

The Depository Trust Company

IMPORTANT

REVISED

B#: 2809

DATE: December 13, 2001

TO: All Participants
Managing Partner/Officer; Cashier & Operations

CATEGORY: Settlement/Underwriting

FROM: Denise Russo, Director, Underwriting Department

ATTENTION: Data Processing & Underwriting Managers

SUBJECT: Section 3(c)(7) Restrictions for TCW High Income Partners II, Ltd., TCW High Income Partners, II Corp., Senior & Mezzanine Secured Floating & Fixed Rate Notes

(A) CUSIP Number: 87237HAA2, 87237HAB0, 87237HAC8, 87237HAD6, 87237DAB9

(B) Security Description: TCW HIP II, Ltd./TCW HIP II, Corp.

(C) Offer Amount:

Class I	Class II-A	Class II-B	Class III
\$65,000,000	\$ 0	\$10,000,000	\$18,000,000
Class IV			
\$9,500,000			

(D) Managing Underwriter: Morgan Stanley & Co., Inc.

(E) Paying Agent: Bank of New York

(F) Closing Date: December 5, 2001

Special Instructions:

Refer to the attachments for important instructions from the issuer.

TCW HIP II, Ltd.

CUSIP Nos:	Class I FRN Senior Secured	87237HAA2
	Class II-A FRN Senior Secured	87237HAB0
	Class II-B 6.258% Senior Secured	87237HAC8
	Class III FRN Mezzanine	87237HAD6
	Class IV 12.458% Mezzanine	87237DAB9

The Issuer and the lead the Agent are putting Participants on notice that they are required to follow these purchase and transfer restrictions with regard to the above-referenced security.

In order to qualify for the exemption provided by Section 3(c)(7) under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the exemption provide by Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), offers, sales and resales of all classes of TCW HIP II, CDO Notes (the "Securities") within the United States or to U.S. Persons may only be made in minimum denominations of \$1,000,000 to "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A that are also "qualified purchasers" ("QPs") within the meaning of Section 2(a)(51)(A) of the Investment Company Act. Each purchaser of Securities (i) represents to and agrees with the Issuer and the Agent that (A) (i) the purchaser is a QIB who is a QP (a "QIP/QP"); (ii) the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iii) the purchaser is not a participant-directed employee plan, such as a 401 (k) plan; (iv) the QIB/QP is acting for its own account, or the account of another QIB/QP; (v) the purchaser is not formed for the purpose of investing in the issuer; (vi) the purchaser, and each account for which it is purchasing, must hold at least the minimum denomination of securities; and (vii) the purchaser will provide notice of the transfer restrictions to any subsequent transferees; or (B) it is not a U.S. person and is purchasing the Securities outside the Untied States and (ii) acknowledges that the Issuer has not been registered under the Securities Act and represents to and agrees with the Issuer and the Agent that, for so long as the Securities are outstanding, it will not offer, resell, pledge or otherwise transfer the Securities in the United States or to a U.S. Person except to a QIB that is also a QP in a transaction meeting the requirements of Rule 144A. Each purchaser further understands that the Securities will bear a legend with respect to such transfer restrictions. See "Transfer Restrictions" in the TCW HIP II, Ltd. CDO Offering Memorandum.

*If a non-U.S. issuer, insert bracketed text.

The charter, bylaws, organizational documents or securities issuance documents of the Issuer provide that the Issuer will have the right to (i) require any holder of Securities that is a U.S. Person who is determined not to be both a QIB and a QP to sell the Securities to a QIB that is also a QP or (ii) redeem any Securities held by such a holder on specified terms. In addition, the Issuer has the right to refuse to register or otherwise honor a transfer of Securities to a proposed transferee that is a U.S. Person who is not both a QIB and a QP. As used herein, the terms "United States" and "U.S. Person" have the meanings given such terms in Regulation S under the Securities Act

The restrictions on transfer required by the issuer (outlined above) will be reflected under the notation "3c7" in DTC's User Manuals and in upcoming editions of DTC's Reference Directory.

Any questions or comments regarding this subject may be directed to Scott Bonora (212) 761-2273.

ATTACHMENT D

Form of insert for DTC References Directory:

DTC Issuers Relying on Section 3(c)(7) of the Investment Company Act⁶

"3c7": Indicates the issuer of the security has informed DTC that it is relying on the exemption from the definition of "investment company" provided by Section (c)(7) of the Investment Company Act of 1940, as amended (the "Investment Company Act"). DTC has been informed by counsel to certain of these issuers that:

Section 3 (c)(7) requires that all holders of the outstanding securities of such an issuer (or, in the case of a non-U.S. issuer, all holders that are U.S. Persons) are "qualified purchasers" ("QPs"), as defined in Section 2(a)(51)(A) of the Investment Company Act and related rules. Under the rules, the issuer must have a "reasonable belief" that all holders of its outstanding securities (or, in the case of a non-U.S. issuer, all holders that are U.S. Persons), including transferees, are QPs. Consequently, all sales and resales of the securities (or, in the case of non-U.S. issuers, all sales and resales in the United States or to U.S. Persons) must be made pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), solely to purchasers that are "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A and are also QPs ("QIB/QPs"). Each purchaser will also be deemed to represent that: (i) the purchaser is a QIB/QP; (ii) the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iii) the purchaser is not a participant-directed employee-plan, such as a 401(k) plan; (iv) the QIB/QP is acting for its own account, or the account of another QIB/QP; (v) the purchaser is not formed for the purpose of investing in the issuer; (vi) the purchaser and each account for which it is purchasing, must hold at least the minimum denomination of securities; and (vii) the purchaser will provide notice of the transfer restrictions to any subsequent transferees.

The charter, bylaws, organizational documents or securities issuance documents of an issuer relying on Section 3(c)(7) of the Investment Company Act and Rule 144A of the Securities Act with respect to an offering of securities typically provide that the issuer will have the right to (i) require any holder of securities (or, in the case of a non U.S. issuer, an holder that is a U.S. Person) that is determined

⁶ DTC Reference Directory listing for Section 3(c)(7) Issuers should include the following fields: 1) Issuer, 2) Designation, and 3) CUSIP Number.

*If a non-U.S. issuer, insert bracketed text.

not to be both a QIB and a QP to sell the securities to a QIB that is also a QO or (ii) redeem any securities held by such a holder on specified terms. In addition, such an issuer typically has the right to refuse to register or otherwise honor a transferor securities to a proposed transferee (or, in the case of a non-U.S. issuer, a proposed transferee that is a U.S. Person) that is not both a QIB and a QP. As used herein, the terms "United States" and "U.S. Person" have the meanings given such terms in Regulation S under the Securities Act.

DTC does not represent or warrant the accuracy of the information set forth above, and takes no responsibility for such information.