

Pioneer Investments on Closed-End Fund Investing

July 7, 2008

Topic: Update on Leverage and Auction Rate Preferred Securities

Pioneer Investments has been working diligently to address the issues facing shareholders of the Pioneer closed-end funds due to the lack of liquidity in the auction rate markets. In addition to our own efforts, recent developments in the industry have made us more optimistic that the lack of liquidity soon will be addressed. Specifically, we are encouraged by the prospects of lenders and other capital providers participating in financing alternatives as a means of providing liquidity to preferred shareholders. We are also encouraged by the efforts of regulators and industry participants to create a cost-effective liquidity structure for preferred shares of some closed-end funds. This structure would allow preferred shares to become eligible for purchase by money market funds through the use of a liquidity feature. Moreover, this structure, according to a recent IRS notice, would not change the treatment of auction rate preferred shares as equity securities.

We continue to consider all possible options for preferred shares of the Pioneer closed-end funds, and are focusing on those alternatives that we believe will best serve the needs of shareholders on a fund-by-fund basis. These alternatives currently include debt financing and offering a new form of preferred shares that would be eligible for purchase by money market funds. Debt financing may not be a viable solution for non-taxable Pioneer closed-end funds, such as Pioneer Municipal High Income Trust (NYSE: MHI) and Pioneer Municipal High Income Advantage Trust (NYSE: MAV). These funds invest in municipal debt and focus on generating tax-exempt income. Therefore, borrowing at a taxable rate may not provide the same degree of benefit.

On May 23, we announced a proposal to merge one of the Pioneer closed-end funds, Pioneer Municipal and Equity Income Trust (NYSE: PBF), with an open-end fund, Pioneer Tax Free Income Fund. A consequence of the merger, if approved by shareholders in September, would be the redemption of approximately \$176 million in preferred shares issued by PBF. This is approximately 21% of the outstanding preferred shares in five Pioneer closed-end funds.

We continue our efforts to resolve the matter as soon as possible in a manner that considers the interests of both common and preferred shareholders. Pioneer's closed-end funds continue to pay distributions in accordance with the terms of the auction rate preferred shares. Current dividend rates for the preferred shares of the Pioneer closed-end funds remain lower than the earnings rates produced by the funds' portfolios of securities, indicating that leverage is still an effective strategy. The preferred shares of all of the Pioneer closed-end funds continue to be rated AAA/Aaa by both Moody's and Fitch.

For more information:

For updated monthly interest rates payable to each of Pioneer Investments' closed end funds, visit www.pioneerinvestments.com.

Closed-end funds, unlike open-end funds, are not continuously offered. Once issued, shares of closed-end funds are sold in the open market through a stock exchange and frequently trade at prices lower than their net asset values. Net Asset Value (NAV) is total assets less total liabilities, which includes preferred shares, divided by the number of common shares outstanding.