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**Pioneer Floating Rate Trust (PHD) Conference Call**  
**August 4, 2008 at 4:00 Eastern Time**

**James O'Connell:**

Thank you. 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, L.P. 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](http://www.pioneerinvestments.com).

We're pleased to be joined today by Mark Bradley, the Fund's Treasurer, Joe Dougherty who is a Partner and Head of Retail Products at Highland and Brad Borud, Partner and Chief Investment Officer of Retail Products. In an effort to allow more time for your questions I will ask a limited

number of questions regarding the Fund and the bank loan market. We will then open the lines for Q&A.

**To start things off, we thought it would be a good idea to update you on the Auction Rate Preferred Shares situation. So Mark, what is the latest with respect to Pioneer's Auction Rate Preferred Shares?**

**Mark Bradley:**

Thanks James. As you know, the Auction Rate Preferred Shares market began experiencing problems in mid-February. PHD issues approximately \$234 million in leverage which represents about 38% of its assets. Since the last conference call, rates on PHD's preferred shares have generally been in the 3.5 to 4.0% range and these rates are 125 basis points over the base rate, which is 1 week LIBOR. So from the perspective of a common shares investor there hasn't been a negative effect to the Fund. But let me reassure you that solving the auction rate crisis as it relates to our outstanding auction rate preferred securities remains a top priority at all levels of this organization and continues to be the center of attention for our board at all their meetings.

We continue to aggressively vet potential solutions in trying to restore liquidity to our preferred shareholders while considering the interests of our common shareholders. One option particularly compelling for taxable funds is to utilize a traditional bank loan to replace the outstanding auction rate preferred securities. Another option to provide liquidity is to make these securities eligible for purchase by money market funds. On that front there has been some recent news by some other firms in the industry and we are encouraged by that news and the related regulatory guidelines around such news. Please do not misinterpret our lack of action thus far for a lack of effort. On July 25 we issued a press release that announced that we were going to file an application for an exemptive order with the Securities and Exchange Commission. If granted the order may expand the range of alternatives available for refinancing auction rate preferred shares of PHD by providing the Trust with the ability to enter into a loan facility with an affiliate of the Trust's adviser, Pioneer Investment Management, Inc. However, there can be no assurance as to whether or when the SEC would grant the request order or the conditions under which the order might be granted.

**James O’Connell:**

Thank you, Mark. Now we’ll turn our attention to the portfolio and ask Joe Dougherty some questions about what has happened in the bank loan market and what they think about the future.

**Joe, how did the second quarter shape up for bank loans and can you give us some insight into how the Trust has performed?**

**Joe Dougherty:**

Sure, for the second Quarter of 2008 the Trust returned 5.42% on a NAV based return compared to the Trust’s benchmark, the CS Leverage Loan index, which returned 4.23% over the same period. Year-to-date through the end of June the NAV return was -6.29% compared to the index which returned -1.75%.

The loan market in the second quarter was characterized by April’s historic rally, which returned 3.31%, the largest single month return since the inception of the CS Leveraged loan index in 1992. May and June followed with positive but relatively modest returns of 0.74% and 0.15% respectively.

**James O’Connell:**

**What were the drivers of the loan market performance during the second quarter?**

**Joe Dougherty:**

As discussed on previous calls, we still believe the loan market correction was primarily technical in nature and driven by a supply / demand imbalance rooted in issues such as the large loan forward calendar, loss of demand from CLOs, and overall concern for the health of the financial system. However, the loan market performance benefited from continued improvements to the technical imbalance during the second quarter.

*Supply/Demand imbalance*

As of June 30<sup>th</sup> the forward calendar of undistributed loans stood at \$70 billion down from \$117 billion from the previous quarter. This \$47 billion drop is largely attributable to non-traditional buyers stepping in to fill what continues to be a modest Collateralized Loan Obligation (“CLO”) and prime rate fund market. Net redemptions in prime rate funds improved dropping from \$4.2 billion in the first quarter to \$1.1 billion in the second quarter. Meanwhile the CLO market, while showing some life in the first quarter with \$6 billion in new CLOs has since only managed to issue an additional \$3 billion. Before July 2007, CLOs accounted for approximately two thirds of the demand for loans. Since then, demand from non-CLO investors (e.g. pensions, sovereign wealth funds, hedge funds, etc) continues to partially close the gap left by CLO buyers and work the forward calendar down.

#### *Buying Opportunity*

Highland believes the technical re-pricing beginning in July 2007 remains over done. The average bid in the market, as measured by the CS Leveraged Loan Index, has increased from 88.36% of par at March 31, 2008 to 90.68% of par at June 30, 2008. This results in what Highland believes is an attractive buying opportunity given the potential for additional appreciation and in light of the relatively strong fundamental credit environment.

#### **James O’Connell:**

**In previous calls you cautioned investors that defaults would most likely increase. Can you provide us with an update on the default rate environment?**

#### **Joe Dougherty:**

The first quarter saw a jump in defaults from .26% to 1.83% as a percent of issuers, resulting in S&P’s year end default expectations of 6.1%. Since then defaults by percent of issuers increased a mere 75 basis points to 2.58%. Because of this, S&P revised their yearend default estimate to 4.7%. We, along with other market participants, anticipate a rise in the default rate. However, the market has already priced in an imputed double digit default rate that continues to exceed historical norms.

### *Maximizing return on Defaulted positions*

Investors should be concerned not only with the rate of default but the ultimate recoverability of the defaulted position. While some managers may seek to control defaults by selling loans prior to default or not buy loans in default, Highland seeks to maximize total return. Highland will enter and exit positions based on the relative price of the asset versus our view of the underlying value, not whether or not it is in default.

While we do not intend to buy numerous defaulted, or near defaulted assets, into the Trust, we will selectively do so if the relative value appears compelling. Regardless of how a defaulted position arrives in the Trust, we seek to manage the defaulted investment to maximize total recovery of the position.

**James O’Connell:**

**Are any of the Trust’s holdings in default?**

**Joe Dougherty:**

There were no additional defaults in the Trust during the second quarter, and as of May 31<sup>st</sup> the market value of defaulted positions was 1.31% as a percent of the total assets in the trust.

**James O’Connell:**

**What can an investor expect from a position once it goes into default?**

**Joe Dougherty:**

Historically, loans on average have recovered more than 70% upon default and can have substantial value if priced correctly. There are several factors that may influence the value of the underlying collateral and the associated recovery rates during the next cycle of defaults, they include; the devaluation of the dollar, the larger sizes of the deals, and the relative amount of leverage used to finance the deals. We cannot predict the recovery rates on defaulted positions but ultimate recovery values to the Trust are largely dependent on the manager’s fundamental credit analysis and their ability to extract value during workouts.

**James O'Connell:**

**Joe - can you provide us with an overview of how the Trust is currently positioned?**

**Joe Dougherty:**

Since the fund's last annual report (November 30<sup>th</sup> 2007) we have increased the number of fixed rate bonds while decreasing the amount of equity held in the trust in an effort to maintain a strong yield as LIBOR fell. The trust's approximate asset composition as of May 31<sup>st</sup> was 91.2% loans, with approximately 4% in second lien loans, 9% bonds and .3% equity. This compares to November 30<sup>th</sup> 2007 when the trust's approximate composition was 94% loans (down 3%), 3% bonds (up 6%) and 2% equity (down 1.7%). The weighted average days to reset on the loans in the trust was approximately 45 days.

**James O'Connell:**

**Final question Joe, what's your outlook for the coming months?**

**Joe Dougherty:**

We believe loan market performance will be driven more by fundamentals and less by technical supply/demand factors during the second half of 2008. We expect the forward calendar will continue to shrink and there will be idiosyncratic factors impacting the performance of specific loans and industries differently including; the troubled financial sector, record oil prices, inflation fears and second quarter earnings.

Fundamental strength of corporate borrowers remains stronger than current price levels indicate. Recent collateral and interest coverage levels suggest the corporate bank loan market is fundamentally solid. When default rates have been at historical lows month after month, and a recession begins to take its toll on US corporate issuers, eventually the market will turn and defaults can be expected to pick up. Highland doesn't anticipate that defaults will approach the levels priced in by the market. As issuers default on covenants lenders are receiving concessions during amendment negotiations including, LIBOR floors and higher spreads.

Highland's analysts see some good buying opportunities during the second half of 2008 as the forward calendar works down to a manageable size and the CLO market reopens, or other buyers enter the market, adding pricing support to the market. Once this occurs, Highland expects some additional tightening of spreads, despite increasing defaults. Although Highland expects defaults to increase, the current market correction could be viewed as a positive for the Trust by continuing to create some attractive buying opportunities.

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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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