Privilege as discussed below. Also see "The Offering - Over-Allotment and Over-Subscription Privilege".

If there are not enough unsubscribed Shares to honor all over-subscription requests, the Fund may, in its discretion, issue additional Shares up to 100% of the Shares available in the Offering to honor over-subscription requests with such additional Shares subject to the same terms and conditions of this Offering (the "Over-Allotment Shares"). The unsubscribed Shares and the Over-Allotment Shares are collectively referred to as the "Excess Shares".

If there are not enough Excess Shares to fully honor all over-subscription requests, Excess Shares will be allocated to Record Date Stockholders who have exercised all of their Rights in accordance with their over-subscription request. If there are not enough Excess Shares to fully honor all over-subscription requests by such Record Date Stockholders, the Excess Shares will be allocated pro-rata among such Record Date Stockholders based on the number of Rights originally issued to them by the Fund. See "The Offering - Over-Allotment and Over- Subscription Privilege".

The Horejsi Affiliates have indicated that they will fully subscribe i n the Primary Subscription on the same terms as other Common Stockholders. The Horejsi Affiliates may subscribe in the Over-Subscription Privilege. If the Horejsi Affiliates fully exercise their Rights in the Primary Subscription and the Over-Subscription

Privilege, under certain circumstances (e.g., low participation by Common Stockholders in the Offering), the Horejsi Affiliates could substantially increase their percentage ownership of the Fund at an advantageous price relative to the market price.

METHOD FOR EXERCISING RIGHTS

Except as described below, subscription certificates evidencing the Rights ("Subscription Certificates") will be sent to Record Date Stockholders or their nominees. If a Record Date Stockholder wishes to exercise Rights, it may do so in the following ways:

1. Complete and sign the Subscription Certificate. Enclose it in the envelope provided, together with payment in full and mail or deliver the envelope to Colbent Corporation (the "Subscription Agent") at the address indicated on the Subscription Certificate, calculating the total payment on the basis of the Estimated Subscription Price of $____ per Share (i.e., the estimated subscription price based on the Fund's NAV and market price on __________________. The completed and signed Subscription Certificate and payment must be received by the Expiration Date. PAYMENT PURSUANT TO THIS METHOD MUST BE IN UNITED STATES DOLLARS BY MONEY ORDER OR CHECK DRAWN ON A BANK LOCATED IN THE UNITED STATES, MUST BE PAYABLE TO THE BOULDER GROWTH & INCOME FUND, INC. AND MUST ACCOMPANY AN EXECUTED SUBSCRIPTION CERTIFICATE FOR SUCH SUBSCRIPTION CERTIFICATE TO BE ACCEPTED. Because the subscription price is estimated, each Record Date Shareholder participating in the Offering should be prepared to pay additional monies (if any) by the deadline for final payment for Shares as noted above under "Important Dates for the Offering."

2. A Record Date Stockholder participating in the Offering may contact its broker, banker or trust company, which can arrange, on such Record Date Stockholder's behalf, to guarantee delivery of payment and delivery of a properly completed and executed Subscription Certificate pursuant to a notice of guaranteed delivery ("Notice of Guaranteed Delivery") by the close of business on the third Business Day (defined below) after the Expiration Date. The broker, banker, or trust company may charge such Record Date Stockholder a fee for this service; the Fund is not responsible for paying any fees charged by any such broker, bank, or trust company.

Subscribing Record Date Stockholders will have no right to rescind a purchase after the Subscription Agent has received the Subscription Certificate or Notice of Guaranteed Delivery. See "The Offering - Method of Exercising Rights" and "The Offering - Payment for Shares."

The Subscription Agent will deposit all checks received by it prior to the final due date into a segregated interest bearing account at Eastern Bank pending distribution of the Shares from the Offering. All interest will accrue to the benefit of the Fund and investors will not earn interest on payments submitted or be able to credit such interest against any additional monies owed (if applicable).

STOCKHOLDER INQUIRIES SHOULD BE DIRECTED TO
MORROW & CO., INC., THE FUND'S INFORMATION AGENT,
AT (800) 607-0088

OFFERING FEES AND EXPENSES

The Fund expects to incur approximately $_____ of expenses in connection with the Offering. See "Expenses of the Fund" below.

RESTRICTIONS ON FOREIGN STOCKHOLDERS

The Fund will not mail Subscription Certificates to Common Stockholders whose record addresses are outside the United States or who have an APO or FPO address. However, Common Stockholders whose addresses are outside the United States or who have an APO or FPO address will receive written notice of the Offering and those who wish to subscribe to the Offering either partially or in full should contact the Subscription Agent by written instruction or recorded telephone conversation no later than three Business Days prior to the Expiration Date. If no instructions have been received by the Expiration Date, the Rights of those foreign Common Stockholders will expire. See "The Offering - Foreign Restrictions" below.

USE OF PROCEEDS

The net proceeds of the Offering are estimated to be approximately $__________. This figure is based on the Estimated Subscription Price per Share of $____ and assumes all Rights offered are exercised and that the expenses related to the Offering estimated at approximately $_______ are paid. If all Over-Allotment Shares are sold in addition to all Primary Subscription Shares, the gross proceeds of the Offering are estimated to be approximately $___________.

The Fund has conducted several rights offerings in the past and is likely to continue to conduct rights offerings in the future. The Fund conducted a one-for-one rights offering in 2002, which doubled the number of common shares outstanding at the time and resulted in approximately $24.35 million in net proceeds to the Fund. Over a period of approximately 4 1/2 months following the offering, the Fund invested the proceeds in accordance with its investment objectives. The Fund conducted a one-for-three rights offering in September 2007, which resulted in the issuance of approximately 3.8 million common shares and approximately $32.8 million in net proceeds to the Fund. As of April [ ], 2008, the Fund has invested approximately [48%] of these proceeds. During this period, the market has declined with the S&P 500 Index down over 13%. See "Investment Objective and Policies" and "Use of Proceeds" below. The Advisers anticipate that it may take up to six months for the Fund to invest substantially all of the net proceeds of this Offering in accordance with its investment objective and policies under current market conditions. Pending such investment, the Fund anticipates investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments. Some of these investments have included investments in the ARPS (auction rate preferred securities) of other issuers. As of the date of this Prospectus, the Fund has invested approximately $17.9 million, or approximately 12% of its assets, in ARPS of three different issuers. Although the auctions for these ARPS have recently failed, the Fund continues to receive dividend payments from these securities which conform to the Advisers' expected return on these types of investments. See "Use of Proceeds" below.

The increase in assets raised from the Offering may also be used to help the Fund maintain the Distribution Policy. The Distribution Policy permits Common Stockholders to realize a predictable, but not assured, level of cash flow and some liquidity periodically with respect to their Common Stock without having to sell Shares. See the discussion regarding "Dividends and Distributions" below.

RISK FACTORS

See "Risk Factors" below.

FEE TABLE

STOCKHOLDER TRANSACTION EXPENSES	
Sales Load (as a percentage of the Offering price)	
Dividend Reinvestment and Cash Purchase Plan Fees	

ANNUAL FUND EXPENSES BEFORE THE RIGHTS OFFERING (as a percentage of net assets attributable to common shares)	
Preferred Stock broker commission and auction agent fees	
Administration, co administration and custodian fees	
Management Fees	
Other Expenses	
Legal and audit fees	0.16%
Directors fees and expenses	0.15%
Printing fees	0.05%
Insurance expenses	0.02%
Miscellaneous and other expenses	0.12%
Acquired Funds fees and expenses	
Total Annual Expenses	

EXAMPLE	1 YEAR	3 YEARS
A Common Stockholder would pay the following expenses on a $1,000 investment assuming a 5% annual return.	$23	$72

The purpose of the foregoing table and example is to assist Rights holders in understanding the various costs and expenses that an investor in the Fund bears, directly or indirectly, BUT SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OR RATES OF RETURN. THE ACTUAL EXPENSES OF THE FUND MAY BE GREATER OR LESS THAN THOSE SHOWN. The figures provided under "Other Expenses" are based upon estimated amounts for the current fiscal year. The 5% annual return shown in this example is used for illustrative purposes only and in no way should be construed as a guarantee of future performance of the Fund. For more complete descriptions of certain of the Fund's cost and expenses, see "Management of the Fund" in this Prospectus and the SAI. Also see "Expenses of the Fund" below.

FINANCIAL HIGHLIGHTS

The table below sets forth selected financial data for a Share outstanding throughout the period presented. The per Share operating performance and ratios for the Fund's fiscal year ended November 30, 2007 are derived from the Fund's 2007 annual financial statements, which were audited by Deloitte & Touche LLP, the Fund's publicly registered independent accounting firm, as stated in their report which is incorporated by reference into the SAI and available to Stockholders upon request. The per Share operating performance and ratios for the Fund's fiscal year ended November 30, 2006 are derived from the Fund's 2006 annual financial statements which were also audited by Deloitte & Touche LLP, as stated in their report which is incorporated by reference into the SAI. The per Share operating performance and ratios for the Fund's fiscal years ended November 30, 2005 and prior years were audited by the Fund's previous publicly registered independent accounting firm, KPMG LLP. The following information should be read in conjunction with the Financial Statements and Notes thereto, which are incorporated by reference into the SAI. The Table below contains per share operating performance data, total investment returns, ratios to average net assets, and other supplemental data.

FINANCIAL HIGHLIGHTS

[Insert table]

THE FUND

The Fund is a non-diversified, closed-end management investment company organized as a Maryland corporation in October 1972. From its inception, and prior to April 26, 2002, the Fund was named USLife Income Fund, Inc. and was virtually 100% invested in corporate bonds. In January 2002, the Fund's largest stockholder, the Ernest Horejsi Trust No. 1B (the "EH Trust"), succeeded in replacing the Board with a slate of its nominees. Soon thereafter, in April 2002, stockholders approved changing the Fund's investment objective and corporate name, changing the Fund's classification from diversified to non-diversified and changing or eliminating a number of the Fund's fundamental investment restrictions. Thereafter, the Fund began the process of liquidating its corporate bond portfolio and began investing in common equities consistent with the new investment objective.

As of __________________, the Fund had ___________ Shares outstanding. The Common Stock is traded on the NYSE under the symbol "BIF." The average weekly trading volume of the Common Stock on the NYSE during the period from January 1, 2008 through ____________, 2008 was ____ Shares. As of __________________, the total net assets of the Fund, including $25 million in AMPS leverage, were approximately $_____________.

The following provides information about the Fund's outstanding Shares as of _________________________:

Title of Class	Amount Authorized	Amount held by the Fund or for its Account	A Outs