PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST
Form N-2
April 17, 2009
As filed with the Securities and Exchange Commission on April 17, 2009

1933 ACT FILE NO. 33-______
1940 ACT FILE NO. 811-21409

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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM N-2

(Check appropriate box or boxes)

x REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

o PRE-EFFECTIVE AMENDMENT NO. _____

o POST-EFFECTIVE AMENDMENT NO. _____

AND

o REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

x AMENDMENT NO. 5

PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST

(Exact Name of Registrant as Specified in Charter)

60 State Street, Boston, MA 02109

Address of Principal Executive Offices (Number, Street, City, State, Zip Code)

(617) 742-7825

(Registrant's Telephone Number, including Area Code)

Dorothy E. Bourassa, Esq., Secretary, Pioneer Municipal High Income Advantage Trust

60 State Street, Boston, MA 02109

Name and Address (Number, Street, City, State, Zip Code) of Agent for Service

Copies of Communications to:

Roger P. Joseph, Esq.

Bingham McCutchen LLP

One Federal Street

Boston, MA 02110

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement

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

It is proposed that this filing will become effective (check appropriate box) o when declared effective pursuant to section 8(c)

Calculation of Registration Fee under the Securities Act of 1933

Title of Securities Being Registered	Amount Being Registered (1)	Proposed Maximum Offering Price Per Unit (1)	Proposed Aggregate Maximum Offering Price (1)	Amount of Registration Fee
Common Shares	100,000	$9.12	$912,000	$50.89
Subscription Rights	–	–	–	–

(1) Estimated solely for the purpose of calculating the registration fee as required by Rule 457(c) under the Securities Act, based upon the average of the high and low sales prices reported on the New York Stock Exchange consolidated reporting system of $9.12 on April 15, 2009.

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 which specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer is not permitted.

PIONEER MUNICIPAL HIGH INCOME ADVANTAGE TRUST

Preliminary Prospectus

Subject to Completion, Dated [_____], 2009

[_____] Common Shares

Issuable Upon Exercise of Rights to Subscribe for Such Common Shares

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Pioneer Municipal High Income Advantage Trust (the "Fund") is issuing transferable rights (the "Rights") to its shareholders of record as of [_____], 2009 (the "Record Date"). These Rights will allow shareholders and other persons who obtain Rights from shareholders (such shareholders and other persons together, "Rightholders") to subscribe to new common shares of beneficial interest, no par value, of the Fund ("Shares") in an aggregate amount of approximately [_____] Shares (the "Offer"). For every [__] Rights that you receive, you may buy one new common share of the Fund ([__]-for-[__]). You will receive [__] Right for each whole share you own on the Record Date. If you receive less than [__] Rights in total, you will be entitled to buy one new share. Rightholders who fully exercise their Rights may purchase shares not acquired by other Rightholders in this offering, subject to the limitations and the allotment as described in this prospectus (the "Over-Subscription Privilege").

The Rights are transferable and will be listed for trading on the New York Stock Exchange (the "NYSE") under the symbol [___] during the course of the Offer.

The Fund's Shares are listed, and the Shares issued in this Offer will be listed, on the NYSE under the symbol "MAV." On [____], 2009, the last reported net asset value per share of the Fund's common shares was $[___] and the last reported sales price of a Share on the NYSE on that date was $[___].

The subscription price per Share will be the [greater/lesser] of: (i) [__]% of the net asset value ("NAV") per share of the Fund on [_____], 2009 (the "Expiration Date") or (ii) [__]% of the volume weighted average share price of the Fund on the NYSE on the Expiration Date and the [__] preceding business days (the "Subscription Price").

The Offer will expire at 5:00 p.m., Eastern time, on [_____], 2009, unless extended as described in this prospectus. Rightholders who choose to exercise their Rights will not know the Subscription Price at the time they exercise their Rights.

If you do not exercise your Rights, you will, upon the completion of the Offer, own a smaller proportional interest in the Fund than you do now. In addition, because the Subscription Price per common share may be less than the then current NAV per common share, the completion of the Offer may result in an immediate dilution of the net asset value per common share for all existing shareholders. Such dilution could be substantial. If such dilution occurs, shareholders will experience a decrease in the net asset value per common share held by them, irrespective of whether they exercise all or any portion of their Rights. The distribution to shareholders of transferable Rights, which may themselves have intrinsic value, will afford such shareholders the potential of receiving cash payment upon the sale of the Rights, receipt of which may be viewed as partial compensation for the potential economic dilution of their interests. The Fund cannot state precisely the extent of this dilution because the Fund does not know what the NAV will be when the Offer expires, how many Rights will be exercised or the exact expenses of the Offer. Volatility in the market price of shares of the Fund may increase or decrease during the Offer. No assurance can be given that a market for the Rights will develop, or as to the value, if any, that the Rights will have. For further information on the effects of dilution. See “Special Considerations and Risk Factors” on page [__].

The Fund currently employs financial leverage in the form of auction rate cumulative preferred shares (“Auction Preferred Shares”), and past auctions for the Auction Preferred Shares have failed. Accordingly, it will be difficult to increase financial leverage following the Offer through the issuance of additional preferred shares, although the Fund may employ leverage through other means. A reduction in the extent of leverage employed through Auction Preferred Shares will reduce the benefits associated with such leverage to the Fund’s common shareholders, including enhancement of income or return. See “Special Considerations and Risk Factors” on page [__].

The Fund is a diversified, closed-end management investment company with a leveraged capital structure. The Fund’s primary investment objective is to provide its common shareholders with a high level of current income exempt from regular federal income tax. As a secondary investment objective, the Fund may seek capital appreciation to the extent consistent with its primary investment objective. Distributions from sources other than interest income from the Fund’s portfolio of municipal securities, including capital gain distributions, are not exempt from regular federal income tax. There can be no assurance that the Fund will achieve its investment objectives.

Normally, the Fund invests at least 80% of its net assets (plus the amount of borrowings, if any, for investment purposes) in debt securities and other obligations issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, the interest on which is exempt from regular federal income tax (“municipal securities”). The Fund is not limited in the portion of its assets that may be invested in municipal securities the interest income on which is a preference item for purposes of the alternative minimum tax. See “Investment Objectives and Principal Investment Strategies” on page [__].

The Fund’s Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency.

Before buying Shares of the Fund, you should read the discussion of the material risks of investing in the Fund under “Special Considerations and Risk Factors” beginning on page [__]. Certain of these risks are summarized in “Prospectus Summary -- Special Considerations and Risk Factors” beginning on page [__].

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	Estimated Subscription Price (1)	Sales Load	Estimated Proceeds to the Fund (2)
Per Common Share	$[__]	None	$[__]
Total Maximum (3)	$[__]	None	$[__]

(1) This is an estimated price. The actual Subscription Price will be determined as set forth above on the Expiration Date.

(2) Before deduction of expenses related to the Offer incurred by the Fund, which are estimated at approximately $[_____].

(3) Assumes all Rights offered are exercised at the Estimated Subscription Price.

The Fund may invest in municipal securities with a broad range of maturities and credit ratings, including both investment grade and below investment grade municipal securities. At least 40% of the Fund's portfolio of municipal securities is rated investment grade at the time of acquisition (that is, rated at least Baa by Moody's Investors Service, Inc. ("Moody's") or BBB by Standard & Poor's Ratings Group ("S&P") or, if unrated, determined by the Fund's investment adviser to be of comparable credit quality). No more than 60% of the Fund's portfolio of municipal securities is rated below investment grade at the time of acquisition (that is, Ba or lower by Moody's or BB or lower by S&P or, if unrated, determined by the Fund's investment adviser to be ofcomparable credit quality). No more than 10% of the Fund's portfolio of municipal securities will be rated at the time of acquisition lower than B by Moody's and S&P or, if unrated, determined by the Fund's investment adviser to be of comparable credit quality. Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal, and are commonly referred to as "junk bonds" or "high yield securities." These securities also tend to be less liquid and may be more difficult to value. The Fund may invest in securities in any rating category, including those where the issuer is in default or bankruptcy. See "Special Considerations and Risk Factors – Risks of Investing in the Fund."

The Fund currently employs financial leverage in the form of auction rate cumulative preferred shares ("Auction Preferred Shares"), and past auctions for the Auction Preferred Shares have failed. Accordingly, it will be difficult to increase financial leverage following the Offer through the issuance of additional preferred shares, although the Fund may employ leverage through other means. A reduction in the extent of leverage employed through Auction Preferred Shares will reduce the benefits associated with such leverage to the Fund's common shareholders, including enhancement of income or return. See "Special Considerations and Risk Factors" on page [__].

Please read this prospectus carefully before investing and keep it for future reference. It contains important information that a prospective investor ought to know before investing in the Fund. A Statement of Additional Information ("SAI"), dated [_____], 2009, containing additional information about the Fund has been filed with the Securities and Exchange Commission ("SEC") and is incorporated by reference in its entirety into this prospectus. A Table of Contents for the SAI is set forth on page [__] of this prospectus. A copy of the SAI can be obtained without charge by writing to the Fund at [_____], by calling 1-800-225-6292, or from the SEC's website at http://www.sec.gov. Copies of the Fund's Annual Report and Semi-Annual Report may be obtained upon request by writing to the Fund, by calling 1-800-225-6292, or by visiting the Fund's website at www.pioneerinvestments.com.**[**All questions and inquiries relating to the Offer should be directed to the Information Agent, [Name], [Address], at [Telephone Number].**]**

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the SAI contain “forward-looking statements.” Forward-looking statements can be identified by the words “may,” “will,” “intend,” “expect,” “estimate,” “continue,” “plan,” “anticipate,” and similar terms and the negative of such terms. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund’s actual results are the performance of the portfolio of securities the Fund holds, the conditions in the U.S. and international financial and other markets, the price at which the Fund’s shares will trade in the public markets and other factors discussed in the Fund’s periodic filings with the SEC.

Actual results could differ materially from those projected or assumed in the forward-looking statements. The Fund’s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the “Special Considerations and Risk Factors” section of this prospectus. All forward-looking statements contained or incorporated by reference in this prospectus are made as of the date of this prospectus. Except for the Fund’s ongoing obligations under the federal securities laws, the Fund does not intend, and it undertakes no obligation, to update any forward-looking statement.

Currently known risk factors that could cause actual results to differ materially from the Fund’s expectations include, but are not limited to, the factors described in the “Special Considerations and Risk Factors” section of this prospectus. You are urged to review carefully that section for a more complete discussion of the risks of an investment in the Fund’s common shares.

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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 you. To understand the Offer fully, you should read the entire document carefully, including the "Special Considerations and Risk Factors" section.

Purpose of the Offer	The Fund is issuing Rights to purchase common shares of the Fund ("Shares") at the Subscription Price. The Fund's Board of Trustees has determined that the Offer would be in the best interest of the Fund and its shareholders to increase the assets of the Fund in order to more fully take advantage of current and prospective investment opportunities consistent with the Fund's investment objectives. The Board also noted that an increase in the assets of the Fund may lower the Fund's expense ratio slightly by spreading the Fund's fixed costs over a larger asset base. In addition, the Board noted that an increase in the number of outstanding Shares could increase liquidity on the NYSE, where the Fund's common shares are traded. See "The Offer – Purpose of the Offer."
The Offer	The Fund is issuing to its common shareholders of record, as of the close of business on [_____], 2009 (the "Record Date"), transferable rights ("Rights") to subscribe for an aggregate of approximately [__] shares of beneficial interest of the Fund ("Shares"), no par value per share (the "Offer"). Each shareholder will receive [__] Right for each whole share held by the shareholder as of the Record Date. Such shareholders may transfer Rights to other persons. Existing shareholders of the Fund who retain all or part of their Rights and persons acquiring Rights from such shareholders are together referred to as "Rightholders." For every [__] Rights that are held by a Rightholder, the Rightholder may subscribe for one new Share of the Fund ([__]-for-[__]). No fractional Shares will be issued. If a shareholder receives less than [__] Rights in total, that shareholder will be entitled to subscribe for one new Share. The Right to acquire Shares during the Subscription Period (defined below) is referred to as the "Primary Subscription." If a Rightholder exercises all of the Rights it received in the Primary Subscription, that Rightholder also may subscribe for Shares which were not otherwise subscribed for by others in the Primary Subscription pursuant to the Over-Subscription Privilege. A Rightholder may elect to sell his or her Rights. Assuming a market for the Rights develops, the Rights may be purchased and sold through usual brokerage channels until [_____], 2009 (or, if the Offer is extended, until a comparable number of business days before the final Expiration Date). In such case, a Rightholder will need to instruct his or her broker to sell any unexercised Rights in time for the broker to execute the transaction by the close of trading on [_____], 2009, or provide instructions to the Subscription Agent by 4 p.m. on [_____], 2009 to sell any unexercised Rights. The Rights will be traded on the NYSE under the symbol [_____] during the course of the Offer. The Fund will use its best efforts to ensure that an adequate trading market for the Rights will exist but there is no assurance that a market for the Rights will develop. Trading in the Rights on the NYSE may be conducted until and including the close of trading on the last NYSE trading day prior to the Expiration Date. See "The Offer."

Subscription Price	The subscription price per Share will be the [greater/lesser] of: (i) [__]% of the net asset value ("NAV") per share of the Fund on [_____], 2009 (the "Expiration Date") or (ii) [__]% of the volume weighted average share price of the Fund on the NYSE on the Expiration Date and the [__] preceding business days (the "Subscription Price"). See "The Offer -- The Subscription Price."
Subscription Period	Rights may be exercised at any time during the subscription period (the "Subscription Period"), which starts on [____], 2009 and ends at 5:00 p.m., Eastern time, on [____], 2009. See "The Offer -- Terms of the Offer."
Over-Subscription Privilege	If a Rightholder subscribes for the maximum number of Shares to which he or she is entitled, the Rightholder may subscribe for Shares which were not otherwise subscribed for through the Primary Subscription by other Rightholders. Shares acquired pursuant to the Over-Subscription Privilege are subject to allotment. See "The Offer -- Over-Subscription Privilege."
Costs of the Offer	The costs of the Offer, which are estimated to be $[_____], will be borne by the Fund.
Notice of NAV Decline	The Fund will suspend the Offer until it amends this prospectus if, after the effective date of this prospectus, the Fund's NAV declines more than [__]% from its NAV as of the effective date. In such event, the Fund will notify Rightholders of any such decline and permit Rightholders to cancel the exercise of their Rights. Rightholders will have their payment for additional Shares returned to them if they opt to cancel the exercise of their Rights. See "The Offer -- Notice of NAV Decline."
How to Obtain Subscription Information	• Contact your broker, banker or trust company. • [Contact [_____] (the "Information Agent") at [_____].]
How to Subscribe	Except as described under Foreign Restrictions, you may subscribe in one of two ways: • Complete and sign the subscription certificate ("Subscription Certificate"). Mail it in the envelope provided or deliver the completed and signed Subscription Certificate by the Expiration Date to [______] (the "Subscription Agent"). • Contact your broker, banker or trust company, which can arrange, on your behalf, to guarantee delivery of a properly completed and executed Subscription Certificate, pursuant to a notice of guaranteed delivery ("Notice of Guaranteed Delivery"), to the Subscription Agent by the Expiration Date. See "The Offer -- Exercise of Rights" and "The Offer -- Payment for Shares."
Federal Income Tax Consequences	For federal income tax purposes, neither the receipt nor the exercise of the Rights will result in taxable income to Rightholders. You will not recognize a taxable loss if your Rights expire without being exercised. However, a sale of the Rights (or of Shares obtained by exercising the Rights) generally will result in the recognition of taxable income or loss. See "The Offer -- Certain Federal Income Tax Consequences of the Offer."

Use of Proceeds	The net proceeds of the Offer, assuming all Shares are sold, is estimated to be $[_____]. The Fund will invest the proceeds of the Offer in accordance with the Fund's investment objective and policies. Pioneer Investment Management, Inc., the Fund's investment adviser ("Pioneer"), anticipates that investment of the proceeds will occur shortly after their receipt by the Fund, depending on market conditions and the availability of appropriate investments. To the extent there is any delay in investing the proceeds of the Offer, the Fund may invest in U.S. government securities or high-quality, short-term money market instruments, cash or cash equivalents, pending investment of the proceeds. See "Use of Proceeds."
Transferability of Rights	The Rights are transferable and will be listed for trading on the NYSE under the symbol [_____] during the course of the offering. The Fund's outstanding common shares are listed, and the Shares issued in this Offer will be listed, on the NYSE under the symbol "MAV."
Foreign Restrictions	Subscription Certificates will not be mailed to shareholders whose record addresses are outside the United States. Foreign shareholders will receive written notice of the Offer as set forth in this prospectus. See "The Offer -- Foreign Restrictions."

Important Dates To Remember

Record Date	[_____], 2009
Subscription Period*	[_____], 2009 to [_____], 2009
Expiration Date	[_____], 2009
Subscription Certificates and Payment for Shares due**	[_____], 2009
Notice of Guaranteed Delivery due	[_____], 2009
Payment for Guarantees of Delivery due	[_____], 2009
Confirmation mailed to participant	[_____], 2009
Final payment for Shares***	[_____], 2009

* Unless the Offer is extended.

** A Rightholder exercising Rights must deliver the (i) a Subscription Certificate or (ii) a Notice of Guarantee Delivery by the Expiration Date.

*** Additional amount due (in the event the Subscription Price exceeds the Estimated Subscription Price).

The Fund

The Fund	The Fund was organized as a trust under the laws of the State of Delaware on August 6, 2003, and it is registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund has been engaged in business as a diversified, closed-end management investment company since October 20, 2003, when it completed an initial public offering of 20,500,000 common shares of beneficial interest, par value $0.00 per share. On November 26, 2003, the Fund issued 1,984,498 common shares of beneficial interest pursuant to an over-allotment option. The Fund's common shares are traded on the NYSE under the symbol "MAV." As of [_____], 2009, the Fund's NAV was $[_____] and the Fund's last reported sale price was $[_____]. On December 19, 2003, the Fund issued 3,000 Series A Auction Preferred Shares and 3,000 Series B Auction Preferred Shares, par value $0.0001 per share. See "The Fund."
Investment Objectives and Principal Investment Strategies	The Fund's primary investment objective is to provide its common shareholders with a high level of current income exempt from regular federal income tax. As a secondary investment objective, the Fund also may seek capital appreciation to the extent consistent with its primary investment objective.

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Portfolio Contents

Under normal market conditions, the Fund will invest substantially all (at least 80%) of its assets (net assets plus borrowings for investment purposes) in debt securities and other obligations issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, the interest on which is exempt from regular federal income tax ("municipal securities").

Municipal securities are often issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, housing, hospitals, mass transportation, schools, streets and water and sewer works. Municipal securities include private activity bonds, pre-refunded municipal securities and auction rate securities. The municipal securities in which the Fund invests may have fixed or variable principal payments and all types of interest rate payments and reset terms, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment in kind and auction rate features.

Although distributions of interest income from the Fund's municipal securities are generally exempt from regular federal income tax, distributions from other sources, including capital gain distributions, are not. In addition, gains on sales of the common shares are not generally exempt from regular federal income tax. The Fund is not limited in the portion of its total assets that may be invested in municipal securities the interest income on which is a preference item for purposes of the alternative minimum tax for individuals or entities that are subject to such tax. All interest on municipal securities may result in or increase a corporate shareholder's liability for federal alternative minimum tax. Shareholders should consult a tax adviser about whether an alternative minimum tax applies to them and about state and local taxes on their distributions from the Fund.

Security Selection

Pioneer anticipates that the Fund's investments in revenue obligations will emphasize municipal securities backed by revenue from essential services, such as hospitals and healthcare, power generation, transportation, education and housing. Pioneer considers both broad economic and issuer specific factors in selecting a portfolio designed to achieve the Fund's investment objectives. In assessing the appropriate maturity, rating and sector weightings of the Fund's portfolio, Pioneer considers a variety of factors that are expected to influence economic activity and interest rates. These factors include fundamental economic indicators such as the rates of economic growth and inflation, Federal Reserve monetary policy and the relative value of the U.S. dollar compared to other currencies. Once Pioneer determines the preferable portfolio characteristics, Pioneer selects individual securities based upon the terms of the securities (such as yields compared to U.S. Treasuries or comparable issues), liquidity and rating, sector and issuer diversification.

Pioneer attempts to identify investment grade and below investment grade municipal securities that are trading at attractive valuations relative to the Adviser's evaluation of the issuer's creditworthiness and, with respect to private activity bonds, the profit potential of the corporation from which the revenue supporting the bonds is derived. Pioneer's overall investment approach is both top-down and bottom-up. Pioneer first seeks to identify the sectors or regions of the municipal bond market that present the best relative value opportunities and then bases the Fund's overall sector and regional weightings on that determination. Once Pioneer establishes the overall regional and sector weightings, Pioneer focuses on selecting those securities within each sector or region that meet its fundamental criteria. In determining sector weightings, the Fund's portfolio management team also maintains frequent contact with Pioneer's investment professionals who follow U.S. equities and those who focus on corporate fixed income investments.

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In many cases, Pioneer will augment its municipal bond credit research and security selection processes with equity research analysis. Pioneer has a fundamental bias towards long-term security selection, rather than engaging in frequent "market timing" or short-term trading. There can be no assurance that this process will be successful.

Duration Management

Pioneer will actively manage the duration of the Fund's portfolio of municipal securities based primarily on Pioneer's outlook for interest rates. Pioneer will consider economic trends, Federal Reserve Board actions and capital markets activity, among other factors, in developing its outlook for interest rates. Pioneer believes that maintaining duration at an appropriate level offers the potential for above-average returns while limiting the risks of interest rate volatility. Duration is a measure of the expected life of a debt security that is used to determine the sensitivity of the security's price to changes in interest rates. Pioneer will modify the average duration of the Fund's portfolio in response to market conditions. Pioneer may employ certain strategies to reduce the Fund's interest rate sensitivity, including investments in interest rate swap or cap transactions. There is no assurance that Pioneer will do so or that such strategies will be successful.

Credit Management

The Fund may invest in municipal securities with a broad range of credit ratings, including both investment grade and below investment grade municipal securities. At least 40% of the Fund's portfolio of municipal securities will be rated investment grade at the time of acquisition (that is, rated at least Baa by Moody's Investors Service, Inc. ("Moody's") or BBB by Standard & Poor's Ratings Group ("S&P") or, if unrated, determined by Pioneer to be of comparable credit quality). No more than 60% of the Fund's portfolio of municipal securities will be rated below investment grade at the time of acquisition (that is, Ba or lower by Moody's or BB or lower by S&P or, if unrated, determined by Pioneer to be of comparable credit quality). No more than 10% of the Fund's portfolio of municipal securities will be rated at the time of acquisition lower than B by Moody's and S&P or, if unrated, determined by Pioneer to be of comparable credit quality. The Fund anticipates an initial allocation to below investment grade securities of approximately 50%, although the actual allocation of the Fund's investments will be subject to market conditions at the time the Fund commences investment operations.

Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal and are commonly referred to as "junk bonds" or "high yield securities." They involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated municipal securities.

Municipal securities rated Ba or BB may face significant ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the issuer being unable to meet its financial commitments. The protection of interest and principal payments may be moderate and not well-safeguarded during both good and bad times.

Municipal securities rated B generally lack the characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be low, and such municipal securities are more vulnerable to nonpayment than obligations rated BB. Adverse business, financial or economic conditions will likely impair the issuer's capacity or willingness to meet its financial commitment on municipal securities. Municipal securities rated Caa, Ca or C by Moody's or CCC, CC or C by S&P are generally speculative to a high degree. These municipal securities may be in default or they may present elements of danger with respect to principal or interest.

Generally, the issuers are dependent upon favorable business, financial and economic conditions to meet their financial commitments on such municipal securities. The Fund may invest in high yield municipal securities of any rating, including securities that are in default at the time of purchase.

Pioneer will determine the allocation of the Fund's assets among securities with different credit ratings depending upon Pioneer's evaluation of factors such as the spread between the yields on municipal securities of different ratings, changes in default rates, general economic conditions and the outlook for fiscal issues facing municipal issuers. Generally, as the spread between the yield on investment grade and non-investment grade securities widens, the Adviser will allocate a greater portion of the Fund's assets to non-investment grade municipal securities. If the spread based on relative credit quality narrows, Pioneer may determine that high yield municipal securities no longer offer a sufficient risk premium and increase the average credit quality of the Fund's portfolio. As the economy strengthens and the default risk lessens, Pioneer may increase the Fund's investment in lower quality, non-investment grade securities. Pioneer also seeks to mitigate the risks of investing in below investment grade securities through a disciplined approach, driven primarily by fundamental research to assess an issuer's credit quality and the relative value of its securities. Moreover, with respect to below investment grade securities that are private activity bonds, Pioneer intends to emphasize securities that are backed by revenue from publicly traded companies. Pioneer believes that this focus offers the potential for an informational advantage due to the substantial reporting requirements of public companies. With respect to investments in below investment grade private activity bonds, Pioneer also seeks to leverage its corporate credit research capabilities by selecting securities for the Fund payable by revenue derived from issuers followed by its staff focusing on below investment grade corporate issuers. Pioneer believes that a prudent blend of investment grade and non-investment grade municipal securities offers investors the opportunity for high current yield without undue credit risk. Covering a broad range of sectors and issuers, below investment grade municipal securities have traded in 2003 with historically wide spreads and what Pioneer believes to be attractive valuations relative to investment grade municipal securities. High yield municipal securities also have shown low correlation to other asset classes, including corporate bonds, U.S. Treasury securities and equity securities, providing diversification potential to an investment portfolio.

Municipal Securities

Municipal securities often are issued to obtain funds for various public purposes, including refunding outstanding obligations, funding general operating expenses and lending to other public institutions and facilities. "Private activity bonds" or industrial development bonds are issued by or

on behalf of public authorities to provide financing aid to acquire sites or construct or equip facilities within a municipality for privately or publicly owned corporations. Municipal securities include both "general obligations" and "revenue obligations" and may be issued to obtain funds for various purposes.

General obligations are secured by the issuer's pledge of its full faith, credit and taxing power. Revenue obligations are payable only from the revenues derived from a particular facility or class of facilities.

Municipal Notes

Municipal securities in the form of notes generally are used to provide for short-term capital needs in anticipation of an issuer's receipt of other revenues or financing and typically have maturities of up to three years. Such instruments may include tax anticipation notes, revenue anticipation notes, bond anticipation notes, tax and revenue anticipation notes and construction loan notes.

Municipal Leases, Certificates of Participation and "Moral Obligation" Bonds

The municipal securities in which the Fund may invest include municipal leases, certificates of participation and "moral obligation" bonds. A municipal lease is an obligation issued by a state or local government to acquire equipment or facilities. Certificates of participation represent interests in municipal leases. Moral obligation bonds are supported by a moral commitment of the municipality, but that credit support is not a legal obligation of the federal government or any state or local government.

Asset-Backed Securities

The Fund may invest in asset-backed securities. Asset-backed securities represent participations in, or are secured by and payable from, assets such as installment sales or loan contracts, leases, credit card receivables and other categories of receivables.

The repayment of certain asset-backed securities depends primarily on the cash collections received from the issuer's underlying asset portfolio and, in certain cases, the issuer's ability to issue replacement securities. As a result, there could be losses to the Fund in the event of credit or market value deterioration in the issuer's underlying portfolio, mismatches in the timing of the cash flows of the underlying asset interests and the repayment obligations of maturing securities, or the issuer's inability to issue new or replacement securities.

Tender Option Bonds

Municipal securities may also be in the form of a tender option bond, which is a municipal security (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term, tax-exempt rates. The bond is typically issued with the agreement of a third party, such as a bank, broker-dealer or other financial institution, which grants the security holders the option, at periodic intervals, to tender their securities to the institution. After payment of a fee to the financial institution that provides this option, a

security holder effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. An institution may not be obligated to accept tendered bonds in the event of certain defaults or a significant downgrade in the credit rating assigned to the issuer of the bond. There is a risk that the Fund will not be considered the owner of a tender option bond for federal income tax purposes and thus will not be entitled to treat such interest as exempt from regular federal income tax. Certain tender option bonds may be illiquid.

Illiquid Securities

The Fund may invest up to 20% of its total assets in illiquid securities, which are securities that the Fund cannot dispose of within seven days in the ordinary course of business at approximately the amount at which the Fund values the securities. Pioneer anticipates that its research efforts and investment approach will result in a significant portion of the Fund's assets being invested in thinly traded securities, including both illiquid securities and liquid securities as to which the trading market is less active than comparable issues.

Derivatives

The Fund may, but is not required to, use futures, options and swaps (including credit default swaps) on securities, indices and other derivatives. A derivative is a security or instrument whose value is determined by reference to the value or the change in value of one or more securities, indices or other financial instruments. Instead of investing directly in particular securities, the Fund may gain exposure to a security, issuer, index or basket of securities, or a market, by investing through the use of instruments such as derivatives, including credit default swaps, futures contracts, synthetic instruments and other instruments that are intended to provide similar economic exposure.

Other Securities

Normally, the Fund invests substantially all of its assets to meet its investment objective. The Fund may invest the remainder of its assets in securities with remaining maturities of less than one year, equity securities, cash equivalents or may hold cash. For temporary defensive purposes, the Fund may depart from its principal investment strategies and invest part or all of its assets in these securities or may hold cash. During such periods, the Fund may not be able to achieve its investment objective. See "Investment Objectives and Principal Investment Strategies."

Information Regarding the Investment Adviser

Pioneer, a wholly owned indirect subsidiary of UniCredit S.p.A. ("UniCredit"), serves as investment adviser to the Fund. Management fees payable under the Fund's advisory agreement with Pioneer are calculated daily at the annual rate of 0.60% of the Fund's average daily managed assets. "Managed assets" means the total assets of the Fund (including any assets attributable to leverage that may be outstanding) minus the sum of the accrued liabilities (other than liabilities representing financial leverage). The liquidation preference on any preferred shares is not a liability. See "Management of the Fund -- Investment Adviser."

Potential Conflicts of Interest. The Fund currently employs financial leverage in the form of Auction Preferred Shares. If the Fund continues to employ leverage, Pioneer will benefit because the Fund's managed assets

	will increase with leverage. Pioneer will also benefit from the increase in the managed assets as the result of the Offer.
Dividends and Distributions	The Fund's policy is to make monthly distributions to shareholders. Monthly distributions may include net short-term capital gains. Net long term capital gains, if any, will be distributed at least annually. See "Dividends and Distributions; Automatic Dividend Reinvestment Plan."
Automatic Dividend Reinvestment Plan	Pursuant to the Fund's automatic dividend reinvestment plan (the "Plan"), unless a shareholder is ineligible or elects otherwise, all dividend and capital gain distributions are automatically reinvested by American Stock Transfer & Trust Company, as agent for shareholders in administering the Plan (the "Plan Agent"), in additional common shares of the Fund. Shareholders who are ineligible or who elect not to participate in the Plan will receive all dividends and distributions payable in cash paid by check mailed directly to the shareholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by the Plan Agent, as dividend paying agent. See "Dividends and Distributions; Automatic Dividend Reinvestment Plan."
Provision for Conversion to Open-End Trust	The Board may at any time propose conversion of the Fund to an open-end management investment company depending on its judgment of the advisability of such action in light of circumstances then prevailing. If 75% of the Board approved the proposal, then a vote a majority of each affected class or series of securities outstanding would be required to approve such conversion. If less than 75% but more than 50% of the Board approved the proposal, then 75% of each affected class or series of securities outstanding would be required to approve such conversion. Conversion to an open-end investment company would make the shares redeemable at their NAV upon demand by shareholders. See "Description of Shares -- Conversion to Open-End Fund."
Repurchase of Shares	The Fund may, from time to time, take action to attempt to reduce or eliminate any market value discount from NAV. The Board, in consultation with Pioneer, will periodically review the possibility of open market repurchases or tender offers for common shares of the Fund. There can be no assurance that the Board will, in fact, decide to undertake either of these actions or, if undertaken, that such repurchases or tender offers will result in the common shares trading at a price which is equal to or close to NAV. The Fund may borrow to finance such repurchases or tenders. See "Repurchase of Shares."
Custodian and Transfer Agent	Brown Brothers Harriman & Co. acts as the Fund's custodian pursuant to a custody agreement. Pioneer Investment Management Shareholder Services, Inc., a wholly owned indirect subsidiary of UniCredit, through a sub-transfer agency agreement with American Stock Transfer & Fund Company provides substantially all transfer agent and shareowner services related to the Fund's common shares at negotiated rates. Deutsche Bank Trust Company Americas is the transfer agent, registrar, dividend paying agent and auction agent with respect to the Fund's Auction Preferred Shares.

Special Considerations and Risk Factors

The following summarizes some of the matters that you should consider before investing in connection with this Offer.

Risks of the Offer

Potential Dilution. If you do not exercise your Rights, you will, upon the completion of the Offer, own a smaller proportional interest in the Fund than you do now. In addition, because the Subscription Price per common share may be less than the then current NAV per common share, the completion of the Offer may result in an immediate dilution of the net asset value per common share for all existing shareholders. Such dilution could be substantial. If such dilution occurs, shareholders will experience a decrease in the net asset value per common share held by them, irrespective of whether they exercise all or any portion of their Rights. The Fund cannot state precisely the extent of this dilution because the Fund does not know what the NAV will be when the Offer expires, how many Rights will be exercised or the exact expenses of the Offer.

Reduction in Leverage. The Fund currently employs financial leverage in the form of Auction Preferred Shares, and past auctions for the Auction Preferred Shares have failed. Accordingly, it will be difficult to increase financial leverage following the Offer through the issuance of additional preferred shares, although the Fund may employ leverage through other means. A reduction in the extent of leverage employed through Auction Preferred Shares will reduce the potential benefits associated with such leverage to the Fund's common shareholders, including enhancement of income or return. A reduction in the Fund's use of financial leverage will dampen the effect of changing market conditions on the market price for common shares.

Potential Yield Reduction. The Offer is expected to present the opportunity to invest in higher yielding securities. There is no assurance that the Fund will be able to invest the proceeds of the Offer in higher yielding securities or that other potential benefits of the Offer will be realized. The Offer could reduce the Fund's current dividend yield if the Fund is unable to invest the proceeds of the Offer in securities that provide a yield sufficiently higher than the current dividend yield so as to offset the Fund's decreased leverage ratio as a result of the increase in net assets attributable to the Shares.

Share Price Volatility. Volatility in the market price of the Fund's shares may increase or decrease during the Offer. The Offer may result in some shareholders selling their shares, which would exert downward price pressure on the price of shares, while others wishing to participate in the Offer may buy Shares, having the opposite impact.

Under-Subscription. It is possible that the Offer will not be fully subscribed. Under-subscription of the Offer could have an impact on the net proceeds of the Offer and whether the Fund achieves the benefits described under "The Offer -- Purpose of the Offer."

Risks of Investing in the Fund The Fund is a closed-end investment company designed primarily as a long-term investment and not as a trading vehicle. The following are the general risks of investing in the Fund that affect the Fund's ability to achieve its investment objective. The risks below could lower the returns and distributions on the Fund's common shares. Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objectives.

- You could lose money on your investment in the Fund.

- Past auctions of the Fund's Auction Preferred Shares have failed, which has prevented the holders of the Auction Preferred Shares from selling their shares. It is possible that the holders of the Auction Preferred Shares may take action to cause the redemption of their shares, or that the Fund may otherwise voluntarily or involuntarily redeem some or all of the outstanding Auction Preferred Shares. Any such redemption could substantially reduce or eliminate the Fund's financial leverage, which would cause a reduction in the dividend yield for holders of the Fund's common shares. Pioneer and the Fund continue to explore various alternatives for re-financing the Auction Preferred Shares in order to provide liquidity for holders of Auction Preferred Shares, but they may not be successful in doing so on terms that are favorable to the holders of the Fund's common shares.

- The yields on and market prices of municipal securities are dependent on a variety of factors, including general conditions of the municipal securities market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The value of outstanding municipal securities will vary as a result of changing evaluations of the ability of their issuers to meet the interest and principal payments. Such values will also change in response to changes in the interest rates payable on new issues of municipal securities.

- The values of securities held by the Fund may fall due to general market conditions, such as real or perceived adverse economic, political or regulatory conditions, inflation, changes in interest or currency rates or adverse investor sentiment. Recently, the equity and debt capital markets in the United States and internationally have experienced unprecedented volatility. This ongoing financial crisis has caused a significant decline in the value and liquidity of many securities. These market conditions may continue or get worse, and they may not have the same impact on all types of securities. This environment could make identifying investment risks and opportunities especially difficult. The values of securities may fall due to factors affecting a particular issuer or sector or the securities market as a whole.

• Interest rates could go up, causing the value of debt securities in the Fund's portfolio to decline. This is known as interest rate risk (this risk may be greater for securities with longer maturities).

• During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration (a calculation of a security's future payments designed to measure sensitivity to interest rate changes), increase the security's sensitivity to interest rate changes and reduce the value of the security. This is known as extension risk.

• The issuer of a security owned by the Fund fails to pay principal and/or interest, otherwise defaults or is perceived to be less creditworthy, the security's credit rating is downgraded, or the credit quality of any underlying asset declines. This is known as credit risk. This risk is greater for the high yield securities than for securities of higher credit quality.

• The Fund may invest in securities which are subordinated to more senior securities of the issuer, or which represent interests in pools of such subordinated securities. Subordinated securities will be disproportionately affected by a default or even a perceived decline in creditworthiness of the issuer.

• New federal or state legislation, or other developments, adversely affects the tax-exempt status of securities held by the Fund or the financial ability of municipalities to repay these obligations.

• The issuer of a security owned by the Fund may not be able to make timely payments because of the ongoing severe economic downturn or increased governmental costs.

• To the extent the Fund concentrates its investments in a single state or securities the payments on which are dependent upon a single industry, the Fund will be more susceptible to risks associated with that state or industry. Since many municipal securities are issued to finance similar projects, such as those relating to education, health care, housing, utilities, and water and sewer, conditions in these industries can affect the overall municipal market.

• Particular investments held by the Fund may be difficult to sell, and as a result, the Fund's portfolio may be harder to value, especially in changing markets. The market for certain investments may become less liquid or illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. This is known as liquidity risk.

• Pioneer is incorrect in its expectation of changes in interest rates or the credit quality of an issuer.

• Leverage creates risks that may adversely affect the return for the holders of common shares, including:

Ø the likelihood of greater volatility of net asset value and market price of the Fund's common shares

Ø fluctuations in the dividend rates on any preferred shares or in interest rates on borrowings and short-term debt

Ø increased operating costs, which are borne entirely by the Fund's common shares and which may reduce the total return on the Fund's common shares

Ø the potential for a decline in the value of an investment acquired with leverage, while the Fund's obligations as a result of such leverage remain fixed

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- Illiquid securities may be difficult to dispose of at a fair price at times when the Fund believes it is desirable to do so.

- Derivatives involve special risks and costs and may result in losses to the Fund. Using derivatives can increase losses and reduce opportunities for gains when market prices, interest rates or currencies, or the derivative instruments themselves, behave in a way not anticipated by the Fund.

- Shares of closed-end funds frequently trade at a price lower than their net asset value. This is commonly referred to as "trading at a discount."

- The Fund's Agreement and Declaration of Trust and By-Laws 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 of Trustees. Such provisions could limit the ability of shareholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund.

For a discussion of these and other risks, see "Special Considerations And Risk Factors -- Risks Of Investing In The Fund."

Fees and Expenses

Shareholder Transaction Expenses	
Sales load (as a percentage of Subscription Price) (1)	None
Dividend reinvestment plan fees	None
Annual Fund Operating Expenses (as a percentage of net assets)	
Management Fee	0.60%
Other expenses(2)	[__]%
Total annual expenses (3)	[__]%
Total annual expenses plus preferred share dividends	[__]%

(1) No sales load will be charged by the Fund in connection with this Offer. However, Rightholders that choose to exercise their Rights through broker-dealers, banks or other nominees may incur a servicing fee charged by such broker-dealer, bank or nominee.
(2) Amounts are based on estimated amounts for the Fund's current fiscal year after giving effect to anticipated net proceeds of the Offer, assuming that all of the Rights are exercised, and do not include the expense of leverage.
(3) The [__]% expense ratio assumes that the Offer is fully subscribed, yielding estimated net proceeds of $[_____] (assuming a Subscription Price of $[_____] per Share) and that, as a result of the offer (based on the Fund's net assets attributable to shareholders on [_____], 2009 of $[_____], the net assets attributable to shareholders would be $[_____]. If the subscription rate of the Offer is 50%, "Other Expenses" would be [__]% (a difference of [__] basis points) and "Total Annual Expenses" would be [__]% (a difference of [__] basis points).

Example:

An investor would directly or indirectly pay the following expenses on a $1,000 investment, assuming a 5% annual return throughout the period.

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	$[__]	$[__]	$[__]	$[__]

The foregoing fee table and example are intended to assist investors in understanding the costs and expenses that an investor in the Fund will bear directly or indirectly.

The example set forth above assumes reinvestment of all dividends and distributions at NAV, and an annual expense ratio of [__]%. The table above and the assumption in the Example of a 5% annual return are required by the SEC regulations applicable to all management investment companies. The Example and Fee Table should not be considered a representation of past or future expenses or annual rates of return. Actual expenses or annual rates of return may be greater or lesser than those assumed for purposes of the Example and Fee Table. In addition, while the Example assumes reinvestment of all dividends and distributions at NAV, participants in the Plan may receive shares purchased or issued at a price or value different from NAV. See “Dividends and Distributions; Automatic Dividend Reinvestment Plan.”

FINANCIAL HIGHLIGHTS

The following financial highlights table is intended to help you understand the Fund’s financial performance. Certain information reflects financial results from a single Fund share. In the table, “total investment return” represents the rate that an investor would have earned on an investment in the Fund. The information in the financial highlights for the five years ended March 31, 2009 has been audited by [ ], independent registered public accounting firm, whose report appears in the Fund’s Annual Report to Shareholders. The Fund’s financial statements are included in the Fund’s Annual and Semi-Annual Reports and are incorporated by reference into the SAI. The Annual and Semi-Annual Reports may be obtained without charge by calling 1-800-225-6292 or visiting the Fund’s website, www.pioneerinvestments.com.

For The Years Ended March 31:

	2009	**2008**	**2007**	**2006**	**2005**
Net asset value, beginning of period					
Net investment income					
Net realized and unrealized gains from investment and foreign currency transactions					
Net increase from investment operations					
Dividends from net investment income					
Distributions from net realized gains from investment transactions					

Distributions from paid-in-capital
Distributions in excess of net investment income
Total dividends and distributions to Shareholders
Net increase in net asset value resulting from repurchase of common stock
Net asset value, end of period
Market value end of period

Total investment return
Ratios/Supplemental Date:
Net assets, end of period (000's)
Expenses to average net assets
Net investment income to average net assets
Portfolio turnover rate

INFORMATION REGARDING SENIOR SECURITIES

The following table shows certain information regarding senior securities of the Fund as of the dates indicated. The Fund has outstanding [__] shares of Auction Preferred Shares. The information has been audited by [ ], independent registered public accounting firm.

Asset Coverage

12 Months Ended March 31	Total Amount Outstanding	Asset Coverage Per Unit	Involuntary Liquidating Preference Per Unit	Approximate Market Value Per Unit
2009				
2008				
2007				
2006				
2005				
2004				

Trading and Net Asset Value Information

In the past, the Fund's common shares have traded at both a premium and at a discount in relation to NAV. Shares of closed-end investment companies such as the Fund frequently trade at a discount from NAV. See "Special Considerations and Risk Factors."

The Fund's common shares are listed and traded on the NYSE. The average weekly trading volume of the common shares on the NYSE during the twelve months ended March 31, 2009 was [_____] shares. The following table shows for the quarters indicated: (1) the high and low sale price of the common shares on the NYSE; (2) the high

and low NAV per share; and (3) the high and low premium or discount to NAV at which the Fund’s common shares were trading (as a percentage of NAV).

Fiscal Quarter Ended	Price		Net Asset Value		Premium/(Discount) To Net Asset Value	
	High	Low	High	Low	High	Low

Immediately prior to the Fund’s announcement of the Offer on [_____], 2009, the last reported sale price of a share of the Fund’s shares on the NYSE was $[__]. The Fund’s NAV per share on [_____], 2009 was $[__].

THE OFFER

Terms of the Offer

The Fund is issuing to its common shareholders, as of the close of business on the Record Date, Rights to subscribe for an aggregate of approximately [_____] Shares of the Fund, no par value per share. Each shareholder will receive [__] Right for each whole share held by the shareholder as of the Record Date. Such shareholders may transfer Rights to other persons. Existing shareholders of the Fund who retain all or part of their Rights and persons acquiring Rights from such shareholders are together referred to as “Rightholders.” For every [__] Rights that are held by a Rightholder, the Rightholder may subscribe for one new Share of the Fund ([__]-for-[__]). No fractional Shares will be issued. If a shareholder receives less than [__] Rights in total, that shareholder will be entitled to subscribe for one new Share. If a Rightholder exercises all of the Rights it received in the Primary Subscription, that Rightholder also may subscribe for Shares which were not otherwise subscribed for by others in the Primary Subscription pursuant to the Over-Subscription Privilege.

In the case of common shares held of record by Cede & Co. (“Cede”), nominee for The Depository Trust Company (“DTC”), or by any other depository or nominee, additional Rights to be received by beneficial owners for whom Cede, or any other depository or nominee is the holder of record, will be issued to Cede or such other depository or nominee only if Cede or such other depository or nominee provides to the Fund on or before the close of business on [_____], 2009, a written representation as to the number of additional Rights required for such issuance.

The Rights are transferable and will be admitted for trading on the NYSE. Assuming a market for the Rights exists, the Rights may be purchased and sold through usual brokerage channels until [_____], 2009 (or, if the Offer is extended, until a comparable number of business days before the final Expiration Date). In such case, a Rightholder will need to instruct his or her broker to sell any unexercised Rights in time for the broker to execute the transaction by the close of trading on [_____], 2009. Although no assurance can be given that a market for the Rights will develop, if such a market does develop on the NYSE, trading in the Rights on the NYSE may be conducted until and including the close of trading on the last NYSE trading day prior to the Expiration Date. The method by which the Rights may be transferred is set forth below in “Sale of Rights.”

Rights may be exercised at any time during the Subscription Period, which commences on [_____], 2009 and ends at 5:00 p.m., Eastern time, on the Expiration Date, unless extended by the Fund. The Rights are evidenced by a Subscription Certificate that will be mailed to shareholders, except as discussed below under “Foreign Restrictions.” The methods by which Rights may be exercised and payments may be made for Shares are set forth below in “Exercise of Rights” and “Payment for Shares.”

Exercising Rightholders, including both Rightholders purchasing Shares in the Primary Subscription and those who purchase Shares pursuant to the Over-Subscription Privilege (collectively, “Exercising Rightholders”), will not know the actual Subscription Price when they make their investment decision, because the Expiration Date and the date upon which the price of the Rights will be determined will be the same date.

If the market price of the Fund’s shares is below the Subscription Price, it may not be in your interest to participate in the Offer. Once you subscribe for Shares and the Fund receives payment or a guarantee of payment (as described under “The Offer -- Payment for Shares”), you will not be able to change your decision, except under the circumstances described under “Notice of NAV Decline.”

The Fund believes that issuance of transferable Rights to shareholders as of the Record Date, which themselves may have realizable value, will afford non-exercising shareholders the potential to receive a cash payment upon sale of such Rights. Shareholders who do not exercise their Rights in full will suffer a greater level of dilution of their interest in the Fund than shareholders who do. See "Special Considerations and Risk Factors."

Purpose of the Offer

The Fund is issuing Rights to purchase Shares at the Subscription Price. The Fund's Board of Trustees has determined that the Offer would be in the best interest of the Fund and its shareholders to increase the assets of the Fund in order to more fully take advantage of current and prospective investment opportunities consistent with the Fund's investment objectives. The Board also noted that an increase in the assets of the Fund may lower the Fund's expense ratio slightly by spreading the Fund's fixed costs over a larger asset base. In addition, the Board noted that an increase in the number of outstanding Shares could increase liquidity on the NYSE, where the Fund's common shares are traded.

The Offer provides shareholders the opportunity to purchase additional shares of the Fund's common shares at a price below the market price. The Board has structured the Offer in a way that is intended to provide all shareholders with an equal opportunity to exercise Rights and for the Fund to sell a substantial number of additional common shares. In particular, the Rights will be transferable so that non-exercising shareholders will have a chance to sell their Rights for some cash value and thus partially offset any potential dilution they will suffer by not exercising their Rights. In addition, the Board has established the Subscription Price and the exchange ratio with a view toward providing both an incentive to exercise Rights and an active trading market for the Rights.

Over-Subscription Privilege

If Rightholders do not exercise all of the Rights held by them in the Primary Subscription, any Shares for which subscriptions have not been received (the "Excess Shares") will be offered by means of the Over-Subscription Privilege to those Rightholders (including those Rightholders who acquired their Rights in the Subscription Period) who have exercised all the Rights held by them in the Primary Subscription and who wish to acquire more than the number of Shares for which the Rights held by them are exercisable. Rightholders who exercise in the Primary Subscription all of the Rights held by them will be asked to indicate on their Subscription Certificates how many Shares they are willing to acquire pursuant to the Over-Subscription Privilege. If sufficient Excess Shares remain as a result of unexercised Rights, all over-subscriptions will be honored in full. If sufficient Excess Shares are not available to honor all over-subscriptions, the available Shares will be allocated first among Rightholders who subscribe for an aggregate of [__] or fewer Shares (inclusive of Shares subscribed for by such Rightholders in the Primary Subscription). Shares remaining thereafter will be allocated among those who over-subscribe based on the number of Rights exercised by them in the Primary Subscription. The percentage of Excess Shares each over-subscribing Exercising Rightholder may acquire may be rounded up or down to result in delivery of whole Shares. The allocation process may involve a series of allocations in order to assure that the total number of Shares available for over-subscriptions is distributed on a pro rata basis. Each Rightholder is required to purchase all allocated Over-Subscription Shares requested on the Subscription Certificate.

The Over-Subscription Privilege may result in additional dilution of a shareholder's ownership percentage and voting rights.

The Fund will not otherwise offer or sell any Shares that are not subscribed for pursuant to the Primary Subscription or the Over-Subscription Privilege pursuant to the Offer.

Banks, broker-dealers, trustees and other nominee holders of rights will be required to certify to the Subscription Agent, before any Over-Subscription Privilege may be exercised with respect to any particular beneficial owner, as to the aggregate number of Rights exercised pursuant to the Primary Subscription and the number of Shares subscribed for pursuant to the Over-Subscription Privilege by such beneficial owner and that such beneficial owner's Primary Subscription was exercised in full.

For more information on how to exercise the Over-Subscription Privilege, see "Exercise of Rights" below.

The Subscription Price

The Subscription Price per Share will be the [greater/lesser] of: (i) [__]% of the NAV per share of the Fund on the Expiration Date or (ii) [__]% of the volume weighted average share price of the Fund on the NYSE on the Expiration Date and the [__] preceding business days.

The Fund announced the Offer after the close of trading on the NYSE on [_____], 2009. The NAV per Share at the close of business on [_____], 2009 and [_____], 2009 was $[__] and $[__], respectively, and the last reported sale price of a share on the NYSE on those dates was $[__] and $[__], respectively. Because the Offer expires before the actual Subscription Price is determined, Rightholders who decide to acquire Shares in the Primary Subscription or pursuant to the Over-Subscription Privilege will not know the purchase price of such Shares when they make such decision. Information about the Fund's NAV may be obtained by calling 1-800-225-6292.

Notice of NAV Decline

The Fund will suspend the Offer until it amends this prospectus if, after the effective date of this prospectus, the Fund's NAV declines more than [__]% from its NAV as of the effective date. In such event, the Fund will notify Rightholders of any such decline and permit Rightholders to cancel the exercise of their Rights. Rightholders will have their payment for additional Shares returned to them if they opt to cancel the exercise of their Rights.

Expiration of the Offer

The Offer will expire at 5:00 p.m., Eastern time, on the Expiration Date. The Rights will expire on the Expiration Date and thereafter may not be exercised. Any extension of the Offer will be followed as promptly as practicable by an announcement thereof. Such announcement will be issued no later than 9:00 a.m., Eastern time, on the next business day following the previously scheduled Expiration Date. Without limiting the manner in which the Fund may choose to make such announcement, the Fund will not, unless otherwise obligated by law, have any obligation to publish, advertise, or otherwise communicate any such announcement other than by making a release to the [Dow Jones News Service] or such other means of announcement as the Fund deems appropriate.

Subscription Agent

The Subscription Agent is [______]. The Subscription Agent will receive for its administrative, processing, invoicing and other services, a fee estimated to be $[__], which includes reimbursement for all out-of-pocket expenses related to the Offer. Questions regarding the Subscription Certificates should be directed to the Subscription Agent at [_____].

Completed Subscription Certificates must be sent together with proper payment of the Estimated Subscription Price for all shares subscribed for in the Primary Subscription and pursuant to the Over-Subscription Privilege to the Subscription Agent by one of the methods described below.

Alternatively, Notice of Guaranteed Delivery may be sent by facsimile to [_____] to be received by the Subscription Agent prior to 5:00 p.m., Eastern time, on the Expiration Date. Facsimiles should be confirmed by telephone at [_____]. The Fund will accept only properly completed and executed Subscription Certificates actually received at any of the addresses listed below, prior to 5:00 p.m., Eastern time, on the Expiration Date or by the close of business on the [__] Business Day after the Expiration Date following timely receipt of a Notice of Guaranteed Delivery. See "Payment for Shares" below.

Subscription Certificate Delivery Method	**Address**

By First-Class Mail	[_____]
By Overnight Courier or Express Mail	[_____]
By Hand	[_____]
By Broker-Dealer or other Nomine (Notice of Guaranteed Delivery)	Shareholder whose shares are held in a (Notice of Guaranteed Delivery) brokerage bank or trust account may contact their broker or other nominee and instruct them to submit a Notice of Guaranteed Delivery and Payment on their behalf.

Delivery to an address other than those listed above does not constitute a valid delivery.

[Information Agent

Any questions or requests for assistance may be directed to the Information Agent at its telephone number and address listed below:

[_____]

The Information Agent will receive a fee estimated to be $[____] and reimbursement for out-of-pocket expenses related to the Offer.

Shareholders may also contact their brokers or nominees for information with respect to the Offer.]

Exercise of Rights

Rights may be exercised by filling in and signing the Subscription Certificate and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to the Subscription Agent, together with payment for the Shares as described below under "Payment for Shares." Rightholders may also exercise Rights by contacting a broker, bank or trust company which can arrange, on behalf of the Rightholder, to guarantee delivery of payment and of a properly completed and executed Subscription Certificate. A fee may be charged for this service. Completed Subscription Certificates, along with the payment or guarantee of payment described below under "Payment for Shares," must be received by the Subscription Agent prior to 5:00 p.m., Eastern time on the Expiration Date at one of the offices of the Subscription Agent at the addresses set forth above.

Nominees who hold shares for the account of others should notify the respective beneficial owners of such shares as soon as possible to ascertain such beneficial owners' intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the nominee should complete the Subscription Certificate and submit it to the Subscription Agent with the proper payment as described under "Payment for Shares" below. In addition, such beneficial owners should contact the nominee and request the nominee to effect transactions in accordance with the beneficial owners' instructions. See "Subscription Agent."

Shareholders who are registered holders can choose between either option set forth under "Payment for Shares" below.

Payment for Shares

Exercising Rightholders who acquire Shares in the Primary Subscription or pursuant to the Over-Subscription Privilege may choose between the following methods of payment:

1. An Exercising Rightholder may send the Subscription Certificate, together with payment for the Shares acquired in the Primary Subscription and for any additional Shares subscribed for pursuant to the Over-Subscription Privilege, to the Subscription Agent, calculating the total payment on the basis of the estimated Subscription Price of

$[__] per Share. To be accepted, such payment, together with the properly completed and executed Subscription Certificate, must be received by the Subscription Agent at one of the Subscription Agent's offices at the addresses set forth above, prior to 5:00 p.m., Eastern time, on the Expiration Date. Exercise of the Rights by this method is subject to actual collection of checks by 5:00 p.m. on the [_____] business day after the Expiration Date. The Subscription Agent will deposit all Share purchase checks and any orders received by it prior to the Final Payment Date (as defined in "Confirmation of Subscription and Full Payment for Shares" below) in into a segregated interest bearing account pending proration and distribution of Shares or return of funds. All interest earned on such funds will accrue to the benefit of the Fund. **A payment pursuant to this method must be in U.S. dollars by money order or check drawn on a bank or branch located in the United States, must be payable to Pioneer Municipal High Income Advantage Trust and must accompany a properly completed and executed Subscription Certificate for such Subscription Certificate to be accepted.**

The method of delivery of Subscription Certificates and payment of the Subscription Price to the Fund will be at the election and risk of the Exercising Rightholders, but if sent by mail it is recommended that such Certificates and payments be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the Subscription Agent prior to 5:00 p.m., Eastern Time, on the Expiration Date and clearance of payment prior to 5:00 p.m., Eastern Time, on the [____] business day after the Expiration Date. Because uncertified personal checks may take at least five business days to clear, Rightholders are strongly urged to pay, or arrange for payment, by means of a certified or cashier's check or money order.

For an exercise of Rights to be valid under this method, the Exercising Rightholder must submit to the Subscription Agent any additional amount due for the Shares to be purchased by the Final Payment Date, as set forth in "Confirmation of Subscription and Full Payment for Shares" below.

2. Alternatively, a subscription will be accepted by the Subscription Agent if, prior to 5:00 p.m., Eastern time, on the Expiration Date, the Subscription Agent has received a Notice of Guaranteed Delivery by facsimile (telecopy) or otherwise from an NYSE member, a bank, a trust company, or other financial institution that is a member of the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the NYSE Medallion Signature Program, guaranteeing delivery of (i) payment of the full Subscription Price for the Shares subscribed for in the Primary Subscription and any additional Shares subscribed for pursuant to the Over-Subscription Privilege, and (ii) a properly completed and executed Subscription Certificate, and, if applicable, a Nominee Holder Over-Subscription Form. **For an exercise of Rights to be valid under this method, the Exercising Rightholder must submit to the Subscription Agent the full payment for the Shares to be purchased by the Final Payment Date, as set forth in "Confirmation of Subscription and Full Payment for Shares" below.**

Confirmation of Subscription and Full Payment for Shares

On or before the [_____] business day after the Expiration Date (the "Confirmation Date"), the Subscription Agent will send to each Exercising Rightholder (or, if Shares are held by Cede or any other depository or nominee, to Cede or such other depository or nominee), a confirmation showing: (i) the number of Shares purchased pursuant to the Primary Subscription and, if applicable, the Over-Subscription Privilege; (ii) the per Share and total purchase price for the Shares; (iii) any excess to be refunded by the Fund to such Rightholder as a result of payment for Shares pursuant to the Over-Subscription Privilege that the Rightholder is not acquiring; and (iv) any additional amount payable by such Rightholder to the Fund or any excess to be refunded by the Fund to such Rightholder, in each case, based on the actual Subscription Price as determined on the Expiration Date. Any additional payment required from Rightholders must be received by the Subscription Agent within [_____] business days after the Confirmation Date (the "Final Payment Date"). Any excess payment to be refunded by the Fund to a Rightholder will be mailed by the Subscription Agent as promptly as practicable.**An Exercising Rightholder will have no right to rescind a purchase after the Subscription Agent has received payment, either by means of a Notice of Guaranteed Delivery or a check, except under the circumstances described under "Notice of NAV Decline." See "Delivery of Share Certificates" below.**

Whichever of the two methods of payment described above is used, issuance of the Shares purchased is subject to collection of checks and actual full payment by the Final Payment Date. If a Rightholder who subscribes for Shares pursuant to the Primary Subscription or Over-Subscription Privilege does not make

payment of any amounts due by the Final Payment Date, the Subscription Agent reserves the right to take any or all of the following actions: (i) find other Rightholders for such subscribed and unpaid for Shares; (ii) apply any payment actually received by it toward the purchase of the greatest whole number of Shares which could be acquired by such Rightholder upon exercise of the Primary Subscription and/or Over-Subscription Privilege; and/or (iii) exercise any and all other rights or remedies to which it may be entitled, including, without limitation, the right to set off against payments actually received by it with respect to such subscribed Shares.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Subscription Agent, whose determinations will be final and binding. The Subscription Agent, in its sole discretion, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Subscription Agent determines in its sole discretion. The Subscription Agent will not be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Certificates or incur any liability for failure to give such notification.

Delivery of Share Certificates

Certificates representing Shares acquired in the Primary Subscription and representing Shares acquired pursuant to the Over-Subscription Privilege will be mailed promptly after the expiration of the Offer once full payment for such Shares has been received and cleared. Participants in the Fund’s Plan will have any Shares acquired in the Primary Subscription and pursuant to the Over-Subscription Privilege credited to their shareholder dividend reinvestment accounts in the Plan. Participants in the Plan wishing to exercise Rights for the shares held in their accounts in the Plan must exercise such Rights in accordance with the procedures set forth above. Shareholders whose shares of beneficial interest are held of record by Cede or by any other depository or nominee on their behalf or their broker-dealer’s behalf will have any Shares acquired in the Primary Subscription credited to the account of Cede or such other depository or nominee. Shares acquired pursuant to the Over-Subscription Privilege will be certificated and certificates representing such shares will be sent directly to Cede or such other depository or nominee. Share certificates will not be issued for Shares credited to Plan accounts.

Sale of Rights

Sales through Subscription Agent. Rightholders who do not wish to exercise any or all of their Rights may instruct the Subscription Agent to sell any unexercised Rights. Subscription Certificates representing the Rights to be sold by the Subscription Agent must be received by the Subscription Agent by 4:00 p.m. on [_____], 2009 (or if the Offer is extended, until two business days prior to the final Expiration Date). Upon the timely receipt by the Subscription Agent of appropriate instructions to sell Rights, the Subscription Agent will use its reasonable best efforts to complete the sale; and the Subscription Agent will remit the proceeds of sale, net of any commissions, to the Rightholders. No brokerage commissions will be charged to holders in connection with any sale of fewer than [__] Rights who elect to direct the Subscription Agent to sell such Rights in whole but not in part. Any commission on sales of [__] Rights or more will be paid by the selling Rightholders. If the Rights can be sold, sales of such Rights will be deemed to have been effected at the weighted-average price received by the Subscription Agent on the day such Rights are sold. The Subscription Agent will also attempt to sell all Rights which remain unclaimed as a result of Subscription Certificates being returned by the postal authorities to the Subscription Agent as undeliverable as of the [_____] business day prior to the Expiration Date. Such sales will be made net of commissions on behalf of the nonclaiming Rightholders. The Subscription Agent will hold the proceeds from those sales for the benefit of such nonclaiming Rightholders until such proceeds are either claimed or become subject to escheat. There can be no assurance that the Subscription Agent will be able to complete the sale of any such Rights, and neither the Fund nor the Subscription Agent has guaranteed any minimum sales price for the Rights. All such Rights will be sold at the market price, if any, on the NYSE.

Other Transfers. The Rights are transferable and will be admitted for trading on the NYSE. Assuming a market for the Rights develops, the Rights may be purchased and sold through usual brokerage channels until [_____], 2009 (or if the Offer is extended, until a comparable number of business days before the final Expiration Date). In such case, you will need to instruct your broker to sell any unexercised Rights in time for the broker to execute the transaction by the close of trading on [_____], 2009. The Rights evidenced by a single Subscription Certificate may be transferred in whole or in part by delivering to the Subscription Agent a Subscription Certificate properly endorsed for transfer, with instructions to register such portion of the Rights evidenced thereby in the name of the transferee and to issue a new Subscription Certificate to the transferee evidencing such transferred Rights. In such event, a new Subscription Certificate evidencing the balance of the Rights will be issued to the transferring Rightholder or, if the transferring Rightholder so instructs, to an additional transferee.

Except for the fees charged by the Subscription Agent and brokerage commissions on the sale of fewer than [__] Rights (which will be paid by the Fund as described above), all commissions, fees and other expenses (including brokerage commissions and transfer taxes) incurred in connection with the purchase, sale or exercise of Rights will be for the account of the transferor of the Rights and none of such commissions, fees or expenses will be paid by the Fund or the Subscription Agent.

The Fund anticipates that the Rights will be eligible for transfer through, and that the exercise of the Primary Subscription and the Over-Subscription Privilege may be effected through, the facilities of DTC.

Considerations for Certain Tax-Deferral Arrangements and Employee Plan

Special considerations apply with respect to shareholders of the Fund that are tax-deferral arrangements such as plans qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (“Code”) (including retirement and 401(k) plans and Keogh plans of self-employed individuals), individual retirement accounts under Section 408(a) of the Code (“IRAs”), Roth IRAs under section 408A of the Code, and custodial accounts under Section 403(b) of the Code (collectively, “Plans”). For example, additional contributions to a Plan (other than permitted rollover contributions or trustee-to-trustee transfers from other Plans) in order to exercise Rights, when taken together with other contributions made to the Plan, may exceed limits under the Code, resulting in (among other things) excise taxes for excess or nondeductible contributions or the Plan’s loss of its tax-favored status.

Due to the complexity of the foregoing rules and the taxes, penalties, and potential liability for noncompliance, shareholders which are Plans should consult with their counsel and other advisors before their exercise or transfer of Rights.

Certain Federal Income Tax Consequences of the Offer

The following discussion summarizes the principal federal income tax consequences of the Offer to a Rightholder that receives a Right in the Offering or purchases a Right from another Rightholder. It is based upon the Code, U.S. Treasury regulations, Internal Revenue Service rulings and judicial decisions in effect on the date of this prospectus, all of which may be subject to change or differing interpretation, possibly with retroactive effect. This discussion does not address all federal income tax aspects of the Offer that may be relevant to a particular Rightholder in light of his or her individual circumstances or to Rightholders subject to special treatment under the Code (such as insurance companies, financial institutions, tax-exempt entities, dealers in securities or traders electing mark-to-market treatment, partnerships and other entities treated as pass-through entities for federal income tax purposes, real estate investment trusts, regulated investment companies, Rightholders with functional currencies other than the U.S. Dollar, S corporations, Rightholders subject to the alternative minimum tax, governments and their agencies and instrumentalities, foreign corporations, and persons who are not citizens or residents of the United States), and it does not address any state, local or foreign tax consequences. Accordingly, each Rightholder should consult his or her own tax advisor as to the specific tax consequences of the Offer for him or her. Each Rightholder should also review the discussion of certain tax considerations affecting the Fund and its shareholders set forth under “Federal Income Taxation” below and under “Tax Status” in the SAI.

The principal U.S. federal income tax consequences to holders of Shares with respect to the Offer will be as follows:

1. The distribution of Rights to shareholders on the Record Date will not result in the recognition of taxable income to such shareholders nor will such shareholders recognize taxable income as a result of the exercise of the Rights.

2. The basis of a Right will be (a) to a holder of Shares to whom it is issued and who exercises or sells the Right (i) if the fair market value of the Right immediately after issuance is less than 15% of the fair market value of the Shares with regard to which it is issued, zero (in which case the holder's basis in the applicable Shares will not change), unless the shareholder irrevocably elects, by filing a statement with his or her timely filed federal income tax return for the year in which the Rights are received, to allocate the basis of the Shares between the Right and the Shares based on their respective fair market values immediately after the Right is issued, or (ii) if the fair market value of the Right immediately after issuance is 15% or more of the fair market value of the Shares with respect to which it is issued or the election referred to in the preceding clause (i) is made, a portion of the basis in the Shares based upon the respective fair market values of the applicable Shares and the Right immediately after the Right is issued (in which case the holder's basis in those Shares will be correspondingly reduced); (b) to a holder of Shares to whom it is issued and who allows the Right to expire, zero (in which case the basis in the applicable Shares will not change); or (c) to anyone who purchases the Right from a Rightholder, the purchase price for the Right.
3. The holding period of a Right received by a shareholder on the Record Date includes the holding period of the Shares with regard to which the Right is issued. The holding period of a Right purchased from a Rightholder will begin on the date of such purchase.
4. Any gain or loss on the sale of a Right will be treated as a capital gain or loss if the Right is a capital asset in the hands of the seller. Such a capital gain or loss will be long-term capital gain or loss if the holding period of the Right, determined in accordance with paragraph 3 above, is greater than one year, and otherwise will be short-term capital gain or loss. A Right issued with regard to Shares will be a capital asset in the hands of the person to whom it is issued if the Shares were a capital asset in the hands of that person. If a Right is allowed to expire, there will be no loss realized unless the Right had been acquired by purchase, in which case there will be a loss equal to the basis of the Right.
5. If the Right is exercised, the exercising Rightholder's basis in the Shares received will include the Rightholder's basis in the Right and the amount paid upon exercise of the Right.
6. If the Right is exercised, the holding period of the Shares acquired by the exercising Rightholder begins on the date the Right is exercised, and does not include the holding period of the Shares with respect to which the Right is issued.

The foregoing is a general summary of the principal federal income tax consequences of the Offer and exercising Rightholders under federal income tax laws presently in effect, and does not cover any state, local, foreign, or non-income tax consequences of the Offer. Shareholders should consult their own tax advisors concerning the tax consequences of this transaction. See "Federal Income Taxation."

Foreign Restrictions

Subscription Certificates will not be mailed to shareholders whose record addresses are outside the United States (the term "United States" includes the states, the District of Columbia, and the territories and possessions of the United States). However, foreign shareholders will receive written notice of the Offer. The Rights to which such Subscription Certificates relate will be held by the Subscription Agent for such foreign shareholders' accounts until instructions are received to exercise the Rights. If no instructions have been received by [_____], Eastern time, [_____] business days prior to the Expiration Date regarding the Rights of those foreign shareholders, the Subscription Agent will use its reasonable best efforts to sell the Rights of those foreign shareholder on the NYSE. The net proceeds, if any, from the sale of those Rights will be remitted to the foreign shareholder.

USE OF PROCEEDS

Assuming all Shares offered hereby are sold at the estimated Subscription Price of $[_] per Share, the net proceeds of the Offer will be approximately $[_]. The net proceeds of the Offer will be invested in accordance with the Fund's investment objective and policies. Pioneer anticipates that investment of the net proceeds will occur shortly after their receipt by the Fund, depending on market conditions and the availability of appropriate securities. To the extent there is any delay in investing the proceeds, the proceeds may be invested in U.S. government securities or high-quality, short-term money market instruments, cash or cash equivalents, pending investments of the proceeds. See "Investment Objectives and Principal Investment Strategies."

THE FUND

The Fund was organized as a trust under the laws of the State of Delaware on August 6, 2003, and it is registered under the 1940 Act. The Fund has been engaged in business as a diversified, closed-end management investment company since October 20, 2003, when it completed an initial public offering of 20,500,000 common shares of beneficial interest, par value $0.00 per share. On November 26, 2003, the Fund issued 1,984,498 common shares of beneficial interest pursuant to an over-allotment option. The Fund's common shares are traded on the NYSE under the symbol "MAV." As of [_____], 2009, the Fund's NAV was $[_____] and the Fund's last reported sale price was $[_____].

On December 19, 2003, the Fund issued 3,000 Series A Auction Preferred Shares and 3,000 Series B Auction Preferred Shares, par value $0.0001 per share.

The Fund's principal office is located at 60 State Street, Boston, Massachusetts, 02109 and its telephone number is (617) 742-7825.

The following provides information about the Fund's outstanding shares as of [_____], 2009:

Amount Outstanding

Title of Class	Amount Authorized	Amount Held by the Fund or for Its Account	Exclusive of Amount Held by the Fund or for Its Account
Common Shares	Unlimited		
Auction Preferred Shares (Series A)	Unlimited		
Auction Preferred Shares (Series B)	Unlimited		

INVESTMENT OBJECTIVES AND PRINCIPAL INVESTMENT STRATEGIES

Investment Objectives

The Fund's primary investment objective is to provide its common shareholders with a high level of current income exempt from regular federal income tax. As a secondary investment objective, the Fund may seek capital appreciation to the extent consistent with its primary investment objective. Distributions from sources other than interest income from the Fund's portfolio of municipal securities including capital gain distributions, are not exempt from regular federal income tax. The Fund's investment objective and its policy discussed under "Portfolio Contents" with respect to investment in municipal securities are fundamental policies and may not be changed without the approval of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund. There can be no assurance that the Fund will achieve its investment objectives.

Principal Investment Strategies

The Fund may invest in municipal securities with a broad range of maturities and credit ratings, including both investment grade and below investment grade municipal securities. In managing the Fund's portfolio, Pioneer adjusts the portfolio's duration and overall credit quality in light of changing market and economic conditions. In making decisions with respect to specific municipal securities for the Fund's portfolio, Pioneer employs a disciplined approach, driven primarily by proprietary research regarding prevailing interest rates, economic

fundamentals at both the national and state level and in-depth credit research conducted by Pioneer's investment staff.

Portfolio Contents

Under normal market conditions, the Fund seeks to achieve its investment objectives by investing substantially all (at least 80%) of its assets (net assets plus borrowing for investment purposes) in debt securities and other obligations issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, the interest on which is exempt from regular federal income tax ("municipal securities"). Municipal securities are often issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, housing, hospitals, mass transportation, schools, streets and water and sewer works.

Municipal securities include private activity bonds, pre-refunded municipal securities and auction rate securities. The municipal securities in which the Fund invests may have fixed or variable principal payments and all types of interest rate payments and reset terms, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment in kind and auction rate features. Although distributions of interest income from the Fund's municipal securities are generally exempt from regular federal income tax, distributions from other sources, including capital gain distributions, are not. In addition, any gains from the sale of common shares are not generally exempt from regular federal income tax. All or any portion of the Fund's total assets may be invested in municipal securities the interest income on which is a preference item for purposes of the alternative minimum tax for individuals or entities that are subject to such tax. All interest on municipal securities may result in or increase a corporate shareholder's liability for federal alternative minimum tax. Shareholders should consult a tax adviser about whether an alternative minimum tax applies to them and about state and local taxes on their distributions from the Fund.

Security Selection

The Fund's investment in revenue obligations will emphasize municipal securities backed by revenue from essential services, such as hospitals and healthcare, power generation, transportation, education and housing. Pioneer considers both broad economic and issuer specific factors in selecting a portfolio designed to achieve the Fund's investment objectives. In assessing the appropriate maturity, rating and sector weightings of the Fund's portfolio, Pioneer considers a variety of factors that are expected to influence economic activity and interest rates. These factors include fundamental economic indicators, such as the rates of economic growth and inflation, Federal Reserve monetary policy and the relative value of the U.S. dollar compared to other currencies. Once Pioneer determines the preferable portfolio characteristics, Pioneer selects individual securities based upon the terms of the securities (such as yields compared to U.S. Treasuries or comparable issues), liquidity and rating, sector and issuer diversification.

Pioneer attempts to identify investment grade and below investment grade municipal securities that are trading at attractive valuations relative to Pioneer's evaluation of the issuer's creditworthiness and, with respect to private activity bonds, the profit potential of the corporation from which the revenue supporting the bonds is derived. Pioneer's overall investment approach is both top-down and bottom-up. Pioneer first seeks to identify the sectors or regions of the municipal securities market that present the best relative value opportunities and then bases the Fund's overall sector and regional weightings on that determination. Once Pioneer establishes the overall regional and sector weightings, Pioneer focuses on selecting those securities within each sector or region that meet its fundamental criteria. In determining sector weightings, the Fund's portfolio management team also maintains frequent contact with Pioneer's investment professionals who follow U.S. equities and those who focus on corporate fixed income investments. In many cases, Pioneer will augment its municipal securities credit research and security selection processes with equity research analysis. Pioneer has a fundamental bias toward long-term security selection rather than engaging in frequent "market timing" or short-term trading. There can be no assurance that this process will be successful.

Duration Management

Pioneer will actively manage the duration of the Fund's portfolio of municipal securities based primarily on Pioneer's outlook for interest rates. Pioneer will consider economic trends, Federal Reserve Board actions and capital markets activity, among other factors, in developing its outlook for interest rates. Pioneer believes that maintaining duration at an appropriate level offers the potential for above-average returns while limiting the risks of interest rate volatility. Duration is a measure of the expected life of a debt security that is used to determine the sensitivity of the security's price to changes in interest rates. Pioneer will modify the average duration of the Fund's portfolio in response to economic and market conditions. The Fund may employ certain strategies to reduce the Fund's interest rate sensitivity, including investments in interest rate swap or cap transactions. There is no assurance that the Fund will do so or that such strategies will be successful.

Credit Management

The Fund may invest in municipal securities with a broad range of credit ratings, including both investment grade and below investment grade municipal securities. At least 40% of the Fund's portfolio of municipal securities will be rated investment grade at the time of acquisition (that is, at least Baa by Moody's or BBB by S&P) or, if unrated, determined by Pioneer to be of comparable credit quality. No more than 60% of the Fund's portfolio of municipal securities will be rated below investment grade at the time of acquisition (that is, Ba or lower by Moody's or BB or lower by S&P) or, if unrated, determined by Pioneer to be of comparable credit quality. No more than 10% of the Fund's portfolio of municipal securities will be rated at the time of acquisition lower than B by Moody's and S&P or, if unrated, determined by Pioneer to be of comparable credit quality.

Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal and are commonly referred to as "junk bonds" or "high yield securities." They involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated municipal securities.

Municipal securities rated Ba or BB may face significant ongoing uncertainties or exposure to adverse business, financial or economic conditions that could lead to the issuer being unable to meet its financial commitments.

The protection of interest and principal payments may be moderate and not well-safeguarded during both good and bad times. Municipal securities rated B generally lack the characteristics of a desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be low, and such municipal securities are more vulnerable to nonpayment than obligations rated BB. Adverse business, financial or economic conditions will likely impair the issuer's capacity or willingness to meet its financial commitment on municipal securities. Municipal securities rated Caa, Ca or C by Moody's or CCC, CC or C by S&P are generally speculative to a high degree. These municipal securities may be in default or there may be present elements of danger with respect to principal or interest. Generally, issuers are dependent upon favorable business, financial and economic conditions to meet their financial commitment on such municipal securities. The Fund may invest in high yield municipal securities of any rating, including securities that are in default at the time of purchase.

Pioneer will determine the allocation of the Fund's assets among securities with different credit ratings depending upon Pioneer's evaluation of factors such as the spread between the yields on municipal securities of different ratings, changes in default rates, general economic conditions and the outlook for fiscal issues facing municipal issuers. Generally, as the spread between the yield on investment grade and non-investment grade securities widens, Pioneer will allocate a greater portion of the Fund's assets to non-investment grade municipal securities. If the spread based on relative credit quality narrows, Pioneer may determine that high yield municipal securities no longer offer a sufficient risk premium and increase the average credit quality of the Fund's portfolio. As the economy strengthens and the default risk lessens, Pioneer may increase the Fund's investment in lower quality non-investment grade securities. Pioneer also seeks to mitigate the risks of investing in below investment grade securities through a disciplined approach, driven primarily by fundamental research to assess an issuer's credit quality and the relative value of its securities. With respect to investments in below investment grade private activity bonds, Pioneer also seeks to leverage its corporate credit research capabilities by selecting securities for the Fund payable by revenue derived from issuers followed by its staff focusing on below investment grade corporate issuers. Pioneer believes that a prudent blend of investment grade and non-investment grade municipal securities offers investors the opportunity for high current yield while managing credit risk.

Securities Ratings

Securities rated Baa by Moody’s are considered by Moody’s as medium to lower medium investment grade securities; they are neither highly protected nor poorly secured; interest payments and principal security appear to Moody’s to be adequate for the present, but certain protective elements may be lacking or may be characteristically unreliable over time; and in the opinion of Moody’s, securities in this rating category lack outstanding investment characteristics and in fact have speculative characteristics as well. Securities rated BBB by S&P are regarded by S&P as having an adequate capacity to pay interest and to repay principal; while such securities normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely, in the opinion of S&P, to lead to a weakened capacity to pay interest and repay principal for securities in this category than in higher rating categories. Municipal securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and to repay principal and are commonly referred to as “junk bonds” or “high yield securities.” Such securities involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated municipal securities.

The descriptions of the investment grade rating categories by Moody’s and S&P, including a description of their speculative characteristics, are set forth in the Statement of Additional Information. All references to securities ratings by Moody’s and S&P in this Prospectus shall, unless otherwise indicated, include all securities within each such rating category (that is, (1), (2) and (3) in the case of Moody’s and (+) and (-) in the case of S&P). All percentage and ratings’ limitations on securities in which the Fund may invest shall apply at the time of making an investment and shall not be considered violated if an investment rating is subsequently downgraded to a rating that would have precluded the Fund’s initial investment in such security. The Fund is not required to dispose of a security in the event a rating agency downgrades or withdraws its rating of a security. In the event that the Fund disposes of a portfolio security subsequent to its being downgraded, the Fund may experience a greater risk of loss than if such security had been sold prior to such downgrading. When a security is rated by more than one of these rating agencies, Pioneer will use the highest rating in applying its investment policies.

Municipal Securities

Municipal securities are often issued to obtain funds for various public purposes, including refunding outstanding obligations, funding for general operating expenses and lending to other public institutions and facilities.

Municipal securities also include certain “private activity bonds” or industrial development bonds, which are issued by or on behalf of public authorities to provide financing aid to acquire sites or construct or equip facilities within a municipality for privately or publicly owned corporations. The two principal classifications of municipal securities are “general obligations” and “revenue obligations.” General obligations are secured by the issuer’s pledge of its full faith and credit for the payment of principal and interest, although the characteristics and enforcement of general obligations may vary according to the law applicable to the particular issuer. Revenue obligations, which include, but are not limited to, private activity bonds, certificates of participation and certain municipal notes, are not backed by the credit and taxing authority of the issuer and are payable solely from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. The obligations of the issuer of a revenue obligation may, in addition, be backed by a letter of credit from a bank, a guarantee from another issuer or insurance. The credit rating assigned to municipal securities may reflect the existence of these guarantees, letters of credit or other credit enhancement features.

General obligations and revenue obligations may be issued in a variety of forms, including commercial paper, fixed, variable and floating rate securities, tender option bonds, auction rate bonds, zero coupon bonds, deferred interest bonds and capital appreciation bonds. In addition to general obligations and revenue obligations, there are a variety of hybrid and special types of municipal securities.

One or a small number of institutional investors such as the Fund may purchase an entire issue of municipal securities. Thus, the issue may not be said to be publicly offered. Unlike some securities that are not publicly offered, a secondary market exists for many municipal securities that were not publicly offered initially and such securities may be readily marketable.

Although distributions of interest income from the Fund’s municipal securities are generally exempt from regular federal income tax, distributions from other sources, including capital gain distributions, and any gains on the sale of your common shares are not. You should consult your tax adviser as to whether the alternative minimum tax applies to you and as to whether you will be subject to state and local taxes on your distributions from the Fund.

From time to time, proposals have been introduced before Congress for the purpose of restricting or eliminating the federal income tax exemption for interest on municipal securities. The Fund cannot predict what legislation, if any, may be proposed in the future in Congress regarding the federal income tax status of interest on municipal securities. Such proposals, if enacted, might materially and adversely affect the Fund.

Municipal Leases and Certificates of Participation

The Fund may invest in municipal leases and certificates of participation in such leases. A municipal lease is an obligation in the form of a lease or installment purchase that is issued by a state or local government to acquire equipment and facilities. Income from such obligations is generally exempt from state and local taxes in the state of issuance. Municipal leases frequently involve special risks not normally associated with general obligations or revenue obligations. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of “non-appropriation” clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event the issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and result in a delay in recovering or the failure fully to recover the Fund’s original investment. To the extent that the Fund invests in unrated municipal leases or participates in such leases, the credit quality and risk of cancellation of such unrated leases will be monitored on an ongoing basis.

A certificate of participation represents an undivided interest in an unmanaged pool of municipal leases, installment purchase agreements or other instruments.

The certificates are typically issued by a municipal agency, a trust or other entity that has received an assignment of the payments to be made by the state or political subdivision under such leases or installment purchase agreements. Such certificates provide the Fund with the right to a pro rata undivided interest in the underlying municipal securities. In addition, such participations generally provide the Fund with the right to demand payment, on not more than seven days’ notice, of all or any part of the Fund’s participation interest in the underlying municipal securities, plus accrued interest.

Certain municipal lease obligations and certificates of participation may be deemed to be illiquid for the purpose of the Fund’s limitation on investments in illiquid securities. Other municipal lease obligations and certificates of participation acquired by the Fund may be determined by Pioneer, pursuant to guidelines adopted by the Trustees, to be liquid securities for the purpose of such limitation. In determining the liquidity of municipal lease obligations and certificates of participation, Pioneer will consider a variety of factors, including: (i) the willingness of dealers to bid for the obligation; (ii) the number of dealers willing to purchase or sell the obligation and the number of other potential buyers; (iii) the frequency of trades or quotes for the obligation; and (iv) the nature of the marketplace trades. In addition, Pioneer will consider factors unique to particular lease obligations and certificates of participation affecting the marketability thereof. These include the general creditworthiness of the issuer, the importance to the issuer of the property covered by the lease and the likelihood that the marketability of the obligation will be maintained throughout the time the obligation is held by the Fund.

Municipal Leases

Municipal securities in the form of notes generally are used to provide for short-term capital needs, in anticipation of an issuer’s receipt of other revenues or financing, and typically have maturities of up to three years. Such instruments may include tax anticipation notes, revenue anticipation notes, bond anticipation notes, tax and revenue anticipation notes and construction loan notes. Tax anticipation notes are issued to finance the working capital needs

of governments. Generally, they are issued in anticipation of various tax revenues, such as income, sales, property, use and business taxes, and are payable from these specific future taxes. Revenue anticipation notes are issued in expectation of receipt of other kinds of revenue, such as federal revenues available under federal revenue sharing programs. Bond anticipation notes are issued to provide interim financing until long-term bond financing can be arranged. In most cases, the long-term bonds then provide the funds needed for repayment of the notes. Tax and revenue anticipation notes combine the funding sources of both tax anticipation notes and revenue anticipation notes.

Construction loan notes are sold to provide construction financing. Mortgage notes insured by the Federal Housing Authority secure these notes; however, the proceeds from the insurance may be less than the economic equivalent of the payment of principal and interest on the mortgage note if there has been a default. The anticipated revenues from taxes, grants or bond financing generally secure the obligations of an issuer of municipal notes. An investment in such instruments, however, presents a risk that the anticipated revenues will not be received or that such revenues will be insufficient to satisfy the issuer’s payment obligations under the notes or that refinancing will be otherwise unavailable.

Tax-Exempt Commercial Paper

Issues of commercial paper typically represent short-term, unsecured, negotiable promissory notes. These obligations are issued by state and local governments and their agencies to finance the working capital needs of municipalities or to provide interim construction financing and are paid from general revenues of municipalities or are refinanced with long-term debt. In most cases, tax-exempt commercial paper is backed by letters of credit, lending agreements, note repurchase agreements or other credit facility agreements offered by banks or other institutions.

Pre-Funded Municipal Securities

The principal of and interest on pre-refunded municipal securities are no longer paid from the original revenue source for the securities. Instead, the source of such payments is typically an escrow fund consisting of U.S. government securities. The assets in the escrow fund are derived from the proceeds of refunding bonds issued by the same issuer as the pre-refunded municipal securities. Issuers of municipal securities use this advance refunding technique to obtain more favorable terms with respect to securities that are not yet subject to call or redemption by the issuer. For example, advance refunding enables an issuer to refinance debt at lower market interest rates, restructure debt to improve cash flow or eliminate restrictive covenants in the indenture or other governing instrument for the pre-refunded municipal securities. However, except for a change in the revenue source from which principal and interest payments are made, the pre-refunded municipal securities remain outstanding on their original terms until they mature or are redeemed by the issuer.

Private Activity Bonds

Private activity bonds, formerly referred to as industrial development bonds, are issued by or on behalf of public authorities to obtain funds to provide privately operated housing facilities, airport, mass transit or port facilities, sewage disposal, solid waste disposal or hazardous waste treatment or disposal facilities and certain local facilities for water supply, gas or electricity.

Other types of private activity bonds, the proceeds of which are used for the construction, equipment, repair or improvement of privately operated industrial or commercial facilities, may constitute municipal securities, although the current federal tax laws place substantial limitations on the size of such issues. The Fund’s distributions of its interest income from private activity bonds may subject certain investors to the federal alternative minimum tax.

Asset-Backed Securities

The Fund may invest in asset-backed securities. Asset-backed securities represent participations in, or are secured by and payable from, assets such as installment sales or loan contracts, leases, credit card receivables and other categories of receivables.

The repayment of certain asset-backed securities depends primarily on the cash collections received from the issuer's underlying asset portfolio and, in certain cases, the issuer's ability to issue replacement securities. As a result, there could be losses to the Fund in the event of credit or market value deterioration in the issuer's underlying portfolio, mismatches in the timing of the cash flows of the underlying asset interests and the repayment obligations of maturing securities, or the issuer's inability to issue new or replacement securities. Upon the occurrence of certain triggering events or defaults, the investors in a security held by the Fund may become the holders of underlying assets at a time when those assets may be difficult to sell or may be sold only at a loss. In the event of a default, the value of the underlying collateral may be insufficient to pay certain expenses, such as litigation and foreclosure expenses. Privately issued asset-backed securities are not traded on an exchange and may have a limited market. Without an active trading market, these securities may be particularly difficult to value given the complexities in valuing the underlying collateral.

Certain asset-backed securities may pay principal only at maturity or may represent only the right to receive payments of principal or interest on the underlying obligations, but not both. The value of these types of instruments may change more drastically than debt securities that pay both principal and interest during periods of changing interest rates. Principal only instruments generally increase in value if interest rates decline, but are also subject to the risk of prepayment. Interest only instruments generally increase in value in a rising interest rate environment when fewer of the underlying obligations are prepaid. Interest only instruments could lose their entire value in a declining interest rate environment if the underlying obligations are prepaid.

The Fund may invest in asset-backed securities issued by special entities, such as trusts, that are backed by a pool of financial assets. The Fund may invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. A CDO is a trust backed by a pool of fixed income securities. The trust typically is split into two or more portions, called tranches, which vary in credit quality, yield, credit support and right to repayment of principal and interest. Lower tranches pay higher interest rates but represent lower degrees of credit quality and are more sensitive to the rate of defaults in the pool of obligations. The risks of an investment in a CDO depend largely on the type of the underlying obligations (e.g., an underlying obligation may decline in quality or default) and the tranche of the CDO in which the Fund invests (e.g., the Fund may invest in a tranche of CDO that is subordinate to other tranches). Investments in CDOs may be characterized by the Fund as illiquid securities, which may be hard to value and difficult to sell at an advantageous time or price.

Tender Option Bonds

A tender option bond is a municipal security (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term, tax-exempt rates. The bond is typically issued with the agreement of a third party, such as a bank, broker-dealer or other financial institution, which grants the security holders the option, at periodic intervals, to tender their securities to the institution and receive the face value thereof. As consideration for providing the option, the financial institution receives periodic fees equal to the difference between the bond's fixed coupon rate and the rate, as determined by a remarketing or similar agent at or near the commencement of such period, that would cause the securities, coupled with the tender option, to trade at par on the date of such determination. Thus, after payment of this fee, the security holder effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. However, an institution will not be obligated to accept tendered bonds in the event of certain defaults or a significant downgrade in the credit rating assigned to the issuer of the bond.

The liquidity of a tender option bond is a function of the credit quality of both the bond issuer and the financial institution providing liquidity. Tender option bonds are deemed to be liquid unless, in the opinion of Pioneer, the credit quality of the bond issuer and the financial institution is deemed, in light of the Fund's credit quality requirements, to be inadequate and the bond would not otherwise be readily marketable. The Fund invests in tender option bonds the interest on which will, in the opinion of bond counsel, counsel for the issuer of interests therein or counsel selected by Pioneer, be exempt from regular federal income tax. However, because there can be no assurance that the Internal Revenue Service (the "IRS") will agree with such counsel's opinion in any particular case, there is a risk that the Fund will not be considered the owner of such tender option bonds and thus will not be entitled to treat such interest as exempt from such tax. Additionally, the federal income tax treatment of certain other aspects of these investments, including the proper tax treatment of tender option bonds and the associated fees in relation to various regulated investment company tax provisions, is unclear. The Fund manages its portfolio in a manner designed to eliminate or minimize any adverse impact from the tax rules applicable to these investments.

Auction Rate Municipal Securities

The Fund may invest in auction rate municipal securities. Provided that the auction mechanism is successful, auction rate municipal securities usually permit the holder to sell the securities in an auction at par value at specified intervals. The dividend is reset by a "Dutch" auction in which bids are made by broker-dealers and other institutions for a certain amount of securities at a specified minimum yield. The dividend rate set by the auction is the lowest interest or dividend rate that covers all securities offered for sale. While this process is designed to permit auction rate municipal securities to be traded at par value, there is some risk that an auction will fail due to insufficient demand for the securities. The Fund will take the time remaining until the next scheduled auction date into account for the purpose of determining the securities' duration.

Illiquid Securities

The Fund may invest in bonds or other municipal securities that lack a secondary trading market or are otherwise considered illiquid. Liquidity of a security relates to the ability easily to dispose of the security and the price to be obtained upon disposition of the security, which may be less than would be obtained for a comparable, more liquid security. The Fund may invest up to 20% of its total assets in investments that are not readily marketable, and it may also invest in securities that are subject to contractual restrictions on resale. Securities issued pursuant to Rule 144A under the Securities Act, and certain commercial paper that Pioneer determines to be liquid under procedures approved by the Board of Trustees are not subject to these restrictions. Such investments may affect the Fund's ability to realize its net asset value in the event of a voluntary or involuntary liquidation of its assets. See "Net Asset Value" for information with respect to the valuation of illiquid securities.

Structured Securities

The Fund may invest in structured securities. The value of the principal and/or interest on such securities is determined by reference to changes in the value of specific currencies, interest rates, commodities, indices or other financial indicators ("reference") or the relative change in two or more references. The interest rate or the principal amount payable upon maturity or redemption may be increased or decreased depending upon changes in the reference. The terms of the structured securities may provide, in certain circumstances, that no principal is due at maturity and, therefore, may result in a loss of the Fund's investment. Changes in the interest rate or principal payable at maturity may be a multiple of the changes in the value of the reference. Consequently, structured securities may entail a greater degree of market risk than other types of fixed income securities.

Insured Municipal Securities

The Fund may invest in "insured" municipal securities, which are securities for which scheduled payments of interest and principal are guaranteed by a private (non-governmental) insurance company. The insurance only entitles the Fund to receive at maturity the face or par value of the securities held by the Fund. The insurance does not guarantee the market value of the municipal securities or the value of the shares of the Fund. The Fund may utilize new issue or secondary market insurance. A bond issuer who wishes to increase the credit rating of a security purchases a new issue insurance policy. By paying a premium and meeting the insurer's underwriting standards, the bond issuer is able to obtain a high credit rating (usually, Aaa from Moody's or AAA from S&P) for the issued security. Such insurance is likely to increase the purchase price and resale value of the security. New issue insurance policies are non-cancelable and continue in force as long as the bonds are outstanding. A secondary market insurance policy is purchased by an investor subsequent to a bond's original issuance and generally insures a particular bond for the remainder of its term.

Standby Commitments

In order to enhance the liquidity of municipal securities, the Fund may acquire the right to sell a security to another party at a guaranteed price and date. Such a right to resell may be referred to as a "standby commitment" or "liquidity put," depending on its characteristics. The aggregate price which the Fund pays for securities with standby commitments may be higher than the price which otherwise would be paid for the securities. Standby commitments may not be available or may not be available on satisfactory terms. Standby commitments may involve letters of credit issued by domestic or foreign banks supporting the other party's ability to purchase the security. The right to sell may be exercisable on demand or at specified intervals and may form part of a security or be acquired separately by the Fund.

Because the period prior to the put date is generally less than 365 days, the Fund generally values the municipal securities subject to standby commitments at amortized cost. The Board of Trustees has adopted procedures pursuant to which Pioneer may determine that amortized cost represents the fair value of these securities. The exercise price of the standby commitments is expected to approximate such amortized cost. Consequently, no separate value is assigned to standby commitments for purposes of determining the Fund's net asset value. The cost of a standby commitment is carried as unrealized depreciation from the time of purchase until it is exercised or expires. Since the value of a standby commitment is dependent on the ability of the standby commitment writer to meet its obligation to repurchase, the Fund's policy is to enter into standby commitment transactions only with banks, brokers or dealers that present a minimal risk of default.

However, this policy reduces, but does not eliminate, the risk of default by the standby commitment writer.

Zero Coupon Securities

The securities in which the Fund invests may include zero coupon securities, which are debt obligations that are issued or purchased at a significant discount from face value. The discount approximates the total amount of interest the security will accrue and compound over the period until maturity or the particular interest payment date at a rate of interest reflecting the market rate of the security at the time of issuance. Zero coupon securities do not require the periodic payment of interest. These investments benefit the issuer by mitigating its need for cash to meet debt service but generally require a higher rate of return to attract investors who are willing to defer receipt of cash. These investments may experience greater volatility in market value than securities that make regular payments of interest. The Fund accrues income on these investments for tax and accounting purposes, which is distributable to shareholders and which, because no cash is received at the time of accrual, may require the liquidation of other portfolio securities to satisfy the Fund's distribution obligations, in which case the Fund will forgo the purchase of additional income producing assets with these funds.

Other Investment Companies

The Fund may invest in the securities of other investment companies to the extent that such investments are consistent with the Fund's investment objectives and principal investment strategies and permissible under the 1940 Act. Under one provision of the 1940 Act, the Fund may not acquire the securities of other investment companies if, as a result, (i) more than 10% of the Fund's total assets would be invested in securities of other investment companies, (ii) such purchase would result in more than 3% of the total outstanding voting securities of any one investment company being held by the Fund or (iii) more than 5% of the Fund's total assets would be invested in any one investment company. Other provisions of the 1940 Act are less restrictive provided that the Fund is able to meet certain conditions. These limitations do not apply to the acquisition of shares of any investment company in connection with a merger, consolidation, reorganization or acquisition of substantially all the assets of another investment company. However, Pioneer has an exemptive order from the Securities and Exchange Commission that permits the Fund to invest cash balances in money market funds managed by Pioneer. The Fund, as a holder of the securities of other investment companies, will bear its pro rata portion of the other investment companies' expenses, including advisory fees. These expenses will be in addition to the direct expenses incurred by the Fund. Income generated from the Fund's investment in another investment company may not be tax-exempt.

Defensive and Temporary Investments

Normally, the Fund invests substantially all of its assets to meet its investment objectives. The Fund may invest the remainder of its assets in cash or cash equivalent short-term obligations, including, but not limited to, short-term municipal securities, certificates of deposit, commercial paper, short-term notes, obligations issued or guaranteed by the U.S. government, its agencies, authorities or instrumentalities and repurchase agreements. Interest on certain of these short-term obligations will be subject to federal income tax. The Fund may also invest all or any portion of its assets in such instruments for temporary defensive purposes. During such periods, the Fund may not be able to achieve its investment objectives.

Derivatives

The Fund may, but is not required to, use futures, options and swaps (including credit default swaps) on securities, indices and other derivatives. A derivative is a security or instrument whose value is determined by reference to the value or the change in value of one or more securities, indices or other financial instruments. Instead of investing directly in particular securities, the Fund may gain exposure to a security, issuer, index or basket of securities, or a market, by investing through the use of instruments such as derivatives, including credit default swaps, futures contracts, synthetic instruments and other instruments that are intended to provide similar economic exposure.

The Fund may use various hedging and interest rate transactions to earn income, facilitate portfolio management and mitigate risks. The Fund may purchase and sell derivative instruments such as exchange-listed and over-the-counter put and call options on securities, fixed income and interest rate indices and other financial instruments; purchase and sell financial futures contracts and options thereon; and enter into various interest rate transactions such as swaps, caps, floors or collars or credit transactions and credit default swaps. The Fund also may purchase derivative instruments that combine features of these instruments. The Fund generally seeks to use these instruments and transactions as a portfolio management or hedging technique that seeks to protect against possible adverse changes in the market value of securities held in or to be purchased for the Fund's portfolio, facilitate the sale of certain securities for investment purposes, manage the effective interest rate exposure of the Fund, manage the effective maturity or duration of the Fund's portfolio or establish positions in the derivatives markets as a temporary substitute for purchasing or selling particular securities. Income that the Fund derives from these transactions generally will

not be tax-exempt.

Credit Default Swaps

The Fund may enter into credit default swaps, which are a type of derivative transaction. In a credit default swap, the credit default protection buyer makes periodic payments, known as premiums, to the credit default protection seller. In return, the credit default protection seller will make a payment to the credit default protection buyer upon the occurrence of a specified credit event. A credit default swap can refer to a single issuer or asset, a basket of issuers or assets, or an index of assets, each known as the "reference obligation."

A credit default swap is designed as a means to purchase (or sell) a hedge against the risk of default on the reference obligation. If a credit event occurs, the seller generally must pay the buyer the par value (i.e., full notional value) of the swap in exchange for an equal face amount of deliverable obligations of the reference obligation, or the seller may be required to deliver the related net cash amount, if the swap is cash settled.

The Fund may be either the buyer or seller in a credit default swap. If the Fund is a buyer and no credit event occurs, the Fund may recover nothing if the swap is held through its termination date. However, if a credit event occurs, the Fund generally may elect to receive the full notional value of the swap in exchange for an equal face amount of the reference obligation, the value of which may have significantly decreased. As a seller, the Fund generally would receive an upfront payment or a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Fund would effectively add leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap.

In connection with credit default swaps in which the Fund is the buyer, the Fund will segregate cash or assets determined to be liquid by Pioneer in accordance with procedures established by the Board of Trustees, or enter into certain offsetting positions, with a value at least equal to the Fund's exposure (any accrued but unpaid net amounts owed by the Fund to any counterparty), on a mark-to-market basis. In connection with credit default swaps in which the Fund is the seller, the Fund will segregate cash or assets determined to be liquid by Pioneer in accordance with procedures established by the Board of Trustees, or enter into offsetting positions, with a value at least equal to the full notional amount of the swap (minus any amounts owed to the Fund). Such segregation is designed to ensure that the Fund will have assets available to satisfy its obligations with respect to the transaction and to limit the leveraging of the Fund's portfolio. However, such segregation will not limit the Fund's exposure to loss.

Inverse Floating Rate Obligations

The Fund may invest in leveraged inverse floating rate debt obligations (“Inverse Floaters”). The interest rate of an Inverse Floater resets in the opposite direction from the market rate of interest to which it is indexed. An Inverse Floater may be considered to be leveraged to the extent that its interest rate varies by a magnitude that exceeds the magnitude of the change in the index rate of interest. The higher degree of leverage inherent in Inverse Floaters is associated with greater volatility in their market values.

Repurchase Agreements

The Fund may enter into repurchase agreements with broker-dealers, member banks of the Federal Reserve System and other financial institutions. Repurchase agreements are arrangements under which the Fund purchases securities and the seller agrees to repurchase the securities within a specific time and at a specific price. The repurchase price is generally higher than the Fund’s purchase price, with the difference being income to the Fund. Under the direction of the Board of Trustees, Pioneer reviews and monitors the creditworthiness of any institution that enters into a repurchase agreement with the Fund. The counterparty’s obligations under the repurchase agreement are collateralized with U.S. Treasury and/or agency obligations with a market value of not less than 100% of the obligations, valued daily. Collateral is held by the Fund’s custodian in a segregated safekeeping account for the benefit of the Fund. Repurchase agreements afford the Fund an opportunity to earn income on temporarily available cash at low risk. In the event of commencement of bankruptcy or insolvency proceedings with respect to the seller of the security before repurchase of the security under a repurchase agreement, the Fund may encounter delay and incur costs before being able to sell the security. Such a delay may involve loss of interest or a decline in price of the security. If the court characterizes the transaction as a loan and the Fund has not perfected a security interest in the security, the Fund may be required to return the security to the seller’s estate and be treated as an unsecured creditor of the seller. As an unsecured creditor, the Fund would be at risk of losing some or all of the principal and interest involved in the transaction. Any income generated by repurchase agreements will not be tax-exempt.

Lending of Portfolio Securities

The Fund may lend portfolio securities to registered broker-dealers or other institutional investors deemed by Pioneer to be of good standing under agreements that require that the loans be secured continuously by collateral in cash, cash equivalents or U.S. Treasury bills maintained on a current basis at an amount at least equal to the market value of the securities loaned. The Fund continues to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned as well as the benefit of any increase and the detriment of any decrease in the market value of the securities loaned and would also receive compensation based on investment of the collateral. The Fund would not, however, have the right to vote any securities having voting rights during the existence of the loan but would call the loan in anticipation of an important vote to be taken among holders of the securities or of the giving or withholding of consent on a material matter affecting the investment. Any income generated from securities lending will not be tax-exempt.

As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially. The Fund will lend portfolio securities only to firms that have been approved in advance by the Board of Trustees, which will monitor the creditworthiness of any such firms. At no time would the value of the securities loaned exceed 33 1/3% of the value of the Fund’s total assets.

Portfolio Turnover

It is the policy of the Fund not to engage in trading for short-term profits, although portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund.

Other Securities

Normally, the Fund invests substantially all of its assets to meet its investment objectives. The Fund may invest the remainder of its assets in cash or cash equivalent short-term obligations, including, but not limited to,

short-term municipal securities, certificates of deposit, commercial paper, short-term notes, obligations issued or guaranteed by the U.S. government, its agencies, authorities or instrumentalities and repurchase agreements. Interest on certain of these short-term obligations may be subject to federal income tax. The Fund may also invest all or any portion of its assets in such instruments for temporary defensive purposes. During such periods, the Fund may not be able to achieve its investment objectives.

USE OF LEVERAGE

The Fund may borrow money and/or issue preferred shares, commercial paper or debt securities to the extent permitted by the 1940 Act. These practices are known as leveraging. Currently, the Fund employs financial leverage through its outstanding Auction Preferred Shares. As of [_____], 2009, there were $[__] million in Auction Preferred Shares outstanding. The Auction Preferred Shares have seniority over the Fund's common shares. Following the issuance of the Shares described in this prospectus, the Fund's leverage ratio will decrease as a result of the increase in net assets attributable to Shares. A lower leverage ratio may result in lower returns to holders of Shares over a period of time.

Leverage creates risks for the Fund's shareholders, including the likelihood of greater volatility of the Fund's NAV and market price. There is a risk that fluctuations in the dividend rates on any preferred shares or in the interest rates on any borrowings may adversely affect the return to the Fund's shareholders. If the return on the securities purchased with such funds is not sufficient to cover the cost of leverage, the return on the Fund will be less than if leverage had not been used, and therefore the amount available for distribution to Fund's shareholders as dividends and other distributions will be reduced. The Fund in its best judgment nevertheless may determine to maintain the Fund's leveraged position if it deems such action to be appropriate in the circumstances.

The Auction Preferred Shares pay dividends at rates based on short-term periods which are reset periodically. If the Fund's portfolio is invested in securities that provide a higher rate of return than the Fund's cost of leverage (after taking expenses into consideration), the leverage will cause holders of Shares to receive a higher current rate of return than if the Fund were not leveraged.

Changes in the value of the Fund's portfolio (including investments bought with the leverage proceeds) will be borne entirely by the Fund's common shareholders. If there is a net decrease (or increase) in the value of the Fund's investment portfolio, the leverage will decrease (or increase) the NAV per share to a greater extent than if the Fund were not leveraged.

The Fund is subject to certain restrictions on investments imposed by guidelines of Moody's and Fitch, Inc., the rating agencies that have issued ratings for the Auction Preferred Shares. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed on the Fund by the 1940 Act. It is not anticipated that these covenants or guidelines will impede Pioneer from managing the Fund's portfolio in accordance with the Fund's investment objective and policies.

Under the 1940 Act, the Fund is not permitted to incur indebtedness unless immediately after such borrowing the Fund has an asset coverage of at least 300% of the aggregate outstanding principal balance of indebtedness (i.e., such indebtedness may not exceed 33 1/3% of the value of the Fund's total assets). Additionally, under the 1940 Act, the Fund may not declare any dividend or other distribution upon any class of its shares, or purchase any such shares, unless the aggregate indebtedness of the Fund has, at the time of the declaration of any such dividend or distribution or at the time of any such purchase, an asset coverage of at least 300% after deducting the amount of such divided, distribution, or purchase price, as the case may be.

Under the 1940 Act, the Fund is not permitted to issue preferred shares unless immediately after such issuance the total asset value of the Fund's portfolio is at least 200% of the liquidation value of the outstanding preferred shares (i.e., such liquidation value may not exceed 50% of the Fund's total assets). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its common shares unless, at the time of such declaration, the net

asset value of the Fund's portfolio (determined after deducting the amount of such dividend or other distribution) is at least 200% of such liquidation value of the Auction Preferred Shares. The Fund intends, to the extent possible, to purchase or redeem preferred shares, from time to time, to maintain coverage of any preferred shares of at least 200%.

The following table is furnished pursuant to requirements of the SEC. It is designed to illustrate the effect of leverage on total return on the Fund's shares, assuming investment portfolio total returns (comprised of income, net expenses and changes in the value of investments held in the Fund's portfolio) of -10%, -5%, 0%, 5% and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of what the Fund's investment portfolio returns will be. The table further reflects the use of leverage representing approximately [__]% of the Fund's total assets after the Offer (including the proceeds of the leverage) and an interest rate of [__]% (based on the interest rate on the Fund's outstanding leverage on [_____], 2009). The table does not reflect any costs of the Offer.

Assumed Portfolio Return	(10.00)%	(5.00)%	0.00%	5.00%	10.00%
Common Share Total Return					

Total return is composed of two elements -- dividends paid to the Fund's shareholders (the amount of which is largely determined by the Fund's net investment income after paying the cost of leverage) and realized and unrealized gains or losses on the value of the securities the Fund owns. As required by SEC rules, the table assumes that the Fund is more likely to suffer capital loss than to enjoy capital appreciation.

SPECIAL CONSIDERATIONS AND RISK FACTORS

An investment in the Shares of the Fund involves a high degree of risk. You should carefully consider the following risk factors in addition to the other information set forth in this Prospectus. For additional information about the risks that may be associated with an investment in the Fund, see "Investment Policies and Techniques" in the SAI.

Risks of the Offer

Potential Dilution. If you do not exercise your Rights, you will, upon the completion of the Offer, own a smaller proportional interest in the Fund than you do now. In addition, because the Subscription Price per common share may be less than the then current NAV per common share, the completion of the Offer may result in an immediate dilution of the net asset value per common share for all existing shareholders. Such dilution could be substantial. If such dilution occurs, shareholders will experience a decrease in the net asset value per common share held by them, irrespective of whether they exercise all or any portion of their Rights. The Fund cannot state precisely the extent of this dilution because the Fund does not know what the NAV will be when the Offer expires, how many Rights will be exercised or the exact expenses of the Offer.

Reduction in Leverage. The Fund currently employs financial leverage in the form of Auction Preferred Shares, and past auctions for the Auction Preferred Shares have failed. Accordingly, it will be difficult to increase financial leverage following the Offer through the issuance of additional preferred shares, although the Fund may employ leverage through other means. A reduction in the extent of leverage employed through Auction Preferred Shares will reduce the potential benefits associated with such leverage to the Fund's common shareholders, including enhancement of income or return. A reduction in the Fund's use of financial leverage will dampen the effect of changing market conditions on the market price for common shares.

Potential Yield Reduction. The Offer is expected to present the opportunity to invest in higher yielding securities. There is no assurance that the Fund will be able to invest the proceeds of the Offer in higher yielding securities or that other potential benefits of the Offer will be realized. The Offer could reduce the Fund's current dividend yield if the Fund is unable to invest the proceeds of the Offer in securities that provide a yield sufficiently higher than the current dividend yield so as to offset the Fund's decreased leverage ratio as a result of the increase in net assets attributable to the Shares.

Share Price Volatility. Volatility in the market price of the Fund's shares may increase or decrease during the Offer. The Offer may result in some shareholders selling their shares, which would exert downward price pressure on the

price of shares, while others wishing to participate in the Offer may buy Shares, having the opposite impact.

Under-Subscription. It is possible that the Offer will not be fully subscribed. Under-subscription of the Offer could have an impact on the net proceeds of the Offer and whether the Fund achieves the benefits described under "The Offer -- Purpose of the Offer."

Risks of Investing in the Fund

The Fund is a diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading tool. Because the Fund invests predominantly in municipal securities, including high yield municipal securities, an investment in the Fund's common shares may be speculative in that it involves a high degree of risk. The Fund should not constitute a complete investment program. Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objectives.

Market risk

The values of securities held by the Fund may fall due to general market conditions, such as real or perceived adverse economic, political or regulatory conditions, inflation, changes in interest or currency rates or adverse investor sentiment. Recently, the equity and debt capital markets in the United States and internationally have experienced unprecedented volatility. This ongoing financial crisis has caused a significant decline in the value and liquidity of many securities. These market conditions may continue or get worse, and they may not have the same impact on all types of securities. This environment could make identifying investment risks and opportunities especially difficult. The values of securities may fall due to factors affecting a particular issuer or sector or the securities market as a whole.

Auction preferred shares risk

Past auctions of the Fund's Auction Preferred Shares have failed, which has prevented the holders of the Auction Preferred Shares from selling their shares. It is possible that the holders of the Auction Preferred Shares may take action to cause the redemption of their shares, or that the Fund may otherwise voluntarily or involuntarily redeem some or all of the outstanding Auction Preferred Shares. Any such redemption could substantially reduce or eliminate the Fund's financial leverage, which would cause a reduction in the dividend yield for holders of the Fund's common shares. Pioneer and the Fund continue to explore various alternatives for re-financing the Auction Preferred Shares in order to provide liquidity for holders of Auction Preferred Shares, but they may not be successful in doing so on terms that are favorable to the holders of the Fund's common shares.

Market discount risk

Shares of closed-end funds frequently trade at a price lower than their net asset value. This is commonly referred to as "trading at a discount." This characteristic of shares of closed-end funds is a risk separate and distinct from the risk that the Fund's net asset value may decrease. Investors who sell their shares within a relatively short period after completion of the public offering are likely to be exposed to this risk. Accordingly, the Fund is designed primarily for long-term investors and should not be considered a vehicle for trading purposes. The net asset value of the Fund will be reduced following the offering by the underwriting discount and the amount of offering expenses paid by the Fund.

Municipal securities market risk

The yields on and market prices of municipal securities are dependent on a variety of factors, including general conditions of the municipal securities market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The value of outstanding municipal securities will vary as a result of changing evaluations of the ability of their issuers to meet the interest and principal payments. Such values will also change in response to changes in the interest rates payable on new issues of municipal securities. Changes in the value of the municipal securities held in the Fund's portfolio arising from these or other factors will cause changes in the Fund's net asset value per share.

The ability of a municipal issuer to repay obligations on municipal securities, other than private activity bonds, is subject to the risk that the municipal issuer of the securities will not have sufficient revenues from taxes and other sources of income to pay interest and repay principal on the municipal securities. The level of municipal income may be adversely affected by various factors, including general economic activity, real estate values and changes in governmental expenses. The obligations of the issuer to pay the principal of and interest on a municipal security are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Federal Bankruptcy Act, and laws, if any, that may be enacted by Congress or state legislatures extending the time for payment of principal or interest or imposing other constraints upon the enforcement of such obligations. There is also the possibility that, as a result of litigation or other conditions, the power or ability of the issuer to pay when due the principal of or interest on a municipal security may be materially affected.

The amount of public information available about the issuance of municipal securities is generally less than that for corporate equities or bonds, and the investment performance of the Fund may therefore be more dependent on the analytical abilities of the Fund’s investment adviser than would a stock fund or a taxable bond fund. The secondary market for municipal bonds, particularly the below investment grade bonds in which the Fund will invest, also tends to be less well-developed or liquid than many other securities markets, which may adversely affect the Fund’s ability to sell its bonds at attractive prices.

Municipal securities may be backed by letters of credit or other forms of credit enhancement issued by domestic or foreign banks or by other financial institutions. The credit quality of these banks and financial institutions could, therefore, cause a loss to the Fund. Letters of credit and other obligations of foreign banks and financial institutions may involve risks in addition to those of domestic obligations because of less publicly available financial and other information, less securities regulation, potential imposition of foreign withholding and other taxes, war and expropriation or other adverse governmental actions. Foreign banks and their foreign branches are not regulated by U.S. banking authorities and are generally not bound by the accounting, auditing and financial reporting standards applicable to U.S. banks.

Tax risk

The value of the Fund’s investments and its net asset value may be adversely impacted by changes in tax rates and policies. Because interest income from municipal securities is normally not subject to regular federal income taxation, the attractiveness of municipal securities in relation to other investment alternatives is affected by changes in federal income tax rates or changes in the tax-exempt status of interest income from municipal securities. Any proposed or actual changes in such rates or exempt status, therefore, can significantly affect the demand for and supply, liquidity and marketability of municipal securities. This could in turn affect the Fund’s net asset value and ability to acquire and dispose of municipal securities at desirable yields and price levels. Additionally, the Fund is not a suitable investment for IRAs, other tax-exempt or tax-deferred accounts or for other investors who are not sensitive to the federal income tax consequences of their investments.

Credit risk

Credit risk is the risk that an issuer of a municipal bond will become unable to meet its obligation to make interest and principal payments. The two principal classifications of municipal securities are “general obligations” and “revenue obligations.” General obligations are secured by the issuer’s pledge of its faith, credit and taxing power for the payment of principal and interest.

Revenue obligations are payable from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source but not from the general taxing power. Sizable investments in these obligations could involve an increased risk to the Fund should any of the related facilities experience financial difficulties. Private activity bonds are in most cases revenue obligations and do not generally carry the pledge of the credit of the issuing municipality.

The Fund intends to purchase debt securities that are rated below investment grade (commonly referred to as “junk bonds” or “high yield securities”), that is, rated Ba or below by Moody’s or BB or lower by S&P, or unrated securities determined by Pioneer to be of comparable credit quality. Investment in municipal securities of below investment grade quality involves substantial risk of loss. “Junk bonds” are considered predominantly speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high yield municipal securities tend to be very volatile, and these securities are less liquid than investment grade debt securities. For these reasons, an investment in the Fund is subject to the following specific risks:

- increased price sensitivity to changing interest rates and to a deteriorating economic environment
- greater risk of loss due to default or declining credit quality
- adverse issuer specific events are more likely to render the issuer unable to make interest and/or principal payments
- if a negative perception of the high yield market develops, the price and liquidity of high yield securities may be depressed, and this negative perception could last for a significant period of time

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a high yield issuer to make principal payments and interest payments than an investment grade issuer. The principal amount of high yield securities outstanding has proliferated in the past decade as an increasing number of issuers have used high yield securities for corporate financing. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. If the current downturn in the national economy continues, potentially decreasing the tax and other revenue of municipal issuers, or interest rates rise sharply, increasing the interest cost on variable rate instruments and negatively impacting economic activity, the number of defaults by high yield municipal issuers is likely to increase. Similarly, down-turns in profitability in specific industries could adversely affect private activity bonds. The market values of lower quality debt securities tend to reflect individual developments of the issuer to a greater extent than do higher quality securities, which react primarily to fluctuations in the general level of interest rates. Factors having an adverse impact on the market value of lower quality securities may have an adverse effect on the Fund's net asset value and the market value of its common shares. In addition, the Fund may incur additional expenses to the extent it is required to seek recovery upon a default in payment of principal or interest on its portfolio holdings. In certain circumstances, the Fund may be required to foreclose on an issuer's assets and take possession of its property or operations. In such circumstances, the Fund would incur additional costs in disposing of such assets and potential liabilities from operating any business acquired.

The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities, a factor that may have an adverse effect on the Fund's ability to dispose of a particular security. There are fewer dealers in the market for high yield securities than investment grade obligations. The prices quoted by different dealers may vary significantly, and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund's net asset value.

Issuers of such high yield securities often are highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risk associated with acquiring the securities of such issuers generally is greater than is the case with higher rated securities. For example, during an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of high yield securities may experience financial stress.

During such periods, such issuers may not have sufficient revenues to meet their interest payment obligations. The issuer's ability to service its debt obligations may also be adversely affected by specific corporate developments, the issuer's inability to meet specific projected business forecasts or the unavailability of additional financing. The risk of loss from default by the issuer is significantly greater for the holders of high yield securities because such securities are generally unsecured and are often subordinated to other creditors of the issuer. Prices and yields of high yield securities will fluctuate over time and, during periods of economic uncertainty, volatility of high yield securities may adversely affect the Fund's net asset value. In addition, investments in high yield zero coupon or pay-in-kind bonds, rather than income-bearing high yield securities, may be more speculative and may be subject to greater fluctuations in value due to changes in interest rates.

Interest rate risk

Interest rate risk is the risk that municipal securities (and the Fund's net assets) will decline in value because of changes in interest rates. In addition to the risks discussed above, high yield municipal securities are subject to the following interest rate risks:

- if interest rates go up, the value of municipal securities in the Fund's portfolio generally will decline
- during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities. This is known as call or prepayment risk. High yield municipal securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem a high yield security if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer
- during periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration (the estimated period until the security is paid in full) and reduce the value of the security. This is known as extension risk
- Pioneer's judgment about the attractiveness, relative value or potential appreciation of a particular sector, security or investment strategy may prove to be incorrect

Maturity risk

The Fund may invest in municipal securities of any maturity, although Pioneer anticipates that the Fund will generally invest in intermediate to long-term municipal securities. Interest rate risk will generally affect the price of a municipal security more if the security has a longer maturity. Municipal securities with longer maturities will therefore be more volatile than other fixed income securities with shorter maturities. Conversely, municipal securities with shorter maturities will be less volatile but generally provide lower returns than municipal securities with longer maturities. The average maturity of the Fund's municipal security investments may affect the volatility of the Fund's share price.

Call risk

The issuers of municipal securities held by the Fund may call, or prepay principal due on, their securities, particularly during periods of declining interest rates. The Fund may not be able to reinvest that principal at attractive rates, reducing income to the Fund. The Fund also may lose the premium paid for the securities.

Concentration risk

The Fund may invest 25% or more of the value of its total assets in municipal securities of issuers located in the same state or territory or in the same economic sector. The Fund will not invest more than 25% of its total assets in issuers in a single industry. Governmental issuers of municipal securities are not considered part of any "industry." The issuers of these municipal securities may be related in such a way that an economic, business or political development or change affecting one municipal security would also affect other municipal securities held by the Fund. The Fund may invest all of its assets in municipal securities the interest on which is paid solely from revenues from the same economic sector, and Pioneer anticipates that the Fund's investments in revenue obligations will emphasize municipal securities backed by revenue from essential services, such as hospitals and healthcare, power generation, transportation, education and housing. Subject to the availability of suitable investment opportunities, Pioneer will attempt to diversify the Fund's investments to seek to minimize the portfolio's sensitivity to credit and other risks associated with a particular issuer, industry or sector, or to the impact of a single economic, political or regulatory occurrence. The Fund is not required to diversify its holdings in municipal securities among a fixed number of states or economic sectors, and, consequently, the Fund's portfolio may be adversely affected by developments in a single state or region. Concentration of the Fund's investments in one or a limited number of states or economic sectors will subject the Fund, to a greater extent than if such investments were not so concentrated, to the risks of adverse economic, business or political developments affecting the particular state, economic sector or other area of concentration. The Fund has no current intention to invest more than 25% of the value of its total assets in municipal securities of issuers located in a single state but may do so in the future. To the extent that the Fund invests more than 25% of its assets in municipal securities of issuers in a single state, the Fund will be exposed to a greater degree to risks associated with that specific state, including budget and fiscal issues, changes in the degree of financial support from the state to local governments, political disputes that delay appropriations or otherwise adversely affect municipal securities and the general economic activity in such state, which may adversely affect tax receipts and other municipal revenue. The Fund will not notify shareholders if 25% or more of the Fund's assets are represented by municipal issuers in a single state. However, the Fund's annual and semi-annual financial statements will disclose the percentage of the Fund's assets invested in each state and the Fund will issue a press release in the event that more than 25% of the value of the Fund's total assets are invested in municipal securities of issuers located in a single state, identifying the state and including appropriate risk disclosure as to such state. To the extent that the Fund focuses its assets in the hospital and healthcare sector, the Fund will be subject to risks associated with such sector, including adverse government regulation and reduction in reimbursement rates, as well as government approval of products and services and intense competition. Issuers in the power generation sector can be significantly affected by government regulation, financing difficulties, supply and demand of services or fuel and natural resource conservation. The transportation sector, including airports, airlines, ports and other transportation facilities, can be significantly affected by changes in the economy, fuel prices, labor relations, insurance costs and government regulation.

The Fund may invest in municipal securities that are collateralized by the proceeds from class action or other litigation against the tobacco industry. Payment by tobacco industry participants of such proceeds is spread over several years, and the collection and distribution of such proceeds to the issuers of municipal securities is dependent upon the financial health of such tobacco industry participants, which cannot be assured. Additional litigation, government regulation or prohibition on the sales of tobacco products, or the seeking of protection under the bankruptcy laws, could adversely affect the tobacco industry, which, in turn, could have an adverse affect on tobacco-related municipal securities. Under normal market conditions, the Fund intends to limit its investment in tobacco settlement bonds to approximately 10% of the Fund's total assets.

Risks of municipal leases and certificates of participation

The Fund may invest in municipal leases and certificates of participation in such leases. Municipal leases and certificates of participation involve special risks not normally associated with general obligations or revenue obligations. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of "non-appropriation" clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event the issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly and result in a delay in recovering or the failure fully to recover the Fund's original investment. In the event of non-appropriation, the issuer would be in default and taking ownership of the assets may be a remedy available to the Fund, although the Fund does not anticipate that such a remedy would normally be pursued. To the extent that the Fund invests in unrated municipal leases or participates in such leases, the credit quality and risk of cancellation of such unrated leases will be monitored on an ongoing basis. Certificates of participation, which merely represent an interest in municipal leases or installment contracts, involve the same risks as the underlying municipal leases. Certificates of participation also entail a risk of default or bankruptcy, both of the issuer of the municipal lease and also the municipal agency issuing the certificate of participation. Certain municipal lease obligations and certificates of participation may be deemed to be illiquid for the purpose of the Fund's limitation on investments in illiquid securities.

Illiquid investments risk

The Fund may invest up to 20% of its total assets in illiquid securities. Illiquid securities may be difficult to dispose of at a fair price at times when the Fund believes it is desirable to do so. The market price of illiquid securities generally is more volatile than that of more liquid securities, which may adversely affect the price that the Fund pays for or recovers upon the sale of illiquid securities. Illiquid securities are also more difficult to value and Pioneer's judgment may play a greater role in the valuation process. Investment of the Fund's assets in illiquid securities may restrict the Fund's ability to take advantage of market opportunities. The risks associated with illiquid securities may be particularly acute in situations in which the Fund's operations require cash and could result in the Fund borrowing to meet its short-term needs or incurring losses on the sale of illiquid securities. Pioneer anticipates that its research efforts and investment approach will result in a significant portion of the Fund's assets being invested in thinly traded securities, including both illiquid securities and liquid securities as to which the trading market is less active than comparable issues.

Derivatives risk

The Fund may, but is not required to, use futures and options on securities, indices and other derivatives. A derivative is a security or instrument whose value is determined by reference to the value or the change in value of one or more securities, indices or other financial instruments. Although there is no specific limitation on investing in derivatives, the Fund does not use derivatives as a primary investment technique and generally limits their use to hedging. However, the Fund may use derivatives for a variety of purposes, including:

- As a hedge against adverse changes in the market prices of securities or interest rates
- As a substitute for purchasing or selling securities
- To increase the Fund's return as a non-hedging strategy that may be considered speculative

Derivatives may be subject to market risk, interest rate risk and credit risk. The Fund's use of certain derivatives may, in some cases, involve forms of financial leverage, which involves risk and may increase the volatility of the Fund's net asset value. Even a small investment in derivatives can have a significant impact on the Fund's exposure to the market prices of securities or interest rates. Therefore, using derivatives can disproportionately increase losses and reduce opportunities for gain. If changes in a derivative's value do not correspond to changes in the value of the Fund's other investments or do not correlate well with the underlying asset, rate or index, the Fund may not fully benefit from or could lose money on the derivative position. In addition, some derivatives involve risk of loss if the issuer of the derivative defaults on its obligation. Certain derivatives may be less liquid, which may reduce the returns of the Fund if it cannot sell or terminate the derivative at an advantageous time or price. Some derivatives may involve the risk of improper valuation. The Fund will only invest in derivatives to the extent Pioneer believes these investments are consistent with the Fund's investment objectives, but derivatives may not perform as intended. Suitable derivatives may not be available in all circumstances or at reasonable prices and may not be used by the Fund for a variety of reasons.

Inverse floaters risk

The Fund may invest in inverse floating rate obligations (a type of derivative instrument). Inverse floating rate obligations represent interests in tax-exempt bonds. The interest rate on inverse floating rate obligations will generally decrease as short-term interest rates increase, and increase as short-term rates decrease. Due to their leveraged structure, the sensitivity of the market value of an inverse floating rate obligation to changes in interest rates is generally greater than a comparable long-term bond issued by the same municipality and with similar credit quality, redemption and maturity provisions. Inverse floating rate obligations may be volatile and involve leverage risk.

Leverage risk

The Fund's outstanding Auction Preferred Shares are a form of financial leverage that present risks to its common shareholders. By issuing Auction Preferred Shares, the Fund seeks to enhance potential earnings for its common shareholders over time by employing leverage based on short-term interest rates and investing in securities with longer terms for which the interest rates are typically, although not always, higher. Because the securities in which the Fund invests generally pay fixed rates of interest while the Fund's cost of leverage generally fluctuates with short-term yields, the incremental earnings from leverage vary over time. Accordingly, the use of leverage may not result in a higher yield or return to holders of the Fund's common shares. The income benefit from leverage will be reduced to the extent that the difference narrows between the net earnings on the Fund's portfolio securities and its cost of leverage. If short-term rates rise, the Fund's cost of leverage could exceed the fixed rate of return on longer-term securities held by the Fund that were acquired during periods of lower interest rates, reducing income and returns to the Fund's common shareholders. This could occur even if both short-term and long-term interest rates rise. The Fund's cost of leverage includes both the dividends paid on Auction Preferred Shares and any costs, fees and expenses associated with such leverage.

The Fund's use of financial leverage also creates incremental net asset value risk with respect to its common shares, because the full impact of price changes in the Fund's investment portfolio, including assets attributable to leverage, is borne by the common shares. This may result in a greater decrease in net asset values in declining markets than if the Fund were not leveraged. The Fund's use of financial leverage similarly can magnify the effect of changing market conditions on the market price for common shares. The Fund is required to maintain certain regulatory and rating agency asset coverage requirements in connection with its outstanding Auction Preferred Shares, in order to maintain the ability to declare and pay distributions on the common shares and to maintain the Auction Preferred Share's ratings. In order to maintain required asset coverage levels, the Fund may be required to alter the composition of its investment portfolio or take other actions, such as redeeming Auction Preferred Shares with the proceeds from portfolio transactions, at what might be inopportune times in the market. Such actions could reduce the net earnings or returns to holders of the Fund's common shares over time.

Anti-takeover provisions risk

The Fund's Agreement and Declaration of Fund and By-Laws 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 of Trustees. Such provisions could limit the ability of shareholders 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 staggered terms of office for the Trustees, advance notice requirements for shareholder proposals, and super-majority voting requirements for certain transactions with affiliates, converting the Fund into an open-end investment company or a merger, liquidation, asset sale or similar transaction.

MANAGEMENT OF THE FUND

Board of Trustees

The business and affairs of the Fund are managed by or under the direction of the Board of Trustees of the Fund. Background information regarding the Trustees and officers of the Fund is contained in the SAI under "Trustees and

Officers."

Investment Adviser

Pioneer serves as the investment adviser to the Fund. Pioneer is an indirect, wholly owned subsidiary of UniCredit S.p.A., one of the largest banking groups in Italy. Pioneer is part of the global asset management group providing investment management and financial services to mutual funds, institutional and other clients. As of [_____], 2009, assets under management were approximately $[__] billion worldwide, including over $49 billion in assets under management by Pioneer. Pioneer's main office is at 60 State Street, Boston, Massachusetts 02109.

Portfolio Management

Day-to-day management of the Fund's portfolio is the responsibility of David J. Eurkus. Mr. Eurkus, a municipal bond manager, has more than 32 years of investment experience and is assisted on the portfolio by Timothy M. Pynchon. Mr. Pynchon, a municipal bond manager, has been an investment professional for over 25 years. The team will draw on the judgment of the full U.S. staff, as well as the research of Pioneer's affiliate, Pioneer Investment Management Limited, based in Dublin, Ireland.

Advisory Agreement

Management fees payable under the Fund's Advisory Agreement with Pioneer are calculated daily at the annual rate of 0.60% of the Fund's average daily managed assets. "Managed assets" is the average daily value of the Fund's total assets minus the sum of the Fund's liabilities, which liabilities exclude debt related to leverage, short-term debt and the aggregate liquidation preference of any outstanding preferred shares. For the twelve months ended [March 31, 2009], the net management fee was equivalent to [__]% of the Fund's average daily managed assets, which was equivalent to [__]% of the Fund's average daily net assets attributable to the common shareowners.

In addition, under Pioneer's management and administration agreements, certain other services and costs are paid by Pioneer and reimbursed by the Fund. Included in "Due to affiliates" reflected on the Statement of Assets and Liabilities is $[__] in management costs, administrative costs and certain other fees payable to Pioneer at [March 31, 2009].

The Fund has retained Princeton Administrators, LLC ("Princeton") to provide certain administrative and accounting services to the Fund on its behalf. The Fund pays Princeton a monthly fee equal to 0.07% of

the Fund's average daily managed assets up to $500 million and 0.03% for average daily managed assets in excess of $500 million, subject to a minimum monthly fee of $10,000.

A discussion regarding the basis for the Board of Trustees' approval of the management contract is available in the Fund's annual report to shareholders, for the period ended [March 31, 2009].

NET ASSET VALUE

The Fund's net asset value is the value of its securities plus any other assets minus its accrued operating expenses and other liabilities. The Fund calculates a net asset value for its common shares every day the NYSE is open when regular trading closes (normally 4:00 p.m. Eastern time). For purposes of determining the net asset value of a Share, the value of the securities held by the Fund plus any cash or other assets (including interest accrued but not yet received) minus all liabilities (including accrued expenses and indebtedness) and the aggregate liquidation value of any outstanding Auction Preferred Shares is divided by the total number of Shares outstanding at such time.

The Fund generally values its securities using closing market prices or readily available market quotations. When closing market prices or market quotations are not available or are considered by Pioneer to be unreliable, the Fund uses fair value methods to value its securities pursuant to procedures adopted by the Board of Trustees. Valuing securities using fair value methods may cause the net asset value of the Fund's common shares to differ from the net asset value that would be calculated only using market prices. For market prices and quotations, as well as for some fair value methods, the Fund relies upon securities prices provided by pricing services.

The Fund uses fair value pricing methods for a security, including a non-U.S. security, when Pioneer determines that the closing market price on the primary exchange where the security is traded no longer accurately reflects the value of the security at the time the Fund calculates its net asset value. This may occur for a variety of reasons that affect either the relevant securities markets generally or the specific issuer. For example, with respect to non-U.S. securities held by the Fund, developments relating to specific events in the securities markets or the specific issuer may occur between the time the primary market closes and the time the Fund determines its net asset value. International securities markets may be open on days when the U.S. markets are closed. For this reason, the values of any international securities owned by the Fund could change on a day you cannot buy or sell shares of the Fund.

Certain types of securities, including those discussed in this paragraph, are priced using fair value pricing methods rather than market prices. The Fund uses a pricing matrix to determine the value of fixed income securities that may not trade daily. A pricing matrix is a means of valuing a debt security on the basis of current market prices for other debt securities and historical trading patterns in the market for fixed income securities. The Fund values cash equivalent securities with remaining maturities of 60 days or less at amortized cost. To the extent that the Fund invests in the shares of registered open-end investment companies that are not traded on an exchange (mutual funds), such shares are valued at their published net asset values per share as reported by the funds. The prospectuses of these funds explain the circumstances under which the funds will use fair value pricing methods to value their securities and the effects of using the fair value methodology.

DIVIDENDS AND DISTRIBUTIONS; DIVIDEND REINVESTMENT PLAN

Dividends and Distributions

The Fund distributes dividends of all or a portion of its net investment income monthly to holders of common shares. Distributions to common shareholders can only be made from net investment income after paying any accrued dividends to the holders of Auction Preferred Shares. Dividends and distributions may be payable in the manner determined by the Trustees, including cash, common shares or common shares with the option to receive cash in lieu of the shares. The Fund may at times in its discretion pay out less than the entire amount of net investment income earned in any particular period and may at times pay out such accumulated undistributed income in addition to net investment income earned in other periods in order to permit the Fund to maintain a more stable level of distributions. As a result, the dividends paid by the Fund to holders of common shares for any particular period may be more or less than the amount of net investment income earned by the Fund during such period. In order to maintain a stable dividend rate on the common shares, the Fund may also make distributions that constitute a return of capital. The Fund is not required to maintain a stable level of distributions, or distributions at any particular rate, to common shareholders. For federal income tax purposes, in order to obtain the favorable tax treatment afforded to a regulated investment company, the Fund is required, and intends, to distribute substantially all of its net investment income for each year. All or substantially all net realized capital gains, if any, will be distributed to the Fund’s shareholders at least annually.

Under the 1940 Act, the Fund is not permitted to incur indebtedness unless immediately after such incurrence the Fund has asset coverage of at least 300% of the aggregate outstanding principal balance of indebtedness. Additionally, under the 1940 Act, the Fund may not declare any dividend or other distribution upon any class of its capital shares, or purchase any such capital shares, unless the aggregate indebtedness of the Fund has, at the time of the declaration of any such dividend or distribution or at the time of any such purchase, an asset coverage of at least 300% after deducting the amount of such dividend, distribution or purchase price, as the case may be.

While any preferred shares are outstanding, the Fund may not declare any cash dividend or other distribution on its common shares, unless at the time of such declaration, (1) all accumulated preferred dividends have been paid and (2) the value of the Fund’s portfolio (determined after deducting the amount of such dividend or other distribution) is at least 200% of the liquidation value of the outstanding preferred shares (expected to be equal to the original purchase price per share plus any accumulated and unpaid dividends thereon).

In addition to the limitations imposed by the 1940 Act described above, certain lenders may impose additional restrictions on the payment of dividends or distributions on the common shares in the event of a default on the Fund’s borrowings. If the Fund’s ability to make distributions on its common shares is limited, such limitation could, under certain circumstances, impair the ability of the Fund to maintain its qualification for taxation as a regulated investment company, which would have adverse tax consequences for shareholders. See “Use of Leverage” and “Federal Income Taxation.”

See “Automatic Dividend Reinvestment Plan” for information concerning the manner in which dividends and distributions to common shareholders may be automatically reinvested in common shares. Dividends (other than exempt-interest dividends) and distributions may be taxable to shareholders whether they are reinvested in shares of the Fund or received in cash.

The yield on the Fund's common shares will vary from period to period depending on factors including, but not limited to, market conditions, the timing of the Fund's investment in portfolio securities, the securities comprising the Fund's portfolio, changes in interest rates (including changes in the relationship between short-term rates and long-term rates), the amount and timing of the use of borrowings and other leverage by the Fund, the effects of leverage on the common shares discussed above under "Use of Leverage," the timing of the investment of leverage proceeds in portfolio securities, the Fund's net assets and its operating expenses. Consequently, the Fund cannot guarantee any particular yield on its common shares, and the yield for any given period is not an indication or representation of future yields on the Fund's common shares.

Automatic Dividend Reinvestment Plan

Pursuant to the Fund's automatic dividend reinvestment plan, unless a shareholder is ineligible or elects otherwise, all dividend and capital gain distributions are automatically reinvested by the Plan Agent, in additional common shares. In the event a dividend or capital gain distribution is declared in shares with the option to take cash and the shares are trading at a "market discount," as described below, the Plan provides that its distribution will be taken in cash and reinvested in accordance with the Plan. Shareholders who are ineligible or who elect not to participate in the Plan will receive all dividends and distributions payable in cash paid by check mailed directly to the shareholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by the Plan Agent, as dividend paying agent. Such shareholders may elect not to participate in the Plan and to receive all distributions of dividends and capital gains in cash by sending written instructions to the Plan Agent, as dividend paying agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by written notice if received by the Plan Agent not less than ten days prior to any dividend record date; otherwise, such termination will be effective with respect to any subsequently declared dividend or capital gain distribution.

Whenever the Fund declares an exempt-interest or ordinary income dividend or a capital gain dividend (collectively referred to as "dividends") payable either in common shares or in cash, non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common shares. The shares are acquired by the Plan Agent for the participant's account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund ("newly issued shares") or (ii) by purchase of outstanding common shares on the open market (open-market purchases) on the NYSE or elsewhere. If, on the payment date for any dividend, the net asset value per share is equal to or less than the market price per common share plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent will invest the amount of such dividend in newly issued shares on behalf of the participant. The number of newly issued shares to be credited to the participant's account will be determined by dividing the dollar amount of the dividend by the net asset value per share on the date the newly issued shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date the net asset value per share is greater than the market value (such condition being referred to herein as "market discount"), the Plan Agent will invest the dividend amount in common shares acquired on behalf of the participant in open-market purchases.

In the event of a market discount on the payment date for any dividend, the Plan Agent has until the last business day before the next date on which the shares trade on an "ex-dividend" basis or in no event more than 30 days after the dividend payment date (last purchase date) to invest the dividend amount in common shares acquired in open-market purchases. It is contemplated that the Fund will pay monthly dividends (other than capital gain dividends). Therefore, the period during which open-market purchases can be made will exist only from the payment date on the dividend through the date before the next ex-dividend date, which typically will be approximately ten days. If, before the Plan Agent has completed its open-market purchases, the market price of a common share exceeds the net asset value per share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund's shares, resulting in the acquisition of fewer shares than if the dividend had been paid in newly issued shares on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, the Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Agent will cease making open-market purchases and will invest the uninvested portion of the dividend amount in newly issued shares at the close of business on the last purchase date.

The Plan Agent maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the account, including information needed by shareholders for tax records. Dividend reinvestment is confirmed quarterly. Shares in the account of each Plan participant will be held by the Plan Agent in non-certificated form in the name of the participant, and each shareholder's proxy will include those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan in accordance with the instructions of the participants.

In the case of shareholders such as banks, brokers or nominees that hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the record shareholders as representing the total amount registered in the record shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

There will be no brokerage charges with respect to shares issued directly by the Fund as a result of dividends payable either in common shares or in cash. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open-market purchases in connection with the reinvestment of dividends.

The automatic reinvestment of dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. See "Federal Income Taxation."

Shareholders participating in the Plan may receive benefits not available to shareholders not participating in the Plan. If the market price plus commissions of the Fund's common shares is higher than the net asset value per share, participants in the Plan will receive common shares of the Fund at less than they could otherwise purchase them and will have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the net asset value per share, participants receive distributions of shares with a net asset value greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Fund does not redeem its shares, the price on resale may be more or less than the net asset value. Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence concerning the Plan should be directed to the Plan Agent at [__________].

FEDERAL INCOME TAXATION

The Fund is treated as a separate entity for U.S. federal income tax purposes. The Fund has elected to be treated, and has qualified and intends to continue to qualify each year, as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), so that it will not pay U.S. federal income tax on income and capital gains distributed to shareholders. In order to qualify as a regulated investment company under Subchapter M of the Code, the Fund must, among other things, (i) derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including gains from options, futures, and forward contracts) derived with respect to its business of investing in such stock, securities or currencies, and net income derived from an interest in a qualified publicly traded partnership (as defined in Section 851(h) of the Code) (the "90% income test") and (ii) diversify its holdings so that, at the end of each quarter of each taxable year: (a) at least 50% of the value of the Fund's total assets is represented by (1) cash and cash items, U.S. government securities, securities of other regulated investment companies, and (2) other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of the Fund's total assets and to not more than 10% of the outstanding voting securities of such issuer and (b) not more than 25% of the value of the Fund's total assets is invested in (1) the securities (other than U.S. government securities and securities of other regulated investment companies) of any one issuer, (2) the securities (other than securities of other regulated investment companies) of two or more issuers that the Fund controls and that are engaged in the same, similar, or related trades or businesses, or (3) the securities of one or more qualified publicly traded partnerships.

For purposes of the 90% income test, the character of income earned by certain entities in which the Fund invests that are not treated as corporations for U.S. federal income tax purposes (e.g., partnerships other than certain publicly traded partnerships or trusts that have not elected to be classified as corporations under the "check-the-box" regulations) will generally pass through to the Fund. Consequently, in order to qualify as a regulated investment company, the Fund may be required to limit its equity investments in such entities that earn fee income, rental income or other nonqualifying income.

If the Fund qualifies as a regulated investment company and properly distributes to its shareholders each taxable year an amount equal to or exceeding the sum of (i) 90% of its "investment company taxable income" as that term is defined in the Code (which includes, among other things, dividends, taxable interest, and the excess of any net short-term capital gains over net long-term capital losses, as reduced by certain deductible expenses) without regard to the deduction for dividends paid and (ii) 90% of the excess of its gross tax-exempt interest income, if any, over certain disallowed deductions, the Fund generally will not be subject to U.S. federal income tax on any income of the Fund, including "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), distributed to shareholders. However, if the Fund meets such distribution requirements, but chooses to retain some portion of its taxable income or gains, it generally will be subject to U.S. federal income tax at regular corporate rates on the amount retained. The Fund may designate certain amounts retained as undistributed net capital gain in a notice to its shareholders, who (i) will be required to include in income for U.S. federal income tax purposes, as long-term capital gain, their proportionate shares of the undistributed amount so designated, (ii) will be entitled to credit their proportionate shares of the income tax paid by the Fund on that undistributed amount against their federal income tax liabilities and to claim refunds to the extent such credits exceed their liabilities and (iii) will be entitled to increase their tax basis, for federal income tax purposes, in their shares by an amount equal to the excess of the amount of undistributed net capital gain included in their respective income over their respective income tax credits. The Fund intends to distribute at least annually all or substantially all of its investment company taxable income (computed without regard to the dividends-paid deduction), net tax-exempt interest income, and net capital gain.

If, for any taxable year, the Fund does not qualify as a regulated investment company or does not satisfy the 90% distribution requirement, it will be treated as a U.S. corporation subject to U.S. federal income tax, thereby subjecting any income earned by the Fund to tax at the corporate level and to a further tax at the shareholder level when such income is distributed.

Under the Code, the Fund will be subject to a nondeductible 4% U.S. federal excise tax on a portion of its undistributed taxable ordinary income and capital gain net income if it fails to meet certain distribution requirements with respect to each calendar year and year ending October 31, respectively. The Fund intends to make distributions in a timely manner and accordingly does not expect to be subject to the excise tax.

The IRS has taken the position that if a regulated investment company has two or more classes of shares, it must designate distributions made to each class in any year as consisting of no more than such class's proportionate share of particular types of income, including tax-exempt interest, net capital gains, and other income subject to federal income tax. A class's proportionate share of a particular type of income is determined according to the percentage of total dividends paid by the regulated investment company to such class. Consequently, if both common shares and Auction Preferred Shares are outstanding, the Fund intends to designate distributions made to the classes of particular types of income in accordance with the classes' proportionate shares of such income. Thus, the Fund will designate exempt-interest dividends, capital gain dividends, and other taxable dividends in a manner that allocates such income between the holders of common shares and Auction Preferred Shares in proportion to the total dividends paid to each class during the taxable year, or otherwise as required by applicable law.

Existing authorities do not specifically address whether dividends (including possible gross-up dividends paid to holders of Auction Preferred Shares) that are paid following the close of a taxable year, but that are treated for tax purposes as derived from the income of such prior taxable year, are treated as dividends paid during such prior taxable year for purposes of determining each class's proportionate share of a particular type of income. The Fund currently intends to treat such dividends as having been paid in the prior taxable year for purposes of determining each class's proportionate share of a particular type of income with respect to such prior taxable year. Existing authorities also do not specifically address the allocation of taxable income among the dividends paid to holders of a class of shares during or with respect to a taxable year. It is possible that the IRS could disagree with the Fund's position concerning the treatment of dividends paid after the close of a taxable year or with the Fund's method of allocation, in which case the IRS could attempt to recharacterize a portion of the dividends paid to the holders of

Auction Preferred Shares or common shares and designated by the Fund as exempt-interest dividends as consisting instead of capital gains or other taxable income. If the IRS were to prevail with respect to any such attempted recharacterization, holders of that class of shares could be subject to tax on amounts so recharacterized and the Fund could be subject to federal income and excise tax. In such event, no additional amounts (including gross-up dividends) would be paid by the Fund with respect to dividends so recharacterized to compensate for any additional tax owed by holders of Auction Preferred Shares.

The Fund declares a dividend from net investment income (excluding capital gains) each month. Dividends are normally paid on the last business day of the month or shortly thereafter. The Fund distributes any net short-term and long-term capital gains in November. Dividends from income and/or capital gains may also be paid at such other times as may be necessary for the Fund to avoid U.S. federal income or excise tax.

The Fund may from time to time invest a portion of its portfolio in short-term taxable obligations and may engage in transactions generating gain or income that is not tax-exempt, e.g., the Fund may purchase and sell non-municipal securities, sell or lend portfolio securities, enter into repurchase agreements, dispose of rights to when-issued securities prior to issuance, acquire any debt obligation at a market discount, acquire certain stripped tax-exempt obligations or their coupons or enter into options and futures transactions. The Fund’s distributions of such gain or income will not be “exempt-interest dividends”, as described below, and accordingly will be taxable.

The Code permits tax-exempt interest received by the Fund to flow through as tax-exempt “exempt-interest dividends” to the Fund’s shareholders, provided that the Fund qualifies as a regulated investment company and at least 50% of the value of the Fund’s total assets at the close of each quarter of its taxable year consists of tax-exempt obligations, i.e., obligations that pay interest excluded from gross income under Section 103(a) of the Code. That part of the Fund’s net investment income which is attributable to interest from tax-exempt obligations and which is distributed to shareholders will be designated by the Fund as an “exempt-interest dividend” under the Code. Exempt-interest dividends are excluded from a shareholder’s gross income under the Code but are nevertheless required to be reported on the shareholder’s U.S. federal income tax return. The percentage of income designated as exempt-interest dividends is applied uniformly to all distributions made during each taxable year and may differ from the percentage of distributions consisting of tax-exempt interest during any particular month. That portion of the Fund’s dividends and distributions not designated as exempt-interest dividends will be taxable as described below.

Exempt-interest dividends derived from interest on certain “private activity bonds” will be items of tax preference, which increase alternative minimum taxable income for individuals or entities that are subject to the U.S. federal alternative minimum tax. All exempt-interest dividends may result in or increase a corporate shareholder’s liability for the federal alternative minimum tax.

Interest on indebtedness incurred or continued by a shareholder to purchase or carry shares of the Fund will not be deductible for U.S. federal income tax purposes to the extent it is deemed under the Code and applicable regulations to relate to exempt-interest dividends received from the Fund. The Fund may not be an appropriate investment for persons who are “substantial users” of facilities financed by industrial revenue or private activity bonds or persons related to substantial users. Shareholders receiving social security or certain railroad retirement benefits may be subject to U.S. federal income tax on a portion of such benefits as a result of receiving exempt-interest dividends paid by the Fund.

Unless a shareholder specifies otherwise, all distributions from the Fund to that shareholder will be automatically reinvested in additional full and fractional shares of the Fund. For U.S. federal income tax purposes, all dividends from the Fund, other than exempt-interest dividends, generally are taxable whether a shareholder takes them in cash or reinvests them in additional shares of the Fund. In general, assuming that the Fund has sufficient earnings and profits, dividends from net investment income that is not tax exempt and from net short-term capital gains are taxable as ordinary income. Since the Fund’s income is derived primarily from sources that do not pay dividends, it is not expected that any dividends paid by the Fund will qualify for either the dividends-received deduction for corporations or the maximum 15% U.S. federal income tax rate available to individual and certain other noncorporate shareholders on qualified dividend income.

Distributions by the Fund in excess of the Fund’s current and accumulated earnings and profits will be treated as a return of capital to the extent of (and in reduction of) the shareholder's tax basis in its shares and any such amount in excess of that basis will be treated as gain from the sale of shares, as discussed below.

Distributions from net capital gains, if any, that are designated as capital gain dividends by the Fund are taxable as long-term capital gains for U.S. federal income tax purposes without regard to the length of time the shareholder has held shares of the Fund. Capital gain dividends distributed by the Fund to individual and certain other noncorporate shareholders generally will qualify for reduced U.S. federal income tax rates (currently, a maximum rate of 15%, with lower rates applying to taxpayers in the 10% and 15% rate brackets) on long-term capital gains, subject to certain limited exceptions. A shareholder should also be aware that the benefits of the favorable tax rate applicable to long-term capital gains and qualified dividend income may be affected by the application of the alternative minimum tax to individual shareholders. Under current law, the reduced maximum 15% U.S. federal income tax rate on qualified dividend income and long-term capital gains will not apply in taxable years beginning after December 31, 2010.

The U.S. federal income tax status of all distributions will be reported to shareholders annually.

Although dividends generally will be treated as distributed when paid, any dividend declared by the Fund in October, November or December and payable to shareholders of record in such a month that is paid during the following January will be treated for U.S. federal income tax purposes as received by shareholders on December 31 of the calendar year in which it was declared. In addition, certain other distributions made after the close of a taxable year of the Fund may be "spilled back" and treated for certain purposes as paid by the Fund during such taxable year. In such case, shareholders generally will be treated as having received such dividends in the taxable year in which the distributions were actually made. For purposes of calculating the amount of a regulated investment company's undistributed income and gain subject to the 4% excise tax described above, such "spilled back" dividends are treated as paid by the regulated investment company when they are actually paid.

The Fund may be required to pay "gross-up dividends" to holders of its Auction Preferred Shares. Gross-up dividends are intended to put holders generally in substantially the same federal income tax position they would have been in had all of the dividends paid to them consisted of exempt-interest dividends. However, gross-up dividends will not compensate for any foreign, state or local taxes on distributions paid by the Fund, including foreign, state or local taxes on the gross-up dividends themselves. The federal income tax consequences of gross-up dividends under existing law are uncertain. For example, it is unclear how gross-up dividends will be treated under the rules in Subchapter M of the Code applicable to dividends paid following the close of a taxable year in respect of a prior year's income. The Fund intends to treat such gross-up dividends as paid during such prior taxable year for purposes of the rules governing the Fund's treatment of such dividends, and to treat a holder as receiving a dividend distribution in the amount of any gross-up dividend only as and when such gross-up dividend is paid.

For U.S. federal income tax purposes, the Fund is permitted to carry forward a net capital loss for any year to offset its capital gains, if any, for up to eight years following the year of the loss. To the extent subsequent capital gains are offset by such losses, they would not result in U.S. federal income tax liability to the Fund and may not be distributed as such to shareholders. See "Securities Beneficially Owned; Annual Fee and Other Information" for the Fund's available capital loss carryforwards. The Fund may not carry forward any losses other than net capital losses.

At the time of an investor's purchase of fund shares, a portion of the purchase price may be attributable to realized or unrealized appreciation in the Fund's portfolio or to undistributed capital gains of the Fund. Consequently, subsequent distributions by the Fund with respect to these shares from such appreciation or gains may be taxable to such investor even if the net asset value of the investor's shares is, as a result of the distributions, reduced below the investor's cost for such shares and the distributions economically represent a return of a portion of the investment.

Sales and exchanges generally are taxable events for shareholders that are subject to tax. Shareholders should consult their own tax advisers with reference to their individual circumstances to determine whether any particular transaction in fund shares is properly treated as a sale for tax purposes, as the following discussion assumes, and the tax treatment of any gains or losses recognized in such transactions. In general, if fund shares are sold, the shareholder will recognize gain or loss equal to the difference between the amount realized on the sale and the shareholder's adjusted basis in the shares. Such gain or loss generally will be treated as long-term capital gain or loss if the shares were held for more than one year and otherwise generally will be treated as short-term capital gain or loss. Any loss recognized by a shareholder upon the sale, exchange or other disposition of shares with a tax holding period of six months or less will be disallowed to the extent of any exempt-interest dividends paid with respect to such shares, and any portion of such loss that exceeds the amount disallowed will be treated as a long-term capital loss to the extent of any amounts treated as distributions to the shareholder of long-term capital gain with respect to such shares (including any amounts credited to the shareholder as undistributed capital gains).

Losses on sales or other dispositions of shares may be disallowed under “wash sale” rules in the event of other investments in the Fund (including those made pursuant to reinvestment of dividends and/or capital gain distributions) within a period of 61 days beginning 30 days before and ending 30 days after a sale or other disposition of shares. In such a case, the disallowed portion of any loss generally would be included in the U.S. federal tax basis of the shares acquired in the other investments.

Under Treasury regulations, if a shareholder recognizes a loss with respect to fund shares of $2 million or more for an individual shareholder, or $10 million or more for a corporate shareholder, in any single taxable year (or of certain greater amounts over a combination of years), the shareholder must file with the IRS a disclosure statement on Form 8886. Shareholders who own portfolio securities directly are in many cases excepted from this reporting requirement but, under current guidance, shareholders of regulated investment companies are not excepted. A shareholder who fails to make the required disclosure to the IRS may be subject to substantial penalties. The fact that a loss is reportable under these regulations does not affect the legal determination of whether or not the taxpayer’s treatment of the loss is proper. Shareholders should consult with their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

Shareholders that are exempt from U.S. federal income tax, such as retirement plans that are qualified under Section 401 of the Code, generally are not subject to U.S. federal income tax on otherwise-taxable fund dividends or distributions, or on sales or exchanges of fund shares unless the Fund shares are “debt-financed property” within the meaning of the Code. However, in the case of fund shares held through a non-qualified deferred compensation plan, fund dividends and distributions other than exempt-interest dividends received by the plan and sales and exchanges of fund shares by the plan generally are taxable to the employer sponsoring such plan in accordance with the U.S. federal income tax laws that are generally applicable to shareholders receiving such dividends or distributions from regulated investment companies such as the Fund.

A plan participant whose retirement plan invests in the Fund, whether such plan is qualified or not, generally is not taxed on any fund dividends or distributions received by the plan or on sales or exchanges of fund shares by the plan for U.S. federal income tax purposes. However, distributions to plan participants from a retirement plan account generally are taxable as ordinary income, and different tax treatment, including penalties on certain excess contributions and deferrals, certain pre-retirement and post-retirement distributions and certain prohibited transactions, is accorded to accounts maintained as qualified retirement plans. Shareholders should consult their tax advisers for more information.

The Fund may invest to a significant extent in debt obligations that are in the lowest rating categories or that are unrated, including debt obligations of issuers not currently paying interest or that are in default. Investments in debt obligations that are at risk of or in default present special tax issues for the Fund. Federal income tax rules are not entirely clear about issues such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless securities, how payments received on obligations in default should be allocated between principal and interest and whether certain exchanges of debt obligations in a workout context are taxable. These and other issues will be addressed by the Fund, in the event it invests in or holds such securities, in order to seek to ensure that it distributes sufficient income to preserve its status as a regulated investment company and does not become subject to U.S. federal income or excise tax.

If the Fund invests in certain pay-in-kind securities, zero coupon securities, deferred interest securities or, in general, any other securities with original issue discount (or with market discount if the Fund elects to include market discount in income currently), the Fund generally must accrue income on such investments for each taxable year, which generally will be prior to the receipt of the corresponding cash payments. However, the Fund must distribute to its shareholders, at least annually, all or substantially all of its investment company taxable income (determined without regard to the deduction for dividends paid) and net tax-exempt income, including such accrued income, to qualify to be treated as a regulated investment company under the Code and avoid U.S. federal income and excise taxes. Therefore, the Fund may have to dispose of its portfolio securities, potentially under disadvantageous circumstances, to generate cash, or may have to borrow the cash, to satisfy distribution requirements. Such a disposition of securities may potentially result in additional taxable gain or loss to the Fund.

Options written or purchased and futures contracts entered into by the Fund on certain securities, indices and foreign currencies, as well as certain forward foreign currency contracts, may cause the Fund to recognize gains or losses from marking-to-market even though such options may not have lapsed or been closed out or exercised, or such futures or forward contracts may not have been performed or closed out. The tax rules applicable to these contracts may affect the characterization of some capital gains and losses realized by the Fund as long-term or short-term. Certain options, futures and forward contracts relating to foreign currency may be subject to Section 988 of the Code, and accordingly may produce ordinary income or loss. Additionally, the Fund may be required to recognize gain if an option, futures contract, forward contract, short sale or other transaction that is not subject to the mark-to-market rules is treated as a “constructive sale” of an “appreciated financial position” held by the Fund under Section 1259 of the Code. Any net mark-to-market gains and/or gains from constructive sales may also have to be distributed to satisfy the distribution requirements referred to above even though the Fund may receive no corresponding cash amounts, possibly requiring the disposition of portfolio securities or borrowing to obtain the necessary cash. Such a disposition of securities may potentially result in additional taxable gain or loss to the Fund. Losses on certain options, futures or forward contracts and/or offsetting positions (portfolio securities or other positions with respect to which the Fund’s risk of loss is substantially diminished by one or more options, futures or forward contracts) may also be deferred under the tax straddle rules of the Code, which may also affect the characterization of capital gains or losses from straddle positions and certain successor positions as long-term or short-term. Certain tax elections may be available that would enable the Fund to ameliorate some adverse effects of the tax rules described in this paragraph. The tax rules applicable to options, futures, forward contracts and straddles may affect the amount, timing and character of the Fund’s income and gains or losses and hence of its distributions to shareholders.

The Fund may be subject to withholding and other taxes imposed by foreign countries, including taxes on interest, dividends and capital gains with respect to its investments in those countries. Any such taxes would, if imposed, reduce the yield on or return from those investments. Tax conventions between certain countries and the U.S. may reduce or eliminate such taxes in some cases. The Fund does not expect to satisfy the requirements for passing through to its shareholders any share of foreign taxes paid by the Fund, with the result that shareholders will not include such taxes in their gross incomes and will not be entitled to a tax deduction or credit for such taxes on their own tax returns.

The Fund is required to withhold (as “backup withholding”) 28% of reportable payments, including dividends, capital gain distributions and the proceeds of redemptions or repurchases of fund shares paid to shareholders who have not complied with certain IRS regulations. In order to avoid this withholding requirement, shareholders, other than certain exempt entities, must certify on their Account Applications, or on separate IRS Forms W-9, that the Social Security Number or other Taxpayer Identification Number they provide is their correct number and that they are not currently subject to backup withholding, or that they are exempt from backup withholding. The Fund may nevertheless be required to backup withhold if it receives notice from the IRS or a broker that the number provided is incorrect or backup withholding is applicable as a result of previous underreporting of interest or dividend income.

The description of certain federal tax provisions above relates only to U.S. federal income tax consequences for shareholders who are U.S. persons, i.e., generally, U.S. citizens or residents or U.S. corporations, partnerships, trusts or estates, and who are subject to U.S. federal income tax and hold their shares as capital assets. Except as otherwise provided, this description does not address the special tax rules that may be applicable to particular types of investors, such as financial institutions, insurance companies, securities dealers, other regulated investment companies, or tax-exempt or tax-deferred plans, accounts or entities. Investors other than U.S. persons may be subject to different U.S. federal income tax treatment, including a non-resident alien U.S. withholding tax at the rate of 30% or any lower applicable treaty rate on amounts treated as ordinary dividends from the Fund (other than, for taxable years of the Fund beginning on or before December 31, 2009, certain dividends designated by the Fund as (i) interest-related dividends, to the extent such dividends are derived from the Fund’s “qualified net interest income,” or (ii) short-term capital gain dividends, to the extent such dividends are derived from the Fund’s “qualified short-term gain”) or, in certain circumstances, unless an effective IRS Form W-8BEN or other authorized withholding certificate is on file, to backup withholding at the rate of 28% on certain other payments from the Fund. “Qualified net interest income” is the Fund’s net income derived from U.S.-source interest and original issue discount, subject to certain exceptions and limitations. “Qualified short-term gain” generally means the excess of the net short-term capital gain of the Fund for the taxable year over its net long-term capital loss, if any. Backup withholding will not be applied to payments that have been subject to the 30% (or lower applicable treaty rate) withholding tax on shareholders who are neither citizens nor residents of the United States. Shareholders should consult their own tax advisers on these matters and on state, local, foreign and other applicable tax laws.

If, as anticipated, the Fund qualifies as a regulated investment company under the Code, it will not be required to pay any Massachusetts income, corporate excise or franchise taxes or any Delaware corporation income tax.

The exemption of exempt-interest dividends for U.S. federal income tax purposes does not necessarily result in exemption under the tax laws of any state or local taxing authority, since those laws vary with respect to the taxation of such income. Many states exempt from tax that portion of an exempt-interest dividend which represents interest received by the Fund on that state’s securities, subject in some cases to compliance with concentration and/or reporting requirements, which the Fund makes no commitment to seek to satisfy. However, the Fund will report annually to its shareholders the percentage of interest income received by the Fund during the preceding year on federally tax-exempt obligations indicating, on a state-by-state basis only, the source of such income. Each shareholder is advised to consult his own tax adviser regarding the exemption, if any, of exempt-interest dividends under the state and local tax laws applicable to the shareholder.

A state income (and possibly local income and/or intangible property) tax exemption is generally available to the extent the Fund’s distributions are derived from interest on (or, in the case of intangible property taxes, the value of its assets is attributable to) certain U.S. government obligations, provided in some states that certain thresholds for holdings of such obligations and/or reporting requirements are satisfied. The Fund will not seek to satisfy any threshold or reporting requirements that may apply in particular taxing jurisdictions, although the Fund may in its sole discretion provide relevant information to shareholders.

REPURCHASE OF SHARES

Shares of closed-end management investment companies frequently trade at a discount from their NAV but in some cases trade at a premium. In recognition of the possibility that the Fund’s common shares might similarly trade at a discount, the Fund may from time to time take action to attempt to reduce or eliminate a market value discount from NAV by repurchasing its shares in the open market or by tendering for its own shares at NAV. The Board of Trustees, in consultation with Pioneer, will review on a periodic basis the possibility of open market repurchases or tender offers of the Fund’s common shares. There are no assurances that the Board of Trustees will, in fact, decide to undertake either of these actions or, if undertaken, that such actions will result in the Trust’s shares trading at a price that is equal to or approximates their NAV. In addition, the Board of Trustees will not necessarily announce when it has given consideration to these matters.

Subject to the Fund’s investment policies and restrictions with respect to borrowings, the Fund may incur debt to finance repurchases or tenders. See “Investment Objectives and Principal Investment Strategies” above and “Investment Policies, Risks and Restrictions” in the SAI. Interest on any such borrowings will reduce the Fund’s net investment income.

DESCRIPTION OF SHARES

General

The Fund is authorized to issue an unlimited number of common shares, without par value. The Fund is also authorized to issue preferred shares. The Board of Trustees is authorized to classify and reclassify any unissued shares into one or more additional classes or series of shares. The Board of Trustees may establish such series or class, including preferred shares, from time to time by setting or changing in any one or more respects the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares and, pursuant to such classification or reclassification, to increase or decrease the number of authorized shares of any existing class or series. The Board of Trustees, without shareholder approval, is authorized to amend the Agreement of Declaration of Trust and By-Laws to reflect the terms of any such class or series, including any class of preferred shares. The Fund is also authorized to issue other securities, including debt securities. The Trust sends unaudited reports at least semi-annually and audited annual financial statements to all of its shareholders.

Common Shares

As of [_____], 2009, there were $[__] million in common shares issued and outstanding. The Fund's common shares are fully paid and non-assessable. Holders of common shares are entitled to share pro rata in the net assets of the Fund available for distribution to such holders upon liquidation of the Fund. Holders of common shares are entitled to one vote for each share held. So long as any of the Auction Preferred Shares are outstanding, holders of common shares will not be entitled to receive any net income of or other distributions from the Fund unless all accumulated dividends on the Auction Preferred Shares have been paid and unless asset coverage (as defined in the 1940 Act) with respect to the Auction Preferred Shares is at least 200% after giving effect to such distributions. See "Use of Leverage."

The common shares are listed on the NYSE. The Fund intends to hold annual meetings of shareholders so long as the common shares are listed on a national securities exchange and such meetings are required as a condition to such listing.

Because the market value of the common shares may be influenced by such factors as distribution levels (which are in turn affected by expenses), call protection, dividend stability, portfolio credit quality, net asset value, relative demand for and supply of such shares in the market, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot assure you that common shares will trade at a price equal to or higher than net asset value in the future. The common shares are designed primarily for long-term investors, and investors in the common shares should not view the Fund as a vehicle for trading purposes. See "Repurchase of Shares; Conversion to Open-End Fund."

Auction Preferred Shares

As of [_____], 2009, there were $[__] million in Auction Preferred Shares issued and outstanding. The Auction Preferred Shares pay dividends at rates based on short-term periods, ranging from seven days to five years, which are reset periodically pursuant to an auction. The preference on distribution, liquidation preference, voting rights and redemption provisions of the Auction Preferred Shares are as stated below.

Limited Issuance of Auction Preferred Shares. Under the 1940 Act, the Fund could issue Auction Preferred Shares with an aggregate liquidation value of up to one-half of the value of the Fund's total net assets, measured immediately after issuance of the Auction Preferred Shares. "Liquidation value" means the original purchase price of the shares being liquidated plus any accrued and unpaid dividends. In addition, the Fund is not permitted to declare any cash dividend or other distribution on its common shares unless the liquidation value of the Auction Preferred Shares is less than one-half of the value of the Fund's total net assets (determined after deducting the amount of such dividend or distribution) immediately after the distribution.

Distribution Preference. The Auction Preferred Shares have complete priority over the common shares as to distribution of assets.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Fund, holders of Auction Preferred Shares will be entitled to receive a preferential liquidating distribution of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon, whether or not earned or declared, before any distribution of assets is made to holders of common shares.

Voting Rights. The holders of the Fund's Auction Preferred Shares have voting rights equal to the holders of the Fund's common shares (one vote per share) and will vote together with holders of the common shares as a single

class. However, holders Auction Preferred Shares are also entitled to elect two of the Fund’s Trustees and to el