LEE SPENCER S
Form 4
July 12, 2005

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
LEE SPENCER S
(Last) (First) (Middle)
2500 CHEMED CENTER, 255 EAST 5TH STREET
(Street)
CINCINNATI, OH 45202
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CHEMED CORP [CHE]

3. Date of Earliest Transaction (Month/Day/Year)
07/12/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
executive vice president

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
capital stock	07/12/2005		A (1)		2,200	A	$ 43.36	26,930 (2)	D	
capital stock	07/12/2005		F		667 (3)	D	$ 43.36	26,263	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEE SPENCER S 2500 CHEMED CENTER 255 EAST 5TH STREET CINCINNATI, OH 45202			executive vice president	

Signatures

Spencer S. Lee	07/12/2005
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) award of stock

(2) Chemed capital stock split 2 for 1 share on May 11, 2005

(3) payment of tax obligation

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. font-size: 8pt" valign="bottom"> **1 Year 3 Years 5 Years 10 Years**

OIB
$8 $24 $42 $93
OIC
$9 $29 $50 $111
Acquiring Fund (OIA)
$7 $23 $40 $89
Pro Forma Acquiring Fund with Management Fee Increase
$8 $26 $45 $100

Pro Forma (Target Funds + Acquiring Fund, assuming both Mergers are completed)
$7 $24 $43 $98

The Example is not a representation of past or future expenses. Each Fund s actual expenses, and an investor s direct and indirect expenses, may be more or less than those shown. The table and the assumption in the Example of a 5% annual return are required by regulations of the SEC applicable to all registered funds. The 5% annual return is not a prediction of and does not represent the Funds projected or actual performance.

For further discussion regarding the Boards consideration of the fees and expenses of the Funds in approving the Mergers, see the section entitled Additional Information About the Funds and the Mergers Board Considerations in Approving the Mergers in this Proxy Statement.

How do the performance records of the Funds compare?

Annualized total return figures based on NAV and based on market price for each Fund s Common Shares as of February 29, 2012 are shown below. The returns shown below reflect reinvestment of all distributions, do not reflect the effect of any applicable taxes, and are not indicative of a Fund s future performance.

	1 Year	3 Years	5 Years	10 Years
OIB (at NAV)	18.70%	16.08%	3.32%	5.85%
OIB (at market price)	25.41%	15.33%	3.17%	6.11%
OIC (at NAV)	19.81%	15.36%	3.24%	5.47%
OIC (at market price)	25.22%	16.23%	2.75%	5.39%
Acquiring Fund (OIA) (at NAV)	18.92%	16.51%	3.54%	5.70%
Acquiring Fund (OIA) (at market price)	24.50%	15.43%	0.65%	5.18%
Barclays Capital Municipal Bond Index	12.42%	7.94%	5.50%	5.32%

Based on each Fund s February 2012 distribution and the closing market price of each Fund s shares on February 29, 2012, OIB had an annualized monthly distribution yield of 6.05% per share, OIC had an annualized monthly distribution yield of 6.13% per share, and the Acquiring Fund had an annualized monthly distribution yield of 5.98% per share.

Additional performance and yield information is included in each Fund s most recent report to shareholders.

How do the management, investment adviser and other service providers of the Funds compare?

Each Fund is overseen by a Board composed of the same individuals and each Fund s affairs are managed by the same officers. The Adviser, a registered investment adviser, serves as investment adviser for each Fund pursuant to an investment advisory agreement that contains substantially identical terms (except for fees, in the event that Proposal 3 is approved) for each Fund. The Adviser oversees the management of each Fund s portfolio, manages each Fund s business affairs and provides certain clerical, bookkeeping and other administrative services. The Adviser has acted as an investment adviser since its organization in 1976. As of March 31, 2012, the Adviser had $309.2 billion in assets under management. The Adviser is located at 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

The Adviser is an indirect, wholly-owned subsidiary of Invesco Ltd. (Invesco). Invesco is a leading independent global investment management company, dedicated to helping people worldwide build their financial security. Invesco provides a comprehensive array of enduring solutions for retail, institutional and high-net-worth clients around the world. Invesco had $672.8 billion in assets under management as of March 31, 2012. Invesco is organized under the laws of Bermuda, and its common shares are listed and traded on the New York Stock Exchange under the symbol IVZ. Invesco is located at 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

All of the ordinary business expenses incurred in the operations of a Fund are borne by the Fund unless specifically provided otherwise in the advisory agreement. Expenses borne by the Funds include but are not limited to brokerage commissions, taxes, legal, accounting, auditing, or governmental fees, the cost of preparing share certificates, custodian, transfer and shareholder service agent costs, expenses of registering and qualifying shares for sale, expenses relating to Trustee and shareholder meetings, the cost of preparing and distributing reports and notices to shareholders, and the fees and other expenses incurred by the Funds in connection with membership in investment company organizations.

A discussion of the basis for each Board s 2011 approval of each Fund s investment advisory agreements is included in the Fund s semiannual report for the six months ended August 31, 2011. A discussion of the basis for each Board s most recent approval of each Fund s investment advisory agreements will be included in the Fund s semiannual report for the six months ending August 31, 2012, if any.

The contractual advisory fee rate of the Acquiring Fund will, if Proposal 3 is approved by shareholders, be higher than the contractual advisory fee rate of either Target Fund. The following table compares the advisory fee rates of the Funds.

	OIB	OIC	Acquiring Fund (OIA)
Contractual Fee Rate	0.50% of net assets	0.50% of net assets	0.55% of managed assets*
Net Effective Fee Rate**	0.50%	0.50%	0.59%*

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* Assumes approval and implementation of the Amendment discussed in Proposal 3. If Proposal 3 is not approved, the Acquiring Fund s contractual advisory fee rate will remain 0.50% and its net effective fee rate will remain at 0.50%.

** Varies based on the amount of financial leverage used by the Fund.

Contractual fee rates and net effective fee rates differ because of differences in how the contractual rate is applied. Each Target Fund calculates its advisory fee as a percentage of the Fund s net assets, which generally means the Fund s assets minus its liabilities. The Acquiring Fund also currently calculates its advisory fee as a percentage of its net assets, but if Proposal 3 is approved, the Acquiring Fund s advisory fee will be calculated as a percentage of its managed assets, which for this purpose means the Fund s net assets, plus assets attributable to outstanding preferred shares and the amount of any borrowings incurred for the purpose of leverage (whether or not such borrowed amounts are reflected in the Acquiring Fund s financial statements for purposes of generally accepted accounting principles). Because managed assets exceed net assets for a Fund that utilizes leverage, and because the Acquiring Fund utilizes leverage, even if the Funds contractual advisory fee rates were the same, the advisory fees paid by the Acquiring Fund as a percentage of NAV will exceed the advisory fees as a percentage of NAV paid by either Target Fund, and the actual amount paid by the Acquiring Fund, as a percentage of NAV, will typically exceed the contractual rate. For more information, see the table above under How do the Funds expenses compare?

Contingent on the completion of all of the Mergers or the Merger with only OIB, the Adviser has contractually agreed for at least two years from the closing date of the Mergers to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual operating expenses of the Acquiring Fund to 0.67%, subject to certain exclusions.

Each Fund s advisory agreement provides that the Adviser may delegate any and all of its rights, duties, and obligations to one or more wholly-owned affiliates of Invesco as sub-advisers (the Invesco Sub-Advisers). Pursuant to each Fund s Master Intergroup Sub-Advisory Contract, the Invesco Sub-Advisers may be appointed by the Adviser from time to time to provide discretionary investment management services, investment advice, and/or order execution services. Each Invesco Sub-Adviser is registered with the SEC as an investment adviser.

Other key service providers to the Target Funds, including the administrator, transfer agent, custodian, and auditor, provide substantially the same services to the Acquiring Fund. Each Fund has entered into a master administrative services agreement with the Adviser, pursuant to which the Adviser performs or arranges for the provision of accounting and other administrative services to the Funds that are not required to be performed by the Adviser under its investment advisory agreements with the Funds. The custodian for the Funds is State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts 02111-2801. The transfer agent and dividend paying agent for the Funds is Computershare Trust Company, N.A., P.O. Box 43078, Providence, Rhode Island 02940-3078.

Does the Acquiring Fund have the same portfolio managers as the Target Funds?

Yes. The portfolio management team for the Target Funds is the same as the portfolio management team for the Acquiring Fund. Information on the portfolio managers of the Funds is included below under Additional Information About the Funds and the Mergers Portfolio Managers and in the SAI.

How do the distribution policies of the Funds compare?

Each Fund declares and pays dividends on Common Shares monthly. Distributions from net realized capital gain, if any, are generally paid annually and are distributed on a pro rata basis to Common Shareholders. Each Fund may also declare and pay capital gains distributions more frequently, if necessary, in order to reduce or eliminate federal excise or income taxes on the Fund. Each Fund offers a dividend reinvestment plan, which is more fully described in the Fund s shareholder reports.

Will there be any tax consequences resulting from the Mergers?

Each Merger is designed to qualify as a tax-free reorganization for federal income tax purposes and each Fund anticipates receiving a legal opinion to that effect (although there can be no assurance that the Internal Revenue

Service will adopt a similar position). This means that the shareholders of each Target Fund will recognize no gain or loss for federal income tax purposes upon the exchange of all of their shares in such Target Fund for

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shares in the Acquiring Fund. Shareholders should consult their tax advisor about state and local tax consequences of the Mergers, if any, because the information about tax consequences in this Proxy Statement relates only to the federal income tax consequences of the Mergers.

Prior to the closing of each Merger, each Target Fund will declare one or more dividends, and the Acquiring Fund may, but is not required to, declare a dividend, payable at or near the time of closing to their respective shareholders to the extent necessary to avoid entity level tax or as otherwise deemed desirable. Such distributions, if made, are anticipated to be made in the 2012 calendar year and, to the extent a distribution is not an exempt-interest dividend (as defined in the Code), the distribution may be taxable to shareholders in such year for federal income tax purposes. It is anticipated that Fund distributions will be primarily dividends that are exempt from regular federal income tax, although a portion of such dividends may be taxable to shareholders as ordinary income or capital gains. Any such final distribution paid to Common Shareholders by a Target Fund will be made in cash and not reinvested in additional Common Shares of the Target Fund. See Description of Securities to be Issued Dividend Reinvestment Plan and Additional Information About the Funds and the Mergers Federal Income Tax Considerations of the Mergers.

When are the Mergers expected to occur?

If shareholders of a Target Fund and the Acquiring Fund approve the Merger and the Redomestication (Proposal 1), it is anticipated that the Merger will occur in the third quarter of 2012.

What will happen if shareholders of a Fund do not approve a Merger?

If a Merger is not approved by shareholders or is for other reasons unable to be completed, the applicable Fund will continue to operate and the Fund s Board will consider other possible courses of action for the Fund.

What if I do not wish to participate in the Merger?

If the Mergers are approved, if you are a Target Fund Common Shareholder and you do not wish to have your Target Fund Common Shares exchanged for Common Shares of the Acquiring Fund, you may sell your Target Fund Common Shares on the Exchange prior to the consummation of the Merger. Acquiring Fund Common Shareholders may also sell their Common Shares if they do not want to continue to own Common Shares in the combined Fund following a Merger. If you sell your Common Shares, you will incur any applicable brokerage charges, and if you hold Common Shares in a taxable account, you will recognize a taxable gain or loss based on the difference between your tax basis in the Common Shares and the amount you receive for them. After the Merger, you may sell your Common Shares of the Acquiring Fund on the Exchange.

Each Target Fund s governing documents provide that shareholders do not have the right to dissent and obtain payment of the fair value of their shares, and each Target Fund believes that its Common Shareholders will not have such rights.

Where can I find more information about the Funds and the Mergers?

The remainder of this Proxy Statement contains additional information about the Funds and the Mergers, as well as information on the other proposals to be voted on at the Meeting. You are encouraged to read the entire document. Additional information about each Fund can be found in the SAI and each Fund s shareholder reports. If you need any assistance, or have any questions regarding the Mergers or how to vote, please call Invesco Client Services at (800) 341-2929.

ADDITIONAL INFORMATION ABOUT THE FUNDS AND THE MERGERS

Principal Investment Strategies

The principal investment strategies of the Target Funds and the Acquiring Fund are the same. In addition to the principal investment strategies described below, each Fund may use other investment strategies and is also subject to certain additional investment policies and limitations, which are described in the SAI and in each Fund s shareholder reports. The cover page of this Proxy Statement describes how you can obtain copies of these documents.

Each Fund will invest at least 80% of its net assets in Municipal Obligations, except during temporary defensive periods. The remaining portion of each Fund s net assets may be invested in temporary investments and in options and futures. Under normal circumstances, each Fund expects that substantially greater than 80% of its net assets will be invested in Municipal Obligations. Municipal Obligations consist of Municipal Bonds, Municipal Notes and Municipal Commercial Paper (each described below), including such obligations purchased on a when-issued or delayed delivery basis.

Under normal circumstances, each Fund will invest at least 65% of its total assets in (a) Municipal Bonds rated BB or better by Standard & Poor s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (S&P), or Ba or better by Moody s Investors Service, Inc. (Moody s) or in unrated Municipal Bonds which Invesco Advisers, Inc. (the Adviser) believes possess many of the same characteristics of Municipal Bonds rated BB or better by S&P and/or Ba or better by Moody s; (b) Municipal Notes rated in the two highest grades by Moody s or S&P or in unrated Municipal Notes which the Adviser believes possess many of the same characteristics of Municipal Notes rated in the two highest grades by Moody s or S&P; and (c) Municipal Commercial Paper rated in the two highest grades by Moody s or S&P.

Each Fund may acquire higher quality obligations for its portfolio when the difference in yields on higher and lower quality obligations is narrowed to the extent that higher risk is not justified by higher return, or when unusual market conditions are present. Each Fund intends to emphasize investments in Municipal Obligations with long-term maturities (10 years or more) because such long-term obligations generally produce higher income than short-term obligations although such longer-term obligations are more susceptible to market fluctuations resulting from changes in interest rates than shorter-term obligations. The average maturity of a Fund s portfolio as well as the emphasis on longer-term obligations may vary depending upon market conditions. Each Fund will only invest in Municipal Obligations which are currently paying or accruing income at the time of purchase.

The Adviser will attempt to reduce the risks of investing in medium and lower quality Municipal Obligations through the use of active portfolio management, diversification, extensive credit research and analysis, economic analysis, including attention to current trends in the economy and financial markets, and participation in the financial futures and options markets. Also, each Fund will take any action it considers appropriate in the event of anticipated financial difficulties or default, or an actual default or bankruptcy, of either the issuer of any such obligation or of the underlying source of funds for debt service of such obligation. Such action may include retaining the services of various persons or firms such as consulting or management services (including affiliates of the Adviser), to evaluate or protect any real estate, facilities or other assets securing such obligation or acquired by a Fund as a result of any of the aforementioned events.

Except during temporary defensive periods, each Fund may not invest more than 20% of its net assets in temporary investments, the income from which may be subject to federal income taxes. Each Fund may invest more than 20% of its net assets in temporary investments for defensive purposes when market or economic conditions dictate. Each Fund will invest only in temporary investments which are certificates of deposit of U.S. domestic banks, including foreign branches of domestic banks, with assets of $1 billion or more; bankers acceptances; time deposits; U.S. Government securities; or debt securities rated within the two highest grades by Moody s or S&P or, if not rated, are of comparable quality as determined by the Trustees, and which mature within one year from the date of purchase. Temporary investments made by a Fund may also include repurchase agreements.

Certain Municipal Bonds in which each Fund may invest without limit may subject certain investors to the alternative minimum tax and, therefore, a substantial portion of the income produced by each Fund may be taxable for such investors under the alternative minimum tax. The Funds, therefore, may not ordinarily be suitable investments for investors who are subject to the alternative minimum tax.

The foregoing percentage and rating limitations apply at the time of acquisition of a security based on the last previous determination of a Fund s net asset value. Any subsequent change in any rating by a rating service or change in percentages resulting from market fluctuations or other changes in a Fund s total assets will not require elimination of any security from the Fund s portfolio.

The foregoing investment objective and policies are fundamental policies of each Fund and may not be changed without the approval of a majority of the outstanding voting securities of each Fund, as defined in the 1940 Act.

Municipal Bonds, Municipal Notes and Municipal Commercial Paper are debt obligations of states or territories, cities, counties, municipalities and other agencies or instrumentalities which generally have maturities, at the time of their issuance, of either one year or more (Bonds), from six months to three years (Notes), or less than one year (Commercial Paper). While most Municipal Obligations pay a fixed rate of interest, certain Municipal Obligations are floating or variable rate instruments which generally have a final maturity of more than one year and are subject to periodic rate changes and/or short-term put or tender dates in order to attempt to minimize the fluctuation in the values of these instruments. Municipal Obligations in which a Fund will primarily invest bear interest that, in the opinion of bond counsel to the issuer, is exempt from federal income tax. The Adviser does not conduct its own analysis of the tax status of the interest paid by municipal securities held by a Fund, but will rely on the opinion of counsel to the issuer of each such instrument.

Included within the general category of Municipal Obligations in which a Fund may invest are participations in lease obligations or installment purchase contract obligations (hereafter collectively called lease obligations) of counties, cities or other governmental authorities or entities. Although lease obligations do not constitute general obligations of the issuer for which the issuer s taxing power is pledged, a lease obligation is ordinarily backed by the issuer s covenant to budget for, appropriate and make the payments due under the lease obligation. Each Fund may also purchase certificates of participation, which evidence a proportionate interest in base rental or lease payments to be made by a county, city or other governmental authority or entity.

Each Fund reserves the right to invest 25% or more of its total assets in any of the following types of Municipal Obligations provided that the percentage of the Fund s total assets in private activity bonds in any one category does not exceed 25% of the Fund s total assets: health facility obligations, housing obligations, single family mortgage revenue bonds, industrial revenue obligations (including pollution control obligations), electric utility obligations, airport facility revenue obligations, water and sewer obligations, university and college revenue obligations, bridge authority and toll road obligations and resource recovery obligations.

The Adviser employs a bottom-up, research-driven approach to identify securities that have attractive risk/reward characteristics for the sectors in which each Fund invests. The Adviser also integrates macroeconomic analysis and forecasting into its evaluation and ranking of various sectors and individual securities. Finally, the Investment Adviser employs leverage in an effort to enhance each Fund s income and total return. Sell decisions are based on: (i) a deterioration or likely deterioration of an individual issuer s capacity to meet its debt obligations on a timely basis; (ii) a deterioration or likely deterioration of the broader fundamentals of a particular industry or sector; and (iii) opportunities in the secondary or primary market to purchase a security with better relative value.

Municipal Securities. The yields of municipal securities depend on, among other things, general money market conditions, general conditions of the municipal securities market, size of a particular offering, the maturity of the obligation and rating of the issue. The ratings of S&P and Moody s represent their opinions of the quality of the municipal securities they undertake to rate. These ratings are general and are not absolute standards of quality. Consequently, municipal securities with the same maturity, coupon and rating may have different yields while municipal securities of the same maturity and coupon with different ratings may have the same yield.

The two principal classifications of municipal securities are general obligation and revenue or special delegation securities. General obligation securities are secured by the issuer s pledge of its faith, credit and taxing power for the payment of principal and interest. Revenue securities are usually payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue source. Industrial development bonds are usually revenue securities, the credit quality of which is normally directly related to the credit standing of the industrial user involved.

Within these principal classifications of municipal securities, there are a variety of types of municipal securities, including:

Variable rate securities, which bear rates of interest that are adjusted periodically according to formulae intended to reflect market rates of interest.

Municipal notes, including tax, revenue and bond anticipation notes of short maturity, generally less than three years, which are issued to obtain temporary funds for various public purposes.

Variable rate demand notes, which are obligations that contain a floating or variable interest rate adjustment formula and which are subject to a right of demand for payment of the principal balance plus accrued interest either at any time or at specified intervals. The interest rate on a variable rate demand note may be based on a known lending rate, such as a bank s prime rate, and

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may be adjusted when such rate changes, or the interest rate may be a market rate that is adjusted at specified intervals. The adjustment formula maintains the value of the variable rate demand note at approximately the par value of such note at the adjustment date.

Municipal leases, which are obligations issued by state and local governments or authorities to finance the acquisition of equipment and facilities. Certain municipal lease obligations may include non-appropriation clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis.

Private activity bonds, which are issued by, or on behalf of, public authorities to finance privately operated facilities.

Participation certificates, which are obligations issued by state or local governments or authorities to finance the acquisition of equipment and facilities. They may represent participations in a lease, an installment purchase contract or a conditional sales contract.

Municipal securities that may not be backed by the faith, credit and taxing power of the issuer.

Municipal securities that are privately placed and that may have restrictions on a Fund s ability to resell, such as timing restrictions or requirements that the securities only be sold to qualified institutional investors.

Municipal securities that are insured by financial insurance companies.

The following investment practices apply to the portfolio investments of each Fund and may be changed by the Trustees of each Fund without shareholder approval, following written notice to the shareholders.

Inverse Floating Rate Obligations. Each Fund may invest in inverse floating rate obligations. Inverse floating rate obligations are variable debt instruments that pay interest at rates that move in the opposite direction of prevailing interest rates. Because the interest rate paid to holders of such obligations is generally determined by subtracting a variable or floating rate from a predetermined amount, the interest rate paid to holders of such obligations will decrease as such variable or floating rate increases and increase as such variable or floating rate decreases. The inverse floating rate obligations in which the Funds may invest include derivative instruments such as residual interest bonds (RIBs) or tender option bonds (TOBs). Such instruments are typically created by a special purpose trust that holds long-term fixed rate bonds and sells two classes of beneficial interests: short-term floating rate interests, which are sold to third party investors, and inverse floating residual interests, which are purchased by the Funds. The short-term floating rate interests have first priority on the cash flow from the bond held by the special purpose trust and the Funds (as holders of the inverse floating residual interests) are paid the residual cash flow from the bond held by the special purpose trust.

When-Issued and Delayed Delivery Transactions. Each Fund may purchase and sell securities on a when-issued and delayed delivery basis, which means that the Fund buys or sells a security with payment and delivery taking place in the future. The payment obligation and the interest rate are fixed at the time a Fund enters into the commitment. No income accrues on such securities until the date the Fund actually takes delivery of the securities.

Restricted Securities. Each Fund may invest up to 10% of its total assets in securities subject to contractual restrictions on resale.

Zero Coupon / PIK Bonds. Each Fund may invest in securities not producing immediate cash income, including zero coupon securities or pay-in-kind (PIK) securities, when their effective yield over comparable instruments producing cash income makes these investments attractive. PIK securities are debt securities that pay interest through the issuance of additional securities. Zero coupon securities are debt securities that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest. They are issued and traded at a discount from their face amounts or par value, which discount varies depending on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security and the perceived credit quality of the issuer. The securities do not entitle the holder to any periodic payments of interest prior to maturity, which prevents any reinvestment of interest payments at prevailing interest rates if prevailing interest rates rise. On the other hand, because there are no periodic interest payments to be reinvested prior to maturity, zero coupon securities eliminate the reinvestment risk and may lock in a favorable rate of return to maturity if interest rates drop. In addition, each Fund would be required to distribute income on these instruments as it accrues, even though the Fund will not receive all of the income on a current basis or in cash. Thus, the Fund may have to sell other investments, including when it may not be advisable to do so, to make income distributions to the Common Shareholders.

As required by Rule 35d-1 of the 1940 Act, in addition to the investment strategies and policies discussed above, each Fund has a fundamental policy to invest, under normal circumstances, at least 80% of its total assets in investments the income from which is exempt from federal income tax.

More information on these and other investment strategies of the Funds is available in the SAI.

Principal Risks of an Investment in the Funds

A comparison of the principal risks associated with the Funds investment strategies is included above under How do the Funds principal risks compare? The following table provides further information on the principal risks of an investment in the Funds.

Principal Risk	Funds Subject to Risk
Municipal Securities Risk. Under normal market conditions, longer-term municipal securities generally provide a higher yield than shorter-term municipal securities. No Fund has a limitation as to the maturity of municipal securities in which it may invest. The Adviser may adjust the average maturity of a Fund s portfolio from time to time depending on its assessment of the relative yields available on securities of different maturities and its expectations of future changes in interest rates. The yields of municipal securities may move differently and adversely compared to the yields of the overall debt securities markets. Certain kinds of municipal securities are subject to specific risks that could cause a decline in the value of those securities: Lease Obligations. Certain lease obligations contain non-appropriation clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for that purpose by the appropriate legislative body on an annual or other periodic basis. Consequently, continued lease payments on those lease obligations containing non-appropriation clauses are dependent on future legislative actions. If these legislative actions do not occur, the holders of the lease obligation may experience difficulty in exercising their rights, including disposition of the property. Private Activity Bonds. The issuers of private activity bonds in which each Fund may invest may be negatively impacted by conditions affecting either the general credit of the user of the private activity project or the project itself. Conditions such as regulatory and environmental restrictions and economic downturns may lower the need for these facilities and the ability of users of the project to pay for the facilities. Private activity bonds may also pay interest subject to the alternative minimum tax. In 2011, S&P lowered its long-term sovereign credit rating on the U.S. to AA+ from AAA with a negative outlook. Following S&P s downgrade of the long-term sovereign credit rating on the U.S., the major rating agencies have also placed many municipalities on review for potential downgrades, which could impact the market price, liquidity and volatility of the municipal securities held by each Fund in its portfolio. If the universe of municipal securities meeting a Fund s ratings and credit quality requirements shrinks, it may be more difficult for the Fund to meet its investment objective and the Fund s investments may become more concentrated in fewer issuers. Future downgrades by other rating agencies could have significant adverse effects on the economy generally and could result in significant adverse impacts on municipal issuers and the Funds.	All Funds

Many state and municipal governments that issue securities are under significant economic and financial stress and may not be able to satisfy their obligations. In response to the national economic downturn, governmental cost burdens have been and may continue to be reallocated among federal, state and local governments. The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. Also, as a result of the downturn and related

Principal Risk	**Funds Subject to Risk**
unemployment, declining income and loss of property values, many state and local governments may have experienced significant reductions in revenues and consequently difficulties meeting ongoing expenses. As a result, certain of these state and local governments may have difficulty paying or default in the payment of principal or interest on their outstanding debt, or may experience ratings downgrades of their debt. The taxing power of any governmental entity may be limited by provisions of state constitutions or laws and an entity s credit will depend on many factors, including the entity s tax base, the extent to which the entity relies on federal or state aid, and other factors which are beyond the entity s control. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations or on the ability of municipalities to levy taxes. In addition, municipalities might seek protection under the bankruptcy laws, thereby affecting the repayment of their outstanding debt. Issuers of municipal securities might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, holders of municipal securities could experience delays in collecting principal and interest and such holders may not be able to collect all principal and interest to which they are entitled. Certain provisions of the U.S. Bankruptcy Code governing such bankruptcies are unclear. Further, the application of state law to municipal securities issuers could produce varying results among the states or among municipal securities issuers within a state. These uncertainties could have a significant impact on the prices of the municipal securities in which each Fund invests. The value of municipal securities generally may be affected by uncertainties in the municipal markets as a result of legislation or litigation, including legislation or litigation that changes the taxation of municipal securities or the rights of municipal securities holders in the event of a bankruptcy. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, each Fund may take possession of and manage the assets securing the issuer s obligations on such securities, which may increase the Fund s operating expenses. Any income derived from a Fund s ownership or operation of such assets may not be tax-exempt and could jeopardize the Fund s status as a regulated investment company under the Code. The U.S. economy may be in the process of deleveraging, with individuals, companies and municipalities reducing expenditures and paying down borrowings. In such event, the number of municipal borrowers and the amount of outstanding municipal securities may contract, potentially without corresponding reductions in investor demand for municipal securities. As a result, a Fund may have fewer investment alternatives, may invest in securities that it previously would have declined and may concentrate its investments in a smaller number of issuers.	
Insurance Risk. Financial insurance guarantees that interest payments on a bond will be made on time and that principal will be repaid when the bond matures. Insured municipal obligations would generally be assigned a lower rating if the rating were based primarily on the credit quality of the issuer without regard to the insurance feature. If the claims-paying ability of the insurer were downgraded, the ratings on the municipal obligations it insures may also be downgraded. Insurance does not protect a	All Funds

Fund against losses caused by declines in a bond s value due to a change in market conditions.

Market Risk. Market risk is the possibility that the market values of securities owned by a Fund will decline. The net asset value of a Fund will change with changes in the value of its portfolio securities, and the value of a Fund s investments can be expected to fluctuate over time. The financial markets in general are subject to volatility and may at times experience extreme volatility and uncertainty, which may affect all investment securities, including debt securities and derivative instruments. Volatility may be greater during periods of general economic uncertainty.	All Funds
Interest Rate Risk. Because each Fund invests primarily in fixed income municipal securities, the net asset value of a Fund can be expected to change as general levels of interest rates fluctuate. When interest rates decline, the value of a portfolio invested in	All Funds

Principal Risk	**Funds Subject to Risk**
fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of a portfolio invested in fixed income securities generally can be expected to decline. The prices of longer term municipal securities generally are more volatile with respect to changes in interest rates than the prices of shorter term municipal securities. These risks may be greater in the current market environment because certain interest rates are near historically low levels.	
Credit Risk. Credit risk refers to an issuer s ability to make timely payments of interest and principal when due. Municipal securities, like other debt obligations, are subject to the credit risk of nonpayment. The ability of issuers of municipal securities to make timely payments of interest and principal may be adversely affected by general economic downturns and as relative governmental cost burdens are allocated and reallocated among federal, state and local governmental units. Private activity bonds used to finance projects, such as industrial development and pollution control, may also be negatively impacted by the general credit of the user of the project. Nonpayment would result in a reduction of income to a Fund, and a potential decrease in the net asset value of the Fund. The Adviser continuously monitors the issuers of securities held in each Fund. Each Fund will rely on the Adviser s judgment, analysis and experience in evaluating the creditworthiness of an issuer. In its analysis, the Adviser may consider the credit ratings of NRSROs in evaluating securities, although the Adviser does not rely primarily on these ratings. Credit ratings of NRSROs evaluate only the safety of principal and interest payments, not the market risk. In addition, ratings are general and not absolute standards of quality, and the creditworthiness of an issuer may decline significantly before an NRSRO lowers the issuer s rating. A rating downgrade does not require a Fund to dispose of a security. Medium-grade obligations (for example, bonds rated BBB by S&P) possess speculative characteristics so that changes in economic conditions or other circumstances are more likely to lead to a weakened capacity of the issuer to make principal and interest payments than in the case of higher-rated securities. Securities rated below investment grade are considered speculative by NRSROs with respect to the issuer s continuing ability to pay interest and principal.	All Funds
Income Risk. The income you receive from a Fund is based primarily on prevailing interest rates, which can vary widely over the short and long term. If interest rates decrease, your income from a Fund may decrease as well.	All Funds
Call Risk. If interest rates fall, it is possible that issuers of securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by a Fund in securities bearing the new, lower interest rates, resulting in a possible decline in the Fund s income and distributions to shareholders.	All Funds
Market Segment Risk. Each Fund generally considers investments in municipal securities not to be subject to industry concentration policies (issuers of municipal	All Funds

securities as a group are not in any industry). Each Fund may, however, invest in municipal securities issued by entities having similar characteristics. For example, the issuers may be located in the same geographic area or may pay their interest obligations from revenue or similar projects, such as hospitals, airports, utility systems and housing finance agencies. This may make a Fund s investments more susceptible to similar economic, political or regulatory occurrences, which could increase the volatility of the Fund s net asset value. Subject to each Fund s fundamental investment restriction on investing in private activity bonds, each Fund may invest more than 25% of its total assets in a segment of the municipal securities market with similar characteristics if the Adviser determines that the yields available from obligations in a particular segment justify the additional risks of a larger investment in that segment.

Principal Risk	Funds Subject to Risk
No Fund has a policy limiting its investments in municipal securities whose issuers are located in the same state. If a Fund were to invest a significant portion of its total assets in issuers located in the same state, it would be more susceptible to adverse economic, business or regulatory conditions in that state.	
Tax Risk. To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things, a Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources. If for any taxable year a Fund does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to federal income tax at regular corporate rates without any deduction for distributions to shareholders, and all distributions from the Fund (including underlying distributions attributable to tax-exempt interest income) would be taxable to shareholders as ordinary dividends to the extent of the Fund s current and accumulated earnings and profits.	All Funds
The value of a Fund s investments and its net asset value may be adversely affected 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. This could, in turn, affect a Fund s net asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Additionally, the Funds may not be suitable investments for individual retirement accounts, for other tax-exempt or tax-deferred accounts or for investors who are not sensitive to the federal income tax consequences of their investments.	
Each Fund may invest all or a substantial portion of its assets in municipal securities subject to the federal alternative minimum tax. Accordingly, an investment in a Fund could cause shareholders to be subject to (or result in an increased liability under) the federal alternative minimum tax. As a result, the Funds may not be a suitable investment for investors who are already subject to the federal alternative minimum tax or who could become subject to the federal alternative minimum tax as a result of an investment in the Funds.	
Subsequent to a Fund s acquisition of a municipal security, the security may be determined to pay, or to have paid, taxable income. As a result, the treatment of dividends previously paid or to be paid by a Fund as exempt-interest dividends could be adversely affected, subjecting the Fund s shareholders to increased federal income tax liabilities.	
For federal income tax purposes, distributions of ordinary taxable income (including any net short-term capital gain) will be taxable to shareholders as ordinary income (and not eligible for favorable taxation as qualified dividend income), and capital gain dividends will be taxed at long-term capital gain rates.	

Generally, to the extent a Fund s distributions are derived from interest on municipal securities of a particular state (and, in some cases qualifying obligations of U.S. territories and possessions), its distributions are exempt from the personal income tax of that state. In some cases, a Fund s shares may (to the extent applicable) also be exempt from personal property taxes of such state. However, some states require that a Fund meet certain thresholds with respect to the portion of its portfolio consisting of municipal securities of such state in order for such exemption to apply.	
Inverse Floating Rate Obligations Risk. Like most other fixed-income securities, the value of inverse floating rate obligations will decrease as interest rates increase. They are more volatile, however, than most other fixed-income securities because the coupon rate on an inverse floating rate obligation typically changes at a multiple of the change in the relevant index rate. Thus, any rise in the index rate (as a consequence of an increase in interest rates) causes a correspondingly greater drop in the coupon rate of an inverse floating rate obligation while a drop in the index rate causes a correspondingly greater increase in the coupon of an inverse floating rate obligation. Some inverse floating rate obligations may also increase or decrease substantially because of changes in the rate of prepayments.	All Funds

Principal Risk	**Funds Subject to Risk**
Inverse floating rate obligations tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Inverse floating rate obligations have varying degrees of liquidity.	
Each Fund generally invests in inverse floating rate obligations that include embedded leverage, thus exposing the Funds to greater risks and increased costs. The market value of a leveraged inverse floating rate obligation generally will fluctuate in response to changes in market rates of interest to a greater extent than the value of an unleveraged investment. The extent of increases and decreases in the value of inverse floating rate obligations generally will be larger than changes in an equal principal amount of a fixed rate security having similar credit quality, redemption provisions and maturity, which may cause a Fund s net asset value to be more volatile than if it had not invested in inverse floating rate obligations.	
In certain instances, the short-term floating rate interests created by a special purpose trust may not be able to be sold to third parties or, in the case of holders tendering (or putting) such interests for repayment of principal, may not be able to be remarketed to third parties. In such cases, the special purpose trust holding the long-term fixed rate bonds may be collapsed. In the case of inverse floating rate obligations created by a Fund, the Fund would then be required to repay the principal amount of the tendered securities. During times of market volatility, illiquidity or uncertainty, a Fund could be required to sell other portfolio holdings at a disadvantageous time to raise cash to meet that obligation.	
The use of short-term floating rate obligations may require a Fund to segregate or earmark cash or liquid assets to cover its obligations. Securities so segregated or earmarked will be unavailable for sale by the Fund (unless replaced by other securities qualifying for segregation requirements), which may limit the Fund s flexibility and may require that the Fund sell other portfolio investments at a time when it may be disadvantageous to sell such assets.	
Risks of Investing in Lower-Grade Securities. Securities that are in the lower-grade categories generally offer higher yields than are offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, market risk, volatility and liquidity risk. In addition, the amount of available information about the financial condition of certain lower-grade issuers may be less extensive than other issuers, making a Fund more dependent on the Adviser s credit analysis than a fund investing only in higher-grade securities. To minimize the risks involved in investing in lower-grade securities, the Funds do not purchase securities that are in default or rated in categories lower than B- by S&P or B3 by Moody s or unrated securities of comparable quality.	All Funds
Secondary market prices of lower-grade securities generally are less sensitive than higher-grade securities to changes in interest rates and are more sensitive to general adverse economic changes or specific developments with respect to the particular issuers. A significant increase in interest rates or a general economic downturn may	

significantly affect the ability of municipal issuers of lower-grade securities to pay interest and to repay principal, or to obtain additional financing, any of which could severely disrupt the market for lower-grade municipal securities and adversely affect the market value of such securities. Such events also could lead to a higher incidence of default by issuers of lower-grade securities. In addition, changes in credit risks, interest rates, the credit markets or periods of general economic uncertainty can be expected to result in increased volatility in the price of the lower-grade securities and the net asset value of a Fund. Adverse publicity and investor perceptions, whether or not based on rational analysis, may affect the value, volatility and liquidity of lower-grade securities.

In the event that an issuer of securities held by a Fund experiences difficulties in the timely payment of principal and interest and such issuer seeks to restructure the terms of its borrowings, the Fund may incur additional expenses and may determine to invest additional

Principal Risk	**Funds Subject to Risk**
assets with respect to such issuer or the project or projects to which the Fund s securities relate. Further, a Fund may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of interest or the repayment of principal on its portfolio holdings and the Fund may be unable to obtain full recovery on such amounts. Investments in debt obligations that are at risk of or in default present special tax issues for a Fund. Federal income tax rules are not entirely clear about issues such as when a 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 or holds such securities, in order to seek to ensure that it distributes sufficient income to preserve its status as a regulated investment company.	
Liquidity Risk. Liquidity relates to the ability of a Fund to sell a security in a timely manner at a price which reflects the value of that security. The amount of available information about the financial condition of municipal securities issuers is generally less extensive than that for corporate issuers with publicly traded securities, and the market for municipal securities is generally considered to be less liquid than the market for corporate debt obligations. Certain municipal securities in which a Fund may invest, such as special obligation bonds, lease obligations, participation certificates and variable rate instruments, may be particularly less liquid. To the extent a Fund owns or may acquire illiquid or restricted securities, these securities may involve special registration requirements, liabilities and costs, and liquidity and valuation difficulties. The effects of adverse publicity and investor perceptions may be more pronounced for securities for which no established retail market exists as compared with the effects on securities for which such a market does exist. An economic downturn or an increase in interest rates could severely disrupt the market for such securities and adversely affect the value of outstanding securities or the ability of the issuers to repay principal and interest. Further, a Fund may have more difficulty selling such securities in a timely manner and at their stated value than would be the case for securities for which an established retail market does exist. The markets for lower-grade securities may be less liquid than the markets for higher-grade securities. To the extent that there is no established retail market for some of the lower-grade securities in which a Fund may invest, trading in such securities may be relatively inactive. Prices of lower-grade securities may decline rapidly in the event a significant number of holders decide to sell. Changes in expectations regarding an individual issuer of lower-grade securities generally could reduce market liquidity for such securities and make their sale by a Fund at their current valuation more difficult.	All Funds

From time to time, a Fund s investments may include securities as to which the Fund, by itself or together with other funds or accounts managed by the Adviser, holds a major portion or all of an issue of municipal securities. Because there may be relatively few potential purchasers for such investments and, in some cases, there may be contractual restrictions on resales, a Fund may find it more difficult to sell such securities at a time when the Adviser believes it is advisable to do so.

Unrated Securities Risk. Many lower-grade securities are not listed for trading on any national securities exchange, and many issuers of lower-grade securities choose not to have a rating assigned to their obligations by any NRSRO. As a result, a Fund s portfolio may consist of a higher portion of unlisted or unrated securities as compared with an investment company that invests solely in higher-grade, listed securities. Unrated securities are usually not as attractive to as many buyers as are rated securities, a factor which may make unrated securities less marketable. These factors may limit the ability of a Fund to sell such securities at their fair value. The Funds may be more reliant on the Adviser s judgment and analysis in evaluating the creditworthiness of an issuer of unrated securities.	All Funds

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Principal Risk	Funds Subject to Risk
When-Issued and Delayed Delivery Risks. When-issued and delayed delivery transactions are subject to market risk as the value or yield of a security at delivery may be more or less than the purchase price or the yield generally available on securities when delivery occurs. In addition, a Fund is subject to counterparty risk because it relies on the buyer or seller, as the case may be, to consummate the transaction, and failure by the other party to complete the transaction may result in the Fund missing the opportunity of obtaining a price or yield considered to be advantageous.	All Funds
Zero Coupon / PIK Bond Risk. Prices on non-cash-paying instruments may be more sensitive to changes in the issuer s financial condition, fluctuations in interest rates and market demand/supply imbalances than cash-paying securities with similar credit ratings, and thus may be more speculative than are securities that pay interest periodically in cash. These securities are also subject to the risk of default. These securities may subject a Fund to greater market risk than a fund that does not own these types of securities. Special tax considerations are associated with investing in non-cash-paying instruments, such as zero coupon or PIK securities. The Adviser will weigh these concerns against the expected total returns from such instruments.	All Funds

Additional information on these and other risks is available in the SAI.

Portfolio Managers

William Black, Mark Paris and James Phillips are the portfolio managers for the Funds.

Mr. Black, Portfolio Manager, has been associated with Invesco and/or its affiliates since 2010. Mr. Black was associated with the Funds previous investment adviser or its investment advisory affiliates in an investment management capacity from 1998 to 2010 and began managing the Funds in 2010. Mr. Black earned a Bachelor of Science degree in engineering and public policy from Washington University in St. Louis, and a Master of Business Administration from the Kellogg Graduate School of Management at Northwestern University.

Mr. Paris, Portfolio Manager, has been with Invesco and/or its affiliates since 2010. Mr. Paris was associated with the Funds previous investment adviser or its investment advisory affiliates in an investment management capacity from 2002 to 2010 and began managing the Funds in 2010. Mr. Paris earned a Bachelor of Business Administration degree in finance from Baruch College The City University of New York (CUNY).

Mr. Phillips, Portfolio Manager, has been associated with Invesco and/or its affiliates since 2010. Mr. Phillips was associated with the Funds previous investment adviser or its investment advisory affiliates in an investment management capacity from 1991 to 2010 and began managing the Funds in 2010. Mr. Phillips earned a Bachelor of Arts degree in American literature from Empire State College, the independent study division of the State University of New York, and a Master of Business Administration degree in Finance from the State University of New York at Albany.

The SAI provides additional information about the portfolio managers compensation, other accounts managed by the portfolio managers, and the portfolio managers ownership of securities in each Fund.

Trading of Common Shares

Each Fund s Common Shares trade on the Exchange. Generally, an investor purchasing a Fund s Common Shares enters into a purchase transaction on the Exchange through a broker-dealer and, thus, indirectly purchases the Common Shares from a selling Fund shareholder. A shareholder who sells a Fund s Common Shares generally sells them on the Exchange through a broker-dealer, and indirectly to another investor. Unlike a mutual fund (also called an open-end fund), holders of Common Shares of a Fund generally do not purchase and sell such Common Shares from and to the Fund, either directly or through an intermediary such as a broker-dealer. No brokerage charges will be imposed on any Fund s shareholders in connection with the Mergers.

Capital Structures of the Funds

Each Fund is currently organized as a Massachusetts business trust. The Acquiring Fund was organized on June 21, 1988, OIB was organized on March 8, 1989, and OIC was organized on June 23, 1989. As discussed

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under Proposal 1, before the closing of the Mergers, the Funds will be reorganized as Delaware statutory trusts, which will all have identical governing documents and capital structures. (Proposal 1 discusses the material differences between each Fund s current Massachusetts business trust structure and its proposed Delaware statutory trust structure.) The Funds governing documents will therefore be substantially identical immediately prior to the Mergers. Because each such Delaware statutory trust will have the same structure, each Fund s capital structure will not be affected by the Merger except that after the Merger each Fund s shareholders will hold shares of a single, larger fund.

Description of Securities to be Issued

Before any Merger can be completed, each merging Fund must have completed a redomestication to a Delaware statutory trust, as discussed in Proposal 1. Accordingly, the following discussion reflects that each Fund would be a Delaware statutory trust as of the time of its Merger. A discussion of the changes a Fund would undergo as part of a Redomestication is included under Proposal 1.

Common Shares. Each Common Share represents an equal proportionate interest with each other Common Share of the Fund, with each such share entitled to equal dividend, liquidation, redemption and voting rights. Each Fund s Common Shares have no preemptive, conversion or exchange rights, nor any right to cumulative voting.

As of the closing of a Merger, the Acquiring Fund will be authorized by its Amended and Restated Agreement and Declaration of Trust to issue an unlimited number of Acquiring Fund Common Shares, with no par value.

Dividends and Distributions. Each Fund declares and pays dividends of net investment income, if any, monthly, and capital gains distributions, if any, at least annually. Each Fund may also declare and pay capital gains distributions more than once per year as permitted by law. Various factors will affect the level of a Fund s net investment income, such as its asset mix, its level of retained earnings, the amount of leverage utilized by the Fund and the effects thereof, and the movement of interest rates for municipal bonds. These factors, among others, may result in the Acquiring Fund s level of net investment income being different from the level of net investment income for a Target Fund or the Acquiring Fund if the Merger were not completed.

For information concerning the manner in which dividends and distributions to holders of a Fund s common shares may be reinvested automatically in such Fund s Common Shares, see Dividend Reinvestment Plan below.

Target Fund Common Shareholders who own certificated shares will not receive their Acquiring Fund Common Shares or any dividend payments from the Acquiring Fund until their certificates are tendered. Target Fund Common Shareholders will, shortly after the closing of their Fund s Merger, receive instructions on how to tender any outstanding share certificates.

Dividend Reinvestment Plan. Each Fund offers a substantially similar dividend reinvestment plan for Common Shareholders. Target Fund Common Shareholders that are enrolled in a dividend reinvestment plan will be automatically enrolled in the Acquiring Fund s dividend reinvestment plan upon the closing of a Merger. Each Fund s dividend reinvestment plan is more fully described in the Fund s shareholder reports.

Any final distribution preceding a Merger made by a Target Fund or the Acquiring Fund will be made in cash, notwithstanding any shareholder s enrollment in the Fund s dividend reinvestment plan. Each Fund expects to amend its dividend reinvestment plan to provide for distributions to be made in cash in the event of transactions such as a Merger.

Provisions for Delaying or Preventing Changes in Control. Each Fund s governing documents contain provisions designed to prevent or delay changes in control of that Fund. As of the time of the Mergers, each Fund s governing documents will provide that such Fund s Board of Trustees may cause the Fund to merge or consolidate with or into other entities; cause the Fund to sell, convey and transfer all or substantially all of the assets of the Fund; cause the Fund to convert to a different type of entity; or cause the Fund to convert from a closed-end fund to an open-end fund, each only so long as such action has previously received the approval of either (i) the Board, followed by the affirmative vote of the holders of not less than 75% of the outstanding shares entitled to vote; or (ii) the affirmative vote of at least two thirds (66 2/3%) of the Board and an affirmative Majority Shareholder Vote (which generally means the vote of a majority of the outstanding voting securities as defined in the 1940 Act of the Fund, with each class and series of shares voting together as a single class, except to the extent otherwise required by the 1940 Act). Under each Fund s governing documents that will be applicable as of the time of the Merger, shareholders will have no right to call special meetings of shareholders or to remove Trustees. In addition, each Fund s Board is divided into three classes, each of which stands for election only once in three years. As a result of this system, only those Trustees in one class may be changed in any one year, and it would require two years or more to change a majority of the Trustees.

Share Price Data

The New York Stock Exchange is the principal trading market for each Fund s Common Shares. The following tables set forth the high and low sales prices and maximum premium/discount for each Fund s Common Shares for the periods indicated. Common Shares of each Fund have historically traded at both a premium and discount to net asset value.

Acquiring Fund (OIA)

	Price		**Net Asset Value**		**Premium/Discount**	
Quarterly Period Ending	**High**	**Low**	**High**	**Low**	**High**	**Low**
2/29/2012	$ 7.05	$ 6.45	$ 7.14	$ 6.79	-0.28%	-5.01%
11/30/2011	6.49	6.22	6.86	6.72	-4.42	-8.26
8/31/2011	6.40	5.95	6.79	6.56	-3.18	-12.24
5/31/2011	6.20	5.93	6.54	6.34	-2.52	-6.88
2/28/2011(1)	6.37	5.85	6.70	6.29	-4.17	-8.84
11/30/2010	7.07	6.25	7.03	6.59	1.00	-8.36
8/31/2010	7.09	6.42	7.00	6.73	1.29	-5.00
5/31/2010	6.52	6.28	6.79	6.67	-3.41	-5.99

(1) The fiscal year for the Acquiring Fund changed from May 31 to the last day of February effective February 28, 2011.

OIB

	Price		**Net Asset Value**		**Premium/Discount**	
Quarterly Period Ending	**High**	**Low**	**High**	**Low**	**High**	**Low**
2/29/2012	$ 7.73	$ 7.13	$ 7.87	$ 7.49	-1.15%	-5.31%
11/30/2011	7.11	6.83	7.57	7.41	-5.07	-8.56
8/31/2011	7.10	6.45	7.49	7.25	-2.74	-13.77
5/31/2011	6.92	6.44	7.23	7.00	-4.29	-8.78
2/28/2011(1)	7.07	6.41	7.41	6.94	-3.76	-8.97
11/30/2010	7.97	6.93	7.75	7.28	3.24	-7.97
8/31/2010	7.95	7.11	7.72	7.43	-2.98	-4.69
5/31/2010	7.25	7.00	7.50	7.38	-2.82	-5.53
2/28/2010	7.06	6.90	7.41	7.28	-4.34	-5.53

(1) The fiscal year for OIB changed from May 31 to the last day of February effective February 28, 2011.

OIC

	Price		Net Asset Value		Premium/Discount	
Quarterly Period Ending	**High**	**Low**	**High**	**Low**	**High**	**Low**
02/29/2012	$ 8.46	$ 7.78	$ 8.51	$ 8.10	0.24%	-4.54%
11/30/2011	7.78	7.42	8.20	8.03	-3.95%	-9.04%
08/31/2011	7.92	7.10	8.12	7.85	0%	-12.35%
05/31/2011	7.50	7.03	7.83	7.51	-4.21%	-7.26%
02/28/2011(1)	7.63	6.84	7.94	7.44	-3.39%	-9.08%
11/30/2010	8.68	7.43	8.38	7.82	4.08%	-8.16%
08/31/2010	8.65	7.62	8.34	8.04	3.72%	-6.16%
05/31/2010	7.81	7.61	8.11	7.99	-3.22%	-4.76%
03/31/2010	7.63	7.49	8.00	7.90	-4.51%	-5.77%

(1) The fiscal year for OIC changed from March 31 to the last day of February effective February 28, 2011.

The following table shows, as of February 29, 2012, the NAV per share, market price, and premium or discount for Common Shares of each Fund.

	NAV	Market Price	Premium (Discount)
OIB	$ 7.87	$ 7.68	-2.41%
OIC	$ 8.51	$ 8.32	-2.23%
Acquiring Fund (OIA)	$ 7.14	$ 7.02	-1.68%

Common Shares of each Fund trade at a market price that is determined by current supply and demand conditions. The market price of a Fund s Common Shares may or may not be the same as the Fund s NAV per share that is, the value of the portfolio securities owned by the Fund less its liabilities. When the market price of a Fund s Common Shares exceeds its NAV per share, they are said to be trading at a premium. When the market price of a Fund s Common Shares is lower than its NAV per share, such shares are said to be trading at a discount. It is very difficult to identify all of the factors that may cause a closed-end fund s common shares to trade at a discount. It is often difficult to reduce or eliminate a closed-end fund s discount over the long term. Some short-term measures, such as share repurchases and tender offers, tend to reduce a closed-end fund s assets (and thereby potentially increase expense ratios), but do not typically have a long-term effect on the discount. Other measures, such as managed dividend programs, may not have a consistent long-term effect on discounts.