

**Pioneer Floating Rate Trust (PHD)
Conference Call Transcript**

**January 30, 2008
3:00 pm CT**

James O'Connell: Good afternoon everyone and thank you for taking time out of your day to join us on this conference call regarding Pioneer Floating Rate Trust trading under the New York Stock Exchange symbol PHD.

My name is James O'Connell and I'm a Senior Product Manager here at Pioneer. Before we begin I'd like to read some standard disclosure.

This call will include statements that contain forward-looking information. Such statements are necessarily subject to risks and uncertainties some of which are significant in scope and by their nature beyond the controls of the trust, its investment adviser, Pioneer Investment Management, Inc., or its subadvisor, Highland Capital Management, LP.

There can be no assurance that such statements will prove to be accurate and actual results and future events could differ in a material fashion from those anticipated in such statements. Historical results are not necessarily indicative of future performance.

With that said this call will be available for replay for one week. That replay will be available by dialing 800-642-1687 and should be available beginning this evening.

We will also be posting a transcript of this conference call to our web site at www.pioneerinvestments.com.

We're pleased to be joined today by Mark Okada, Highland Capital Management's Chief Investment Officer, and Joe Dougherty who is a Senior Portfolio Manager at Highland. In an effort to allow more time for your questions I will ask Joe a limited number of questions regarding PHD and the senior secured loan market. We will then open the lines for Q&A.

Before we start with the Q&A I'd like to update you on the Trust's leverage as we often receive questions about this. As you may know, Pioneer Floating Rate Trust issues leverage in the form of auctioned market preferred shares. The trust borrows at current (AMPS) rates, PHD's resets every seven days, and invest the proceeds in the securities outlined in the Trust's prospectus.

The Trust issues approximately \$234 million in leverage which represents about one-third of its assets. Since mid-November rates on preferred shares have generally been in the 5 to 5.6% range with the most recent rate of last evening's auction went off at 4.35%.

So that's an update on the Trust's leverage. And now I'd like to introduce Joe Dougherty and get an update on how the Trust performed in the fourth quarter and how it's positioned going forward into 2008. Welcome Joe.

Joe Dougherty: Thanks James. The net asset value base return for the Calendar Year 2007 was .67% and the two year return was 6.65% ranking it 16th and 1st in its Lipper peer group for the respective periods.

As of December 31, 2007 the weighted average spread of the portfolio was 3.35% or 335 basis points. The Trust was invested in approximately 94.9% loans, 3.3% bonds and 1.8% equities. The Trust also has approximately 4.6% in second lien loans. The weighted average days to reset on the loans in the portfolio was approximately 48.2 days.

James O'Connell: Joe have there been any changes in your view on the subprime market and how it has impacted the credit markets as a whole?

And what are your updated views on the current state of the credit environment and the impact on the corporate bank loan asset class?

Joe Dougherty: Sure James. Our view what has happened in the market during the last half of 2007 hasn't changed. The broad re-pricing and increased price volatility in the leveraged loan market was driven by a significant technical dislocation. This was precipitated by the contagion from the subprime mortgage market.

Now for most of the year the leveraged loan market had been unaffected by the negative sentiment in the subprime market. However, starting in July some of the leveraged entities holding subprime assets were forced into liquidation to meet margin calls on their highly levered holdings. This caused a general re-pricing of the structure products market and took enough demand out of the market to hamper (CLO) new issuance which is a major source of liquidity in the loan market.

That lack of loan demand coupled with the large new issue supply contributed to a re-pricing of corporate loans. Weak technical conditions drove the S&P/LSTA Index down from 95 Cents on the dollar by the end of July or down to 95 Cents.

Since July the loan market experienced unprecedented volatility with the Index recovering to approximately 98 in October only to fall again in November to just under the 95 mark. This resulted in the Index posting a record loss of 3.35% in July followed by the Index's largest one month gain of 1.95% in September only to lose ground in November with the third worst month on record, a 1.39% loss. While our interpretation of how the last half of 2007 played out hasn't changed, we are anticipating that these technical factors could impact fundamentals as many economists are forecasting a recession and others believe we are already there. A recession would impact the fundamentals of some of the loan issuers as the slowdown in GDP growth may affect profitability. We expect prices for stressed and distressed names to trade in ranges lower than normal because of the general lack of liquidity in the market.

James O'Connell: Joe if the economy does fall in a recession what are your views on how the trust is positioned?

Joe Dougherty: Going into recession investors should be mindful of the recoverability of their debt investments. In our opinion the senior status of the loan asset class within the capital structure makes these assets attractive during a downturn in the economy. From 1987 to 2006 loans on average recovered 70% versus 27% in bonds. We feel recoveries of leveraged loans going into the cycle would be helped by the following factors.

First, the last cycle's recovery rates were weighed on by the glut of telecom defaults starting in 1998. We feel the corporate loans made over the last several years are more fundamentally sound and benefit from better industry diversification. Number two, the larger size of the more recent deals, the average leverage buyout from 1998 was \$403 million versus just over \$2 billion in 2007. Historically bigger companies tend to have more options when

recovering value. Number three today's deals have a larger exposure to the global economy and the soft dollar should be a boom.

Fourth, despite slightly more leverage used in recent LBOs, much of the increase is brought about by second liens or more junior debt. If removed from the equation the amount of leverage used in today's deals are more in line with 1998 levels.

One could draw a more bearish conclusion on the recoverability this time around due to the following factors. One, more fragmented market participants today, the current estimate is over 300 versus in 1998 approximately 75 which again can lead to more (discord) when working out bankruptcies or restructurings. And number two, deterioration of covenants hurting recoverability.

Now we anticipate that the default rate will increase and could reach historical levels in terms of dollar volumes. The leveraged loans in 1998 was 552 billion, and by the end of 2007 it was approximately 1.5 billion so the volume of defaults will naturally be higher.

We're still bullish on the loan market. At the current prices the market appears to be pricing in a 6.5% default rate which given that the historic default rate over the last four years is 2.2% and the current rate is .7%, 6.5% is more pessimistic than even those bearish market strategists.

James O'Connell: Okay Joe, what happens to the yield of the Trust if default rates increase?

Joe Dougherty: Sure. Historically default rates have been negatively correlated with the total return of credit assets. While default rates should be considered we tend to take more of a total return approach to the portfolio. Ultimately there'll be the

default and recovery experience of the individual names in the portfolio that affects the portfolio return. To that end we're comfortable with the state of the portfolio and our ability to manage the individual positions even in the face of increasing default rates.

Highland has a dedicated staff of professionals focused solely on distressed debt management and we believe we are a market leader in that area.

James O'Connell: Joe how is the yield of the Trust impacted by the recent cuts made by the Fed and the accompanying decline in the LIBOR rate?

Joe Dougherty: Sure. Before the credit market dislocation that began in July, three month LIBOR had remained at 5.36% or 11 basis points above the Fed funds rate for approximately one year. From January 1 through January 24th three months LIBOR has dropped 146 basis points from 4.7% to 3.24%. This is largely due to a series of actions taken by the Federal Reserve including cuts to the Federal funds rate which includes a 50 basis point cut this afternoon.

The Fed took action prior to this week's Federal Open Market Committee Meeting with a net emergency 75 basis points cut as many of you have probably read about. While we do not disclose whether we anticipate the Trust will earn the historic distribution level in the future, it is clear that for portfolio holding a large percentage of floating rate debt a decrease in LIBOR can negatively impact the trust yield.

There tends to be a lag and the effect of the decline in LIBOR has on the yield of a portfolio floating rate loans. This is due to the resetting of the base rate underlying the individual loans which typically happens every 60 to 90 days depending on the terms of the loan. As of December 31st the approximately

average days to the underlying loans base rate to reset for this trust was 48 days.

Caller #1: The NAV has been going down steadily the past few months. Can that in and of itself affect the dividend or does it take defaults?

Joe Dougherty: Yeah, I mean technically it takes defaults to do it.

Now if we were cycling the portfolio, so doing a lot of trading in other words, taking a lot of realized losses in theory it would be a question of whether or not you could reinvest the assets at a higher yield which would be why you would sell otherwise you would hold onto your current assets assuming you like the credit. So it doesn't directly impact it.

Caller #1: And the securities in the fund are marked to model or marked-to-market?

Joe Dougherty: They are marked-to-market. We use a third party pricing service.

Caller #1: But that's to market not to model.

Joe Dougherty: Exactly, to market, yes.

Caller #2: I've been in the fund in Highland floating since you bought it from Columbia and I appreciate the work you've done in spite of last year looking like a tough year, I appreciate your work.

Joe Dougherty: Thank you.

Caller #2: Two quick questions.

One, the NAVs got hit hard in '07 and of course it assumes a significant increase in defaults over the next few years. I've read where people say that floating rate market is indicating a 30% default rate over the next few years as they hit on NAV. Not asking about whether that number is accurate or not.

But assuming the worse case scenario that's built into these defaults doesn't take place and the economy does not get as rough as some people think it will, shouldn't we see a turnaround on NAVs over the next year or two? Can you comment a little bit about that?

Mark Okada: Sure. Today, where the market is priced it's somewhere close to LIBOR plus 5. So you're getting 500 basis points above the reference rate in order to buy loans today.

And let's go back to your comment about a 30% loss. So if you have a default and the ten year number that Joe was talking about was at 70% recovery. That means you have a 30% loss.

So let's just take it down to a 40% loss and make it a little more conservative. If we went to a 6% default rate, you take 6% times 40% and you've got 240 basis points of a loss against that 500 basis points, so now we've got 260 basis points of spread that we're still in the money on.

It kind of gives you an illustration of what we think happens when this market normalizes back to a point where we don't have the technical pressure that Joe was alluding to earlier and that pressure on the NAV certainly it's overshot the market.

So we're well wide to where we would trade even in a much higher default environment. The historical number for the loan asset class is in the mid 2s and so 6% is a very draconian sort of forecast.

If we get past this sort of illiquidity bubble or I guess the opposite of a bubble, vacuum we should I think settle down into a spread that's much closer to say the 300s versus the 500s.

And the NAVs will naturally go up against that.

Caller #2: A follow-up and I missed the beginning of the call, my apologies.

But have you seen significant deterioration in credits to this point in the holdings?

Joe Dougherty: You know I definitely believe that the U.S. economy is slowing and we're entering into or are already in recession in certain parts of it.

But as far as the huge sort of drop in cash flow generation and maybe some of the things that you would have to I guess fundamentally see to justify the price moves we've seen.

There's nothing like that. I mean our default experience in the portfolio is extremely low. And we're not anticipating any material increase in our defaults in the portfolio at any time soon.

But certainly when this market gets this volatile and this illiquid it's going to lead to more difficult situations for companies and our base case is to see defaults arise from here, although 6% is not even close to what we're thinking at this time.

Caller #2: And last but not least you folks have been doing this for a long time. How excited are you about some of the opportunities out there for buying versus concern about the current situation?

Mark Okada: I was on the phone with one of our largest investors yesterday who happens to be in Japan. And they are a very astute and smart investor. He asked me the same question. I said I've been doing this for 18 years and although this is a very volatile time in the marketplace, I've never had the opportunity to get paid as much as we do for the risk we're taking.

And I'm extremely constructive about where the market is. Highland has a different view as markets get volatile and messy because we have such a huge investment staff and a very fundamental view on things and it gives us a different look at a marketplace where we can exercise and use our research to our advantage versus a market that's very tight and extremely liquid.

So although it may appear from the outside to look like a very scary place to be, the loan market actually has incredible value to it. We've been averaging in here, putting a lot of money to work over the last six to nine months and are really excited about what we're doing in the portfolio.

So these things don't come around too often. I think this one is bigger and deeper than anything we've seen before just because of its scale.

Figuring out when the volatility is going to end and how long this thing is going to take is really anyone's call. Certainly the Fed's finally figured it out that they need to take a much more aggressive stance towards both the money markets and the liquidity situation and the fundamentals for both the banking system and the residential mortgage system.

But we're glad to see that happen. We think they're late and that's created a lot of the issues. But I don't know how long this goes but we're certainly feeling very constructive about where the market is today.

Caller #2: Well I appreciate your answers and these calls are great so I also appreciate you doing these. Have a good day.

Joe Dougherty: Thank you.

Caller #3: Good afternoon. I'd like to compliment you on your Lipper ratings. But I do have a couple questions on the ability to maintain the dividend.

First, do you have any unrealized gains after giving away about 35 cents at the end of the year in your portfolio?

James O'Connell: You will be receiving an annual report for the fund which outlines all of the unrealized gains and losses.

I know your question regarding the ability to maintain the dividend. As Joe stated in his comments there's no guarantee of anything, it's a floating rate fund.

But it's something we look at often and we generally pay out what the portfolio earns.

Joe Dougherty: And to your point, that when you're looking at the financials for funds like these, one account you should focus on is the undistributed income account because obviously that's that balance you're looking for saying is there any undistributed income sitting in the portfolio right now.

So when you do get it take a look at that and that should at least give you some guidance. Again because you do get the financials on a lag, you can't tell exactly but that should help at least a little bit.

And then just generally speaking again we can't comment on whether or not we think we're going to earn the distribution going forward. Obviously LIBOR will have some sort of effect on the portfolio.

But to Mark's point, we are or we have been seeing opportunities at wider spreads that offset some of that. And how much of that exactly we need to, that'll be determined as we keep the investment program going.

That's about as much clarity as I can really give you on it.

Caller #3: Would you consider like your sister closed-end, PBF that if you have a discount which you presently have to distribute a return of capital from the discount, if you couldn't meet the dividend from earnings?

James O'Connell: As of last night the discount was negative 3.7%, 3.8%. We will keep all options open for this but right now that isn't contemplated for this fund.

Caller #4: I too want to thank you for having these meetings. They're comforting and informative.

I was just curious as to when the next dividend announcement will be made. I see it hasn't been posted yet.

James O'Connell: I haven't received the announcement yet. It should be available soon.

James O'Connell: Okay, thank you very much Mark Okada from Highland and Joe Dougherty also from Highland. We appreciate your time on this call.

Want to thank everybody for dialing in. If you missed any portion of this call you can access the replay by dialing 800-642-1687 and that should be available this evening.

We will also post a transcript of this call to our web site at Pioneerinvestments.com. And that should be up in the next week or so.

Thank you for all taking your time and we'll talk to you next quarter.

END

Pioneer Floating Rate Trust (PHD) Average Annual Total Returns
Through December 31, 2007

	Market Price	Net Asset Value
1-Year	-6.82%	1.33%
Since Inception (12/23/04)	2.00%	6.80%

Pioneer Floating Rate Trust (PHD)
Lipper Rankings – Loan Participation Funds Peer Group
Through December 31, 2007

	1-Year		3-Year	
Rank/Total	Percentile		Rank/Total	Percentile
16			1	
45	35%		41	3%

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Performance data shown represents past performance. Past performance is no guarantee of future results. Investment return and market price will fluctuate, and your shares may trade below net asset value, due to such factors as interest rate changes, and the perceived credit quality of borrowers.

Total investment return does not reflect broker sales charges or commissions. All performance information is for common shares of the fund.

Performance results reflect any applicable expense waivers in effect during the periods shown. Without such waivers, fund performance would be lower. Waivers may not be in effect for all funds. Certain fee waivers are contractual through specified period. Otherwise, fee waivers can be rescinded at any time. See the prospectus and financial statements for more information.

Closed end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and 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 value. Net Asset Value (NAV) is total assets less total liabilities divided by the number of common shares outstanding.

Investments in high yield or lower-rated securities are subject to greater than average risk. The Fund may invest in securities of issuers that are in default or that are in bankruptcy.

When interest rates rise, the prices of fixed-income securities in the Fund will generally fall. Conversely, when interest rates fall the prices of fixed income securities in the Fund will generally rise. The floating rate feature of the Fund means that the Fund will not experience capital appreciation in a declining interest rate environment. Investments in the Fund are subject to possible loss due to the financial failure of issuers of underlying securities and their inability to meet their debt obligations.

The Fund may invest in derivative securities, which may include futures and options. These types of instruments can increase price fluctuation.

The Fund is not limited in the percentage of its assets that may be invested in Senior Loans and other securities deemed to be illiquid. Illiquid securities may be difficult to dispose of at a fair price at the times when the trust believes it is desirable to do so and their market price is generally more volatile than that of more liquid securities. Illiquid securities are also more difficult to value and investment of the Fund's assets in illiquid securities may restrict the Fund's ability to take advantage of market opportunities.

The Fund may use leverage through the issuance of preferred shares with an aggregate liquidation preference of up to 33 1/3% of the Fund's total assets after issuance. Leverage create significant risks, including the risk that the Fund's income or capital appreciation will not be sufficient to cover the cost of leverage, which may adversely affect the return for the holders of the common shares.

The Fund is not diversified, which means that it can invest a higher percentage of its assets in any one issuer than a diversified fund. Being non-diversified may magnify the Fund's losses from adverse events affecting a particular issuer.

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