

The Depository Trust Company
IMPORTANT

B#: 1314
DATE: January 17, 2001
TO: All Participants
CATEGORY: Dividends
FROM: Anthony Capizzi, Domestic Tax Services, Dividend Dept.
ATTENTION: Managing Partner/Officer, Cashier, Dividend Mgr. Tax Mgr.
SUBJECT: Chestnut Street Exchange Fund
CUSIP# 166668103
2000 Tax Information

The attached correspondence containing tax information was received by the Depository Trust Company. If applicable please consult your tax advisor to assure proper treatment of this event.

Attachment

Chestnut Street Exchange Fund

(A California Limited Partnership)

CUSIP 166668103

Calculation of Dividend Income for 2000 Form 1099-DIV

The Fund's taxable dividend income for the year 2000 differs from the cash paid applicable to 2000 for the following reasons:

- 1.) Because the Fund has less than 500 shareholders and does not offer shares, it is permitted by IRS regulations to reduce gross dividend income for tax reporting purposes by only 60% of operating expenses. The balance of operating expenses may be deductible as investment expenses, based on each taxpayer's situation. To obtain the reportable investment expenses multiply reported ordinary income by the factor .1564359919514. Add the product to ordinary income and show the product in Box 5 of Form 1099-DIV as Investment Expenses.
- 2.) The Fund changed its tax status from a partnership to a regulated investment company in 1998. Consequently, dividend income formerly reported for tax purposes on a cash basis, is now reported on the accrual basis. The adjustment for this change is being spread over four years beginning in 1998. Multiply reported ordinary income by the factor .035160346918 and add the product to ordinary income.

Edward J. Roach, Treasurer
(302) 792-2555

January 12, 2001

Description	CUSIP	Symbol	Issuer Class	Record Date	Payable Date	Cash Dist	Taxable Div*	Investment	Short Term	Return	28% Rate	20% Rate	Unrecaptured	Foreign		
								Expense (Box 5 Form 1099-DIV)*						Cap Gain	of Cap	Gain
Chestnut Street Exchange Fund	166668103	CHNTX	2	3/30/00	4/5/00	0.85	1.012857	0	132971							
Chestnut Street Exchange Fund	166668103	CHNTX	2	6/29/00	7/6/00	0.85	1.012857	0	132971							
Chestnut Street Exchange Fund	166668103	CHNTX	2	9/28/00	10/4/00	0.85	1.012857	0	132971							
Chestnut Street Exchange Fund	166668103	CHNTX	2	12/28/00	1/5/01	1.21	1.441832	0	189288							

Important notes: The Fund's taxable dividend income for the year 2000 differs from the cash paid applicable to 2000 for the following reasons:

1) Because the Fund has less than 500 shareholders and does not offer shares, it is permitted by IRS regulations to reduce gross dividend income for tax reporting purposes by only 60% of operating expenses. The balance of operating expenses may be deductible as investment expenses, based on each taxpayer's situation. To obtain reportable investment expenses, multiply reported ordinary income by the factor .1564359919514. Add the product to ordinary income and show the product in Box 5 of Form 1099-DIV as Investment Expenses.

2) The Fund changed its tax status from a partnership to a regulated investment company in 1998. Consequently, dividend income formerly reported for tax purposes on a cash basis is now reported on the accrual basis. The adjustment for this change is being spread over four years beginning in 1998. Multiply reported ordinary income by the factor .035160346918 and add the product to ordinary income.

The effects of 1 & 2 are reflected in boxes H & I above.

3) The Fund retained \$0.087155622175 per share long-term capital gain, which results in a 35% tax credit reportable on Form 2439. This factor is .030504467761.

If you require further information, please contact Robert Diaczuk (302) 791-1043, or John Dameron (302) 791-2532.

CHESTNUT STREET EXCHANGE FUND
(A California Limited Partnership)

CUSIP 166668103

	<u>Per Share</u>
12/29/00 Long-term capital gain retained	\$0.087155622175
Tax Credit of 35%	.030504467761

The above rates are provided to assist in the preparation of Internal Revenue Form 2439 for tax year 2000.