

SUPPLEMENTARY TAX INFORMATION (Unaudited)

Distributions to Common Stock and Auction Preferred Stock (APS) shareholders are characterized as follows for purposes of Federal income taxes (as a percentage of total distributions, including any tax return of capital):

Fiscal Year 2009

	<u>Individual Shareholder</u>		<u>Corporate Shareholder</u>	
	<u>QDI</u>	<u>Ordinary Income</u>	<u>DRD</u>	<u>Ordinary Income</u>
APS and Common Stock	50.87%	49.13%	37.73%	62.27%

Calendar Year 2009

	<u>Individual Shareholder</u>		<u>Corporate Shareholder</u>	
	<u>QDI</u>	<u>Ordinary Income</u>	<u>DRD</u>	<u>Ordinary Income</u>
APS	49.85%	50.15%	33.06%	66.94%
Common Stock	48.92%	51.08%	35.08%	64.92%

Qualified Dividend Income ("QDI") distributions are taxable at a maximum 15% personal tax rate.

Section 19 Notices

Section 19 of the 1940 Act requires registered investment companies to include a notice with the payment of a dividend if a portion of that dividend may come from sources other than undistributed net income (other sources could include realized gains from the sale of securities and non-taxable return of capital). Copies of the Section 19 notices for the Fund are available on the website at www.preferredincome.com.

Form 1099-DIV will be sent to shareholders in January 2010 reporting the amount and tax characterization of distributions for the 2009 calendar year.