

EATON VANCE MUNICIPAL INCOME TRUST
Form 497
March 23, 2009

**EATON VANCE NATIONAL MUNICIPAL INCOME TRUST
EATON VANCE MUNICIPAL INCOME TRUST**

March 19, 2009
Dear Shareholder:

We cordially invite you to attend a joint Special Meeting of Shareholders of Eaton Vance National Municipal Income Trust (the Acquired Fund) and Eaton Vance Municipal Income Trust (the Acquiring Fund) (collectively, the Funds) on May 15, 2009 for the following purposes:

- The shareholders of the Acquired Fund will be asked to consider a proposal to approve an Agreement and Plan of Reorganization to merge the common shares of the Acquired Fund into common shares of the Acquiring Fund, and to merge the auction preferred shares (APS) of the Acquired Fund into APS, Series C, of the Acquiring Fund (the Reorganization); and
- Common shareholders of the Acquiring Fund will be asked to vote on the issuance of additional common shares in connection with the Reorganization.

The enclosed combined Proxy Statement and Prospectus describes the Reorganization in detail. We ask you to read the enclosed information carefully and to submit your vote promptly.

After consideration and recommendation by the Funds investment adviser, Eaton Vance Management, the Board of Trustees of each Fund has determined that the Reorganization is in the best interests of the Funds. The common shareholders of each Fund will benefit from the Reorganization because they will become common shareholders of a larger, more diversified fund. The investment objectives and policies of each Fund are identical and after the Reorganization the combined fund will have lower total operating expenses than each Fund. Because Acquiring Fund APS, Series C, will have the same characteristics as the Acquired Fund APS, Acquired Fund APS shareholders will not be affected by the Reorganization.

We realize that most shareholders will not be able to attend the meeting and vote their shares in person. However, the Funds do need your vote. You can vote by *mail, telephone*, or over the *Internet*, as explained in the enclosed material. If you later decide to attend the meeting, you may revoke your proxy and vote your shares in person. By voting promptly, you can help the Funds avoid the expense of additional solicitation.

If you would like additional information concerning this proposal, please call one of our service representatives at 1-800-262-1122 Monday through Friday 8:00 a.m. to 7:00 p.m. Eastern time. Your participation in this vote is extremely important.

Sincerely,

Sincerely,

Robert B. MacIntosh
President
Eaton Vance Municipal Income Trust

Cynthia J. Clemson
President
Eaton Vance National Municipal Income Trust

Your vote is important please return your proxy card promptly.

Shareholders are urged to sign and mail the enclosed proxy in the enclosed postage prepaid envelope or vote by telephone or over the Internet by following the enclosed instructions. Your vote is important whether you own a few shares or many shares.

**EATON VANCE NATIONAL MUNICIPAL INCOME TRUST
EATON VANCE MUNICIPAL INCOME TRUST**

**NOTICE OF A JOINT SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 15, 2009**

To the holders of common shares and auction preferred shares of Eaton Vance National Municipal Income Trust (the Acquired Fund) and the holders of common shares of Eaton Vance Municipal Income Trust (the Acquiring Fund):

A joint special meeting of such shareholders will be held at Two International Place, Boston, Massachusetts, on May 15, 2009, at 1:30 p.m., Eastern Time, to consider the following:

Acquired Fund

1. A proposal to approve an Agreement and Plan of Reorganization between the Acquired Fund and the Acquiring Fund, the termination of the Acquired Fund's registration under the Investment Company Act of 1940, as amended, and the dissolution of the Acquired Fund under applicable state law. Under this Agreement, the Acquiring Fund will acquire substantially all of the assets and assume substantially all of the liabilities of the Acquired Fund in exchange for an equal aggregate value of newly-issued common shares of beneficial interest of the Acquiring Fund, with par value of \$0.01 per share, and newly-issued auction preferred shares with par value of \$0.01 per share and a liquidation preference of \$25,000 per share.

The Board of Trustees of the Acquired Fund recommends that you vote FOR this proposal.

Acquiring Fund

2. A proposal to approve the issuance of additional common shares of the Acquiring Fund in connection with the Agreement and Plan of Reorganization between the Acquired Fund and the Acquiring Fund.

The Board of Trustees of the Acquiring Fund recommends that you vote FOR this proposal.

3. Any other business that may properly come before the meeting and any adjourned or postponed sessions thereof.

Shareholders of record as of the close of business on March 12, 2009 are entitled to vote at the meeting or any adjournment thereof.

By order of the Boards of Trustees,

Secretary

March 19, 2009

IMPORTANT

Shareholders can help the Boards of Trustees of the Funds avoid the necessity and additional expense of further solicitations, which may be necessary to obtain a quorum, by promptly returning the enclosed proxy or voting by telephone or over the Internet. The enclosed addressed envelope requires no postage if mailed in the United States and is included for your convenience.

**PROXY STATEMENT of
EATON VANCE NATIONAL MUNICIPAL INCOME TRUST
(the Acquired Fund)
and
EATON VANCE MUNICIPAL INCOME TRUST
(the Acquiring Fund)**

**PROSPECTUS for
Common Shares and Auction Preferred Shares, Series C, of
the Acquiring Fund**

**255 State Street
Boston, Massachusetts 02109
(before March 22, 2009)**

**Two International Place
Boston, Massachusetts 02110
(after March 22, 2009)**

We are sending you this combined Proxy Statement and Prospectus (Proxy Statement/Prospectus) in connection with the Joint Special Meeting of holders of common shares and action preferred shares (APS) of the Acquired Fund and holders of common shares of the Acquiring Fund (the Special Meeting) to be held on May 15, 2009 (the Meeting Date) at 1:30 p.m., Eastern time, at Two International Place, Boston, MA 02110. This document is both the Proxy Statement of each Fund and a Prospectus for the Acquiring Fund. (The Acquired Fund and the Acquiring Fund hereinafter are sometimes referred to as a Fund or collectively as the Funds). Each Fund is a Massachusetts business trust registered as a closed-end management investment company. A proxy is enclosed with the foregoing Notice of a Special Meeting of Shareholders for the benefit of shareholders who wish to vote, but do not expect to be present at the Special Meeting. Shareholders also may vote by telephone or via the Internet. The proxy is solicited on behalf of the Board of Trustees of each Fund.

This Proxy Statement/Prospectus relates to the proposed reorganization of the Acquired Fund into the Acquiring Fund (the Reorganization). The Agreement and Plan of Reorganization (the Plan) is attached as Appendix A. The Plan provides as follows:

- In the Reorganization, the Acquired Fund will transfer all of its assets and liabilities to the Acquiring Fund;
- The Acquiring Fund will issue common shares to the Acquired Fund equal in value to the net assets of the Acquired Fund attributable to its common shares immediately prior to the Reorganization;
- The Acquiring Fund will issue an additional series of APS to the Acquired Fund with an aggregate liquidation preference equal in value to the aggregate liquidation value of the Acquired Fund APS immediately prior to the Reorganization;
- The Acquired Fund will distribute the Acquiring Fund common shares so received to its common shareholders in proportion to their holdings immediately prior to the Reorganization;
- The Acquired Fund will distribute the Acquiring Fund APS so received to its APS holders in proportion to their holdings immediately prior to the Reorganization. As described in greater detail in this Proxy Statement/Prospectus, the terms of the Acquiring Fund APS received by Acquired Fund APS holders in the Reorganization will be the same as that of the Acquired Fund APS held immediately prior to the Reorganization;
- The Acquired Fund will then terminate its registration under the Investment Company Act of 1940, as amended (the 1940 Act) and dissolve under applicable state law; and
- After the Reorganization, the Acquiring Fund will continue to operate as a registered closed-end investment company with the investment objective and policies described in this Proxy Statement/ Prospectus.

The common shares of the Acquiring Fund are listed on the New York Stock Exchange (NYSE) under the ticker symbol EVN and will continue to be so listed after the Reorganization. The common shares of the Acquired Fund are listed on the NYSE Alternext US stock exchange (formerly, the American Stock Exchange) under the ticker

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symbol FEV. The Reorganization is conditioned upon the Acquiring Fund APS issued in the Reorganization receiving a rating of AAA from Standard & Poor's Rating Group (S&P). Reports, proxy statements and other information concerning the Acquiring Fund may be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005, and concerning the Acquired Fund may be inspected at the offices of the NYSE Alternext US, 11 Wall Street, New York, NY 10005.

As described in the Proxy Statement/Prospectus, in approving the Reorganization, the Board of Trustees of each Fund determined that the Reorganization is in the best interest of each Fund and that no dilution will occur as a result of the Reorganization. In reaching this determination, each Board considered, among other things, the identical nature of the Funds' investment objectives, policies, restrictions and risk profiles, the lower total operating expenses that would be realized by common shareholders after the Reorganization, the economies that would be realized by allocating Fund expenses over a larger asset base after the Reorganization, and that the Reorganization is expected to be tax-free to the Funds and their shareholders, as well as other factors.

Each proxy will be voted in accordance with its instructions. If no instruction is given, an executed proxy will authorize the persons named as proxies, or any of them, to vote in favor of each matter. A written proxy is revocable by the person giving it prior to exercise by a signed writing filed with the Secretary of the applicable Fund or the Funds' proxy tabulator, Computershare, 280 Oser Avenue, Hauppauge, NY 11788, or by executing and delivering a later dated proxy, or by attending the meeting and voting the shares in person. Proxies voted by telephone or over the Internet may be revoked at any time in the same manner that proxies voted by mail may be revoked. This Proxy Statement/Prospectus is initially being mailed to shareholders on or about March 23, 2009. The proxy materials are also available on the Eaton Vance website, www.eatonvance.com, by selecting Closed-End Funds. Supplementary solicitations may be made by mail, telephone, telegraph, facsimile or electronic means.

The Trustees have fixed the close of business on March 12, 2009 as the record date (Record Date) for the determination of the shareholders entitled to notice of and to vote at the meeting and any adjournments or postponements thereof. Holders of common shares and APS of the Acquired Fund and holders of common shares of the Acquiring Fund at the close of business on the Record Date will be entitled to one vote for each such share held.

This Proxy Statement/Prospectus sets forth concisely the information that you should know before voting. You should read and retain this Proxy Statement/Prospectus for future reference. To ask questions about this Proxy Statement/Prospectus, please call our toll-free number at 1-800-262-1122 Monday through Friday 8:00 a.m. to 7:00 p.m. Eastern time.

The following documents are on file with the Securities and Exchange Commission (SEC) or are available for no charge by calling Eaton Vance Management at 1-800-262-1122. These documents are incorporated by reference (and therefore legally part of) this Proxy Statement/Prospectus.

- The Acquiring Fund's annual report to shareholders dated November 30, 2008
- The Acquired Fund's annual report to shareholders dated November 30, 2008
- A Statement of Additional Information dated March 19, 2009 that relates to this Proxy Statement/Prospectus and the Reorganization, and contains additional information about the Acquired Fund and the Acquiring Fund

Shares of the Acquiring Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank or other depository institution. These shares are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Shares of the Acquiring Fund have not been approved or disapproved by the Securities and Exchange Commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this Proxy Statement/Prospectus. Any representation to the contrary is a criminal offense.

The date of this Proxy Statement/Prospectus is March 19, 2009.

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No dealer, salesperson or any other person has been authorized to give any information or to make any representation other than those contained in this Proxy Statement/Prospectus, and you should not rely on such other information or representations.

PROPOSAL 1

APPROVE AGREEMENT AND PLAN OF REORGANIZATION

(Acquired Fund Shareholders Only)

The Board of each Fund, including the Trustees who are not interested persons (as defined in the 1940 Act) of the Fund (the Independent Trustees), unanimously approved the Plan for the reorganization of the Acquired Fund into the Acquiring Fund. If the shareholders of the Acquired Fund approve the Plan, and the common shareholders of the Acquiring Fund approve the issuance of additional common shares of the Acquiring Fund (as described in Proposal 2 below), then the Acquiring Fund common shares and the Acquiring Fund APS will be issued to the holders of common shares and APS, respectively, of the Acquired Fund in exchange for substantially all of the assets of the Acquired Fund and the assumption of substantially all of the liabilities of the Acquired Fund. The Acquired Fund will then terminate its registration under the 1940 Act and dissolve under applicable state law. The aggregate net asset value (NAV) of the Acquiring Fund common shares received in the Reorganization will equal the aggregate NAV of the Acquired Fund common shares held immediately prior to the Reorganization (though common shareholders may receive cash for their fractional shares). The aggregate liquidation preference of the Acquiring Fund APS received in the Reorganization will equal the aggregate liquidation preference of Acquired Fund APS held immediately prior to the Reorganization. The terms of the Acquiring Fund APS received in the Reorganization will be the same as that of the APS held immediately prior to the Reorganization. It is a condition of the Reorganization that the Acquiring Fund APS issued in the Reorganization receive a rating of AAA from S&P.

The Reorganization seeks to combine two Funds with identical objectives and policies to achieve certain economies of scale and other operational efficiencies. The Reorganization has been considered by the Board of Trustees of each Fund. In reaching the decision to recommend that the shareholders of the Acquired Fund vote to approve the Reorganization, the Trustees, including the Independent Trustees, concluded that the Reorganization would be in the best interests of the Acquired Fund's shareholders and that the interests of existing shareholders would not be diluted as a consequence thereof. In making this determination, the Trustees considered a number of factors, including the following:

Elimination of Florida Intangibles Tax. Prior to January 1, 2007, the State of Florida imposed an intangibles tax on the value of stocks, bonds, other evidences of indebtedness and mutual fund shares. Florida municipal obligations were exempt from this tax. The repeal of the Florida state intangibles tax in 2007 reduced the attractiveness of Florida bonds to investors formerly subject to the intangibles tax. Accordingly, the Board revised the Acquired Fund's investment policies to eliminate the requirement that the Acquired Fund invest primarily in securities exempt from the Florida state intangibles tax, eliminated its investment policy that at least 65% of its total assets normally will be invested in municipal obligations issued by the State of Florida or its political subdivisions, agencies, authorities and instrumentalities, and changed its name to Eaton Vance Florida Plus Municipal Income Trust from Eaton Vance Florida Municipal Income Trust, in effect transforming the Fund into a national municipal bond fund. On June 19, 2008, the Acquired Fund changed its name from Eaton Vance Florida Plus Municipal Income Trust to its present name to reflect its increased exposure to municipal obligations of issuers outside the State of Florida. Given the substantial similarities between the Acquired Fund and the Acquiring Fund and the expected benefits from combining the Funds, the Board now believes it would be in the best interest of the Acquired Fund to reorganize into the Acquiring Fund.

Continuity of Objectives, Restrictions and Policies. The Acquired Fund and the Acquiring Fund have identical investment objectives, policies, restrictions and risk profiles. Each Fund invests primarily in municipal obligations exempt from federal income taxes. As a result of the Reorganization, the Acquired Fund common shareholders would be invested in a more diversified portfolio and their exposure to Florida obligations would decrease further.

Lower Fund Expenses. The annual advisory and administrative fee rates for both Funds are 0.70% and 0.20%, respectively, of average weekly gross assets. However, the Acquiring Fund has a lower total expense ratio than

the Acquired Fund due to its larger size,¹ and after the Reorganization the Acquired Fund's former common shareholders would realize an immediate decrease in Fund expenses.

Possible Reduction or Elimination of Trading Discounts to Net Asset Value per Share; Exchange Listing. Historically, the Acquiring Fund's common shares generally have traded at a smaller discount or a greater premium to NAV than has been the case for the Acquired Fund's common shares. While it is not possible to predict trading levels at the time the Reorganization closes, a significant reduction or elimination of the Acquired Fund's trading discount would be in the best interests of the Acquired Fund's common shareholders and would be consistent with historical differences in the trading trends of the Acquired Fund's shares as compared to trading in the Acquiring Fund's shares. There can be no assurance, however, that after the Reorganization, the common shares of the combined fund (the Combined Fund) will trade at a premium to NAV, or at a smaller discount to NAV than is currently the case for the Acquired Fund's common shares. While the Acquired Fund common shares trade on the NYSE Alternext US and the Acquiring Fund common shares trade on the NYSE, moving to the NYSE is not expected to have a substantive impact on the former common shareholders of the Acquired Fund.

Better Relative Investment Performance. Assuming the Reorganization occurred on November 3, 2008, the Acquired Fund's yield on common shares would have increased while the Acquiring Fund's yield on common shares would have remained substantially unchanged. The Acquiring Fund's total return at NAV for the three-year, five-year and life-of-fund period ended October 31, 2008 exceeded that of the Acquired Fund. The Acquired Fund outperformed the Acquiring Fund for the one-year period ended October 31, 2008.

No Effect on APS Holders. While it is not anticipated that the Reorganization will directly benefit holders of either Fund's APS, the Reorganization will not materially adversely affect holders of either Fund's APS. As discussed below in greater detail, since mid-February 2008 the market for APS has become generally illiquid and many investors have not been able to sell their securities through the auction process. See Risk Factors and Special Considerations Special Risks Related to APS Auction Risk. The Reorganization is not expected to have any effect on the market for the Funds' APS.

No Dilution. After the Reorganization, each former common shareholder of the Acquired Fund will own common shares of the Acquiring Fund equal to the aggregate value of his or her shares of the Acquired Fund immediately prior to the Reorganization. Because shares of the Acquiring Fund will be issued at NAV in exchange for the assets of the Acquired Fund, that, net of the liabilities of the Acquired Fund assumed by the Acquiring Fund, will equal the aggregate value of those shares, the Acquiring Fund's NAV will be unchanged. Thus, the Reorganization will not result in any dilution to shareholders.

No Tax Consequences. The Acquired Fund is expecting to obtain an opinion of counsel that the Reorganization will be tax-free for federal income tax purposes. Acquired Fund shareholders are not expected to recognize a taxable gain or loss on the receipt of shares of the Acquiring Fund in liquidation of their interest in the Acquired Fund. Their tax basis in the Acquired Fund shares received in the Reorganization will be the same as their tax basis in their Acquired Fund shares, and the tax holding period will be the same. The Acquiring Fund tax basis for the assets received in the Reorganization will be the same as the Acquired Fund's basis immediately before the Reorganization, and the Acquiring Fund's tax holding period for those assets will include the Acquired Fund's holding period. Furthermore, it is not anticipated that the Reorganization will preclude utilization of any of the capital loss carryovers of either Fund.

Economies of Scale and Other Potential Benefits. A Combined Fund would offer economies of scale that may lead to lower per share expenses for common shareholders. Such economies may be realized with respect to exchange listing fees, printing fees, costs for legal, auditing, custodial and administrative services, and miscellaneous fees. In addition, the greater asset size of the Combined Fund may result in greater trading flexibility for the Combined Fund, as well as allowing it to enter large block trades, obtain better net prices on

¹ As of October 31, 2008, the Acquiring Fund had total net assets of approximately \$271.9 million and the Acquired Fund had total net assets of approximately \$61.9 million.

securities trades, enter into transactions unavailable to a smaller fund, and achieve greater diversification of portfolio holdings.

Terms of the Plan. The Trustees considered the terms and conditions of the Plan and the costs associated with the Reorganization to be borne by the Funds' common shareholders. The Acquired Fund will bear its own costs of the Reorganization, including legal costs, costs associated with the solicitation of its shareholders and costs associated with the issuance of new APS, estimated to be approximately \$180,000. The Acquiring Fund will also bear its own costs of the Reorganization, including legal costs and costs associated with the solicitation of its common shareholders, estimated to be approximately \$260,000.

Effect on Eaton Vance. After the reorganization, because the Funds have identical advisory and administrative fees, the Funds' investment adviser, Eaton Vance Management (Eaton Vance, or the Adviser) will continue to collect advisory and administrative fees on the Acquired Fund's assets acquired by the Acquiring Fund at the current rates.

The Board of the Acquired Fund recommends that shareholders of the Acquired Fund approve the Fund's proposed Reorganization at the Special Meeting to be held on May 15, 2009. Shareholder approval of the Reorganization requires, with respect to the Acquired Fund, the vote of the holders of at least a majority of the common shares and APS, voting together. Subject to the requisite approval of the shareholders of each Fund as described in this Proposal and Proposal 2 below, it is expected that the closing date of the Reorganization will be on the most practicable Acquired Fund APS dividend payment date following the shareholders' meeting.

PROPOSAL 2

APPROVE ISSUANCE OF ADDITIONAL ACQUIRING FUND COMMON SHARES

(Acquiring Fund Common Shareholders Only)

In connection with the proposed Reorganization described above under "Proposal 1: Approve Agreement and Plan of Reorganization," the Acquiring Fund will issue additional Acquiring Fund common shares and list such shares on the NYSE. While applicable state and federal law does not require the shareholders of the Acquiring Fund to approve the Reorganization, applicable NYSE rules require the common shareholders of the Acquiring Fund to approve the issuance of additional Acquiring Fund common shares in connection with the Reorganization.

As described in greater detail under Proposal 1, the Reorganization seeks to combine two substantially similar Funds to achieve certain economies of scale and other operational efficiencies. The Reorganization has been considered by the Board of Trustees of each Fund. In reaching the decision to recommend that the shareholders of the Acquiring Fund vote to approve the issuance of additional Acquiring Fund common shares in connection with the Reorganization, the Trustees, including the Independent Trustees, concluded that the Reorganization would be in the best interests of the Acquiring Fund's shareholders and that the interests of existing shareholders would not be diluted as a consequence thereof.

In making this determination, the Trustees considered a number of factors, including those described above under Proposal 1. In particular, the Trustees considered that:

- *Lower Fund Expenses.* The Acquiring Fund is expected to benefit from a reduced annual operating expense ratio as a result of the Reorganization.
- *No Dilution.* The aggregate NAV of the Acquiring Fund's common shares issued in the Reorganization will equal the aggregate NAV of the Acquired Fund's common shares held immediately prior to the Reorganization (though Acquired Fund shareholders may receive cash for their fractional shares). Accordingly, the Reorganization will result in no reduction of the NAV of the Acquiring Fund common shares.
- *No Tax Consequences.* No gain or loss is expected to be recognized by the Acquiring Fund or its shareholders in connection with the Reorganization. The Acquiring Fund tax basis for the assets received

in the Reorganization will be the same as the Acquired Fund's basis immediately before the Reorganization, and the Acquiring Fund's tax holding period for those assets will include the Acquired Fund's holding period. Furthermore, it is not anticipated that the Reorganization will preclude utilization of any of the capital loss carryovers of either Fund.

- *Economies of Scale and Other Potential Benefits.* The greater asset size of a Combined Fund would offer economies of scale that may lead to lower per share expenses for common shareholders of the Acquiring Fund and may result in greater trading flexibility for the Fund.
- *Continuity of Objectives, Restrictions and Policies.* The Acquiring Fund will continue to operate as a registered closed-end investment company with the same investment objective, policies, restrictions and risk profiles as described in this Proxy Statement/Prospectus, but with the benefits described above.

The Board of the Acquiring Fund recommends that you vote FOR the issuance of additional Acquiring Fund common shares in connection with the Reorganization at the Special Meeting to be held on May 15, 2009.

Shareholder approval of the issuance of additional Acquiring Fund common shares requires the affirmative vote of a majority of the votes cast on the proposal, provided that a majority of Acquiring Fund common shareholders are present in person or by proxy at the meeting. Subject to the requisite approval of the shareholders of each Fund as described in this Proposal and Proposal 1 above, it is expected that the closing date of the Reorganization will be on the most practicable Acquired Fund APS dividend payment date following the shareholders' meeting.

SUMMARY

Comparison of the Funds. The following is a summary of certain information contained elsewhere in this Proxy Statement/Prospectus and is qualified in its entirety to the more complete information contained herein and in the Statement of Additional Information. Shareholders should read the entire Proxy Statement/Prospectus carefully.

Investment Objectives and Policies. Each Fund is a diversified, closed-end management investment company registered under the 1940 Act. During normal market conditions, at least 80% of each Fund's net assets will be invested in municipal obligations, the interest on which is exempt from federal income tax (municipal obligations or municipal bonds). At least 65% of each Fund's total assets will normally be invested in municipal obligations rated at least investment grade at the time of investment (which are those rated Baa or higher by Moody's Investors Service, Inc. (Moody's) or BBB or higher by either S&P or by Fitch Ratings (Fitch)), or, if unrated, determined by Eaton Vance to be of at least investment grade quality. Each Fund may invest up to 35% of its total assets in municipal obligations rated below investment grade and unrated municipal obligations considered to be of comparable quality by Eaton Vance, except that no more than 30% of total assets may be rated lower than B. Under normal market conditions, each Fund expects to be fully invested (at least 95% of its net assets) in accordance with its investment objective.

Each Fund may purchase derivative instruments, which derive their value from another instrument, security or index, including financial futures contracts and related options, interest rate swaps and forward rate contracts. Each Fund also may invest in residual interests of a trust (the trust) that holds municipal securities (tender option bonds or TOBs). The trust will also issue floating rate notes to third parties that may be senior to a Fund's residual interest (inverse floaters). See Tender option bonds (TOBs) in the table following Comparison of the Funds: Investment Objectives and Policies below. Each Fund may purchase and sell various kinds of financial futures contracts and related options, including futures contracts and related options based on various debt securities and securities indices, as well as interest rate swaps and forward rate contracts, to seek to hedge against changes in interest rates or for other risk management purposes or as a substitute for the purchase of securities.

Purchase and Sale of Fund Shares. Purchase and sale procedures for the common shares and APS of each Fund are identical, except that common shares of the Acquired Fund are traded on the NYSE Alternext US stock exchange while common shares of the Acquiring Fund are traded on the NYSE. Investors typically purchase and sell common shares of the Funds through a registered broker-dealer on the applicable stock exchange, or may purchase or sell common shares through privately negotiated transactions with existing shareholders. When initially offered, it was contemplated that each Fund's APS would be purchased and sold at separate auctions conducted on a regular basis.

(unless a Fund elects, subject to certain conditions, to declare a special dividend period). However, since mid-February 2008 the functioning of the auction markets for certain types of auction rate securities (including APS) have been disrupted by an imbalance between buy and sell orders. As a result of this imbalance, auctions for APS have not cleared and APS generally have become illiquid. There is no current expectation that these circumstances will change following the Reorganization and it is possible that the APS markets will not resume normal functioning.

Unsuccessful auctions are not a default and the Funds have continued to pay dividends to all APS holders. As described in greater detail below, in the absence of a functioning auction, the dividend rate payable on outstanding APS is set at a specified applicable maximum rate as determined by the Funds' By-Laws. While broker-dealers may maintain a secondary trading market in APS outside of auctions, historically they have not done so. The broker-dealers have no obligation to make a secondary market in APS outside of the auction and there can be no assurance that a secondary market for APS will develop or, if it does develop, that it will provide holders with liquidity of investments. Eaton Vance has been closely monitoring developments in the APS market and has engaged in a variety of efforts to restore liquidity to APS holders of the Funds and other closed-end funds sponsored by Eaton Vance. With respect to the Funds, a portion of their outstanding APS recently was redeemed with replacement financing consisting of tender option bonds.

Redemption Procedures. Redemption procedures for the Acquired Fund and Acquiring Fund are also similar. The common shares of each Fund have no redemption rights. However, the Board of each Fund may consider open market share repurchases of, or tendering for, common shares to seek to reduce or eliminate any discount in the market place of the common shares from the NAV thereof. Each Fund's ability to repurchase, or tender for, its common shares may be limited by the 1940 Act asset coverage requirements and by the rating agency rating the APS. Although neither Fund will ordinarily redeem APS, it may be required to redeem APS if, for example, the Fund does not meet an asset coverage ratio required by law or in order to correct a failure to meet the rating agency's guidelines in a timely manner. A Fund may voluntarily redeem APS in certain circumstances. See *Information About APS* below and *Additional Information About APS* in Appendix B, which provide additional information about redemptions, purchases and sales of APS.

Comparison of the Funds:

Investment Objectives and Policies

The investment objective, investment policies and risks of each Fund are substantially identical. During normal market conditions, at least 80% of each Fund's net assets will be invested in municipal obligations, the interest on which is exempt from federal income tax. Set forth below is a comparison of the Funds, including their investment objective, policies and other pertinent factors.

	Acquired Fund	Acquiring Fund
Business	Diversified, closed-end management investment company organized as a Massachusetts business trust.	
Investment objective	To provide current income exempt from federal income tax.	
Net assets attributable to common shares as of November 30, 2008	\$37.5 million	\$140.2 million

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	Acquired Fund	Acquiring Fund
Listing (common shares)	NYSE Alternext US (ticker symbol FEV)	NYSE (ticker symbol EVN)
Rating of APS	One series, rated AAA by S&P	Two series, rated AAA by S&P
Fiscal year end	November 30	
Investment adviser	Eaton Vance	
Portfolio manager	<p>Thomas M. Metzold, CFA</p> <p>Mr. Metzold joined Eaton Vance as a high yield municipal bond analyst in 1987 and has been a portfolio manager since 1991. He is a Vice President of Eaton Vance and Boston Management and Research, an affiliate of Eaton Vance (BMR).</p>	
Primary investments	<p>Each Fund invests substantially (at least 80%) in municipal obligations, which includes bonds, notes and commercial paper issued by a municipality for a wide variety of both public and private purposes, the interest on which is, in the opinion of issuer s counsel (or on the basis of other reliable authority), exempt from federal income tax.</p> <p>Public purpose municipal bonds include general obligation and revenue bonds. General obligation bonds are backed by the taxing power of the issuing municipality. Revenue bonds are backed by the revenues of a project or facility or from the proceeds of a specific revenue source. Some revenue bonds are payable solely or partly from funds that are subject to annual appropriations by a state s legislature. Municipal notes include bond anticipation, tax anticipation and revenue anticipation notes. Bond, tax and revenue anticipation notes are short-term obligations that will be retired with the proceeds of an anticipated bond issue, tax revenue or facility revenue, respectively.</p>	
Investment strategy	<p>During normal market conditions, at least 65% of each Fund s total assets will normally be invested in municipal obligations rated at least investment grade at the time of investment (Baa or higher by Moody s or BBB or higher by S&P or Fitch), or, if unrated, determined by Eaton Vance to be of at least investment grade quality. Each Fund may invest up to 35% of its total assets in municipal obligations rated below investment grade and unrated municipal obligations considered to be of comparable quality by Eaton Vance, except that no more than 30% of total assets may be rated lower than B.</p> <p>The foregoing credit quality policies apply only at the time a security is purchased, and neither Fund is required to dispose of a security in the event that a rating agency downgrades its assessment of the credit characteristics of a particular issue or withdraws its assessment. In determining whether to retain or sell such a security, Eaton Vance may consider such factors</p>	

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as Eaton Vance's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by rating agencies. Although Eaton Vance considers ratings when making investment decisions, it performs its own credit and investment analysis and does not rely primarily on the ratings assigned by rating agencies. Credit quality can change from time to time, and recently issued credit ratings may not fully reflect the actual risks posed by a particular security or the issuer's current financial condition.

Acquired Fund	Acquiring Fund
Tender option bonds (TOBs)	<p>Each Fund may invest in residual interests of a trust (the trust) that holds municipal securities (tender option bonds). The trust will also issue floating rate notes (Floating Rate Notes) to third parties that may be senior to a Fund s residual interest. A Fund receives interest payments on TOBs that bear an inverse relationship to the interest rate paid on the Floating Rate Notes (inverse floaters). Typically, a Fund will sell a municipal bond to the trust to create the TOB. Each Fund may use the proceeds of such sale for investment purposes, and may invest in TOBs to finance APS redemptions. As a result of Financial Accounting Standards Statement No. 140 (FAS 140), interest paid by the trust to the Floating Rate Note holders may be reflected as income in a Fund s financial statements with an offsetting expense for the interest paid by the trust to the Floating Rate Note holders. The Fund will hold the TOB residuals and may use the proceeds of the sale of TOB floaters for investment purposes. Each Fund may do so to create investment leverage and replace all or a portion of its outstanding APS. See Leverage below. The TOB floaters are subject to a liquidity backstop financing facility provided by a major financial institution.</p>
Leverage	<p>Each Fund uses leverage created by issuing APS and investing in TOBs, as described above, to seek opportunities for increased net income. The use of leverage involves special risks. See Leverage Risk under Risk Factors and Special Considerations below.</p>
Municipal leases	<p>Each Fund may invest in municipal leases and participations therein. Municipal leases are obligations in the form of a lease or installment purchase arrangement which is issued by the state or local government to acquire equipment and facilities.</p>
Investment companies	<p>Each Fund may purchase common shares of closed-end investment companies that have similar investment objectives and policies to the Fund. In addition to providing tax-exempt income, such securities may provide capital appreciation. Such investments, which may also be leveraged and subject to the same risks as a Fund, will not exceed 10% of total assets, and no such company will be affiliated with Eaton Vance. These companies bear fees and expenses that a Fund will incur indirectly.</p>
Illiquid securities	<p>At times, a substantial portion of each Fund s assets may be invested in securities for which there is no readily available trading market or are subject to restrictions on resale, which includes inverse floaters.</p>
When-issued purchases	<p>Each Fund may purchase securities on a when-issued basis, which means that payment and</p>

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delivery occur on a future settlement date. The price and yield of such securities are generally

fixed on the date of commitment to purchase. However, the market value of the securities may fluctuate prior to delivery and upon delivery the securities may be worth more or less than what a Fund agreed to pay for them. A Fund may be required to maintain a segregated

account of liquid assets equal to outstanding purchase commitments. Each Fund may also purchase instruments that give the Fund the option to purchase a municipal obligation when

and if issued.

Zero-Coupon
Bonds

Zero-coupon bonds are issued at a significant discount from face value and pay interest only at

maturity rather than at intervals during the life of the security. These bonds are subject to greater fluctuation in response to changes in market interest rates than bonds that pay interest

currently. The Fund is required to take into account income from zero-coupon bonds on a current basis, even though it does not receive that income currently in cash, and the Fund is

required to distribute substantially all of its income for each taxable year. Thus, the Fund may

have to sell other investments to obtain cash needed to make income distributions.

	Acquired Fund	Acquiring Fund
Active trading	<p>Each Fund's portfolio manager makes portfolio adjustments that reflect the Fund's investment strategy but does not trade securities for the Fund for the purpose of seeking short-term profits. However, if a Fund is required to sell assets to effect mandatory redemptions to repurchase common shares, or APS, the Fund's portfolio turnover may be higher than would otherwise be the case.</p> <p>The portfolio turnover rate for the Acquired Fund for the fiscal year ended November 30, 2008 was 108% and the portfolio turnover rate for the Acquiring Fund for the same period was 53%.</p>	
Futures and related options	<p>Each Fund may purchase and sell various kinds of financial futures contracts and options thereon to seek to hedge against changes in interest rates or for other risk management purposes or as a substitute for the purchase of securities. Futures contracts may be based on various debt securities and securities indices (such as the Municipal Bond Index traded on the Chicago Board of Trade). Such transactions involve a risk of loss or depreciation due to unanticipated adverse changes in securities prices, which may exceed a Fund's initial investment in these contracts. A Fund will only purchase or sell futures contracts or related options in compliance with the rules of the Commodity Futures Trading Commission. These transactions involve transaction costs. There can be no assurance that Eaton Vance's use of futures will be advantageous to a Fund. Distributions by a Fund of any gains realized on the Fund's transactions in futures and options on futures will be taxable. Rating agency guidelines on each Fund's APS limit use of these transactions.</p>	
Interest rate swaps and forward rate contracts	<p>Interest rate swaps involve the exchange by a Fund with another party of their respective commitments to pay or receive interest, <i>e.g.</i>, an exchange of fixed rate payments for floating rate payments. Each Fund will only enter into interest rate swaps on a net basis, <i>i.e.</i>, the two payment streams are netted out with the Fund receiving or paying, as the case may be, only the net amount of the two payments. Each Fund may also enter forward rate contracts. Under these contracts, the buyer locks in an interest rate at a future settlement date. If the interest rate on the settlement date exceeds the lock rate, the buyer pays the seller the difference between the two rates. If the lock rate exceeds the interest rate on the settlement date, the</p>	

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seller pays the buyer the difference between the two rates. Any such gain received by a Fund

would be taxable.

If the other party to an interest rate swap or forward rate contract defaults, a Fund's risk of

loss consists of the net amount of payments that the Fund is contractually entitled to receive.

The net amount of the excess, if any, of each Fund's obligations over its entitlements will be

maintained in a segregated account by the Fund's custodian. Each Fund will not enter into

any interest rate swap or forward rate contract unless the claims-paying ability of the other

party thereto is considered to be investment grade by the Adviser. If there is a default by the

other party to such a transaction, a Fund will have contractual remedies pursuant to the agreements related to the transaction. These instruments are traded in the over-the-counter

market.

Insured

Obligations

Each Fund may purchase municipal bonds that are additionally secured by insurance, bank

credit agreements, or escrow accounts. The credit quality of companies which provide such

credit enhancements will affect the value of those securities. Although the insurance feature

reduces certain financial risks, the premiums for insurance and the higher market price paid

for insured obligations may reduce the Fund's current yield. The insurance feature does not

guarantee the market value of the insured obligations or the net asset value of the Fund's

shares. To the extent that securities held by a Fund are insured as to principal and interest

payments by insurers whose claims-paying ability is downgraded by a rating agency, the value

of such security may be affected.

Acquired Fund	Acquiring Fund
Borrowings	<p>Current S&P rating guidelines prohibit the Funds from borrowing money, except for purpose of clearing transactions in portfolio securities, unless S&P has advised the Fund in writing that</p> <p>any such action would not adversely affect the then-current rating of the APS by S&P.</p>

Risk Factors and Special Considerations

The risk factors and other special considerations for investing in each Fund are set forth below. Risk is inherent in all investing. Investing in any investment company security involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment. Because each Fund, under normal market conditions, invests a substantial amount of its assets in municipal bonds, any risks inherent in such investments are equally applicable to each Fund and will continue to apply to the Combined Fund after the Reorganization. The Reorganization itself is not expected to adversely affect the rights of shareholders of either of the Funds or to create additional risks.

Credit Risk. Credit risk is the risk that one or more municipal obligations in a Fund’s portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the obligation experiences a decline in its financial status. Changes in the credit quality of the issuers of municipal obligations held by a Fund will affect the principal value of (and possibly the income earned on) such obligations. In addition, the values of such securities are affected by changes in general economic conditions and business conditions affecting the relevant economic sectors. Changes by rating agencies in their ratings of a security and in the ability of the issuer to make payments of principal and interest may also affect the value of a Fund’s investments. The amount of information about the financial condition of an issuer of municipal obligations may not be as extensive as that made available by corporations whose securities are publicly traded.

In general, lower rated municipal bonds carry a greater degree of risk that the issuer will lose its ability to make interest and principal payments, which could have a negative impact on a Fund’s NAV or dividends. Securities rated Baa or BBB are considered investment grade but they also may have some speculative characteristics. As indicated above, each Fund may invest up to 35% of its total assets in municipal obligations rated below investment grade (but not, with respect to more than 30% of its total assets, lower than B by all rating agencies rating the obligation) and comparable unrated obligations. Such obligations, commonly called junk bonds, will have speculative characteristics in varying degrees and are more volatile than higher rated obligations. Also, changes in economic conditions or other circumstances are more likely to reduce the capacity of issuers of lower-rated obligations to make principal and interest payments. It may also be more difficult to value certain lower rated obligations because of the inability (or perceived inability) of the issuer to make interest and principal payments. When a Fund invests in lower rated or unrated municipal obligations, the achievement of the Fund’s goals is more dependent on the Adviser’s credit analysis than would be the case if the Fund were investing in municipal obligations in the higher rating categories. In evaluating the credit quality of a particular issue, whether rated or unrated, Eaton Vance will normally take into consideration, among other things, the financial resources of the issuer (or, as appropriate, of the underlying source of funds for debt service), its sensitivity to economic conditions and trends, any operating history of and the community support for the facility financed by the issue, the ability of the issuer’s management and regulatory matters.

Increases in interest rates and changes in the economy may adversely affect the ability of issuers of lower grade municipal securities to pay interest and to repay principal, to meet projected financial goals and to obtain additional financing. In the event that an issuer of securities held by a Fund experiences difficulties in the timely payment of principal or interest and such issuer seeks to restructure the terms of its borrowings, the Fund may incur additional expenses. Further, each 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 thereof. To the extent that there is no established retail market for some of the lower grade municipal securities in which each Fund may invest, trading in such securities may be relatively inactive. During periods of reduced market liquidity and in the absence of readily available market quotations for lower grade municipal securities held in a Fund’s portfolio, valuing such securities becomes more difficult. 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. 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.

Municipal obligations held by each Fund that are of below investment grade quality but which, subsequent to the assignment of such rating, are backed by escrow accounts containing U.S. Government obligations may be determined by Eaton Vance to be of investment grade quality for purposes of each Fund's investment policies. Each Fund may retain in its portfolio an obligation that declines in quality, including defaulted obligations, if such retention is considered desirable by Eaton Vance. In the case of a defaulted obligation, each Fund may incur additional expense seeking recovery of its investment.

Although the Adviser considers ratings when making investment decisions, it performs its own credit and investment analysis and does not rely primarily on the ratings assigned by the rating services. Credit ratings are based largely on the issuer's historical financial condition and the rating agency's investment analysis at the time of rating, and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not reflect assessment of the volatility of the security's market value or of the liquidity of an investment in the security. Credit quality in the sectors of the market can change from time to time, and recently issued credit ratings may not fully reflect the actual risks posed by a particular security.

If a rating agency lowers its rating of municipal obligations in a Fund's portfolio, the value of those municipal obligations could decline, which could also jeopardize the rating agency's rating of the APS. Because the primary source of income for each Fund is the interest and principal payments on the municipal obligations in which it invests, any default by an issuer of a municipal obligation could also have a negative impact on a Fund's ability to pay dividends on the APS and could result in the redemption of some or all of the APS. See also *Municipal Bond Insurer Risk* below.

Each Fund may invest in municipal leases and participations in municipal leases. The obligation of the issuer to meet its obligations under such leases is often subject to the appropriation by the appropriate legislative body, on an annual or other basis, of funds for the payment of the obligations. Investments in municipal leases are thus subject to the risk that the legislative body will not make the necessary appropriation and the issuer will not otherwise be willing or able to meet its obligation.

Interest Rate Risk. If long-term rates rise, the value of each Fund's investment portfolio will decline, also reducing the amount of assets serving as asset coverage for each Fund's APS. APS pay dividends based on short-term interest rates, and uses the proceeds to buy municipal obligations, which pay interest based on longer-term yields. Longer-term municipal obligation yields are typically, although not always, higher than short-term interest rates. Both long-term and short-term interest rates may fluctuate. If short-term interest rates rise, APS rates may rise such that the amount of dividends paid to APS holders exceeds the income from the portfolio securities purchased with the proceeds from the sale of APS. Because income from each Fund's entire investment portfolio (not just the portion purchased with the proceeds of the APS offering) is available to pay APS dividends, however, APS dividend rates would need to greatly exceed a Fund's net portfolio income before that Fund's ability to pay APS dividends would be jeopardized. If long-term rates rise, the value of each Fund's investment portfolio will decline, reducing the amount of assets serving as asset coverage for the APS.

Market Risk. The prices of municipal obligations tend to fall as interest rates rise. Securities that have longer maturities tend to fluctuate more in price in response to changes in market interest rates. This risk is usually greater among municipal obligations with longer maturities or durations and when inverse floaters are held by a Fund. To the extent the Fund invests in a portfolio of longer-term securities it will be subject to greater market risk than a fund investing solely in shorter-term securities. Market risk is often greater among certain types of income securities, such as zero-coupon bonds, which do not make regular interest payments. As interest rates change, these bonds often fluctuate in price more than higher quality bonds that make regular interest payments. Because each Fund may invest in these types of income securities, it may be subject to greater market risk than a fund that invests only in current interest paying securities.

Income Risk. The income investors receive from a Fund is based primarily on the interest it earns from its investments, which can vary widely over the short- and long-term. If long-term interest rates drop, a Fund's income available over time to make dividend payments with respect to APS could drop as well if the Fund purchases securities with lower interest coupons.

Call and Other Reinvestment Risk. If interest rates fall, it is possible that issuers of callable bonds with high interest coupons will call (or prepay) their bonds before their maturity date. If a call were exercised by the issuer during a period of declining interest rates, a Fund is likely to replace such called security with a lower yielding security. If that were to happen, it could decrease the Fund's dividends and possibly could affect the market price of common shares. Similar risks exist when a Fund invests the proceeds from matured or traded municipal obligations at market interest rates that are below the Fund's current earnings rate.

Liquidity Risk. At times, a substantial portion of each Fund's assets may be invested in securities as to which the Fund, by itself or together with other accounts managed by Eaton Vance and its affiliates, holds a major portion of all of such securities. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, a Fund could find it more difficult to sell such securities when Eaton Vance believes it is advisable to do so or may be able to sell such securities only at prices lower than if such securities were more widely held. Under such circumstances, it may also be more difficult to determine the fair value of such securities for purposes of computing the Fund's net asset value.

The secondary market for some municipal obligations is less liquid than that for taxable debt obligations or other more widely traded municipal obligations. These include inverse floaters. No established resale market exists for certain of the municipal obligations in which the Fund may invest. The market for obligations rated below investment grade is also likely to be less liquid than the market for higher rated obligations. As a result, the Fund may be unable to dispose of these municipal obligations at times when it would otherwise wish to do so at the prices at which they are valued.

Inflation Risk. Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of Fund shares and distributions thereon can decline.

Municipal Bond Market Risk. Investing in the municipal bond market involves certain risks. The amount of public information available about the municipal obligations in each Fund's portfolio is generally less than for corporate equities or bonds, and the investment performance of each Fund may therefore be more dependent on the analytical abilities of Eaton Vance than if the Fund were a stock fund or taxable bond fund.

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. 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. Issuers of municipal securities might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, each Fund could experience delays in collecting principal and interest to which it is entitled. To enforce its rights in the event of 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.

Municipal Bond Insurer Risk. In the event that any rating agency (or all of them) should downgrade its assessment of the claims-paying ability of a particular insurer, it could negatively impact the value of obligations insured by such insurer. In addition, to the extent a Fund obtains separate insurance on an issuer (Portfolio Insurance), the Fund may be subject to certain restrictions on investments imposed by guidelines of the insurance companies issuing such Portfolio Insurance. Neither Fund expects these guidelines to prevent Eaton Vance from managing a Fund's portfolio in accordance with that Fund's investment objective and policies.

Risks Associated with TOBs. TOBs involve leverage risk and will involve greater risk than an investment in a fixed rate bond. Because changes in the interest rate paid to the Floating Rate Note holders inversely affects the interest

paid on the inverse floater, the value and income of an inverse floater are generally more volatile than that of a fixed rate bond. TOBs have varying degrees of liquidity, and the market for these securities is relatively volatile. These securities tend to underperform the market for fixed rate bonds in a rising long-term interest rate environment, but tend to outperform the market for fixed rate bonds when long-term interest rates decline. While TOBs expose a Fund to leverage risk, they do not constitute borrowings for purposes of the Fund's restrictions on borrowings.

Leverage Risk. Each Fund intends to use leverage to provide the holders of common shares with a potentially higher return. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed. Leverage creates risks, including the likelihood of greater volatility of NAV and the return to common shareholders. The use of leverage through issuance of APS creates an opportunity for increased net income, but, at the same time, creates special risks. Such leverage creates risk for holders of common shares, including the likelihood of greater volatility of NAV and market price of the common shares and the risk that fluctuations in dividend rates on APS shares may affect the return to common shareholders. APS dividends are based on the yields of short-term municipal obligations, while the proceeds of each Fund's offering are invested in longer-term municipal obligations, which typically have higher yields. To the extent the income derived from securities purchased with funds received from leverage exceeds the cost of leverage, a Fund's return will be greater than if leverage had not been used. Conversely, if the income from the securities purchased with such funds is not sufficient to cover the cost of leverage, the return to a Fund will be less than if leverage had not been used, and therefore the amount available for distribution to common shareholders as dividends and other distributions will be reduced. In the latter case, Eaton Vance in its best judgment may nevertheless determine to maintain the Fund's leveraged position if it deems such action to be appropriate. While a Fund has APS outstanding, an increase in short-term rates would also result in an increased cost of leverage, which would adversely affect the Fund's income available for distribution.

In addition, under current federal income tax law, each Fund is required to allocate a portion of any net realized capital gains or other taxable income to APS holders. The terms of each Fund's APS require the Fund to pay to any APS holders additional dividends intended to compensate the APS holders for taxes payable on any capital gains or other taxable income allocated to APS. Any such additional dividends will reduce the amount available for distribution to common shareholders. The fee paid to Eaton Vance is calculated on the basis of a Fund's gross assets, including proceeds from the issuance of APS and certain other indebtedness, so the fees will be higher when leverage is utilized. As noted above, investing in TOBs also creates leverage in the Funds.

Concentration Risk. Each Fund may invest 25% or more of its total assets in municipal obligations of issuers located in the same state (or U.S. territory) or in the same economic sector, such as revenue obligations of health care facilities or hospitals, airport revenue obligations or industrial development bonds. This may make the Fund more susceptible to adverse economic, political or regulatory occurrences affecting a particular state or economic sector.

Special Risks relating to APS. Since mid-February 2008 existing markets for APS have become generally illiquid and investors have not been able to sell their securities through the regular auction process. There currently is no established secondary market for APS and, in the event a secondary market develops, an APS holder may receive less than the price paid for APS. A rating agency could downgrade the rating assigned to APS, which could affect liquidity if the auction market is otherwise functioning. A Fund may be forced to redeem APS to meet regulatory or rating agency requirements or may voluntarily redeem APS in certain circumstances. In certain circumstances, a Fund may not earn sufficient income from its investments to pay dividends on APS. If long-term interest rates rise, the value of a Fund's investment portfolio generally will decline, reducing the asset coverage for APS. As a result of the current disruption in the APS auction market, brokerage firms may mark down the value of APS held in their clients' accounts to reflect a liquidity discount from the liquidation preference.

Auction Risk. Since February 2008, and consistent with the patterns in the broader market for auction rate securities, APS auctions of the Funds have been unsuccessful due to an imbalance of sell orders over bids to buy the APS. As a result, the dividend rates on the APS have been and continue to be reset to the maximum applicable rates as required by each Fund's By-Laws. When auctions for APS are functioning, the dividend rate for APS normally is set through an auction process. In the auction, holders of APS may indicate the dividend rate at which they would be willing to hold or sell their APS or purchase additional APS. The auction is also intended to provide liquidity for the sale of APS. Also, if an APS holder places hold orders

(orders to retain shares) at an auction only at a specified dividend rate and that rate exceeds the rate set at the auction, the holder will not retain its APS. The dividend period for APS may be changed by a Fund, subject to certain conditions with notice to the holders of APS, which could also affect the liquidity of the investment.

Secondary Market Risk. There is currently no established secondary market for APS and, if one should develop, it may only be possible to sell them for a price of less than \$25,000 per share plus any accumulated dividends. If a Fund has designated a Special Dividend Period (a dividend period of more than seven days), changes in interest rates could affect the price of APS sold in the secondary market. Broker-dealers may maintain a secondary trading market in the APS; however, they have no obligation to do so and there can be no assurance that a secondary market for the APS will develop or, if it does develop, that it will provide holders with a liquid trading market (*i.e.*, trading will depend on the presence of willing buyers and sellers and the trading price is subject to variables to be determined at the time of the trade by the broker-dealers). APS are not registered on any stock exchange or on any automated quotation system. An increase in the level of interest rates, particularly during dividend periods between one and five years (a Long Term Dividend Period), likely will have an adverse effect on the secondary market price of the APS, and a selling shareholder may sell APS between auctions at a price per share of less than \$25,000. Accrued APS dividends, however, should at least partially compensate for the increased market interest rate.

Ratings and Asset Coverage Risk. Each Fund's APS have been rated AAA by S&P. Such ratings do not eliminate or necessarily mitigate the risks of investing in APS. S&P could downgrade its rating of the APS or withdraw its rating at any time, which may negatively affect APS. If a Fund fails to satisfy its asset coverage ratios, it will be required to redeem a sufficient number of APS in order to return to compliance with the asset coverage ratios. A Fund is required to redeem APS under certain circumstances to the extent necessary to meet asset coverage tests.

Restrictions on Dividends and Other Distributions. Restrictions imposed on the declaration and payment of dividends or other distributions to the holders of each Fund's common shares and APS, both by the 1940 Act and by requirements imposed by a rating agency, might impair a Fund's ability to comply with minimum distribution requirements that it must satisfy to maintain its qualification as a regulated investment company for federal income tax purposes.

Fees and Expenses for Common Shareholders of the Funds

The tables below are intended to provide a comparison of the fees and expenses of the Funds and the Combined Fund. The purpose of the tables is to assist common shareholders in understanding the various costs and expenses that they are expected to bear directly or indirectly as common shareholders of the Combined Fund following the Reorganization. The tables set forth:

- (i) the fees, expenses and distributions to holders of APS paid by the Acquired Fund common shareholders for the fiscal year ended November 30, 2008;
- (ii) the fees, expenses and distributions to holders of APS paid by the Acquiring Fund common shareholders for the fiscal year ended November 30, 2008; and
- (iii) the *pro forma* fees, expenses and distributions to holders of APS that would have been paid by the Combined Fund common shareholders for the fiscal year ended November 30, 2008, assuming the Reorganization had been completed at the beginning of the period.

As the tables indicate, the *pro forma* total annual expenses of the Combined Fund would have been lower than each Fund's total annual expenses over the same period.

The following table shows each Fund's expenses as a percentage of net assets attributable to common shares and reflect the APS outstanding as of November 30, 2008 in an amount equal to 43.9% of the Acquired Fund's total assets, 35.0% of the Acquiring Fund's total assets, and 42.2% of the Combined Fund's total assets assuming the Reorganization occurred on November 30, 2008. The table also reflects interest expense relating to the Floating

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Rate Notes held by third parties and issued in conjunction with each Fund's TOBs during the period. TOBs are described above under Comparison of the Funds: Investment Objectives and Policies. In connection with its TOBs, each Fund also records offsetting interest income in an amount equal to the stated interest expense and, as a result, NAV and performance are not affected by this expense.

	ACTUAL		PRO FORMA
	Acquired Fund	Acquiring Fund	Combined Fund
<i>Common Shareholder Transaction Expenses</i> (1)			
Sales Load (as a percentage of offering price)	None(2)	None(2)	None(2)
Dividend Reinvestment Plan Fees	None(3)	None(3)	None(3)

	ACTUAL			PRO FORMA
	Percentage of Net Assets			
	Attributable to Common Shares(1)			
(Unaudited)	Acquired Fund	Acquiring Fund	Combined Fund	
<i>Annual Expenses</i> (as a percentage of net assets attributable to common shares)				
Management Fee(4)	1.48%	1.45%	1.45%	
Other Expenses(5) (total including Interest Expense)(6)	1.37%	1.12%	1.12%	
Interest Expense	0.83%	0.73%	0.75%	
Other Expenses (excluding Interest Expense)	0.54%	0.39%	0.37%	
Total Annual Fund Operating Expenses	2.85%	2.57%	2.57%	
Dividends on APS(7)	0.58% (8)	0.80% (9)	0.75%(10)	
Total Annual Fund Operating Expenses and Dividends on APS(11)	3.43%	3.37%	3.32%	

(1) No expense information is presented with respect to APS because holders of APS do not bear any transaction or operating expenses of either Fund.

(2) Shares of Funds purchased on the secondary market are not subject to sales charges but may be subject to brokerage commissions or other charges. The table does not include an underwriting commission paid by shareholders in the initial offering of each Fund.

(3) Each participant in a Fund's dividend reinvestment plan pays a proportionate share of the brokerage commissions incurred with respect to open market purchases in connection with such plan.

(4) As a percentage of net assets attributable to common shares. The investment advisory fee is calculated at an annual rate of 0.70% of average weekly gross assets and the administration fee at an annual rate of 0.20% of average weekly gross assets; gross assets of each Fund are calculated by deducting accrued liabilities of the Fund except the principal amount of any indebtedness for money borrowed, including debt securities issued by the Fund and the amount of any outstanding APS.

(5) Certain other transaction expenses relating to the Reorganization are not reflected in Other Expenses including, but not limited to: costs related to the preparation, printing and distributing of this Proxy Statement/Prospectus to shareholders; expenses incurred in connection with the preparation of the Plan and the registration statement on Form N-14; SEC filing fees; legal and audit fees; portfolio transfer taxes (if any); and any similar expenses incurred in connection with the Reorganization. Non-recurring legal fees are also excluded. In accordance with applicable SEC rules, the Board of each Fund reviewed the fees and expenses that will be borne directly or indirectly by the Funds in connection with the Reorganization. After considering various alternatives for allocating these costs, the Boards agreed that

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the Acquired Fund will bear its own costs of the Reorganization, including legal costs, costs associated with the solicitation of its shareholders and costs associated with the issuance of new APS, and the Acquiring Fund will bear its own costs of the Reorganization, including legal costs and costs associated with the solicitation of its common shareholders.

- (6) As described above the table, interest expense relates to Floating Rate Notes held by third parties in conjunction with TOB transactions by the Fund. Each Fund also records offsetting interest income in an amount equal to this expense, and as a result net asset value and performance have not been affected by this expense itself. Any increase in interest rates paid to holders of the Floating Rate Notes would have an adverse affect on a Fund's total return performance. See Risk Factors and Special Considerations Risks Associated with TOBs above.
- (7) As provided by each Fund's By-Laws, the dividend rate on APS when APS auctions do not clear is the maximum applicable rate prescribed by the By-Laws. As noted above, APS auctions have not functioned properly since mid-February 2008. The maximum applicable rate for each Fund's APS equals 110% of the greater of the (1) applicable AA financial composite commercial paper rate or (2) applicable taxable equivalent of the short term municipal obligation rate. If a dividend includes net capital gain or other taxable income, the maximum applicable rate is 150% of the (1) applicable AA financial composite

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commercial paper rate or (2) applicable taxable equivalent of the short term municipal obligation rate. See Risk Factors and Special Considerations - Special Risks relating to APS - Auction Risk above.

- (8) Reflects the dividend rate on APS in effect on November 30, 2008 of 1.597%.
- (9) Reflects a blended dividend rate on all APS series in effect on November 30, 2008 of 1.581%.
- (10) Reflects a dividend rate on APS in effect on November 30, 2008 of 1.583%. Such rate is an estimate and may differ based on varying market conditions that may exist when the Reorganization is consummated.
- (11) The total annual fund operating expenses excluding Interest Expense and Dividends on APS are: (i) 2.02% for the Acquired Fund; (ii) 1.84% for the Acquiring Fund; and (iii) 1.82% for the Combined Fund.

Example. The following example is intended to help you compare the costs of investing in the Combined Fund *pro forma* after the Reorganization with the costs of investing in the Acquired Fund and the Acquiring Fund without the Reorganization. An investor would pay the following expenses on a \$10,000 investment in common shares, assuming: (i) the operating expense ratio for each Fund (as a percentage of net assets attributable to common shares) set forth in the table above for years 1 through 10; (ii) dividends on APS as set forth in the table above; and (iii) a 5% annual return throughout the period. Figures have been adjusted to reflect the APS dividend rates at November 30, 2008 described in footnotes (8), (9) and (10) above.

(Unaudited)	1 Year	3 Years	5 Years	10 Years
Acquired Fund	\$346	\$1,053	\$1,784	\$3,712
Acquiring Fund	340	1,036	1,755	3,658
<i>Pro Forma</i> Combined Fund	335	1,021	1,731	3,613

The Example set forth above assumes the reinvestment of all dividends and distributions at NAV. The example should not be considered a representation of past or future expenses or annual rates of return. Actual expenses or annual rates of return may be more or less than those assumed for purposes of the example.

Capitalization

The following table sets forth the capitalization of each Fund as of February 28, 2009, and the *pro forma* combined capitalization of the Combined Fund as if the proposed Reorganization had occurred on that date. The table should not be relied upon to determine the amount of Acquiring Fund shares that will actually be received and distributed.

If the Reorganization had taken place on February 28, 2009:

(Unaudited)	ACTUAL		PRO FORMA*
	Acquiring Fund	Acquired Fund	Combined Fund
Net assets consist of (amounts in thousands):			
Common shares (par value of \$0.01 per share)	\$150,207,770	\$42,989,324	\$192,757,094
Number of common shares	17,335,819	4,258,386	22,285,103
Net asset value per share	\$8.66	\$10.10	\$8.65
APS (including Accrued Dividends)	\$100,007,643	\$20,151,491	\$120,159,134

* *Pro Forma* Combined Fund figures include combined estimated Reorganization expenses to the Acquiring Fund of \$260,000 and to the Acquired Fund of \$180,000.

Past Performance of Each Fund

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As shown in the table below, while the performance of the Funds at NAV is similar, the performance of the Acquired Fund at NAV exceeded that of the Acquiring Fund for the one year, three year, and life-of-fund periods ended November 30, 2008. The performance of the Acquiring Fund at NAV exceeded that of the Acquired Fund for the five year period ended November 30, 2008. Each Fund's performance at market price may differ from its results at NAV, as demonstrated below. The Acquiring Fund has outperformed the Acquired Fund at market price for the one year, three year, five year and life-of-fund periods. Although market price performance generally reflects investment results, it may also be influenced by several factors, including changes in investor perceptions of each Fund or its investment adviser, market conditions, fluctuations in supply and demand for each Fund's shares and changes in each Fund's distributions.

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Total Returns at 11/30/2008	Acquired Fund		Acquiring Fund	
	NAV	Market Price	NAV	Market Price
1 year	-36.71%	-36.32%	-39.72%	-32.13%
3 years	-12.08	-14.25	-12.54	-12.31
5 years	-5.47	-8.02	-4.35	-5.44
Life of Fund*	0.48	-0.95	0.45	0.87

*Each Fund commenced operations on January 29, 1999.

Market Yields at 11/30/2008	Acquired Fund	Acquiring Fund
Market Yield(1)	9.11%	9.94%
Tax-Equivalent Market Yield(2)	14.02	15.29

¹ A Fund's market yield is calculated by dividing the last dividend paid per common share during the period by the share price at the end of the last business day of the period (November 28, 2008) and annualizing the result.

² Taxable-equivalent figure assumes a maximum 35.00% federal income tax rate. A lower tax rate would result in a lower tax-equivalent figure.

Information About Common Shares of the Funds

The outstanding common shares of each Fund are fully paid and nonassessable by the Fund (except as described under "Governing Law" below). The common shares of each Fund have no preemptive, conversion, exchange or redemption rights. Each common share has one vote, with fractional shares voting proportionately. Common shares are freely transferable. Set forth below is information about each Fund's common shares as of November 30, 2008.

Title of Class	Number of Shares
Acquired Fund common shares	4,257,407.961
Acquiring Fund common shares	17,292,177.000

Purchase and Sale. Purchase and sale procedures for the common shares of each of the Funds are identical, except that common shares of the Acquired Fund are traded on the NYSE Alternext US stock exchange while common shares of the Acquiring Fund are traded on the NYSE. Investors typically purchase and sell common shares of the Funds through a registered broker-dealer on the applicable stock exchange, thereby incurring a brokerage commission set by the broker-dealer. Alternatively, investors may purchase or sell common shares of the Funds through privately negotiated transactions with existing shareholders.

Common Share Price Data. The following table sets forth the high and low sales prices for common shares of each Fund on the applicable stock exchange for each quarterly period within the two most recent fiscal years, along with the NAV and discount or premium to NAV for each quotation.

Acquired Fund Quarterly Period Ending	High Price/ Date	Acquired Fund		Acquiring Fund	
		NAV	Premium (Discount)	NAV	Premium (Discount)
November 30, 2008	\$12.09 on 9/8/08	\$13.33	-9.30%	\$7.01 on 10/10/08	\$9.48 -26.05%
August 31, 2008	12.74 on 6/4/08	14.11	-9.71%	11.76 on 8/8/08	13.10 -10.23%

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May 31, 2008	12.64 on 5/29/08	13.96	-9.46%	11.63 on 3/30/08	13.19	-11.83%
February 29, 2008	13.30 on 1/16/08	14.94	-10.98%	11.81 on 2/29/08	12.57	-6.05%
November 30, 2007	13.90 on 9/12/07	15.13	-8.13%	12.49 on 11/19/07	14.75	-15.32%
August 31, 2007	14.41 on 6/6/07	15.41	-6.49%	13.01 on 8/24/07	14.27	-8.83%
May 31, 2007	14.50 on 5/7/07	15.64	-7.29%	14.22 on 5/25/07	15.49	-8.20%
February 28, 2007	14.45 on 12/6/06	15.81	-8.60%	14.11 on 1/26/07	15.58	-9.44%
November 30, 2006	14.18 on 11/30/06	15.80	-10.25%	13.85 on 9/13/06	15.45	-10.36%

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Acquiring Fund Quarterly Period Ending	High Price/ Date	NAV	Premium (Discount)	Low Price/ Date	NAV	Premium (Discount)
November 30, 2008	\$13.18 on 9/8/08	\$12.60	4.60%	\$7.20 on 10/10/08	\$9.18	-21.57%
August 31, 2008	14.17 on 6/3/08	13.63	3.96%	12.80 on 7/15/08	13.09	-2.22%
May 31, 2008	14.20 on 5/12/08	13.47	5.42%	12.97 on 3/17/08	12.84	1.01%
February 29, 2008	14.59 on 1/29/08	14.15	3.11%	13.14 on 2/29/08	12.48	5.29%
November 30, 2007	15.02 on 9/11/07	15.00	0.13%	13.01 on 11/16/07	14.39	-9.59%
August 31, 2007	15.83 on 6/5/07	15.43	2.59%	13.45 on 8/16/07	14.47	-7.05%
May 31, 2007	16.25 on 5/7/07	15.73	3.31%	15.75 on 5/31/07	15.51	1.55%
February 28, 2007	16.14 on 12/4/06	15.91	1.45%	15.80 on 1/29/07	15.72	0.51%
November 30, 2006	16.01 on 11/30/06	15.88	0.82%	15.55 on 9/7/06	15.48	0.45%

As of November 30, 2008, (i) the NAV for common shares of the Acquired Fund was \$8.80 and the market price per share was \$7.67, representing a discount to NAV of -12.84%; and (ii) the NAV per share for common shares of the Acquiring Fund was \$8.11 and the market price per share was \$8.45, representing a premium to NAV of 4.19% . As of March 12, 2009, (i) the NAV for common shares of the Acquired Fund was \$9.81 and the market price per share was \$9.55, representing a discount to NAV of -2.65%; and (ii) the NAV per share for common shares of the Acquiring Fund was \$8.37 and the market price per share was \$9.19, representing a premium to NAV of 9.80% .

The NAV and market price per share of the common shares of each Fund may fluctuate prior to the closing date of the Reorganization. Depending on market conditions immediately prior to the closing date of the Reorganization, the Acquiring Fund common shares may trade at a larger or smaller discount to NAV than the Acquired Fund's common shares. This could result in the Acquiring Fund common shares having a market value that is greater or less than the market value of the Acquired Fund's common shares on the closing date of the Reorganization.

Methods to Address Potential Discount of Market Price to NAV. Because shares of closed-end management investment companies frequently trade at a discount to their NAVs, the Board of each Fund has determined that from time to time it may be in the interest of common shareholders for the Fund to take corrective actions to reduce trading discounts in the Fund's common shares. The Board, in consultation with Eaton Vance, reviews at least annually the possibility of open market repurchases and/or tender offers for the common shares and will consider such factors as the market price of the common shares, the NAV of the common shares, the liquidity of the assets of the Fund, the effect on the Fund's expenses, whether such transactions would impair the Fund's status as a regulated investment company or result in a failure to comply with applicable asset coverage requirements, general economic conditions and such other events or conditions that may have a material effect on the Fund's ability to consummate such transactions. There are no assurances that either Board will, in fact, decide to undertake either of these actions or if undertaken, that such actions will result in the relevant Fund's common shares trading at a price which is equal to or approximates their NAV. The Board, in consultation with Eaton Vance, from time to time may review possible actions to reduce trading discounts in the common shares.

Dividends and Distributions. Each Fund intends to pay monthly dividends on the common shares out of net income, subject to the Fund's obligations with respect to APS, rating agency guidelines and the 1940 Act asset coverage requirements as long as any APS are outstanding. Each Fund's net income is all of its income (other than net capital gains) reduced by its expenses. Each Fund's net capital gains equal the excess of its net long-term capital gains over its net short-term capital losses. Distributions derived from net capital gains, if any, will generally be made annually.

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As long as any APS are outstanding, no Fund will declare, pay or set apart for payment any dividend or other distribution in respect of the common stock or any other stock of a Fund ranking junior to the preferred shares as to dividends or upon liquidation, or call for redemption, redeem, purchase or otherwise acquire for consideration any common shares or any other shares of the Fund ranking junior to the preferred shares as to dividends or upon liquidation, unless: (i) immediately thereafter, the 1940 Act asset coverage requirements and any asset coverage requirements that may be imposed by the rating agency in connection with any rating of the preferred shares are met; (ii) full cumulative dividends (including additional dividends, if any) on all preferred shares for all past dividend periods have been paid or declared and a sum sufficient for the payment of such dividends set apart for

payment; and (iii) the Fund has redeemed the full number of preferred shares required to be redeemed by any provision for mandatory redemption contained in its Agreement and Declaration of Trust.

In addition, as long as any APS are outstanding, no Fund is permitted to declare any dividend or distribution on its common shares unless, at the time of such declaration and after taking account of such dividend or distribution, the Fund is in compliance with the 1940 Act asset coverage requirements and with the rating agency guidelines. The Fund intends, to the extent necessary, to redeem or purchase APS from time to time to maintain compliance with the 1940 Act asset coverage requirements and the rating agency guidelines. To the extent this is not possible, any restriction on the payment of dividends or distributions might impair the ability of a Fund to maintain its qualification, for federal income tax purposes, as a regulated investment company that is exempt from taxation on income or gains distributed to its shareholders.

Dividend Reinvestment Plans. Each Fund offers a dividend reinvestment plan (the DR Plan) pursuant to which common shareholders may elect to have dividends and capital gains distributions automatically reinvested in additional common shares of the Fund. The Funds DR Plans are identical and are described in Appendix C.

Information About APS

The terms of the Acquiring Fund APS issued in the Reorganization (including dividend rates and payment dates) will be the same as that of the Acquired Fund APS held immediately prior to the Reorganization. Each Fund's APS are preferred shares of beneficial interest that entitle their holders to receive when, as and if declared by the Board of a Fund, out of funds legally available therefore, cumulative cash dividends at a rate per annum that may vary for the successive dividend periods for each series of preferred shares, and cumulative cash additional dividends, payable on specified dates. APS are not traded on a stock exchange or over-the-counter. Each preferred share carries one vote on matters on which preferred shares can be voted. APS are not convertible into common shares and have no preemptive or cumulative voting rights. APS of each series will rank on parity with shares of any other series of APS and with shares of other series of APS of each Fund as to the payment of dividends and the distribution of assets upon liquidation. Each of the outstanding series of APS has a liquidation preference of \$25,000 plus an amount equal to accumulated and unpaid dividends per share (whether or not earned by the Fund or declared, including additional dividends, if any) and are fully paid and nonassessable (except as described under Governing Law below).

Under the 1940 Act, each Fund is permitted to have outstanding more than one series of preferred shares as long as no single series has priority over another series as to the distribution of assets of the Fund or the payment of dividends. The Acquired Fund currently has one series of APS outstanding. If the Reorganization is approved and completed, the Combined Fund will have three series of APS. The existing series of the Acquiring Fund APS will remain Series A and Series B, and the Acquiring Fund will issue Acquiring Fund APS, Series C in exchange for the existing series of Acquired Fund APS. The aggregate liquidation preference of the new series will equal the aggregate liquidation preference of the existing shares that the new series replaces. For the new series, the number of shares and the liquidation preference per share will be the same as the existing series. The auction dates, rate period and dividend payment dates of the Acquiring Fund APS received in the Reorganization will be the same as that of the Acquired Fund APS held immediately prior to the Reorganization. The closing of the Reorganization is conditioned upon the Acquiring Fund APS issued in the Reorganization receiving a rating of AAA from S&P. Set forth below is information about each Fund's APS as of November 30, 2008.

Acquired Fund

Title of Class	Number of Shares
APS	806

Acquiring Fund

Title of Class	Number of Shares
APS, Series A	2,197
APS, Series B	2,197

Purchase and Sale. When initially offered, it was contemplated that each Fund's APS would be purchased and sold at separate auctions conducted on a regular basis (unless a Fund elects, subject to certain conditions, to declare a special dividend period). However, since mid-February 2008 the functioning of the auction markets for certain types of auction rate securities (including APS) have been disrupted by an imbalance between buy and sell orders. As a result of this imbalance, auctions for APS have not cleared and APS generally have become illiquid. There is no current expectation that these circumstances will change following the Reorganization and it is possible that the APS markets will never resume normal functioning. While broker-dealers may maintain a secondary trading market in APS outside of auctions, historically they have not done so. The broker-dealers have no obligation to make a secondary market in APS outside of the auction and there can be no assurance that a secondary market for APS will develop or, if it does develop, that it will provide holders with liquidity of investment. Eaton Vance has been closely monitoring developments in the APS market and has engaged in a variety of efforts to restore liquidity to APS holders of the Funds and other closed-end funds sponsored by Eaton Vance. With respect to the Funds, a portion of their outstanding APS recently was redeemed with replacement financing consisting of TOBs.

Dividends and Dividend Periods. Each dividend period for the APS will generally consist of seven days (a 7-Day Dividend Period); provided, however, that prior to any auction, a Fund may elect a Special Dividend Period, as discussed below. The holders of a Fund's APS will be entitled to receive cumulative cash dividends on their APS at the Applicable Rate described below, payable on the applicable dates. Dividends on a Fund's APS are paid: (i) in preference to and in priority over any dividends declared and payable on that Fund's common shares; and (ii) to the extent permitted under the Internal Revenue Code of 1986, as amended (the Code) and available, out of the net tax-exempt income earned on that Fund's investments. Dividends on the APS, to the extent that they are derived from municipal obligations, generally will be exempt from federal income tax though some or all of those dividends may be a tax preference item (Preference Item) for purposes of the federal alternative minimum tax (the AMT), and relevant state taxes. See U.S. Federal Income Tax Matters below.

As provided by each Fund's By-Laws, the dividend rate on APS when the APS auction market is not functioning is the maximum applicable rate prescribed by the By-Laws. As noted above, APS auctions have not functioned properly since mid-February 2008. As such, since that time the dividend rate applicable to each Fund's APS has generally equaled 110% of the greater of the (1) applicable AA financial composite commercial paper rate or (2) applicable taxable equivalent of short term municipal obligation rate. If a dividend includes net capital gain or other taxable income, the maximum applicable rate is 150% of the (1) applicable AA financial composite commercial paper rate or (2) applicable taxable equivalent of short term municipal obligation rate.

The following table provides information about the dividend rates for each series of each Fund's APS as of the indicated dividend reset date:

<u>Reset Date</u>	<u>Fund/Series</u>	<u>Rate</u>
March 12, 2009	Acquired Fund APS	0.777%
March 11, 2009	Acquiring Fund APS, Series A	0.792%
March 6, 2009	Acquiring Fund APS, Series B	0.732%

The dividend rates in effect at the closing of the Reorganization will be the rates determined pursuant to the Fund's By-Laws, which are assumed to be the maximum applicable dividend rate as of the most recent dividend reset date.

Mandatory Redemption. Each Fund will be required to redeem at the mandatory redemption price per share, the APS to the extent permitted under the 1940 Act and Massachusetts law, on a date fixed by the Board, if the Fund fails to maintain S&P eligible assets with an aggregate discounted value equal to or greater than the APS basic maintenance amount or to satisfy the 1940 Act APS asset coverage and such failure is not cured on or before the APS basic maintenance cure date or the 1940 act cure date, as the case may be. Mandatory redemption price of APS means \$25,000 per share plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) to the date fixed for redemption. In addition, holders of APS may be entitled to receive additional dividends in the event of redemption of such APS. Any such redemption will be limited to the lesser number of APS necessary to restore the discounted value or the 1940 Act APS asset coverage, as the case may be, or the maximum number that can be redeemed with funds legally available under the Declaration of Trust and applicable law.

Optional Redemption. To the extent permitted under the 1940 Act and under Massachusetts law, upon giving a notice of redemption, as provided below, each Fund, at its option, may redeem the APS, in whole or in part at the optional redemption price per share on any dividend payment date; provided that no APS may be redeemed at the option of the Fund during: (a) the initial dividend period with respect to the APS; or (b) a non-call period to which such share is subject. Optional redemption price means \$25,000 per share of APS plus an amount equal to accumulated but unpaid dividends (whether or not earned or declared) to the date fixed for redemption and excluding additional dividends plus any applicable redemption premium, if any, attributable to the designation of a premium call period. In addition, holders of APS may be entitled to receive additional dividends in the event of redemption of such APS to the extent provided herein. Each Fund may redeem the APS for any reason and may redeem all or part of the outstanding APS if it anticipates that the Fund's leveraged capital structure will result in a lower rate of return to holders of common shares for any significant period of time than that obtainable if the common shares were unleveraged. As noted above, each Fund recently redeemed a portion of its outstanding APS.

No APS are subject to optional redemption: (i) unless all dividends in arrears on all remaining outstanding APS, and all capital stock of a Fund ranking on a parity with the APS with respect to the payment of dividends or upon liquidation, have been or are being contemporaneously paid or declared and set aside for payment; and (ii) if redemption would result in a failure to maintain S&P eligible assets with an aggregate discounted value equal to or greater than the APS basic maintenance amount; provided, that the foregoing does not prevent the purchase or acquisition of all outstanding APS of such series pursuant to a successful completion of an otherwise lawful purchase or exchange offer made on the same terms to, and accepted by, holders of all outstanding APS of such series.

Liquidation Rights. Upon any liquidation, dissolution or winding up of a Fund, whether voluntary or involuntary, the holders of APS will be entitled to receive, out of the assets of the Fund available for distribution to shareholders, before any distribution or payment is made upon any common shares or any other shares of beneficial interest of the Fund ranking junior in right of payment upon liquidation of APS, \$25,000 per share together with the amount of any dividends accumulated but unpaid (whether or not earned or declared) thereon to the date of distribution, and after such payment the holders of APS will be entitled to no other payments except for any additional dividends (as described in Appendix B). If such assets of a Fund shall be insufficient to make the full liquidation payment on outstanding APS and liquidation payments on any other outstanding class or series of APS of the Fund ranking on a parity with the APS as to payment upon liquidation, then such assets will be distributed among the holders of APS and the holders of shares of such other class or series ratably in proportion to the respective preferential amounts to which they are entitled. After payment of the full amount of liquidation distribution to which they are entitled, the holders of APS will not be entitled to any further participation in any distribution of assets by a Fund except for any additional dividends. A consolidation, merger or share exchange of a Fund with or into any other entity or entities or a sale, whether for cash, shares of stock, securities or properties, of all or substantially all or any part of the assets of the Fund shall not be deemed or construed to be a liquidation, dissolution or winding up of the Fund.

Ratings. The Acquired Fund APS have been issued a rating of AAA from S&P. The Acquiring Fund APS, Series A and Series B have also each been issued a rating of AAA from S&P. Compliance with the S&P guidelines may impose restrictions on the securities in which a Fund may invest. Each Fund intends that, so long any APS are outstanding, the composition of such Fund's portfolio reflects in part the S&P guidelines established by S&P in connection with the Fund's receipt of ratings of AAA from S&P. Compliance with the S&P guidelines is required by each Fund's By-Laws.

The S&P guidelines require the Fund to meet, as of certain specified dates, certain asset coverage requirements that are imposed in connection with the rating of APS. If the Fund fails to meet such asset coverage requirements, the Fund may be required to redeem some or all of its outstanding APS or may be required to purchase or otherwise acquire sufficient assets to meet the asset coverage requirements of the S&P guidelines. In addition to the S&P guidelines, each Fund is required to comply with the 1940 Act requirement that the value of its total assets, less all liabilities not constituting senior securities of the Fund, must be at least equal to 200% of the aggregate liquidation preference of the APS outstanding plus the value of any senior securities representing indebtedness. If a Fund fails to meet the 1940 Act asset coverage requirement as of certain specified evaluation dates and fails, within a specified period, to cure such failure, it may be required to redeem some or all of its outstanding APS.

S&P is a nationally recognized, independent statistical rating organization that issues ratings that reflect the perceived creditworthiness of various securities. Each Fund will pay certain fees to S&P for rating APS. The guidelines for rating APS have been developed by S&P in connection with other issuances of asset-backed and similar securities, including debt obligations and auction rate preferred stock, generally on a case-by-case basis through discussions with the respective issuers of these securities. The guidelines are designed to ensure that assets underlying outstanding debt or preferred stock will be sufficiently varied and will be of sufficient quality, duration and amount to justify investment grade ratings. The guidelines do not have the force of law on a Fund, but have been adopted by each Fund in its By-Laws in order to satisfy current requirements necessary for S&P to issue the above-described ratings for APS, which ratings are generally relied upon by institutional investors in purchasing such securities. In the context of a closed-end investment company such as a Fund, therefore, the guidelines provide a set of tests for portfolio composition and asset coverage that supplement (and in some cases are more restrictive than) the applicable requirements under the 1940 Act. S&P's guidelines will apply to the APS of a Fund only so long as S&P is rating the APS.

Each Fund may, but is not required to, adopt any modifications to the S&P guidelines that may hereafter be established by S&P. Failure to adopt any such modifications, however, may result in a change in the ratings assigned to the APS or a withdrawal of ratings altogether. In addition, S&P may, at any time, change or withdraw any such rating. The Board of each Fund may, without shareholder approval, amend, alter or repeal any or all of the definitions and related provisions which have been adopted by a Fund pursuant to the S&P guidelines in the event S&P is no longer rating the APS or the Fund receives written confirmation from S&P that any such amendment, alteration or repeal would not impair the rating then assigned to the APS.

A preferred stock rating is an assessment of the capacity and willingness of an issuer to pay preferred stock obligations. The rating on the preferred shares is not a recommendation to purchase, hold or sell those shares, inasmuch as the rating does not comment as to market price or suitability for a particular investor. The S&P guidelines described above also do not address the likelihood that an owner of APS will be able to sell such shares in an auction or otherwise. The rating is based on current information furnished to S&P by a Fund and/or the Adviser and information obtained from other sources. The rating may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, such information. The common shares of each Fund have not been rated by S&P or any other rating agency. Each Fund may at some future time seek to have the APS rated by an additional or substitute rating agency.

Additional Information. For additional information on the Acquiring Fund APS, Acquired Fund shareholders should see Appendix B hereto. The Acquiring Fund APS issued in connection with the Reorganization will be governed by the By-Laws of the Acquiring Fund, which have been amended to reflect the creation of new series and the issuance of additional APS.

U.S. Federal Income Tax Matters

The federal income tax consequences of investing in the Funds are the same. A discussion of certain U.S. federal income tax consequences that may be relevant to a shareholder of acquiring, holding and disposing of common shares or APS of a Fund is included as Appendix D. This discussion only addresses U.S. federal income tax consequences to U.S. shareholders who hold their shares as capital assets and does not address all of the U.S. federal income tax consequences that may be relevant to particular shareholders in light of their individual circumstances. This discussion also does not address the tax consequences to shareholders who are subject to special rules, including, without limitation, financial institutions; insurance companies; dealers in securities or foreign currencies; foreign shareholders; shareholders who hold their shares as or in a hedge against currency risk, a constructive sale or a conversion transaction; shareholders who are subject to the AMT, or tax-exempt or tax-deferred plans accounts, or entities. In addition, the discussion does not address any state, local or foreign tax consequences and it does not address any U.S. federal tax consequences other than U.S. federal income tax consequences. The discussion reflects applicable tax laws of the United States as of the date of this Proxy Statement/Prospectus, which tax laws may be changed or subject to new interpretations by the courts or the IRS retroactively or prospectively. No attempt is made to present a detailed explanation of all U.S. federal income tax concerns affecting each Fund and its shareholders, and the discussion set forth herein does not constitute tax advice. Investors are urged to consult their own tax advisers to determine the specific tax consequences to them of investing in a Fund, including the applicable federal, state, local and foreign tax consequences to them and the effect of possible changes in tax laws.

Governing Law

Each Fund is organized as a business trust under the laws of the Commonwealth of Massachusetts pursuant to an Agreement and Declaration of Trust dated December 10, 1998, as amended from time to time (each, a Declaration of Trust).

Under Massachusetts law, shareholders of each Fund could, in certain circumstances, be held personally liable for the obligations of a Fund. However, each Declaration of Trust disclaims shareholder liability for acts or obligations of the Fund. Notice of such disclaimer may be given in any agreement, obligation or instrument entered into or executed by a Fund or the Trustees on behalf of the Fund. Each Declaration of Trust provides for indemnification out of Fund property for all loss and expense of any shareholder held personally liable for the obligations of the Fund. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which a Fund would be unable to meet its obligations.

Each Declaration of Trust further provides that obligations of the Fund are not binding upon the Trustees or officers individually but only upon the property of the Fund and that the Trustees or officers will not be liable for actions or failures to act. Nothing in either Declaration of Trust, however, protects a Trustee or officer against any liability to which such Trustee or officer may be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such Trustee s or officer s office.

Each Fund is also subject to federal securities laws, including the 1940 Act and the rules and regulations promulgated by the SEC thereunder, and applicable state securities laws. Each Fund is a diversified, closed-end management investment company under the 1940 Act.

Certain Provisions of the Declarations of Trust

Anti-Takeover Provisions in the Declaration of Trust. Each Declaration of Trust includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of a Fund or to change the composition of its Board, and could have the effect of depriving holders of common shares of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions may have the effect of discouraging attempts to acquire control of a Fund, which attempts could have the effect of increasing the expenses of the Fund and interfering with the normal operation of the Fund.

Each Board is divided into three classes, with the term of one class expiring at each annual meeting. At each annual meeting, one class of Trustees is elected to a three-year term. This provision could delay for up to two years the replacement of a majority of the Board. A Trustee may be removed from office only for cause by a written instrument signed by the remaining Trustees or by a vote of the holders of at least two-thirds of the class of shares of each Fund that elected such Trustee and is entitled to vote on the matter.

In addition, each Declaration of Trust requires the favorable vote of the holders of at least 75% of the outstanding shares of each class of a Fund, voting as a class, then entitled to vote to approve, adopt or authorize certain transactions with 5%-or-greater holders (Principal Shareholders) of a class of shares and their associates, unless the Board has approved a memorandum of understanding with such holders, in which case normal voting requirements would be in effect. For these purposes, a Principal Shareholder refers to any person who, whether directly or indirectly and whether alone or together with its affiliates and associates, beneficially owns 5% or more of the outstanding shares of any class of beneficial interest of each Fund. The transactions subject to these special approval requirements are: (i) the merger or consolidation of a Fund or any subsidiary of a Fund with or into any Principal Shareholder; (ii) the issuance of any securities of a Fund to any Principal Shareholder for cash; (iii) the sale, lease or exchange of all or any substantial part of the assets of a Fund to any Principal Shareholder (except assets having an aggregate fair market value of less than \$1 million aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period); or (iv) the sale, lease or exchange to a Fund or any subsidiary thereof, in exchange for securities of the Fund, of any assets of any Principal Shareholder (except assets having an aggregate fair market value of less than \$1 million aggregating for the purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period).

Each Fund's Board has determined that provisions with respect to the Board and the 75% voting requirements described above, which voting requirements are greater than the minimum requirements under Massachusetts law or the 1940 Act, are in the best interest shareholders generally. Reference should be made to the Declaration of Trust on file with the SEC for the full text of these provisions.

Conversion to Open-end Funds. Each Fund may be converted to an open-end investment company at any time if approved by the lesser of: (i) two-thirds or more of the Fund's then outstanding common shares and APS (if any), each voting separately as a class; or (ii) more than 50% of the then outstanding common shares and APS (if any), voting separately as a class if such conversion is recommended by at least 75% of the Trustees then in office. If approved in the foregoing manner, conversion of each Fund could not occur until 90 days after the shareholders meeting at which such conversion was approved and would also require at least 30 days' prior notice to all shareholders. The current composition of each Fund's portfolio likely would prohibit it from complying with regulations of the SEC applicable to open-end investment companies. Accordingly, conversion likely would require significant changes in each Fund's investment policies and liquidation of a substantial portion of its relatively illiquid portfolio. Conversion of each Fund to an open-end investment company also would require the redemption of any outstanding APS and could require the repayment of borrowings. Each Fund's Board believes, however, that the closed-end structure is desirable, given the Fund's investment objective and policies. Investors should assume, therefore, that it is unlikely that the Board would vote to convert either Fund to an open-end investment company.

Refer to the Declaration of Trust and By-Laws of each Fund, on file with the SEC, for the full text of these provisions. The foregoing is a summary of these provisions only, and the summary is qualified in its entirety to the full text of these provisions in such Declaration of Trust and By-laws. These provisions could have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of a Fund through a tender offer or similar transaction.

Financial Highlights

The financial highlights of each Fund, which present certain financial information for one common share of the Fund outstanding throughout specified periods, are included as Appendix E.

Summary of Agreement and Plan of Reorganization

The following is a summary of certain additional terms of the Plan. This summary and any other description of the terms of the Plan contained in this Proxy Statement/Prospectus are qualified in their entirety by Appendix A, which is the form of Plan that is proposed for the Reorganization in its entirety. The Agreement provides for the Reorganization on the following terms:

- The Reorganization is scheduled to occur as soon as practicable after it is approved by shareholders of the Acquired Fund and the issuance of additional Acquiring Fund common shares has been approved by common shareholders of the Acquiring Fund, likely to be the most practicable Acquired Fund APS dividend payment date following the approval by shareholders of both Proposal 1 and Proposal 2.
- The Acquired Fund will transfer all of its assets to the Acquiring Fund and the Acquiring Fund will assume the Acquired Fund's liabilities. This will result in the addition of the Acquired Fund's assets to the Acquiring Fund's portfolio. The NAV of each Fund will be computed as of 4:00 p.m., Eastern time, on the business day immediately preceding the closing date of the Reorganization.
- The Acquiring Fund will issue and cause to be listed on the NYSE additional Acquiring Fund common shares in an amount equal to the value of the Acquired Fund's net assets attributable to its common shares.

As part of the liquidation of the Acquired Fund, these shares will immediately be distributed to common shareholders of record of the Acquired Fund in proportion to their holdings held immediately prior to the Reorganization (though common shareholders may receive cash for fractional shares). As a result, common shareholders of the Acquired Fund will end up as common shareholders of the Acquiring Fund.

- The Acquiring Fund will issue Acquiring Fund APS, Series C, to the Acquired Fund. The aggregate liquidation preference of Acquiring Fund APS, Series C received in the Reorganization will equal the aggregate liquidation preference of Acquired Fund APS held immediately prior to the Reorganization. As part of the liquidation of the Acquired Fund, the Acquiring Fund APS, Series C will be distributed to holders of Acquired Fund APS in proportion to their holdings immediately prior to the Reorganization. As a result, holders of Acquired Fund APS will end up as holders of Acquiring Fund APS, Series C.
- After the shares are issued, the existence of the Acquired Fund will be terminated.

The distribution of the Acquiring Fund common shares and the Acquiring Fund APS will be accomplished by opening new accounts on the books of the Acquiring Fund in the names of the common and preferred shareholders of the Acquired Fund and transferring to those shareholder accounts the Acquiring Fund common shares and the Acquiring Fund APS previously credited on those books to the accounts of the Acquired Fund (though common shareholders may receive cash for their fractional shares). Each newly-opened account on the books of the Acquiring Fund for the former common shareholders of the Acquired Fund will represent the respective *pro rata* number of Acquiring Fund common shares due such shareholder (though common shareholders may receive cash for their fractional shares). No fractional Acquiring Fund common shares will be issued (except for shares held in a DR Plan account). In the event of fractional shares in an account other than a DR Plan account, the Acquiring Fund's transfer agent will aggregate all such fractional Acquiring Fund common shares and sell the resulting whole shares on the NYSE for the account of all holders of such fractional interests, and each such holder will be entitled to the *pro rata* share of the proceeds from such sale, upon surrender of the Acquired Fund common share certificates if applicable.

Surrender of Share Certificates. If your Acquired Fund shares are represented by one or more share certificates before the closing date of the Reorganization, you must either surrender the certificate to the Acquired Fund or deliver to the Acquired Fund a lost certificate affidavit, accompanied by any surety bond that the Acquired Fund may require (collectively, an Affidavit). On the closing date of the Reorganization, all certificates that have not been surrendered will be canceled, will no longer evidence ownership of the Acquired Fund's shares and will evidence ownership of the Acquiring Fund's common shares. Until such share certificates have been so surrendered, no dividends payable to the holders of record of Acquired Fund common shares as of any date subsequent to the closing date will be reinvested pursuant to the Acquiring Fund's DR Plan, but will instead be paid in cash. Once such Acquired Fund share certificates have been surrendered, a holder of shares of the Acquired Fund who currently elects to receive dividends in cash will continue to receive dividends in cash; all holders who currently elect to participate in the DR Plan of the Acquired Fund will have their dividends automatically reinvested in shares of the Acquiring Fund. Shareholders may not redeem or transfer the Acquiring Fund shares received in the Reorganization until they have surrendered their Acquired Fund share certificates or delivered an Affidavit. The Acquiring Fund will not issue share certificates in the Reorganization.

Conditions to Closing the Reorganization. The obligation of the Acquired Fund to consummate the Reorganization is subject to the satisfaction of certain conditions, including the performance by the Acquiring Fund of all of its obligations under the Plan and the receipt of all consents, orders and permits necessary to consummate the Reorganization (see Plan, Section 9).

The obligation of the Acquiring Fund to consummate the Reorganization is subject to the satisfaction of certain conditions, including the Acquired Fund's performance of all of its obligations under the Plan, the receipt of certain documents and financial statements from the Acquired Fund and the receipt of all consents, orders and permits necessary to consummate the Reorganization (see Plan, Section 8).

The obligations of the Acquired Fund and the Acquiring Fund are subject to approval of the Plan by the necessary vote of the outstanding APS and common shares of the Acquired Fund and the approval of the issuance of additional Acquiring Fund common shares by the outstanding common shares of the Acquiring Fund, in accordance with the 1940 Act and the provisions of the each Fund's Declaration of Trust and By-Laws. The Funds' obligations are also subject to the receipt of a favorable opinion of K&L Gates LLP as to the federal income tax consequences of the Reorganization (see Plan, Sections 8(e),(f) and 9(e),(f)).

Termination of the Plan. The Board of the Acquired Fund and the Acquiring Fund may terminate the Plan by mutual consent (even if shareholders have already approved it) at any time before the closing date of the Reorganization, if the Boards believe that proceeding with the Reorganization would no longer be advisable.

Expenses of the Reorganization. Whether or not the Reorganization is completed, the Acquired Fund will bear its own costs of the Reorganization, including legal costs, costs associated with the solicitation of its shareholders and costs associated with the issuance of new APS, and the Acquiring Fund will bear its own costs of the Reorganization, including legal costs and costs associated with the solicitation of its common shareholders. Neither the Funds nor the Adviser will pay any expenses of shareholders arising out of or in connection with the Reorganization.

Payment of Undistributed Income in Advance of the Reorganization. Each Fund generally retains an amount of earned net income that is not distributed in regular dividend payments in order to provide a reserve to regularize dividend payments over time. The Acquired Fund intends to declare and pay a special cash distribution on common shares in advance of the Reorganization distributing such reserved income if necessary. This distribution will not be reinvested in additional common shares. The record date for such special dividend will be a date following the approval of the Reorganization. If the Reorganization is not approved, no such special dividend will be declared or paid for the Acquired Fund.

Tax Status of the Reorganization

The following is a general summary of the material anticipated U.S. federal income tax consequences of the Reorganization. The discussion is based upon the Code, Treasury regulations, court decisions, published positions of the IRS and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). The discussion is limited to U.S. persons who hold shares of the Acquired Fund as capital assets for U.S. federal income tax purposes (generally, assets held for investment). This summary does not address all of the U.S. federal income tax consequences that may be relevant to a particular shareholder or to shareholders who may be subject to special treatment under U.S. federal income tax laws. No ruling has been or will be obtained from the IRS regarding any matter relating to the Reorganization. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects described below. Prospective investors must consult their own tax advisers as to the U.S. federal income tax consequences of the Reorganization, as well as the effects of state, local and non-U.S. tax laws.

It is a condition to closing the Reorganization that the Acquired Fund and the Acquiring Fund receive an opinion from K&L Gates LLP, dated as of the closing date of the Reorganization, regarding the characterization of such Reorganization as a reorganization within the meaning of Section 368(a) of the Code. As such a reorganization, the U.S. federal income tax consequences of the Reorganization can be summarized as follows:

- No gain or loss will be recognized by the Acquired Fund or the Acquiring Fund upon the transfer to the Acquiring Fund of substantially all of the assets of the Acquired Fund in exchange for the Acquiring Fund common shares and the Acquiring Fund APS and the assumption by the Acquiring Fund of substantially all of the liabilities of the Acquired Fund and the subsequent liquidation of the Acquired Fund.
- No gain or loss will be recognized by a shareholder of the Acquired Fund who exchanges all of his, her or its Acquired Fund common shares for the Acquiring Fund common shares pursuant to the Reorganization (except with respect to cash received in lieu of a fractional share, as discussed below) or all of his, her or its Acquired Fund APS for Acquiring Fund APS pursuant to the Reorganization.
- The aggregate tax basis of the Acquiring Fund common shares or Acquiring Fund APS received by a shareholder of the Acquired Fund pursuant to the Reorganization will be the same as the aggregate tax basis of the shares of the Acquired Fund surrendered in exchange therefor (reduced by any amount of tax basis allocable to a fractional share for which cash is received).

- The holding period of the Acquiring Fund common shares or Acquiring Fund APS received by a shareholder of the Acquired Fund pursuant to the Reorganization will include the holding period of the shares of the Acquired Fund surrendered in exchange therefor.
- A shareholder of the Acquired Fund that receives cash in lieu of a fractional Acquiring Fund common share pursuant to the Reorganization will recognize capital gain or loss with respect to the fractional share in an amount equal to the difference between the amount of cash received for the fractional share and the portion of such shareholder's tax basis in its Acquired Fund common shares that is allocable to the fractional share.

The capital gain or loss will be long-term if the holding period for such Acquired Fund common shares is more than one year as of the date of the exchange.

- The Acquiring Fund's tax basis in the Acquired Fund's assets received by the Acquiring Fund pursuant to the Reorganization will, in each instance, equal the tax basis of such assets in the hands of the Acquired Fund immediately prior to the Reorganization, and the Acquiring Fund's holding period of such assets will in each instance, include the period during which the assets were held by the Acquired Fund.
- The Acquiring Fund intends to continue to be taxed under the rules applicable to regulated investment companies as defined in Section 851 of the Code, which are the same rules currently applicable to the Acquired Fund and its shareholders.

The opinion described above will be based on U.S. federal income tax law in effect on the closing date of the Reorganization. In rendering its opinion, K&L Gates LLP will also rely upon certain representations of the management of the Acquiring Fund and the Acquired Fund and assume, among other things, that the Reorganization will be consummated in accordance with the Plan and as described herein. An opinion of counsel is not binding on the IRS or any court. While it is expected that the Reorganization will be accorded the tax treatment described above, unforeseen circumstances, including significant changes in the value of a Fund's assets, may result in the inability of the Funds to obtain such an opinion. In this event, the Board of Trustees of each Fund will determine the best course of action for such Fund, which may include proceeding on an opinion that the Reorganization should be accorded, or more likely than not will be accorded, the tax treatment described above.

As of November 30, 2008 (its last fiscal year end), the Acquired Fund had an unused capital loss carryforward of approximately \$4,790,600. Capital loss carryforwards are considered valuable tax attributes because they can reduce a fund's future taxable income and thus reduce the taxable amount distributed to fund shareholders. Generally, when ownership of a loss corporation such as the Acquired Fund changes for tax purposes in connection with a reorganization (as will be the case here), the Code imposes various limitations on the use of loss carryforwards following the change in ownership. The amount of such loss carryforwards that can be used each year to offset post-acquisition income is generally limited to an amount equal to the federal long-term tax-exempt rate (the applicable rate as of December 2008 was 5.40%) multiplied by the value of the loss corporation's equity. Furthermore, capital losses may generally be carried forward for only eight years in the case of regulated investment companies. These limitations should not result in the forfeiture in the Acquiring Fund's ability to use the Acquired Fund's capital loss carryforward.

Management of the Funds and Fund Service Providers

Trustees and Officers. Each Fund's Board provides broad supervision over the affairs of each Fund. The officers of each Fund are responsible for the Fund's operations. The Trustees and officers of the Funds, together with their principal occupations during the past five years, are listed in the Statement of Additional Information. Each of the Trustees serves as a Trustee of other registered management investment companies in the Eaton Vance family of funds.

The Funds' Investment Adviser. Eaton Vance acts as each Fund's investment adviser under an Investment Advisory Agreement (Advisory Agreement). Eaton Vance's principal office is located at The Eaton Vance Building, 255 State Street, Boston, MA 02190 (Two International Place, Boston, MA 02110 after March 22, 2009). Eaton Vance, its affiliates and predecessor companies have been managing assets of individuals and institutions since 1924 and of investment companies since 1931.

Eaton Vance (or its affiliates) currently serves as the investment adviser to investment companies and various individual and institutional clients with combined assets under management of approximately \$121.9 billion as of January 31, 2008. Eaton Vance is a wholly-owned subsidiary of Eaton Vance Corp., a publicly held holding company, which through its subsidiaries and affiliates engages primarily in investment management, administration and marketing activities.

Under the general supervision of each Fund's Board of Trustees, the Adviser carries out the investment and reinvestment of the assets of each Fund, continuously furnishes an investment program with respect to each Fund, determines which securities should be purchased, sold or exchanged, and implements such determinations. The Adviser will furnish to each Fund investment advice and office facilities, equipment and personnel for servicing the investments of the Fund. The Adviser compensates all Trustees and officers of each Fund who are members of the Adviser's organization and who render investment services to each Fund, and will also compensate all other Adviser personnel who provide research and investment services to each Fund.

In return for these services, facilities and payments, each Fund has agreed to pay the Adviser an advisory fee computed at an annual rate of 0.70% of the Fund's average weekly gross assets, payable monthly, as compensation under the Advisory Agreement. Each Fund commenced operations on January 29, 1999.

Gross assets of each Fund are calculated by deducting accrued liabilities of the Fund except the principal amount of any indebtedness for money borrowed, including debt securities issued by the Fund (which includes Floating Rate Notes outstanding up to the value of the Fund's APS outstanding prior to the date the Fund began redeeming its APS) and the amount of any outstanding APS.

Unless earlier terminated pursuant to its terms, each Advisory Agreement will remain in effect for two years from their respective dates of execution and may each be continued from year to year thereafter if such continuation is specifically approved at least annually: (i) by the Board or by the vote of a majority, as defined in the 1940 Act, of the holders of the outstanding preferred shares and the common shares, voting together as a single class; and (ii) by the vote of a majority of the Trustees who are not parties to the Advisory Agreement or interested persons, as defined in the 1940 Act, of any such party, by votes cast in person at a meeting called for the purpose of voting on such approval. Each Advisory Agreement provides that it will terminate automatically if assigned and that it may be terminated without penalty by the Trustees, the vote of a majority of the outstanding voting securities of the applicable Fund, or by the Adviser, as the case may be, on sixty days' written notice.

Portfolio Manager. Thomas M. Metzold, CFA, is the portfolio manager of both Funds. Mr. Metzold has been the portfolio manager of the Acquired Fund since November 17, 2008 and the Acquiring Fund since its inception, and is responsible for the day-to-day management of the Funds' investments. Mr. Metzold has been an Eaton Vance portfolio manager since 1991 and is a Vice President of Eaton Vance.

The Statement of Additional Information includes additional information about the portfolio manager, including information about his compensation, accounts he manages other than the Funds and his ownership of Fund shares, if any.

Each Fund and the Adviser have adopted Codes of Ethics relating to personal securities transactions. The Codes permit Adviser personnel to invest in securities (including securities that may be purchased or held by a Fund) for their own accounts, subject to certain pre-clearance, reporting and other restrictions and procedures contained in such Codes.

Administrator. Eaton Vance serves as administrator of each Fund and receives an administration fee computed at an annual rate of 0.20% of each Fund's average weekly gross assets, payable monthly. Under the Administration Agreement with each Fund, Eaton Vance is responsible for managing the business affairs of the Fund, subject to the supervision of the Fund's Board. Eaton Vance will furnish to each Fund all office facilities, equipment and personnel for administering the affairs of the Fund. Eaton Vance's administrative services include recordkeeping, preparation and filing of documents required to comply with federal and state securities laws, supervising the activities of each Fund's custodian and transfer agent, providing assistance in connection with the Trustees' and shareholders' meetings, providing service in connection with any repurchase offers and other administrative services necessary to conduct each Fund's business.

Shareholder Servicing Agent. Pursuant to a Shareholder Servicing Agreement between UBS Warburg LLC (the Shareholder Servicing Agent) and Eaton Vance, the Shareholder Servicing Agent will: (i) undertake to make public information pertaining to each Fund on an ongoing basis and to communicate to investors and prospective investors the Fund's features and benefits (including periodic seminars or conference calls, responses to questions from current or prospective shareholders and specific shareholder contact where appropriate); (ii) make available to investors and prospective investors market price, NAV, yield and other information regarding the Fund's common shares, if reasonably obtainable, for the purpose of maintaining the visibility of the Fund in the investor community; (iii) at the request of Eaton Vance, provide certain economic research and statistical information and reports, if reasonably obtainable, on behalf of the Fund, and consult with representatives and Trustees of the Fund in connection therewith, which information and reports shall include: (a) statistical and financial market information with respect to the Fund's market performance and (b) comparative information regarding the Fund and other closed-end management investment companies with respect to (1) the NAV of their respective shares, (2) the respective market performance of the Fund and such other companies and (3) other relevant performance indicators; and (iv) at the request of Eaton Vance, provide information to and consult with the Board with respect to applicable modifications to dividend policies or capital structure, repositioning or restructuring of the Fund, conversion of the Fund to an open-end investment company, liquidation or merger; provided, however, that under the terms of the Shareholder Servicing Agreement, the Shareholder Servicing Agent is not obligated to render any opinions, valuations or recommendations of any kind or to perform any such similar services. For these services, Eaton Vance will pay the Shareholder Servicing Agent a fee computed weekly and payable quarterly equal on an annual basis to 0.10% of the Fund's average weekly gross assets. Under the terms of the Shareholder Servicing Agreement, the Shareholder Servicing Agent is relieved from liability to Eaton Vance for any act or omission in the course of its performances under the Shareholder Servicing Agreement in the absence of gross negligence or willful misconduct by the Shareholder Servicing Agent. The Shareholder Servicing Agreement will continue so long as the Advisory Agreement remains in effect between the Fund and the Adviser or any successor in interest or affiliate of the Adviser, as and to the extent that such Advisory Agreement is renewed periodically in accordance with the 1940 Act.

Custodian and Transfer Agent. State Street Bank and Trust Company, as successor to Investors Bank & Trust Company (State Street), 200 Clarendon Street, Boston, Massachusetts 02116, is the custodian of each Fund and will maintain custody of the securities and cash of the Fund. State Street maintains each Fund's general ledger and computes the Fund's NAV at least weekly. State Street also attends to details in connection with the sale, exchange, substitution, transfer and other dealings with each Fund's investments, and receives and disburses all funds. State Street also assists in preparation of shareholder reports and the electronic filing of such reports with the SEC.

American Stock Transfer & Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, N.Y. 10269-0560, is the transfer agent and dividend disbursing agent of each Fund.

Required Vote and

Other Information about the Meeting

Common shares and APS of the Acquired Fund and common shares of the Acquiring Fund are entitled to one vote per share on the applicable Proposal. Approval of Proposal 1 requires the vote of the holders of at least a majority of the Acquired Fund APS and the Acquired Fund common shares then outstanding, voting together as a single class, provided a quorum is present at the meeting. Approval of Proposal 2 requires the affirmative vote of a majority of the votes cast on the proposal, provided that a majority of Acquiring Fund common shareholders are present in person or by proxy at the meeting. The following table summarizes how the quorum and voting requirements are determined:

Shares	Quorum	Voting
In General	All shares present in person or by proxy are counted towards a quorum.	Shares present in person will be voted in person at the meeting. Shares present by proxy will be voted in accordance with instructions.
Proxy with no Voting Instruction (other than Broker Non-Vote)	Considered present at meeting.	Voted for a proposal.

Shares

Quorum

Voting

Broker Non-Vote*