BLACKROCK MUNIASSETS FUND, INC.
Form 497
November 12, 2010

**BLACKROCK APEX MUNICIPAL FUND, INC.**

**BLACKROCK MUNIASSETS FUND, INC.**

**100 Bellevue Parkway**

**Wilmington, Delaware 19809**

**(800) 882-0052**

November 10, 2010

Dear Shareholder:

You are cordially invited to attend a joint special shareholder meeting (the Special Meeting ) of BlackRock Apex Municipal Fund, Inc. ( APX ) and BlackRock MuniAssets Fund, Inc. ( MUA ), each a Maryland corporation, to be held on Friday, December 17, 2010 at 9:00 a.m. Before the Special Meeting, I would like to provide you with additional background and ask for your vote on important proposals affecting APX and MUA.

Shareholders of APX and MUA will be asked to consider the following proposals (each, a Proposal ), which are described in the enclosed Joint Proxy Statement/Prospectus, at the Special Meeting: (i) reorganizing APX into MUA (the Reorganization ), a fund with the same or substantially similar (but not identical) investment objective and investment policies; (ii) issuing additional shares of common stock of MUA (the Issuance ) in connection with the Reorganization; and (iii) removing APX s and MUA s fundamental investment restriction restricting APX and MUA from issuing senior securities or borrowing amounts in excess of 5% of their respective total assets taken at market value.

The Board of Directors of each fund believes each Proposal, as applicable, is in the best interests of its respective fund and shareholders and unanimously recommends that you vote **FOR** each Proposal, as applicable.

The enclosed materials explain these proposals in more detail, and I encourage you to review them carefully. As a shareholder, your vote is important, and we hope that you will respond today to ensure that your shares will be represented at the Special Meeting. You may vote using one of the methods below by following the instructions on your proxy card:

- By touch-tone telephone;
- By internet;
- By returning the enclosed proxy card in the postage-paid envelope; or
- In person at the Special Meeting.

If you do not vote using one of these methods, you may be contacted by Computershare Fund Services, our proxy solicitor, to vote your shares over the phone.

As always, we appreciate your support.

Sincerely,

ANNE F. ACKERLEY

President and Chief Executive Officer

BlackRock Apex Municipal Fund, Inc.

BlackRock MuniAssets Fund, Inc.

**Please vote now. Your vote is important.**

**To avoid the wasteful and unnecessary expense of further solicitation, we urge you to indicate your voting instructions on the enclosed proxy card, date and sign it and return it promptly in the envelope provided, or record your voting instructions by telephone or via the internet, no matter how large or small your holdings may be. If you submit a properly executed proxy but do not indicate how you wish your shares to be voted, your shares will be voted For each Proposal, as applicable. If your shares are held through a broker, you must provide voting instructions to your broker about how to vote your shares in order for your broker to vote your shares at the Special Meeting.**

**November 10, 2010**

**IMPORTANT NOTICE**

**TO SHAREHOLDERS OF**

**BLACKROCK APEX MUNICIPAL FUND, INC.**

**BLACKROCK MUNIASSETS FUND, INC.**

**QUESTIONS & ANSWERS**

Although we recommend that you read the entire Joint Proxy Statement/Prospectus, we have provided for your convenience a brief overview of the issues to be voted on.

**Q: Why is a shareholder meeting being held?**

*A: Shareholders of BlackRock Apex Municipal Fund, Inc. (APX):* You are being asked to vote on the reorganization (the Reorganization ) of BlackRock Apex Municipal Fund, Inc. ( APX ) into BlackRock MuniAssets Fund, Inc. ( MUA ) (each, a Fund and together with APX, the Funds ), a closed-end fund that pursues an investment objective and has investment policies that are either the same or substantially similar (but not identical) to those of APX and has the same investment adviser as APX.

You are also being asked to approve a proposal to remove APX s fundamental investment restriction restricting APX from issuing senior securities or borrowing amounts in excess of 5% of its total assets taken at market value (the APX Policy Amendment ). If the APX Policy Amendment is approved by shareholders, APX may use leverage up to the maximum amount permitted under the Investment Company Act of 1940 (the 1940 Act ) without further shareholder approval, which means APX may use economic leverage treated as a senior security under the 1940 Act in an amount up to 50% of its total assets through the issuance of preferred stock and debt securities. APX may also use tender option bonds that create economic leverage for APX but are not treated as senior securities under the 1940 Act, which means APX could use economic leverage in excess of 50% of its total assets without shareholder approval, although it has no current intention of doing so. See Investment Objectives and Policies Tender Option Bonds and Risk Factors and Special Considerations Tender Option Bond Risk in the Joint Proxy Statement/Prospectus for additional information about tender option bonds.

The Board of Directors (the Board ) of APX has authorized APX to use economic leverage up to 25% of its total assets, subject to shareholder approval of the APX Policy Amendment. APX currently intends to use economic leverage approximately equal to 15% of its total assets at the time the leverage is implemented, but may use economic leverage up to 25% of its total assets under the new leverage policy set by the Board without further Board or shareholder approval. The Board of APX could in the future authorize APX to use additional leverage up to the maximum amount permitted under the 1940 Act or change the 25% threshold at which Board approval is required to increase leverage, in each case without further shareholder approval.

*Shareholders of BlackRock MuniAssets Fund, Inc. (MUA):* You are being asked to vote on the issuance of additional shares of common stock of MUA in connection with the Reorganization.

You are also being asked to approve a proposal to remove MUA s fundamental investment restriction restricting MUA from issuing senior securities or borrowing amounts in excess of 5% of its total assets taken at market value (the MUA Policy Amendment and together with the APX Policy Amendment, the Policy Amendments ). If the MUA Policy Amendment is approved by shareholders, MUA may use leverage up to the maximum amount permitted under the 1940 Act without further shareholder approval, which means MUA may use economic leverage treated as a senior security under the 1940 Act in an amount up to 50% of its total assets through the issuance of preferred stock and debt securities. MUA may also use tender option bonds that create economic leverage for MUA but are not treated as senior securities under the 1940 Act, which means MUA could use economic leverage in excess of 50% of its total assets without shareholder approval, although it has no current intention of doing so. See Investment Objectives and Policies Tender Option Bonds and Risk Factors and Special Considerations Tender Option Bond Risk in the Joint Proxy Statement/Prospectus for additional information about tender option bonds.

The Board of MUA has authorized MUA to use economic leverage up to 25% of its total assets, subject to shareholder approval of the MUA Policy Amendment. MUA currently intends to use economic leverage approximately equal to 15% of its total assets at the time the leverage is implemented, but may use economic leverage up to 25% of its total assets under the new leverage policy set by the Board without further Board or shareholder approval. The Board of MUA could in the future authorize MUA to use additional leverage up to the maximum amount permitted under the 1940 Act or change the 25% threshold at which Board approval is required to increase leverage, in each case without further shareholder approval.

Under the 1940 Act, a Fund is not permitted to issue senior securities if, immediately after such borrowing, the Fund would have an asset coverage ratio (as defined in the 1940 Act) of less than 300% with respect to indebtedness or less than 200% with respect to preferred stock. The 1940 Act also provides that a Fund may not declare distributions, or purchase its stock (including through tender offers), if immediately after doing so it will have an asset coverage ratio of less than 300% or 200%, as applicable. Under the 1940 Act, certain short-term borrowings (such as for cash management purposes) are not subject to these limitations if (i) repaid within 60 days, (ii) not extended or renewed, and (iii) which are not in excess of 5% of the total assets of a Fund.

The Reorganization will be consummated if APX shareholders approve the Reorganization and MUA shareholders approve the issuance of additional shares of common stock of MUA in connection with the Reorganization (the Issuance ). The Reorganization is not contingent upon the approval of any Policy Amendments. If the Reorganization is not consummated, then APX and MUA would each continue to exist and operate on a stand-alone basis. Similarly, a Policy Amendment is not contingent upon the approval of the Reorganization or the Issuance. A Fund s shareholders would have the benefit of the new leverage policy regardless of whether the Reorganization or the Issuance is approved so long as the Fund s Policy Amendment was approved by the Fund s shareholders.

However, in the event the Reorganization is consummated, shareholders of the combined fund, including former shareholders of APX, would be subject to the leverage policy for MUA following the Reorganization. If MUA shareholders do not approve the MUA Policy Amendment, then the combined fund would operate under MUA s current leverage policy and shareholders of the combined fund, including former shareholders of APX, would not have the benefit of the new leverage policy. In such an event, APX shareholders would not have the benefit of the new leverage policy even if APX shareholders had previously approved the APX Policy Amendment. If MUA shareholders approve the MUA Policy Amendment, then the combined fund would operate under the new leverage policy and shareholders of the combined fund, including former shareholders of APX, would have the benefit of the new leverage policy. In such an event, APX shareholders would be subject to the new leverage policy even if APX shareholders had not previously approved the APX Policy Amendment. There can be no assurance that MUA shareholders will approve the MUA Policy Amendment.

**Q: Why is the Reorganization being recommended?**

A: The Board of each Fund (collectively, the Boards ) anticipates that the Reorganization could benefit shareholders of each Fund by providing the potential for a lower operating expense ratio, portfolio management and administrative efficiencies, enhanced market liquidity, marketing benefits and approximately the same distribution yield as currently experienced by MUA (assuming all other conditions remain the same).

The Boards believe that the completion of the Reorganization would result in a reduced Total Expense Ratio (defined below) and a reduced Adjusted Total Expense Ratio (defined below) for each Fund because certain fixed administrative costs would be spread across the combined fund s larger asset base. When we use the term Total Expenses, we mean a Fund s total annual operating expenses including interest expenses associated with such Fund s investments in tender option bonds without giving effect to the potential for increased leverage if the Policy Amendments are approved. When we use the term Total Expense Ratio, we mean a Fund s Total Expenses expressed as a percentage of its average net assets attributable to its common shares. For the 12-month period ended April 30, 2010, the Total Expense Ratios of APX and MUA were 0.84% and 0.71%, respectively (as restated for current fees). The Funds estimate that the completion of the Reorganization would result in a Total Expense Ratio for the combined fund of 0.70% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Total Expense Ratio of 0.14% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

When we use the term Adjusted Total Expenses, we mean a Fund s estimated total annual operating expenses including interest expenses associated with such Fund s leverage in an amount approximately equal to 15% of its total assets, assuming its Policy Amendment had been approved. When we use the term Adjusted Total Expense Ratio, we mean a Fund s Adjusted Total Expenses expressed as a percentage of its average net assets attributable to its common shares. For the 12-month period ended April 30, 2010, the Adjusted Total Expense Ratios for APX and MUA would have been 1.05% and 0.91%, respectively. The Funds estimate that the completion of the Reorganization would result in an Adjusted Total Expense Ratio for the combined fund of 0.90% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Adjusted Total Expense Ratio of 0.15% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

**Q: What happens if the Reorganization is not approved by APX shareholders?**

A: APX and MUA would each continue to exist and operate on a stand-alone basis. A Fund would have the benefit of the new leverage policy regardless of whether the Reorganization is approved so long as the Fund s Policy Amendment was approved by the Fund s shareholders. In the event a Fund s Policy Amendment is not approved by the Fund s shareholders, the Investment Advisor will continue to manage the Fund under its current leverage policy.

**Q: What happens if the issuance of additional common shares by MUA is not approved by MUA shareholders?**

A: APX and MUA would each continue to exist and operate on a stand-alone basis. A Fund would have the benefit of the new leverage policy regardless of whether the Issuance is approved so long as the Fund s Policy Amendment was approved by the Fund s shareholders. In the event a Fund s Policy Amendment is not approved by the Fund s shareholders, the Investment Advisor will continue to manage the Fund under its current leverage policy.

**Q: How similar are the Funds?**

A: Each Fund is a Maryland corporation and a non-diversified management investment company registered under the 1940 Act. The Board of each Fund consists of the same directors. Each Fund s common stock is listed on the New York Stock Exchange. The Funds have the same investment adviser, the same portfolio managers, and either the same or substantially similar (but not identical) investment objectives, investment policies, strategies, risks and restrictions. The investment objectives of the Funds are the same: to provide high current income exempt from Federal income taxes by investing primarily in a portfolio of medium to lower grade or unrated municipal obligations the interest on which is exempt from Federal income taxes in the opinion of bond counsel to the issuer. Each Fund invests at least 80% of its total assets, except during temporary defensive periods, in municipal obligations, issued by or on behalf of states, territories and possessions of the United States and their political subdivisions, agencies or instrumentalities paying interest which, in the opinion of bond counsel to the issuer, is exempt from Federal income taxes ( Municipal Bonds ). The salient differences between the policies of MUA and APX are discussed below.

MUA is required to invest at least 65% of its total assets in Municipal Bonds that are rated in any one of the medium and lower rating categories of Moody s, S&P or Fitch, or are unrated, that the investment adviser believes are of comparable quality. APX, on the other hand, is required to invest at least 75% of its total assets in Municipal Bonds which are rated in any one of the medium and lower rating categories of a nationally recognized statistical rating organization or are unrated.

MUA has the authority to invest as much as 35% of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations. APX can only invest up to 25% of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations.

MUA may not invest in repurchase agreements maturing in more than seven days if such investments, together with all other illiquid investments, would exceed 15% of the Fund s net assets. APX may not invest more than 10% of its total assets in repurchase agreements maturing in more than seven days.

Each Fund reserves the right to temporarily invest more than 20% of its total assets in short-term municipal securities, or short-term taxable money market securities (including commercial paper, certificates of deposit and repurchase agreements) for defensive purposes when, in the opinion of the investment adviser, prevailing market or financial conditions warrant. However, MUA may invest in taxable commercial paper rated A-1+ through A-3 by S&P, Prime-1 through Prime-3 by Moody s, F-1+ through F-3 by Fitch or have credit characteristics equivalent to such ratings in the opinion of the investment adviser. APX, on the other hand, may only invest in taxable commercial paper rated A-1 or A-2 by S&P, Prime-1 or Prime-2 by Moody s or an equivalent rating in the opinion of the investment adviser. In addition, the short-term tax-exempt obligations that MUA may invest in are in the highest rating categories as determined either by Moody s (currently, MIG-1 through MIG-3 for notes and Prime-1 through Prime-3 for commercial paper), S&P (currently, SP-1+ through SP-2 for notes and A-1+ through A-3 for commercial paper), or Fitch (currently, F-1 and F-2 for notes and F-1 for commercial paper), except that MUA may invest in lower rated or unrated short-term tax-exempt obligations to the extent that such investments do not exceed 20% of its total assets. APX does not have such a policy with respect to short-term tax-exempt obligations.

As used throughout this notice, the Joint Proxy Statement/Prospectus and the Statement of Additional Information, total assets of a Fund means the Fund s net assets plus the amount of any borrowings for investment purposes. Please see the Joint Proxy Statement/Prospectus for additional comparison information.

**Q: How will the Reorganization be effected?**

A: Assuming APX s shareholders approve the Reorganization and MUA shareholders approve the issuance of additional common shares of MUA, APX will merge with and into MUA Merger Subsidiary, LLC (the Merger Subsidiary ), which will be formed as a Maryland limited liability company and will be a direct, wholly owned subsidiary of MUA. Following the Reorganization, the Merger Subsidiary will dissolve under Maryland law and be liquidated into MUA, and APX will terminate its registration under the 1940 Act.

*Shareholders of APX*: You will become shareholders of MUA. Holders of common shares of APX will receive newly issued common shares of MUA, par value $0.10 per share, the aggregate net asset value (not the market value) of which will equal the aggregate net asset value (not the market value) of the common shares of APX you held immediately prior to the Reorganization, less the costs of the Reorganization (although shareholders may receive cash for fractional shares).

*Shareholders of MUA*: You will remain a shareholder of MUA.

**Q: At what prices have common shares of APX and MUA historically traded?**

A: Common shares of each Fund have from time to time traded at, above and below their net asset values. There can be no assurance that, after the Reorganization, common shares of MUA will trade at, above or below net asset value. In the Reorganization, shareholders of APX will receive common shares of MUA based on the relative net asset values (not the market values) of each respective Fund s common shares. The market value of the common shares of the combined fund may be less than the market value of the common shares of your Fund prior to the Reorganization.

**Q: Will I have to pay any sales load, commission or other similar fees in connection with the Reorganization?**

A: You will pay no sales loads or commissions in connection with the Reorganization. However, regardless of whether the Reorganization is completed, the costs associated with the proposed Reorganization, including the costs associated with the shareholder meeting, will be borne directly by the respective Fund incurring the expense or allocated evenly between the Funds.

Such costs are estimated to be $421,819 in the aggregate, of which $205,414 is estimated to be attributable to APX and $216,405 is estimated to be attributable to MUA.

**Q: Will I have to pay any Federal taxes as a result of the Reorganization?**

A: The Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code ). If the Reorganization so qualifies, in general, shareholders of APX will recognize no gain or loss for Federal income tax purposes upon the exchange of their APX common shares for MUA common shares pursuant to the Reorganization. Additionally, APX will recognize no gain or loss for Federal income tax purposes by reason of the Reorganization. Neither MUA nor its shareholders will recognize any gain or loss for Federal income tax purposes pursuant to the Reorganization.

On or prior to the closing date of the transactions with respect to the Reorganization (the Closing Date ), APX will declare a distribution to its shareholders that, together with all previous distributions, will have the effect of distributing to APX s shareholders all of its investment company taxable income (computed without regard to the deduction for dividends paid), if any, through the Closing Date, all of its net capital gains, if any, through the Closing Date, and such portion of its net tax-exempt interest income as is necessary to ensure that APX maintains its regulated investment company ( RIC ) status at all times up to and including the Closing Date. Such a distribution may be taxable to APX s shareholders for Federal income tax purposes.

The Funds shareholders should consult their own tax advisers regarding the Federal income tax consequences of the Reorganization, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax laws.

**Q: Why is the vote of shareholders of MUA being solicited in connection with the Reorganization?**

A: Although MUA will continue its legal existence and operations after the Reorganization, the rules of the New York Stock Exchange (on which MUA s common shares are listed) require MUA s shareholders to approve the issuance of additional common shares in connection with the Reorganization.

**Q: Why is the APX Policy Amendment and MUA Policy Amendment being recommended?**

A: Each Fund currently has a fundamental policy that provides that such Fund may not issue senior securities or borrow amounts in excess of 5% of its total assets taken at market value. The Boards of the Funds have reviewed the current leverage policy and believe such policy is unduly restrictive and should be removed. If the shareholders of the Funds approve their respective Policy Amendments, each Fund is authorized by its Board to use economic leverage up to 25% of its total assets. Each Fund currently intends to use economic leverage approximately equal to 15% of its total assets at the time the leverage is implemented, but may use economic leverage up to 25% of its total assets under the new leverage policy set by the Board without further Board or shareholder approval. The Board of each Fund could in the future authorize its respective Fund to use additional leverage up to the maximum amount permitted under the 1940 Act or change the 25% threshold at which Board approval is required to increase leverage, in each case without further shareholder approval.

The Boards of the Funds anticipate that the new leverage policy would benefit the Funds shareholders. The new leverage policy could provide the Investment Advisor and Fund s sub-advisor (the Sub-Advisor and together with the Investment Advisor, the Advisors ) with the flexibility to manage each Fund more effectively in the future, to respond to changing market conditions and new investment opportunities and to generate additional income for each Fund s shareholders. As a non-fundamental policy, the amounts of leverage incurred by a Fund can be changed by the Fund s Board without prior notice or shareholder approval, up to the maximum amount of the leverage permitted under the 1940 Act. Approval of a Fund s Policy Amendment is not contingent upon the approval of the Reorganization or the Issuance. A Fund s shareholders would have the benefit of the new leverage policy so long as the Fund s Policy Amendment was approved by the Fund s shareholders. At the Meeting, each Fund s shareholders will be asked to approve its respective Policy Amendment. Each Policy Amendment, if approved, would take effect immediately and the Investment Advisor would begin to add additional leverage until the Fund reaches its leverage target of approximately 15% of its total assets. No assurance can be given at this time as to how long it will take for each Fund to reach its leverage target of approximately 15% of its total assets or that a Fund will be able to use additional leverage to reach such leverage target.

In the event the Reorganization is consummated, shareholders of the combined fund, including former shareholders of APX, would be subject to the leverage policy for MUA following the Reorganization. If MUA shareholders do not approve the MUA Policy Amendment, then the combined fund would operate under MUA s current leverage policy and shareholders of the combined fund, including former shareholders of APX, would not have the benefit of the new leverage policy. In such an event, APX shareholders would not have the benefit of the new leverage policy even if APX shareholders had previously approved the APX Policy Amendment. If MUA shareholders approve the MUA Policy Amendment, then the combined fund would operate under the new leverage policy and shareholders of the combined fund, including former shareholders of APX, would have the benefit of the new leverage policy. In such an event, APX shareholders would be subject to the new leverage policy even if APX shareholders had not previously approved the APX Policy Amendment. There can be no assurance that MUA shareholders will approve the MUA Policy Amendment.

Each Fund currently utilizes leverage through the use of tender option bonds to seek to enhance the yield and NAV of their common shares. If a Fund s Policy Amendment is approved by the Fund s shareholders, then the Advisors would seek to utilize additional tender option bonds with respect to the Fund. Tender option bond investments generally will provide a Fund with economic benefits in periods of declining short-term interest rates, but expose the Fund to risks during periods of rising short-term interest rates. See Investment Objectives and Policies Tender Option Bonds and Risk Factors and Special Considerations Tender Option Bond Risk in the Joint Proxy Statement/Prospectus for additional information about tender option bonds.

Although the use of leverage by a Fund may create an opportunity for higher total return, it also results in additional risks and costs and can magnify the effect of any losses. The risks associated with leverage will be present to a greater extent if the Fund s Policy Amendment is approved and the Fund uses additional leverage. If the income and gains earned on municipal bonds to which a Fund has exposure through the use of leverage are greater than the payments due on the related short-term floating rate interests, the Fund s returns will be greater than if leverage had not been used. Conversely, if the income and gains from those municipal bonds do not cover the payments due in connection with the leverage used, the return will be less than if the economic leverage had not been used. The Advisors nevertheless may determine to continue to use leverage if it expects that the benefits to a Fund will outweigh the risk of a reduced return. There is no assurance that a Fund s leverage strategy will be successful. See Risk Factors and Special Considerations General Leverage Risk in the Joint Proxy Statement/Prospectus for additional information about the risks associated with the use of leverage.

A Fund utilizing additional leverage would have to pay additional interest expenses associated with such leverage, which would result in higher total annual operating expenses for shareholders. In addition, the Investment Advisor s contractual management fee for each Fund is based on a percentage of the average daily value of the Fund s total assets (including any assets attributable to money borrowed for investment purposes) minus the sum of the Fund s accrued liabilities (other than money borrowed for investment purposes) ( average daily total assets ). Thus, a Fund utilizing additional leverage would also be subject to management fees on any assets attributable to the additional leverage. While the Investment Advisor s contractual management fee for each Fund as a percentage of its average daily total assets will remain the same regardless of the amount of leverage utilized by the Funds, the Investment Advisor s contractual management fee for each Fund as a percentage of its net assets (as opposed to total assets) is expected to increase as a result of the additional leverage.

Assuming the Funds use leverage approximately equal to 15% of their respective total assets, the contractual management fee for APX, MUA and the Combined Fund as a percentage of their respective net assets are expected to increase by 0.09%, 0.07% and 0.07%, respectively, from 0.68%, 0.58% and 0.58% to 0.77%, 0.65% and 0.65%, respectively.

In addition, for the 12-month period ended April 30, 2010, the Adjusted Total Expense Ratios of APX, MUA and the Combined Fund on a pro forma basis are expected to be 0.21%, 0.20% and 0.20% higher than the Total Expense Ratios of APX, MUA and the Combined Fund, respectively. For the 12-month period ended April 30, 2010, the Adjusted Total Annual Expense Ratios of APX, MUA and the Combined Fund on a pro forma basis would have been 1.05%, 0.91% and 0.90%, respectively, while the Total Annual Expense Ratios of APX, MUA and the Combined Fund on a pro forma basis were 0.84%, 0.71% and 0.70%, respectively (as restated for current fees).

These increased expenses would be born entirely by the common shareholders and the common shareholders would be entitled to all of the increased net earnings, if any, resulting from the increased used of leverage.

Please see  Expense Table for Shareholders  starting on page 22 in the Joint Proxy Statement/Prospectus for additional detail about the expenses of each Fund and the Combined Fund.

**Q: How does the Board of my Fund suggest that I vote?**

A: After careful consideration, the Board of your Fund recommends that you vote **FOR** each of the items proposed for your Fund.

**Q: How do I vote my proxy?**

A: You may cast your vote by mail, phone, internet or in person at the Special Meeting. To vote by mail, please mark your vote on the enclosed proxy card and sign, date and return the card in the postage-paid envelope provided. If you choose to vote by phone or internet, please refer to the instructions found on the proxy card accompanying this Joint Proxy Statement/Prospectus. To vote by phone or internet, you will need the  control number  that appears on the proxy card.

**Q: Whom do I contact for further information?**

A: You may contact your financial advisor for further information. You may also call Computershare Fund Services, the Funds  proxy solicitor, at 866-200-9096.

**Please vote now. Your vote is important.**

**To avoid the wasteful and unnecessary expense of further solicitation, we urge you to indicate your voting instructions on the enclosed proxy card, date and sign it and return it promptly in the envelope provided, or record your voting instructions by telephone or via the internet, no matter how large or small your holdings may be. If you submit a properly executed proxy but do not indicate how you wish your common shares to be voted, your shares will be voted  For  each Proposal, as applicable. If your shares are held through a broker, you must provide voting instructions to your broker about how to vote your shares in order for your broker to vote your common shares at the Special Meeting.**

**BLACKROCK APEX MUNICIPAL FUND, INC.**

**BLACKROCK MUNIASSETS FUND, INC.**

**100 Bellevue Parkway**

**Wilmington, Delaware 19809**

**(800) 882-0052**

**NOTICE OF JOINT SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON FRIDAY, DECEMBER 17, 2010**

Notice is hereby given that a joint special meeting of shareholders (the Special Meeting ) of BlackRock Apex Municipal Fund, Inc. ( APX ) and BlackRock MuniAssets Fund, Inc. ( MUA ) will be held at the offices of BlackRock, Inc., 800 Scudders Mill Road, Plainsboro, NJ 08536, on Friday, December 17, 2010 at 9:00 a.m. for the following purposes:

**1. Reorganization of BlackRock Apex Municipal Fund, Inc. into BlackRock MuniAssets Fund, Inc.**

*Shareholders of BlackRock Apex Municipal Fund, Inc. (APX):*

Proposal 1: The shareholders of APX are being asked to approve an Agreement and Plan of Reorganization among APX, MUA and MUA Merger Subsidiary, LLC (the Reorganization Agreement ) and the termination of APX s registration under the 1940 Act.

**2. Issuance of common stock by BlackRock MuniAssets Fund, Inc.**

*Shareholders of BlackRock MuniAssets Fund, Inc. (MUA):*

Proposal 2: The shareholders of MUA are being asked to approve the issuance of additional shares of common stock of MUA in connection with the Reorganization Agreement.

**3. Removal of the Fundamental Leverage Restriction of BlackRock Apex Municipal Fund, Inc.**

*Shareholders of BlackRock Apex Municipal Fund, Inc. (APX):*

Proposal 3: Shareholders of APX are being asked to approve a proposal to remove APX s fundamental investment policy restriction restricting APX from issuing senior securities or borrowing amounts in excess of 5% of its total assets taken at market value.

**4. Removal of the Fundamental Leverage Restriction of BlackRock MuniAssets Fund, Inc.**

*Shareholders of BlackRock MuniAssets Fund, Inc. (MUA):*

Proposal 4: Shareholders of MUA are being asked to approve a proposal to remove MUA s fundamental investment restriction restricting MUA from issuing senior securities or borrowing amounts in excess of 5% of its total assets taken at market value.

Shareholders of record as of the close of business on October 20, 2010 are entitled to vote at the Special Meeting or any adjournment thereof.

**THE BOARD OF DIRECTORS (EACH, A BOARD ) OF EACH OF APX AND MUA REQUESTS THAT YOU VOTE YOUR SHARES BY INDICATING YOUR VOTING INSTRUCTIONS ON THE ENCLOSED PROXY CARD, DATING AND SIGNING SUCH PROXY CARD AND RETURNING IT IN THE ENVELOPE PROVIDED, WHICH IS ADDRESSED FOR YOUR CONVENIENCE AND NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES, OR BY RECORDING YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET.**

**THE BOARD OF APX RECOMMENDS THAT YOU CAST YOUR VOTE:**

- FOR THE REORGANIZATION OF YOUR FUND PURSUANT TO THE REORGANIZATION AGREEMENT AS DESCRIBED IN THE JOINT PROXY STATEMENT/PROSPECTUS AND THE TERMINATION OF YOUR FUND S REGISTRATION UNDER THE 1940 ACT.

- FOR THE REMOVAL OF APX S FUNDAMENTAL INVESTMENT RESTRICTION RESTRICTING APX FROM ISSUING SENIOR SECURITIES OR BORROWING AMOUNTS IN EXCESS OF 5% OF ITS TOTAL ASSETS TAKEN AT MARKET VALUE.

**THE BOARD OF MUA RECOMMENDS THAT YOU CAST YOUR VOTE:**

- FOR THE ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK OF YOUR FUND IN CONNECTION WITH THE REORGANIZATION AGREEMENT.

- FOR THE REMOVAL OF MUA S FUNDAMENTAL INVESTMENT RESTRICTION RESTRICTING MUA FROM ISSUING SENIOR SECURITIES OR BORROWING AMOUNTS IN EXCESS OF 5% OF ITS TOTAL ASSETS TAKEN AT MARKET VALUE.

**IN ORDER TO AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION, WE ASK THAT YOU MAIL YOUR PROXY CARD OR RECORD YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET PROMPTLY.**

For the Board of Directors of

BlackRock Apex Municipal Fund, Inc. and

BlackRock MuniAssets Fund, Inc.

Anne F. Ackerley

*President and Chief Executive Officer*

*BlackRock Apex Municipal Fund, Inc.*

*BlackRock MuniAssets Fund, Inc.*

November 10, 2010

**YOUR VOTE IS IMPORTANT.**

**PLEASE VOTE PROMPTLY BY SIGNING AND RETURNING THE**

**ENCLOSED PROXY CARD OR BY RECORDING YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET, NO MATTER HOW MANY SHARES YOU OWN.**

**JOINT PROXY STATEMENT/PROSPECTUS**

**BLACKROCK APEX MUNICIPAL FUND, INC.**

**BLACKROCK MUNIASSETS FUND, INC.**

**100 Bellevue Parkway**

**Wilmington, Delaware 19809**

**(800) 882-0052**

**JOINT SPECIAL MEETING OF SHAREHOLDERS**

**December 17, 2010**

This Joint Proxy Statement/Prospectus is furnished to you as a common shareholder of BlackRock Apex Municipal Fund, Inc. ( APX ) and/or BlackRock MuniAssets Fund, Inc. ( MUA ), each a Maryland corporation and a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940 (the 1940 Act ). A joint special meeting (the Special Meeting ) of shareholders of APX and MUA (each, a Fund and collectively, the Funds ) will be held at the offices of BlackRock, Inc. ( BlackRock ), 800 Scudders Mill Road, Plainsboro, NJ 08536, on Friday, December 17, 2010 at 9:00 a.m. to consider the items listed below and discussed in greater detail elsewhere in this Joint Proxy Statement/Prospectus. If you are unable to attend the Special Meeting or any adjournment thereof, the Board of Directors (each, a Board ) of each Fund requests that you vote your shares of common stock by completing and returning the enclosed proxy card or by recording your voting instructions by telephone or via the Internet. The approximate mailing date of this Joint Proxy Statement/Prospectus and accompanying form of proxy is November 15, 2010.

The purposes of the Special Meeting are:

**1. Reorganization of BlackRock Apex Municipal Fund, Inc. into BlackRock MuniAssets Fund, Inc.**

*Shareholders of BlackRock Apex Municipal Fund, Inc. (APX):*

Proposal 1: The shareholders of APX are being asked to approve an Agreement and Plan of Reorganization among APX, MUA and MUA Merger Subsidiary, LLC (the Reorganization Agreement ) and the termination of APX s registration under the 1940 Act.

**2. Issuance of Common Shares by BlackRock MuniAssets Fund, Inc.**

*Shareholders of BlackRock MuniAssets Fund, Inc. (MUA):*

Proposal 2*:* The shareholders of MUA are being asked to approve the issuance of additional common shares of MUA in connection with the Reorganization Agreement.

**3. Removal of the Fundamental Leverage Restriction of BlackRock Apex Municipal Fund, Inc.**

*Shareholders of BlackRock Apex Municipal Fund, Inc. (APX):*

Proposal 3: Shareholders of APX are being asked to approve a proposal to remove APX s fundamental investment restriction restricting APX from issuing senior securities or borrowing amounts in excess of 5% of its total assets taken at market value (the APX Policy Amendment ).

**4. Removal of the Fundamental Leverage Restriction of BlackRock MuniAssets Fund, Inc.**

*Shareholders of BlackRock MuniAssets Fund, Inc. (MUA):*

Proposal 4: Shareholders of MUA are being asked to approve a proposal to remove MUA s fundamental investment restriction restricting MUA from issuing senior securities or borrowing money in amounts in excess of 5% of its total assets taken at market value (the MUA Policy Amendment and together with the APX Policy Amendment, the Policy Amendments ).

Shareholders of record as of the close of business on October 20, 2010 are entitled to vote at the Special Meeting or any adjournment thereof.

MUA as it would exist after the Reorganization is referred to herein as the Combined Fund. The Reorganization Agreement that APX s shareholders are being asked to consider involves transactions that will be referred to in this Joint Proxy Statement/Prospectus collectively as the Reorganization.

The Reorganization seeks to combine two funds that are substantially similar (but not identical) to achieve certain economies of scale and other operational efficiencies for the Funds. In the Reorganization, APX will merge with and into MUA Merger Subsidiary, LLC (the Merger Subsidiary ), which will be formed as a Maryland limited liability company and will be a direct, wholly owned subsidiary of MUA. Following the Reorganization, the Merger Subsidiary will dissolve under Maryland law and be liquidated into MUA. APX will then terminate its registration under the 1940 Act. In the Reorganization, the outstanding common shares of APX will be converted into the right to receive newly issued common shares of MUA, par value $0.10 per share. The aggregate net asset value of MUA common shares received by the shareholders of APX in the Reorganization will equal the aggregate net asset value of APX common shares held by such shareholders immediately prior to the Reorganization, less the costs of the Reorganization (though shareholders may receive cash for their fractional common shares).

APX will terminate its registration under the 1940 Act after the completion of the Reorganization. MUA will continue to operate after the Reorganization as a registered, non-diversified, closed-end management investment company with the investment objective and policies described in this Joint Proxy Statement/Prospectus.

In connection with the Reorganization, the shareholders of MUA are being asked to approve the issuance of additional common shares of MUA.

In addition, the shareholders of MUA and APX are also being asked to approve proposals that would remove each Fund s fundamental investment restriction restricting such Fund from issuing senior securities or borrowing money in amounts in excess of 5% of its total assets taken at market value.

The Board of each Fund has determined that including these proposals in one Joint Proxy Statement/Prospectus will reduce costs and is in the best interests of each Fund s shareholders.

APX and MUA would each continue to exist and operate on a stand-alone basis if either the shareholders of APX do not approve the Reorganization or the shareholders of MUA do not approve the issuance of additional common shares in connection with the Reorganization.

This Joint Proxy Statement/Prospectus sets forth concisely the information that shareholders of each Fund should know before voting on the proposals for their Fund and constitutes an offering of MUA common shares. Please read it carefully and retain it for future reference. A Statement of Additional Information, dated November 10, 2010, relating to this Joint Proxy Statement/Prospectus (the Statement of Additional Information ) has been filed with the Securities and Exchange Commission (the SEC ) and is incorporated herein by reference. You may request a free copy of the Statement of Additional Information and a copy of each Fund s annual and most recent semi-annual report succeeding the annual report, if any, by writing to the Funds at Park Avenue Plaza, 55 East 52nd Street, New York, New York 10055, or by calling toll free at 1-800-882-0052. The Statement of Additional Information and the annual and semi-annual reports of each Fund are also available on the EDGAR Database on the Securities and Exchange Commission s Internet site at www.sec.gov.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file reports, proxy statements, proxy materials and other information with the SEC. Materials filed with the SEC can be reviewed and copied at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or downloaded from the SEC s web site at www.sec.gov. Information on the operation of the SEC s Public Reference Room may be obtained by calling the SEC at (202) 551-8090. You may also request copies of these materials, upon payment at the prescribed rates of a duplicating fee, by electronic request to the SEC s e-mail address (publicinfo@sec.gov) or by writing the Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, DC 20549-0102.

BlackRock will update performance information for the Funds, as well as certain other information for the Funds, on a monthly basis on its website in the Closed-End Funds section of www.blackrock.com. Shareholders are advised to periodically check the website for updated performance information and other information about the Funds.

Please note that only one copy of shareholder documents, including annual or semi-annual reports and proxy materials may be delivered to two or more shareholders of the Fund who share an address, unless the Funds have received instructions to the contrary. This practice is commonly called householding and it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. To request a separate copy of any shareholder document, or for instructions as to how to request a separate copy of these documents or as to how to request a single copy if multiple copies of these documents are received, shareholders should contact the Fund at the address and phone number set forth above.

The common shares of BlackRock MuniAssets Fund, Inc. are listed on the New York Stock Exchange ( NYSE ) under the ticker symbol MUA and will continue to be so listed subsequent to the Reorganization. The common shares of BlackRock Apex Municipal Fund, Inc. are listed on the NYSE under the ticker symbol APX. Reports, proxy statements and other information concerning the Funds may be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

This Joint Proxy Statement/Prospectus serves as a prospectus of MUA in connection with the issuance of MUA common shares in the Reorganization. No person has been authorized to give any information or make any representation not contained in this Joint Proxy Statement/Prospectus and, if so given or made, such information or representation must not be relied upon as having been authorized. This Joint Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

Photographic identification and proof of ownership will be required for admission to the meeting. For directions to the meeting, please contact Computershare Fund Services, the firm assisting us in the solicitation of proxies, at 866-200-9096.

**THE SEC HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**The date of this Joint Proxy Statement/Prospectus is November 10, 2010.**

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## SUMMARY

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

**PROPOSAL 1: THE REORGANIZATION OF MUA AND APX**

**The Proposed Reorganization**

The Board of each Fund, including the directors who are not interested persons of each Fund (as defined in the 1940 Act) (the Independent Directors ), has unanimously approved the Reorganization Agreement. If the shareholders of APX approve the Reorganization Agreement and the shareholders of MUA approve the issuance of additional MUA common shares in connection with the Reorganization (see Proposal 2: Issuance of MUA Common Shares ), APX will merge with and into the Merger Subsidiary. Following the Reorganization, the Merger Subsidiary will dissolve under Maryland law and be liquidated into MUA. APX will terminate its registration under the 1940 Act after the completion of the Reorganization. The aggregate net asset value of MUA common shares received by APX s shareholders in the Reorganization will equal the aggregate net asset value of the APX common shares held immediately prior to the Reorganization, less the costs of the Reorganization (although shareholders may receive cash for their fractional common shares). In the Reorganization, shareholders of APX will receive common shares of MUA based on the relative net asset value, not the market value, of APX common shares. The market value of the common shares of the Combined Fund may be less than the market value of the common shares of APX prior to the Reorganization.

**Background and Reasons for the Proposed Reorganization**

The Reorganization seeks to combine two funds that are substantially similar (but not identical) to achieve certain economies of scale and other operational efficiencies. The Board of APX (the APX Board ), based upon its evaluation of all relevant information, anticipates that the Reorganization would benefit shareholders of APX. The Board of MUA (the MUA Board ), based upon its evaluation of all relevant information, anticipates that the Reorganization would benefit shareholders of MUA.

The Boards have reviewed data presented by BlackRock Advisors, LLC, investment adviser to each of the Funds (the Investment Advisor ), and believe that the Reorganization generally would result in a reduced Total Expense Ratio (as defined below) and a reduced Adjusted Total Expense Ratio (as defined below) for each Fund, as certain fixed administrative costs would be spread across the Combined Fund s larger asset base. If the Reorganization is approved, the Combined Fund will maintain MUA s lower management fee rate of 0.55% of the average daily value of its total assets minus the sum of its accrued liabilities ( average daily total assets ). For purposes of calculating the Combined Fund s average daily total assets, total assets include any assets attributable to money borrowed for investment purposes and accrued liabilities do not include money borrowed for investment purposes.

When we use the term Total Expenses, we mean a Fund s total annual operating expenses including interest expenses associated with such Fund s investments in tender option bonds without giving effect to the potential for increased leverage if the Policy Amendments are approved. When we use the term Total Expense Ratio, we mean a Fund s Total Expenses expressed as a percentage of its average net assets attributable to its common shares. For the 12-month period ended April 30, 2010, the Total Expense Ratios of APX and MUA were 0.84% and 0.71% respectively (as restated for current fees). The Funds estimate that the completion of the Reorganization would result in a Total Expense Ratio for the Combined Fund of 0.70% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Total Expense Ratio of 0.14% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

Assuming shareholders of each Fund approve its Policy Amendment, each Fund intends to utilize leverage in an amount approximately equal to 15% of its total assets regardless of whether the Reorganization is consummated. When we use the term Adjusted Total Expenses, we mean a Fund s estimated total annual operating expenses including interest expenses associated with such Fund s leverage in an amount approximately equal to 15% of its total assets, assuming its Policy Amendment had been approved. When we use the term Adjusted Total Expense Ratio, we mean a Fund s Adjusted Total Expenses expressed as a percentage of its average net assets attributable to its common shares. For the 12-month period ended April 30, 2010, the Adjusted Total Expense Ratios for APX and MUA would have been 1.05% and 0.91%, respectively. The Funds estimate that the completion of the Reorganization would result in an Adjusted Total Expense Ratio for the Combined Fund of 0.90% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Adjusted Total Expense Ratio of 0.15% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

In approving the proposed Reorganization, the Board of each Fund, including the Independent Directors, determined that participation in the Reorganization is in the best interests of each Fund and its shareholders and that the interests of each Fund s shareholders will not be diluted with respect to the net asset value of such Fund as a result of the Reorganization. Before reaching these conclusions, the Board of each Fund, including the Independent Directors, engaged in a thorough review process relating to the proposed Reorganization. The Boards of the Funds also received a memorandum outlining, among other things, the legal standards and certain other considerations relevant to the Boards deliberations. The Boards of the Funds, including all of the Independent Directors, approved the Reorganization at a meeting held on September 2, 2010.

The primary factors considered by the Board of each Fund with regard to the Reorganization include, but are not limited to, the following:

(1) The Combined Fund is expected to have a lower total expense ratio than that of each Fund prior to the Reorganization.

(2) APX Shareholders will incur a lower contractual management fee rate as a shareholder of the Combined Fund and will remain invested in a non-diversified, NYSE-listed, closed-end management investment company that will have substantially greater net assets and either the same or substantially similar (but not identical) investment objectives and policies as APX and, as a result, the style and risk/return profile of the Combined Fund will remain comparable to those of APX s shareholders current investments, subject to the differences described in Comparison of the Funds.

(3) Under current market conditions and all other things being equal, the distribution yield of the Combined Fund is expected to be comparable to the current distribution yield of MUA which, all things being equal, should help the Combined Fund trade at or about the price at which MUA currently trades. Of course, no assurance can be given that the common shares of the Combined Fund will trade at or about the current market price of MUA after the Reorganization.

(4) The Combined Fund is expected to achieve certain operating and administrative efficiencies from its larger net asset size. The larger net asset size of the Combined Fund could permit the Combined Fund to achieve certain economies of scale as certain fixed and variable costs can be spread over a larger asset base and the larger Combined Fund may realize greater investment flexibility and investment options, greater diversification of portfolio investments, the ability to trade in larger positions, more favorable transaction terms, better trade execution, more consistent implementation of investment strategies, additional research coverage and greater liquidity.

(5) The greater asset base of the Combined Fund relative to each Fund on a stand-alone basis could give the Combined Fund a greater ability to utilize tender option bonds than either Fund individually, particularly if shareholders of MUA approve the MUA Policy Amendment.

(6) The Combined Fund may experience potential marketing benefits from having fewer closed-end funds in the market, including potential benefits from a more efficient secondary market and an increased focus by investors on the remaining funds in the market (including the Combined Fund), and fewer similar funds in the same fund complex, including potential benefits from easier product differentiation for shareholders (including shareholders of the Combined Fund).

(7) Shareholders will recognize no gain or loss for Federal income tax purposes as a result of the Reorganization, as the Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the Code ).

(8) Shareholders will benefit from the continuing experience and expertise of the portfolio management team designated for the Combined Fund and the team s commitment to the investment style and strategies to be used in managing the assets of the Combined Fund.

(9) Shareholders will receive substantially the same services after the Reorganization.

(10) The aggregate net asset value of the shares of the Combined Fund that APX shareholders will receive in the Reorganization is expected to equal the aggregate net asset value of the APX shares owned by APX Shareholders immediately prior to the Reorganization, and the net asset value of APX shares will not be diluted as a result of the Reorganization.

Considering these and other reasons, the Board of APX unanimously concluded that completion of the Reorganization is in the best interests of APX and its shareholders and that the interests of the shareholders of APX will not be diluted as a result of the Reorganization. This determination was made on the basis of each director s business judgment after consideration of all of the factors taken as a whole with respect to APX and its shareholders, although individual directors may have placed different weight and assigned different degrees of materiality to various factors. See Reasons for the Reorganization.

If the Reorganization is not approved by the shareholders of APX or if the issuance of additional MUA common shares is not approved by the shareholders of MUA, APX will continue to operate for the time being as a stand-alone Maryland corporation and will continue to be advised by the Advisors.

**Expenses**

The Boards believe that the completion of the Reorganization would result in a reduced Total Expense Ratio and a reduced Adjusted Total Expense Ratio for each Fund because certain fixed administrative costs would be spread across the Combined Fund s larger asset base.

For the 12-month period ended April 30, 2010, the Total Expense Ratios of APX and MUA were 0.84% and 0.71%, respectively (as restated for current fees). The Funds estimate that the completion of the Reorganization would result in a Total Expense Ratio for the Combined Fund of 0.70% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Total Expense Ratio of 0.14% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares. When we use the term Total Expenses, we mean a Fund s total annual operating expenses including interest expenses associated with such Fund s investments in tender option bonds without giving effect to the potential for increased leverage if the Policy Amendments are approved. When we use the term Total Expense Ratio, we mean a Fund s Total Expenses expressed as a percentage of its average net assets attributable to its common shares.

Assuming shareholders of each Fund approve its Policy Amendment, each Fund intends to utilize leverage in an amount approximately equal to 15% of its total assets regardless of whether the Reorganization is consummated. For the 12-month period ended April 30, 2010, the Adjusted Total Expense Ratios for APX and MUA would have been 1.05% and 0.91%, respectively. The Funds estimate that the completion of the Reorganization would result in an Adjusted Total Expense Ratio for the Combined Fund of 0.90% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Adjusted Total Expense Ratio of 0.15% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares. When we use the term Adjusted Total Expenses, we mean a Fund s estimated total annual operating expenses including interest expenses associated with such Fund s leverage in an amount approximately equal to 15% of its total assets, assuming its Policy Amendment had been approved. When we use the term Adjusted Total Expense Ratio, we mean a Fund s Adjusted Total Expenses expressed as a percentage of its average net assets attributable to its common shares.

**Appraisal Rights**

Shareholders of APX do not have appraisal rights for their common shares because the common shares of APX are traded on the NYSE.

**Comparison of the Funds**

A summary comparison of the significant investment strategies and operating policies used by the Funds as of the date of this Joint Proxy Statement/Prospectus is set forth in the table below. See Proposal 1: The Reorganization of MUA and APX Comparison of the Funds for a more detailed comparison of the Funds. After the Reorganization, the investment strategies and significant operating policies of the Combined Fund will be those of MUA.

| MUA | APX | Comparison |
|---|---|---|
| **Investment Objective** | **Investment Objective** | **Investment Objective** |
| MUA seeks to provide high current income exempt from Federal income taxes by investing primarily in a portfolio of medium to lower grade or unrated municipal obligations the interest on which is exempt from Federal income taxes in the opinion of bond counsel to the issuer. | Same as MUA | Same |
| **Municipal Bonds** | **Municipal Bonds** | **Municipal Bonds** |
| MUA invests at least 80% of its total assets, except during temporary defensive periods, in Municipal Bonds. | Same as MUA | Same |
| **High Yield Bonds** | **High Yield Bonds** | **High Yield Bonds** |
| MUA invests at least 65% of its total assets in Municipal Bonds that are rated in any one of the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality. | APX maintains at least 75% of its total assets in Municipal Bonds which are rated in any one of the medium and lower rating categories of a nationally recognized statistical rating organization or are unrated. | APX must maintain a higher percentage of its total assets in medium to lower rated Municipal Bonds. |

| MUA | APX | Comparison |
|---|---|---|
| **Investment Grade Bonds** | **Investment Grade Bonds** | **Investment Grade Bonds** |
| MUA has the authority to invest as much as 35% of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations (ratings of A or higher by Moody s, S&P or Fitch or comparable unrated securities). | APX has the authority to invest as much as 25% of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations (ratings of A or higher by Moody s, S&P). | MUA may maintain a higher percentage of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations (ratings of A or higher by Moody s, S&P or Fitch or comparable unrated securities). |
| **State Concentration** | **State Concentration** | **State Concentration** |
| MUA may not invest more than 25% of its total assets (taken at market value at the time of each investment) in the Municipal Bonds of any one state. | Same as MUA | Same |
| **Industry Concentration** | **Industry Concentration** | **Industry Concentration** |
| MUA may not invest more than 25% of its total assets (taken at market value at the time of each investment) in securities of issuers in a single industry. (For purposes of this restriction, states, municipalities and their political subdivisions are not considered to be part of any industry.) | Same as MUA | Same |
| **Leverage*** | **Leverage*** | **Leverage*** |
| MUA may not issue senior securities or borrow amounts in excess of 5% of its total assets taken at market value. | Same as MUA | Same |
| **Alternative Minimum Tax** | **Alternative Minimum Tax** | **Alternative Minimum Tax** |
| MUA may invest all or a portion of its assets in certain tax-exempt securities classified as private activity bonds (in general, bonds that benefit non-governmental entities) that may subject certain investors in the Fund to a federal alternative minimum tax. | Same as MUA | Same |
| **Repurchase Agreements** | **Repurchase Agreements** | **Repurchase Agreements** |
| MUA may not invest in repurchase agreements maturing in more than seven days if such investments, together with all other illiquid investments, would exceed 15% of the Fund s net | APX may not invest more than 10% of its total assets in repurchase agreements maturing in more than seven days. | APX does not have any limitations with respect to illiquid securities. |

assets.

* The current leverage policy of MUA and APX. A proposal to remove the 5% fundamental restriction on leverage is included in this Joint Proxy Statement/Prospectus for each Fund.

| MUA<br>**Non-Municipal Tax-Exempt Securities** | APX<br>**Non-Municipal Tax-Exempt Securities** | Comparison<br>**Non-Municipal Tax-Exempt Securities** |
|---|---|---|
| MUA also may invest in securities not issued by or on behalf of a state or territory or by an agency or instrumentality thereof, if the Fund nevertheless believes such securities pay interest or distributions that are exempt from Federal income taxation ( Non-Municipal TaxExempt Securities ). | No policy with respect to NonMunicipal Tax-Exempt Securities. | APX does not have a policy with respect to Non-Municipal TaxExempt Securities. |
| Non-Municipal Tax-Exempt Securities may include securities issued by other investment companies that invest in Municipal Bonds, to the extent such investments are permitted by the 1940 Act. | | |
| Other Non-Municipal Tax-Exempt Securities could include trust certificates or other instruments evidencing interest in one or more long-term Municipal Bonds. | | |
| Certain Non-Municipal Tax-Exempt Securities may be characterized as derivative instruments. | | |
| Non-Municipal Tax-Exempt Securities that pay interest exempt from Federal income taxes will be considered Municipal Bonds for purposes of the Funds investment objective and policies. | | |
| **Defensive Measures** | **Defensive Measures** | **Defensive Measures** |
| MUA reserves the right to temporarily invest more than 20% of its total assets in short-term municipal securities, or short-term taxable money market securities (including commercial paper, certificates of deposit and repurchase agreements) for defensive purposes when, in the opinion of the Investment Advisor, prevailing market or financial conditions warrant. | Same as MUA | Same |

| MUA<br>**Short-Term Obligations** | APX<br>**Short-Term Obligations** | Comparison<br>**Short-Term Obligations** |
|---|---|---|
| Taxable commercial paper must be rated A-1+ through A-3 by S&P, Prime-1 through Prime-3 by Moody s, F-1+ through F-3 by Fitch or have credit characteristics equivalent to such ratings in the opinion of the Investment Advisor. | Taxable commercial paper must be rated A-1 or A-2 by S&P, Prime-1 or Prime-2 by Moody s or an equivalent rating in the opinion of the Investment Advisor. | MUA may invest in taxable commercial paper rated A-3 by S&P, Prime 3 by Moody s, F-3 by Fitch or with credit characteristics equivalent to such ratings. |
| The short-term tax-exempt obligations also will be in the highest rating categories as determined either by Moody s (currently, MIG-1 through MIG-3 for notes and Prime-1 through Prime-3 for commercial paper), S&P (currently, SP-1+ through SP-2 for notes and A-1+ through A-3 for commercial paper), or Fitch (currently, F-1 and F-2 for notes and F-1 for commercial paper). MUA may invest in lower rated or unrated short-term tax-exempt obligations to the extent that such investments do not exceed 20% of its total assets. | Certificates of deposit must be issued by depository institutions with total assets of at least $1 billion, except that APX may invest in certificates of deposit of smaller institutions if such certificates of deposit are Federally insured. | APX does not have any rating limitations with respect to short-term tax-exempt obligations. |
| Certificates of deposit must be issued by depository institutions with total assets of at least $1 billion. MUA may invest in certificates of deposit of smaller institutions if such certificates of deposit are Federally insured. | | |
| **Indexed and Inverse Floating Obligations** | **Indexed and Inverse Floating Obligations** | **Indexed and Inverse Floating Obligations** |
| MUA may invest in Municipal Bonds (and Non-Municipal Tax-Exempt Securities) yielding a return based on a particular index of value or interest rates. MUA also may invest in so-called inverse floating obligations or residual interest bonds on which the interest rates typically vary inversely with a short-term floating rate (which may be reset periodically by a dutch auction, a remarketing agent, or by reference to a short-term tax-exempt interest rate index). MUA also may purchase synthetically created inverse floating rate bonds evidenced by custodial or trust receipts. | No policy with respect to Indexed and Inverse Floating Obligations. | APX does not have a policy with respect to Indexed and Inverse Floating Obligations. |

| MUA | APX | Comparison |
|---|---|---|
| **Call Rights** | **Call Rights** | **Call Rights** |
| MUA may purchase a Municipal Bond issuer s right to call all or a portion of such Municipal Bond for mandatory tender for purchase (a Call Right ). | No policy with respect to Call Rights. | APX does not have a policy with respect to Call Rights. |
| **Writing Covered Call Options** | **Writing Covered Call Options** | **Writing Covered Call Options** |
| MUA may not write covered call options on underlying securities in an amount exceeding 15% of the market value of its total assets. | Same as MUA | Same |
| **Purchase of Options** | **Purchase of Options** | **Purchase of Options** |
| MUA will not purchase options on securities if, as a result of such purchase, the aggregate cost of all outstanding options on securities held by that Fund would exceed 5% of the market value of the Fund s total assets. | Same as MUA | Same |
| **Distribution Schedule** | **Distribution Schedule** | **Distribution Schedule** |
| Monthly Distributions | Same as MUA | Same |

**Further Information Regarding the Reorganization**

The APX Board has determined that the Reorganization is in the best interests of APX and the shareholders of APX and that the interests of such shareholders will not be diluted as a result of APX s Reorganization. Similarly, the MUA Board has determined that the Reorganization is in the best interests of MUA and its shareholders and that the interests of such shareholders will not be diluted as a result of the Reorganization. As a result of the Reorganization, however, shareholders of each Fund will hold a reduced percentage of ownership in the larger Combined Fund than they did in any of the individual Funds.

The Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. If the Reorganization so qualifies, in general, shareholders of APX will recognize no gain or loss for Federal income tax purposes upon the exchange of their APX common shares for MUA common shares pursuant to the Reorganization. Additionally, APX will recognize no gain or loss for Federal income tax purposes by reason of the Reorganization. Neither MUA nor its shareholders will recognize any gain or loss for Federal income tax purposes pursuant to the Reorganization. It is a condition to the closing of the Reorganization that APX and MUA receive an opinion from Skadden, Arps, Slate, Meagher & Flom LLP ( Skadden Arps ), dated as of the closing date of the Reorganization (the Closing Date ), regarding the characterization of the Reorganization as a reorganization within the meaning of Section 368(a) of the Code.

The APX Board requests that shareholders of APX approve APX s proposed Reorganization at the Special Meeting to be held on Friday, December 17, 2010 at 9:00 a.m. Shareholder approval of the Reorganization requires the affirmative vote of a majority of the votes entitled to be cast on the matter.

For additional information regarding voting requirements, see Voting Information and Requirements.

Investing in the Combined Fund following the Reorganization involves risks. For additional information, see Risk Factors and Special Considerations.

The APX Board recommends that shareholders of APX vote **FOR** the Reorganization.

**PROPOSAL 2: ISSUANCE OF MUA COMMON SHARES**

In connection with the proposed Reorganization described under Proposal 1: The Reorganization of MUA and APX, MUA will issue additional MUA common shares and list them for trading on the NYSE. All other things being equal, the Reorganization will result in no reduction of the net asset value of MUA common shares, other than to reflect the costs of the Reorganization.

No gain or loss for Federal income tax purposes will be recognized by MUA or its shareholders pursuant to the Reorganization. The MUA Board, based upon its evaluation of all relevant information, anticipates that the Reorganization will benefit shareholders of MUA. In particular, the MUA Board reviewed data presented by the Investment Advisor showing that MUA will experience a reduced Total Expense Ratio as a result of the proposed Reorganization. If the Reorganization is approved, the Combined Fund will maintain MUA s lower management fee rate of 0.55% of MUA s average daily total assets.

The MUA Board requests that shareholders of MUA approve the issuance of additional MUA common shares in connection with the Reorganization (the Issuance ) at the Special Meeting to be held on Friday, December 17, 2010 at 9:00 a.m. The affirmative vote of shareholders representing at least a majority of votes cast on a proposal, provided that the total votes cast on the proposal represents over 50% in interest of all securities entitled to vote on the proposal, is required to approve the issuance of additional common shares for the Reorganization. Subject to the requisite approval of the shareholders of each Fund with regard to the Reorganization, it is expected that the Closing Date will be sometime during the first quarter 2011. For additional information regarding voting requirements, see Voting Information and Requirements.

Investing in the Combined Fund following the Reorganization involves risks. For additional information, see Risk Factors and Special Considerations.

The MUA Board recommends that shareholders of MUA vote **FOR** the issuance of additional MUA common shares in connection with the Reorganization.

**PROPOSALS 3 AND 4: REMOVAL OF THE FUNDS FUNDAMENTAL LEVERAGE RESTRICTIONS**

Each Fund currently has a fundamental investment restriction that provides that such Fund may not issue senior securities or borrow amounts in excess of 5% of its total assets taken at market value (the Current Leverage Policy ). These policies are referred to as fundamental and cannot be amended without the approval of the Fund s shareholders. The Boards of the Funds have reviewed the Current Leverage Policy and believe such policy is unduly restrictive and should be removed. The shareholders of each Fund are being asked to approve a proposal to remove their respective Fund s fundamental investment restriction restricting such Fund from issuing senior securities or borrowing amounts in excess of 5% of its total assets taken at market value (each, a Policy Amendment and collectively, the Policy Amendments ). If the Policy Amendments are approved by shareholders, each Fund may use leverage up to the maximum amount permitted under the 1940 Act without further shareholder approval, which means each Fund may use economic leverage treated as a senior security under the 1940 Act in an amount up to 50% of its total assets through the issuance of preferred stock and debt securities. Each Fund may also use tender option bonds that create economic leverage for such Fund but are not treated as senior securities under the 1940 Act, which means each Fund could use economic leverage in excess of 50% of its total assets without shareholder approval, although it has no current intention of doing so. See Investment Objectives and Policies Tender Option Bonds and Risk Factors and Special Considerations Tender Option Bond Risk for additional information about tender option bonds.

The Boards have authorized the Funds to use economic leverage up to 25% of their respective total assets, subject to shareholder approval of the Policy Amendments. Each Fund currently intends to use economic leverage approximately equal to 15% of its total assets at the time the leverage is implemented, but may use economic leverage up to 25% of its total assets under the new leverage policy set by the Board without further Board or shareholder approval. The Board of each Fund could in the future authorize its respective Fund to use additional leverage up to the maximum amount permitted under the 1940 Act or change the 25% threshold at which Board approval is required to increase leverage, in each case without further shareholder approval.

Under the 1940 Act, a Fund is not permitted to issue senior securities if, immediately after such borrowing, the Fund would have an asset coverage ratio (as defined in the 1940 Act) of less than 300% with respect to indebtedness or less than 200% with respect to preferred stock. The 1940 Act also provides that a Fund may not declare distributions, or purchase its stock (including through tender offers), if immediately after doing so it will have an asset coverage ratio of less than 300% or 200%, as applicable. Under the 1940 Act, certain short-term borrowings (such as for cash management purposes) are not subject to these limitations if (i) repaid within 60 days, (ii) not extended or renewed, and (iii) which are not in excess of 5% of the total assets of a Fund.

The Reorganization is not contingent upon the approval of any Policy Amendments.

The Boards of the Funds anticipate that the new leverage policy would benefit the Funds shareholders. The new leverage policy could provide the Advisors with the flexibility to manage each Fund more effectively in the future, to respond to changing market conditions and new investment opportunities and to generate additional income for each Fund s shareholders. As a non-fundamental policy, the amounts of leverage incurred by a Fund can be changed without prior notice or shareholder approval up to the maximum amount of the leverage permitted under the 1940 Act. Approval of a Fund s Policy Amendment is not contingent upon the approval of the Reorganization or the Issuance. A Fund s shareholders would have the benefit of the new leverage policy regardless of whether the Reorganization or the Issuance is approved so long as the Fund s Policy Amendment was approved by the Fund s shareholders. In the event a Fund s Policy Amendment is not approved by the Fund s shareholders, the Investment Advisor will continue to manage the Fund under its Current Leverage Policy.

At the Meeting, each Fund s shareholders will be asked to approve its respective Policy Amendment. Each Policy Amendment, if approved, would take effect immediately and the Investment Advisor would begin to add additional leverage until the Fund reaches its leverage target of approximately 15% of its total assets. No assurance can be given at this time as to how long it will take for each Fund to reach its leverage target of approximately 15% of its total assets or that a Fund will be able to use additional leverage to reach such leverage target.

In the event the Reorganization is consummated, shareholders of the Combined Fund, including former shareholders of APX, would be subject to the leverage policy for MUA following the Reorganization. If MUA shareholders do not approve the MUA Policy Amendment, then the Combined Fund would operate under MUA s current leverage policy and shareholders of the Combined Fund, including former shareholders of APX, would not have the benefit of the new leverage policy. In such an event, APX shareholders would not have the benefit of the new leverage policy even if APX shareholders had previously approved the APX Policy Amendment. If MUA shareholders approve the MUA Policy Amendment, then the Combined Fund would operate under the new leverage policy and shareholders of the Combined Fund, including former shareholders of APX, would have the benefit of the new leverage policy. In such an event, APX shareholders would be subject to the new leverage policy even if APX shareholders had not previously approved the APX Policy Amendment. There can be no assurance that MUA shareholders will approve the MUA Policy Amendment.

Each Fund currently utilizes leverage through the use of tender option bonds to seek to enhance the yield and NAV of their common shares. If a Fund s Policy Amendment is approved by the Fund s shareholders, then the Advisors would seek to utilize additional tender option bonds with respect to the Fund. Tender option bond investments generally will provide a Fund with economic benefits in periods of declining short-term interest rates, but expose the Fund to risks during periods of rising short-term interest rates. See Investment Objectives and Policies Tender Option Bonds and Risk Factors and Special Considerations Tender Option Bond Risk for additional information about tender option bonds.

Although the use of leverage by a Fund may create an opportunity for higher total return, it also results in additional risks and costs and can magnify the effect of any losses. The risks associated with leverage will be present to a greater extent if the Fund s Policy Amendment is approved and the Fund uses additional leverage. If the income and gains earned on municipal bonds to which a Fund has exposure through the use of leverage are greater than the payments due on the related short-term floating rate interests, the Fund s returns will be greater than if leverage had not been used. Conversely, if the income and gains from those municipal bonds do not cover the payments due in connection with the leverage used, the return will be less than if the economic leverage had not been used. The Advisors nevertheless may determine to continue to use leverage if it expects that the benefits to a Fund will outweigh the risk of a reduced return. There is no assurance that a Fund s leverage strategy will be successful. See Risk Factors and Special Considerations General Leverage Risk for additional information about the risks associated with the use of leverage.

A Fund utilizing additional leverage would have to pay additional interest expenses associated with such leverage, which would result in higher total annual operating expenses for shareholders. The Investment Advisor s contractual management fee for each Fund is based on a percentage of the Fund s average daily total assets. Thus, a Fund utilizing additional leverage would be subject to management fees on any assets attributable to the additional leverage. While the Investment Advisor s contractual management fee for each Fund as a percentage of its average daily total assets will remain the same regardless of the amount of leverage utilized by the Funds, the Investment Advisor s contractual management fee for each Fund as a percentage of its net assets (as opposed to total assets) is expected to increase as a result of the additional leverage. Assuming the Funds use leverage approximately equal to 15% of their respective total assets, the contractual management fee for APX, MUA and the Combined Fund as a percentage of their respective net assets are expected to increase by 0.09%, 0.07% and 0.07%, respectively, from 0.68%, 0.58% and 0.58% to 0.77%, 0.65% and 0.65%, respectively.

In addition, for the 12-month period ended April 30, 2010, the Adjusted Total Expense Ratios of APX, MUA and the Combined Fund are expected to be 0.21%, 0.20% and 0.20% higher than the Total Expense Ratios of APX, MUA and the Combined Fund, respectively. For the 12-month period ended April 30, 2010, the Adjusted Total Annual Expense Ratios of APX, MUA and the Combined Fund on a pro forma basis would have been 1.05%, 0.91% and 0.90%, respectively, while the Total Annual Expense Ratios of APX, MUA and the Combined Fund on a pro forma basis were 0.84%, 0.71% and 0.70%, respectively (as restated for current fees).

These increased expenses would be born entirely by the common shareholders and the common shareholders would be entitled to all of the increased net earnings, if any, resulting from the increased used of leverage.

The Board of each Fund requests that shareholders of its respective Fund approve the Fund s Policy Amendment at the Special Meeting to be held on Friday, December 17, 2010 at 9:00 a.m. The affirmative vote of a majority of the outstanding voting securities as defined under the 1940 Act (such a majority is referred to herein as a 1940 Act Majority ), which means the affirmative vote of either (i) 67% or more of the voting securities present at the Special Meeting, if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy or (ii) more than 50% of the outstanding voting securities of the Fund, whichever is less, is required to approve the Fund s Policy Amendment. For additional information regarding voting requirements, see Voting Information and Requirements.

The APX Board recommends that shareholders of APX vote **FOR** the APX Policy Amendment.

The MUA Board recommends that shareholders of MUA vote **FOR** the MUA Policy Amendment.

## RISK FACTORS AND SPECIAL CONSIDERATIONS

### Comparison of Risks

The Funds have either the same or substantially similar (but not identical) investment objectives and principal investment strategies. The Combined Fund will be managed in accordance with the same investment objectives and investment policies, and subject to the same risks, as MUA. The investment risks associated with an investment in MUA are substantially the same as those associated with an investment in APX. Risks that affect the common shares of the Funds include interest rate risk, credit risk, leverage risk, high yield risk, tender option bond risk, reinvestment risk, state concentration risk, municipal bond markets risk and non-diversification. In addition, as exchange-traded closed-end funds, each Fund is subject to the risk that the Fund s common stock may trade at a discount from the Fund s net asset value. Accordingly, the Funds are primarily designed for long-term investors and should not be considered a vehicle for trading purposes.

There are, however, some differences between the Funds. The main difference between the investment policies of MUA and APX is the percentage of below investment grade Municipal Bonds each Fund allocates to its respective portfolio. APX is required to allocate a larger portion of its portfolio to below investment grade securities than MUA. MUA is required to invest at least 65% of its total assets in Municipal Bonds that are rated in any one of the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality. APX, however, is required to invest at least 75% of its total assets in Municipal Bonds which are rated in any one of the medium and lower rating categories of a nationally recognized statistical rating organization or are unrated.

See Risk Factors and Special Considerations in the Statement of Additional Information for a further discussion of factors affecting the Funds common shares.

### Risks Related to the Reorganization

### Expenses

While the Funds currently estimate that the Reorganization will result in reduced aggregate expenses of the Funds by approximately $272,926 per year if the Reorganization is completed, the realization of these reduced expenses may take longer than expected to be realized or may not be realized at all. After the Reorganization, the Combined Fund is expected to (1) incur lower Total Expenses on a per common share basis than is currently incurred by each Fund and (2) incur lower Adjusted Total Expenses on a per common share basis than what would have been incurred by each Fund had the new leverage policy been in effect. However, the Combined Fund may incur higher Total Expenses and higher Adjusted Total Expenses for a period due to expenses associated with the Reorganization prior to experiencing such savings or may never experience such savings if its fixed costs were to increase or the value of its assets were to decrease.

The Board of each Fund believes that its Fund s shareholders should realize (1) lower Total Expense Ratios and (2) lower Adjusted Total Expense Ratios after the Reorganization than they would realize if the Reorganization did not occur after the expenses associated with the Reorganization have been paid. For the 12-month period ended April 30, 2010, the Total Expense Ratios of APX and MUA were 0.84% and 0.71%, respectively (as restated for current fees). The Funds estimate that the completion of the Reorganization would result in a Total Expense Ratio for the Combined Fund of 0.70% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Total Expense Ratio of 0.14% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

Assuming shareholders of each Fund approve its Policy Amendment, each Fund intends to utilize leverage in an amount approximately equal to 15% of its total assets regardless of whether the Reorganization is consummated. For the 12-month period ended April 30, 2010, the Adjusted Total Expense Ratios for APX and MUA were 1.05% and 0.91%, respectively. The Funds estimate that the completion of the Reorganization would result in an Adjusted Total Expense Ratio for the Combined Fund of 0.90% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Adjusted Total Expense Ratio of 0.15% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares. Adjusted Total Expense Ratio means a Fund s estimated total annual operating expenses (assuming the Fund s Policy Amendment had been approved by shareholders and the Fund had utilized leverage approximately equal to 15% of its total assets) expressed as a percentage of its average net assets attributable to its common shares.

There can be no assurance that future expenses will not increase or that any expense savings will be realized.

Each Fund has incurred expenses related to the Reorganization. APX and MUA will bear expenses incurred in connection with the Reorganization, including, but not limited to, costs related to the preparation and distribution of materials distributed to each Fund s Board, expenses incurred in connection with the preparation of the Reorganization Agreement and the registration statement on Form N-14, the printing and distribution of this Joint Proxy Statement/Prospectus and any other materials required to be distributed to shareholders, SEC and state securities commission filing fees and legal and audit fees in connection with the Reorganization, legal fees incurred preparing each Fund s Board materials, attending each Fund s Board meetings and preparing the minutes, auditing fees associated with each Fund s financial statements, stock exchange fees, transfer agency fees, portfolio transfer taxes (if any) and any similar expenses incurred in connection with the Reorganization, which will be borne directly by the respective Fund incurring the expense or allocated evenly between the Funds. Because the Funds have already incurred expenses solely and directly attributable to the Reorganization and because each Fund (and not the Investment Advisor) is responsible for paying those expenses, if a Fund s respective shareholders do not approve their Fund s respective Reorganization, such Fund will continue to be responsible for the expenses arising from its proposed Reorganization even though its proposed Reorganization will not occur and those expenses may be material. Neither the Funds nor the Advisors will pay any expenses of shareholders arising out of or in connection with the Reorganization.

**General Risks of Investing in the Funds**

*Investment and Market Discount Risk.* An investment in a Fund s common shares is subject to investment risk, including the possible loss of the entire amount that you invest. As with any stock, the price of a Fund s common shares will fluctuate with market conditions and other factors. If shares are sold, the price received may be more or less than the original investment. Common shares are designed for long-term investors and should not be treated as trading vehicles. Shares of closed-end management investment companies frequently trade at a discount from their net asset value. At any point in time an investment in a Fund s common shares may be worth less than the original amount invested, even after taking into account distributions paid by the Fund. Each Fund uses leverage, which will magnify the Fund s investment, market and certain other risks.

*Market Risk and Selection Risk.* Market risk is the possibility that the market values of securities owned by a Fund will decline. There is a risk that the bond market will go down in value, including the possibility that the market will go down sharply and unpredictably. The prices of debt securities tend to fall as interest rates rise, and such declines tend to be greater among debt securities with longer maturities. Market risk is often greater among certain types of debt securities, such as zero coupon bonds which do not make regular interest payments but are instead bought at a discount to their face values and paid in full upon maturity. As interest rates change, these securities often fluctuate more in price than securities that make regular interest payments and therefore subject a Fund to greater market risk than a fund that does not own these types of securities. When-issued and delayed delivery transactions are subject to changes in market conditions from the time of the commitment until settlement. This may adversely affect the prices or yields of the securities being purchased. The greater a Fund s outstanding commitments for these securities, the greater the Fund s exposure to market price fluctuations. Selection risk is the risk that the securities that a Fund s management selects will underperform the bond market, the market relevant indices, or other funds with similar investment objectives and investment strategies.

*Interest Rate Risk*. Generally, when market interest rates rise, prices of debt securities fall, and vice versa. Interest rate risk is the risk that the debt securities in a Fund s portfolio will decline in value because of increases in market interest rates. As interest rates increase, slower than expected principal payments may extend the average life of securities, potentially locking in a below-market interest rate and reducing a Fund s value. In typical market interest rate environments, the prices of longer-term debt securities generally fluctuate more than the prices of shorter-term debt securities as interest rates change. These risks may be greater in the current market environment because certain interest rates are near historically low levels. As interest rates decline, issuers of Municipal Bonds that have the right to call those securities may prepay principal earlier than scheduled, forcing a Fund to reinvest in lower-yielding securities and potentially reducing the Fund s income. The Funds may utilize certain strategies, including taking positions in futures and options for the purpose of reducing the interest rate sensitivity of the Funds debt securities and decreasing the Funds exposure to interest rate risk. The Funds are not required to hedge their exposure to interest rate risk and may choose not to do so. In addition, there is no assurance that any attempts by the Funds to reduce interest rate risk will be successful.

*Credit Risk*. Credit risk is the risk that an issuer of a Municipal Bond will become unable to meet its obligation to make interest and principal payments. 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 net asset value or dividends. Because each Fund invests primarily in lower rated Municipal Bonds, each Fund is more subject to credit risk than a fund that invests primarily in investment grade Municipal Bonds. See High Yield Risk.

*High Yield Risk*. MUA invests at least 65% of its total assets in Municipal Bonds that are rated in any one of the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality. APX invests at least 75% of its total assets in Municipal Bonds which are rated in any one of the medium and lower rating categories of a nationally recognized statistical rating organization or are unrated. As of July 31, 2010, (i) the approximate amount invested in Municipal Bonds rated in the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality, as a percentage of total assets for MUA and APX was 75.84% and 77.56%, respectively, and (ii) the approximate amount invested in below investment grade Municipal Bonds as a percentage of total assets for MUA and APX was 44.85% and 47.48%, respectively. If the Reorganization was completed as of July 31, 2010, then (i) the approximate amount invested in Municipal Bonds rated in the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality, as a percentage of total assets for the Combined Fund would have been 76.54% and (ii) the approximate amount invested in below investment grade Municipal Bonds as a percentage of total assets for the Combined Fund would have been 45.92%.

Bonds of below investment grade quality ( Ba/BB or below) are regarded as having predominantly speculative characteristics with respect to the issuer s capacity to pay interest and repay principal, and are commonly referred to as junk bonds. The value of high yield, lower quality bonds is affected by the creditworthiness of the issuers of the securities and by general economic and specific industry conditions. Issuers of high yield bonds are not as strong financially as those with higher credit ratings. These issuers are more vulnerable to financial setbacks and recession than more creditworthy issuers, which may impair their ability to make interest and principal payments. Lower grade securities may be particularly susceptible to economic downturns. It is likely that an economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Lower grade securities, though high yielding, are characterized by high risk. These securities are subject to a greater risk of default. They may be subject to certain risks with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated securities. The retail secondary market for lower grade securities may be less liquid than that of higher rated securities; adverse conditions could make it difficult at times for the Fund to sell certain securities or could result in lower prices than those used in calculating the Fund s net asset value. Because of the substantial risks associated with lower grade securities, you could lose money on your investment in common shares of a Fund, both in the short term and the long term.

The prices of debt securities generally are inversely related to interest rate changes; however, the price volatility caused by fluctuating interest rates of securities also is inversely related to the coupons of such securities. Accordingly, below investment grade securities may be relatively less sensitive to interest rate changes than higher quality securities of comparable maturity because of their higher coupon. This higher coupon is what the investor receives in return for bearing greater credit risk. The higher credit risk associated with below investment grade securities potentially can have a greater effect on the value of such securities than may be the case with higher quality issues of comparable maturity.

The ratings of Moody s, S&P and other rating agencies represent their opinions as to the quality of the obligations which they undertake to rate. Ratings are relative and subjective and, although ratings may be useful in evaluating the safety of interest and principal payments, they do not evaluate the market value risk of such obligations. Although these ratings may be an initial criterion for selection of portfolio investments, the Advisors also will independently evaluate these securities and the ability for the issuers of such securities to pay interest and principal. To the extent that the Fund invests in lower grade securities that have not been rated by a rating agency, the Fund s ability to achieve its investment objectives will be more dependent on the Advisors credit analysis than would be the case when the Fund invests in rated securities.

*Municipal Bond Market Risk*. Economic exposure to the municipal bond market involves certain risks. A Fund s economic exposure to Municipal Bonds includes Municipal Bonds in the Fund s portfolio and Municipal Bonds to which the Fund is exposed through the ownership of residual interest municipal tender option bonds. The municipal market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital, and during the recent market turmoil these firms capital was severely constrained. As a result, some firms were unwilling to commit their capital to purchase and to serve as a dealer for Municipal Bonds. Certain Municipal Bonds may not be registered with the SEC or any state securities commission and will not be listed on any national securities exchange. The amount of public information available about the Municipal Bonds to which a Fund is economically exposed is generally less than that for corporate equities or bonds, and the investment performance of the Fund may therefore be more dependent on the analytical abilities of the Advisors than would be a stock fund or taxable bond fund. The secondary market for Municipal Bonds, particularly the below investment grade bonds to which a Fund may be economically exposed, also tends to be less well-developed or liquid than many other securities markets, which may adversely affect the ability to sell such bonds at attractive prices or at prices approximating those at which the Fund currently values them.

In addition, many state and municipal governments that issue securities are under significant economic and financial stress and may not be able to satisfy their obligations. 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. The taxing power of any governmental entity may be limited by provisions of state constitutions or laws and an entity s credit will depend on many factors, including the entity s tax base, the extent to which the entity relies on federal or state aid, and other factors which are beyond the entity s control. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipalities to levy taxes. Issuers of Municipal Bonds might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, holders of Municipal Bonds could experience delays in collecting principal and interest and such holders may not, in all circumstances, be able to collect all principal and interest to which they are entitled. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, a 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.

Revenue bonds issued by state or local agencies to finance the development of low-income, multi-family housing involve special risks in addition to those associated with Municipal Bonds generally, including that the underlying properties may not generate sufficient income to pay expenses and interest costs. Such bonds are generally non-recourse against the property owner, may be junior to the rights of others with an interest in the properties, may pay interest that changes based in part on the financial performance of the property, may be prepayable without penalty and may be used to finance the construction of housing developments which, until completed and rented, do not generate income to pay interest. Increases in interest rates payable on senior obligations may make it more difficult for issuers to meet payment obligations on subordinated bonds.

Municipal leases and certificates of participation involve special risks not normally associated with general obligations or revenue bonds. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipments without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of non-appropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event that the governmental issuer is prevented from maintaining occupancy of the lease premises or utilizing the leased equipment. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and may result in a delay in recovering or the failure to fully recover ownership of the assets.

Certificates of participation, which represent interests in unmanaged pools of municipal leases or installment contracts, involve the same risks as the underlying municipal leases. In addition, the Fund may be dependent upon the municipal authority issuing the certificate of participation to exercise remedies with respect to the underlying securities. Certificates of participation also entail a risk of default or bankruptcy, both of the issuer of the municipal lease and also the municipal agency issuing the certificate of participation.

*General Leverage Risk*. Each Fund currently has a fundamental policy that provides that such Fund may not issue senior securities or borrow amounts in excess of 5% of its total assets taken at market value. The Fund s currently leverage their assets through tender option bonds ( TOBs ), which does not exceed 5% of each Fund s total assets. See table below for details regarding the following: (1) each Fund s total economic leverage as a percentage of its total assets as of July 31, 2010 without giving effect to the potential for increased leverage if the Policy Amendments are approved; (2) the Combined Fund s total economic leverage on a pro forma basis as a percentage of its total assets assuming the Reorganization is consummated as of July 31, 2010 and without giving effect to the potential for increased leverage if the Policy Amendments are approved; and (3) the proposed total economic leverage as a percentage of its total assets of each Fund and the Combined Fund assuming the Funds Policy Amendments are approved.

| Fund | Total Economic Leverage As a % of Total Assets (Current Leverage Policy) | Total Economic Leverage As a % of Total Assets (Proposed Leverage Policy) |
|---|---|---|
| MUA | 3.83% | 15.00% |
| APX | 3.77% | 15.00% |
| Combined Fund | 3.81% | 15.00% |

See Comparison of the Funds Leverage for additional detail regarding each Fund s use of leverage.

The Boards of the Funds have reviewed the Current Leverage Policy and believe such policy is unduly restrictive and should be removed. If the Policy Amendments are approved by shareholders, each Fund may use leverage up to the maximum amount permitted under the 1940 Act without further shareholder approval, which means each Fund may use economic leverage treated as a senior security under the 1940 Act in an amount up to 50% of its total assets through the issuance of preferred stock and debt securities. Each Fund may also use tender option bonds that create economic leverage for such Fund but are not treated as senior securities under the 1940 Act, which means each Fund could use economic leverage in excess of 50% of its total assets without shareholder approval, although it has no current intention of doing so. See Investment Objectives and Policies Tender Option Bonds and Risk Factors and Special Considerations Tender Option Bond Risk for additional information about tender option bonds.

The Boards have authorized the Funds to use economic leverage up to 25% of their respective total assets, subject to shareholder approval of the Policy Amendments. Each Fund currently intends to use economic leverage approximately equal to 15% of its total assets at the time the leverage is implemented, but may use economic leverage up to 25% of its total assets under the new leverage policy set by the Board without further Board or shareholder approval. The Board of each Fund could in the future authorize its respective Fund to use additional leverage up to the maximum amount permitted under the 1940 Act or change the 25% threshold at which Board approval is required to increase leverage, in each case without further shareholder approval. See Tender Option Bond Risk for details about the risks associated with TOBs.

In the event the Reorganization is consummated, shareholders of the Combined Fund, including former shareholders of APX, would be subject to the leverage policy for MUA following the Reorganization. If MUA shareholders do not approve the MUA Policy Amendment, then the Combined Fund would operate under MUA s current leverage policy and shareholders of the Combined Fund, including former shareholders of APX, would not have the benefit of the new leverage policy. In such an event, APX shareholders would not have the benefit of the new leverage policy even if APX shareholders had previously approved the APX Policy Amendment. If MUA shareholders approve the MUA Policy Amendment, then the Combined Fund would operate under the new leverage policy and shareholders of the Combined Fund, including former shareholders of APX, would have the benefit of the new leverage policy. In such an event, APX shareholders would be subject to the new leverage policy even if APX shareholders had not previously approved the APX Policy Amendment. There can be no assurance that MUA shareholders will approve the MUA Policy Amendment.

The use of leverage creates an opportunity for increased common share net investment income dividends, but also creates risks for the holders of common shares. Leverage is a speculative technique that exposes a Fund to greater risk and increased costs than if it were not implemented. Increases and decreases in the value of the Fund s portfolio will be magnified when the Fund uses leverage. As a result, leverage may cause greater changes in the Fund s net asset value. A Fund will also have to pay interest on its borrowings, if any, which may reduce the Fund s return. This interest expense may be greater than the Fund s return on the underlying investment. If the income and gains earned on Municipal Bonds to which a Fund has exposure through the use of leverage are greater than the payments due on the related short-term floating rate interests, the Fund s returns will be greater than if leverage had not been used. Conversely, if the income and gains from those Municipal Bonds do not cover the payments due in connection with the leverage used, the return will be less than if the economic leverage had not been used. BlackRock nevertheless may determine to continue to use leverage if it expects that the benefits to a Fund s shareholders will outweigh the risk of a reduced return.

There is no assurance that a Fund s leverage strategy will be successful. Leverage involves risks and special considerations for common shareholders, including:

- the likelihood of greater volatility of net asset value, market price and dividend rate of the common shares than a comparable portfolio without leverage;

- the risk that fluctuations in interest rates on borrowings and short-term debt or in the interest or dividend rates on any leverage that a Fund must pay will reduce the return to the common shareholders;

- the effect of leverage in a declining market, which is likely to cause a greater decline in the net asset value of the common shares than if a Fund was not leveraged, which may result in a greater decline in the market price of the common shares;

- when a Fund uses financial leverage, the investment advisory fees payable to the Advisors will be higher than if the Fund did not use leverage; and

- leverage may increase operating costs, which may reduce total return.

The risks and costs associated with leverage will be present to a greater extent if a Fund s Policy Amendment is approved and the Fund uses additional leverage.

While a Fund may from time to time consider reducing leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased volatility of current income and net asset value associated with leverage, there can be no assurance that the Fund will actually reduce leverage in the future or that any reduction, if undertaken, will benefit the holders of common shares. Changes in the future direction of interest rates are very difficult to predict accurately. If a Fund were to reduce leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction in leverage would likely operate to reduce the income and/or total returns to holders of common shares relative to the circumstance where the Fund had not reduced leverage. A Fund may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and share price if the prediction were to turn out to be correct, and determine not to reduce leverage as described above.

A Fund may invest in the securities of other investment companies. Such securities may also be leveraged and will therefore be subject to the leverage risks described above. This additional leverage may in certain market conditions reduce the net asset value of a Fund s common shares and the returns to the holders of common shares.

*Tender Option Bond Risk*. As noted above, the Funds currently utilize leverage through the use of TOBs. Residual interest municipal tender option bonds ( TOBs Residuals ) are derivative municipal securities that have embedded in them the risk of economic leverage. There is no assurance that a Fund s strategy of using TOBs Residuals to leverage its assets will be successful.

Distributions on TOBs Residuals will bear an inverse relationship to short-term Municipal Bond interest rates. Distributions on the TOBs Residuals paid to a Fund will be reduced or, in the extreme, eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. The amount of such reduction or increase is a function, in part, of the amount of short-term floating rate certificates ( TOBs Floaters ) sold by the issuer of these securities relative to the amount of the TOBs Residuals that it sells. The greater the amount of TOBs Floaters sold relative to the TOBs Residuals, the more volatile the distributions on the TOBs Residuals will be. Short-term interest rates are at historic lows and may be more likely to rise in the current market environment.

The Funds use of TOBs Residuals will create economic leverage. Any economic leverage achieved through a Fund s investment in TOBs Residuals will create an opportunity for increased common share net income and returns, but will also create the possibility that common share long-term returns will be diminished if the cost of the TOBs Floaters issued by a tender option bond trusts (each, a TOBs Issuer ) exceeds the return on the securities in the TOBs Issuer. See General Leverage Risk. If the income and gains earned on municipal securities owned by a TOBs Issuer that issues TOBs Residuals to a Fund are greater than the payments due on the TOBs Floaters issued by the TOBs Issuer, the Fund s returns will be greater than if it had not invested in the TOBs Residual.

Although a Fund generally would unwind a TOBs transaction rather than try to sell a TOBs Residual, if it did try to sell a TOBs Residual its ability to do so would depend on the liquidity of the TOBs Residual. TOBs Residuals have varying degrees of liquidity based, among other things, upon the liquidity of the underlying securities deposited in the TOBs Issuer. The market price of TOBs Residuals are more volatile than the underlying securities due to leverage. The leverage attributable to TOBs Residuals may be called away on relatively short notice and therefore may be less permanent than more traditional forms of leverage. In certain circumstances, the likelihood of an increase in the volatility of net asset value and market price of the common shares may be greater for a fund that relies primarily on TOBs Residuals to achieve a desired effective leverage ratio. If a Fund desires to retain the Municipal Funds transferred to a TOBs Issuer, the Fund may be required to sell its TOBs Residuals at less than favorable prices, or liquidate other Fund portfolio holdings in certain circumstances, including, but not limited to, the following:

- If the Fund has a need for cash and the securities in the TOBs Issuer are not actively trading due to adverse market conditions;

- If the sponsors of TOBs Issuers (as a collective group or individually) experience financial hardship and consequently seek to terminate TOBs Issuers sponsored by them; and

- If the value of an underlying security declines significantly and if additional collateral has not been posted by the Fund.

The use of TOBs Residuals requires a Fund to segregate assets to cover its obligations. While the segregated assets may be invested in liquid securities, they may not be used for other operational purposes. Consequently, the use of leverage may limit Fund s flexibility and may require that the Fund sell other portfolio investments to pay Fund expenses, to maintain assets in an amount sufficient to cover the Fund s leveraged exposure or to meet other obligations at a time when it may be disadvantageous to sell such assets.

*Volatility Risk*. The use of leverage by a Fund will cause the net asset value, and possibly the market price, of the Fund s common shares to fluctuate significantly in response to changes in interest rates and other economic indicators. In addition, a Fund may invest a significant portion of its total assets in non-investment grade Municipal Bonds, which may be less liquid and therefore more volatile than investment grade Municipal Bonds. As a result, the net asset value and market price of the common shares of a Fund will be more volatile than those of a closed-end investment company that is not exposed to leverage or that does not invest such a significant amount of its assets in non-investment grade Municipal Bonds.

*Non-Diversification Risk*. Each Fund has registered as a non-diversified investment company under the 1940 Act. This means that each Fund may invest a greater percentage of its assets in the obligations of a single issuer than a diversified investment company. Since a Fund may invest a relatively high percentage of its assets in a limited number of issuers, the Fund may be more exposed to any single economic, political or regulatory occurrence than a more widely diversified fund. Even as a non-diversified fund, however, each Fund s investments will be limited so as to qualify the Fund as a regulated investment company for purposes of Federal tax laws. Requirements for qualification include limiting its investments so that, at the close of each quarter of the taxable year, (i) not more than 25% of the market value of the Fund s total assets will be invested in (A) the securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies), (B) the securities of two or more issuers (other than securities of other regulated investment companies) controlled by the Fund and engaged in the same, similar or related trades or businesses or (C) the securities of one or more qualified publicly traded partnerships and (ii) with respect to 50% of the market value of its total assets, not more than 5% of the market value of its total assets will be invested in the securities of a single issuer and the Fund will not own more than 10% of the outstanding voting securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies).

*Alternative Minimum Tax Risk.* Each Fund expects that a portion of the interest or income it produces will be includable in alternative minimum taxable income. Exempt-interest dividends may also be subject to state and local income taxes. The Fund may invest in certain tax-exempt securities classified as private activity bonds. These bonds may subject certain investors in the Fund to the federal alternative minimum tax. The Funds may not be a suitable investment for investors subject to the Federal alternative minimum tax or who would become subject to such tax by investing in the Funds. The suitability of an investment in common shares will depend upon a comparison of the after-tax yield likely to be provided from a Fund with that from comparable tax-exempt investments not subject to the alternative minimum tax, and from comparable fully taxable investments, in light of each such investor s tax position. Special considerations apply to corporate investors.

*Market Disruption and Geopolitical Risk*. The aftermath of the war in Iraq, instability in Afghanistan, Pakistan and the Middle East and terrorist attacks in the United States and around the world and other similar events may result in market volatility, may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. The Funds do not know how long the securities markets may be affected by these events and cannot predict the effects of the occupation or similar events in the future on the U.S. economy and securities markets.

*Current Economic Conditions Credit Crisis Liquidity and Volatility Risk*. The markets for credit instruments have experienced periods of extreme illiquidity and volatility since the latter half of 2007. General market uncertainty and consequent repricing risk have led to market imbalances of sellers and buyers, which in turn have resulted in significant valuation uncertainties in a variety of debt securities, including Municipal Bonds. These conditions resulted in, and in many cases continue to result in, greater volatility, less liquidity, widening credit spreads and a lack of price transparency, with many debt securities remaining illiquid and of uncertain value. Such market conditions may make valuation of some of the Funds Municipal Bonds uncertain and/or result in sudden and significant valuation increases or declines in its holdings. Also, issuers of Municipal Bonds might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, holders of Municipal Bonds could experience delays in collecting principal and interest and such holders may not, in all circumstances, be able to collect all principal and interest to which they are entitled. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, a 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. In addition, illiquidity and volatility in the credit markets may directly and adversely affect the setting of dividend rates on the common shares.

In response to the recent national economic downturn, governmental cost burdens may be reallocated among federal, state and local governments. Also, as a result of the downturn, many state and local governments have experienced significant reductions in revenues and consequently difficulties meeting ongoing expenses. As a result, certain of these state and local governments may have difficulty paying principal or interest on their outstanding debt and may experience ratings downgrades of their debt. In addition, municipalities might seek protection under the bankruptcy laws, thereby affecting the repayment of their outstanding debt.

*Legislation Risk*. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ), which was signed into law in July 2010, is expected to result in a significant revision of the U.S. financial regulatory framework. The Dodd-Frank Act significantly revises and expands the rulemaking, supervisory and enforcement authority of federal bank, securities and commodities regulators. The Dodd-Frank Act, among other things, grants regulatory authorities such as the Commodity Futures Trading Commission and SEC broad rulemaking authority to implement various provisions of the Dodd-Frank Act including comprehensive regulation of the over-the-counter derivatives market. It is unclear how these regulators will exercise these revised and expanded powers and whether they will undertake rulemaking, supervisory or enforcement actions that would adversely affect the Funds or investments made by the Funds. Possible regulatory actions taken under these revised and expanded powers may include actions related to financial consumer protection, proprietary trading and derivatives. There can be no assurance that future regulatory actions authorized by the Dodd-Frank Act will not have a material adverse effect on a Fund or will not impair the ability of the Fund to achieve its investment objective.

The ultimate impact of the Dodd-Frank Act, and any resulting regulation, is not yet certain and a Fund and issuers of securities in which the Fund invests may be affected by the new legislation and regulation in ways that are currently unknown, unanticipated or unforeseeable. The regulation of various types of derivative instruments pursuant to the Dodd-Frank Act may adversely affect a Fund as well as issuers of securities in which the Fund invests that utilize derivatives strategies for hedging or other purposes. The implementation of the Dodd-Frank

Act could also adversely affect a Fund by increasing transaction and/or regulatory compliance costs. In addition, greater regulatory scrutiny may increase a Fund s and the Investment Advisor s exposure to potential liabilities. Increased regulatory oversight could also impose administrative burdens on a Fund and the Investment Advisor, including, without limitation, responding to investigations and implementing new policies and procedures. Any of these developments could reduce the profitability of a Fund by exposing it to additional costs, taxes, liabilities, enforcement actions and reputational risk.

At any time after the date of this Joint Proxy Statement/Prospectus, legislation may be enacted that could negatively affect the assets of a Fund or the issuers of such assets. Changing approaches to regulation may have a negative impact on the entities in which a Fund invests. Legislation or regulation may also change the way in which a Fund itself is regulated. There can be no assurance that future legislation, regulation or deregulation will not have a material adverse effect on a Fund or will not impair the ability of the Fund to achieve its investment objective.

*Portfolio Turnover Risk*. A Fund s annual portfolio turnover rate may vary greatly from year to year. Portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for a Fund. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by a Fund. High portfolio turnover may result in an increased realization of net short-term capital gains by a Fund which, when distributed to common shareholders, will be taxable as ordinary income. Additionally, in a declining market, portfolio turnover may create realized capital losses.

*Antitakeover Provisions*. Each Fund s charter, bylaws and the Maryland General Corporation Law include provisions that could limit the ability of other entities or persons to acquire control of such Fund or to change the composition of its Board. Such provisions could limit the ability of shareholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of a Fund. See Certain Provisions of the Charter.

## EXPENSE TABLE FOR SHAREHOLDERS

**Total Expenses Table for Shareholders of the Funds as of April 30, 2010**

**(Assumes No Change in Leverage)**

The table below illustrates the anticipated reduction in Total Expenses expected as a result of the Reorganization. When we use the term Total Expenses, we mean a Fund s total annual operating expenses including interest expenses associated with such Fund s investments in tender option bonds without giving effect to the potential for increased leverage if the Policy Amendments are approved. When we use the term Total Expense Ratio, we mean a Fund s Total Expenses expressed as a percentage of its average net assets attributable to its common shares. The table sets forth (i) the Total Expenses paid by each Fund for the 12-month period ended April 30, 2010 and (ii) the pro forma Total Expenses for the Combined Fund, assuming the Reorganization had taken place on April 30, 2010. As shown below, the Reorganization of APX into MUA is expected to result in a lower Total Expense Ratio for shareholders of each Fund for the period covered.

| | APX | MUA | Pro Forma Combined Fund[a] |
|---|---|---|---|
| **Shareholder Transaction Expenses** | | | |
| Maximum Sales Load (as a percentage of the offering price) imposed on purchases of common shares[b] | None | None | None |
| Dividend Reinvestment and Cash Purchase Plan Fees | None | None | None |
| **Annual Total Expenses (as a percentage of average net assets attributable to common shares)** | | | |
| Investment Management Fees[c] | 0.68% | 0.58% | 0.58% |
| Other Expenses | 0.12% | 0.09%[d] | 0.08% |
| Interest Expense | 0.04% | 0.04% | 0.04% |
| Total Expenses | 0.84% | 0.71% | 0.70% |

(a) Assumes the Reorganization had taken place on April 30, 2010.

(b) No sales load will be charged in connection with the issuance of MUA s common shares as part of the Reorganization. Common shares are not available for purchase from the Funds but may be purchased on the NYSE through a broker-dealer subject to individually negotiated commission rates. Common shares purchased in the secondary market may be subject to brokerage commissions or other charges.

(c) The Investment Advisor s contractual management fee for each Fund as a percentage of its average daily total assets (i.e., the average daily value of the Fund s total assets, including any assets attributable to money borrowed for investment purposes, minus the sum of the Fund s accrued liabilities, excluding money borrowed for investment purposes) and average common net assets is indicated in the table below.

| As a percentage of | APX | MUA | Pro Forma Combined Fund |
|---|---|---|---|
| Total Assets | 0.65% | 0.55% | 0.55% |
| Common Net Assets | 0.68% | 0.58% | 0.58% |

(d) Other Expenses have been restated to reflect current fees.

The following example is intended to help you compare the costs of investing in the common shares of the Combined Fund pro forma if the Reorganization is completed with the costs of investing in APX and MUA without the Reorganization, in each case without giving effect to the Fund s Policy Amendment. An investor in common shares would pay the following expenses on a $1,000 investment, assuming (1) the Total Expense Ratio for each Fund set forth in the table above and (2) a 5% annual return throughout the period:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| APX | $ 9 | $ 27 | $ 47 | $ 104 |
| MUA | $ 7 | $ 23 | $ 40 | $ 88 |
| Pro Forma Combined Fund | $ 7 | $ 22 | $ 39 | $ 87 |

The example set forth above assume common shares of each Fund were owned as of the completion of the Reorganization and the reinvestment of all dividends and distributions and uses a 5% annual rate of return as mandated by SEC regulations. The examples 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 examples.

MUA and APX will bear expenses incurred in connection with the Reorganization that are not reflected in Other Expenses, including, but not limited to, costs related to the preparation and distribution of materials distributed to each Fund s Board, expenses incurred in connection with the preparation of the Reorganization Agreement and the registration statement on Form N-14, the printing and distribution of this Joint Proxy Statement/Prospectus and any other materials required to be distributed to shareholders, SEC and state securities commission filing fees and legal and audit fees in connection with the Reorganization, legal fees incurred preparing each Fund s Board materials, attending each Fund s Board meetings and preparing the minutes, auditing fees associated with each Fund s financial statements, stock exchange fees, transfer agency fees, portfolio transfer taxes (if any) and any similar expenses incurred in connection with the Reorganization, which will be borne directly by the respective Fund incurring the expense or allocated evenly between the Funds. Such expenses are estimated to be $421,819 in the aggregate, of which $216,405 is estimated to be attributable to MUA and $205,414 is estimated to be attributable to APX. Neither the Funds nor the Advisors will pay any expenses of shareholders arising out of or in connection with the Reorganization.

**REASONS FOR THE REORGANIZATION**

The factors considered by the Boards with regard to the Reorganization include, but are not limited to, the following:

1. The Combined Fund is expected to have a lower total expense ratio than that of each Fund prior to the Reorganization.

The Funds estimate that the completion of the Reorganization would result in a Total Expense Ratio for the Combined Fund of 0.70% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Total Expense Ratio of 0.14% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

The Funds estimate that the completion of the Reorganization would result in a Adjusted Total Expense Ratio for the Combined Fund of 0.90% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Total Expense Ratio of 0.15% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

2. APX Shareholders will incur a lower contractual management fee rate as a shareholder of the Combined Fund and will remain invested in a non-diversified, NYSE-listed, closed-end management investment company that will have substantially greater net assets and either the same or substantially similar (but not identical) investment objectives and policies as APX and, as a result, the style and risk/return profile of the Combined Fund will remain comparable to those of APX s shareholders current investments, subject to the differences described in Comparison of the Funds.

APX shareholders would continue to own a closed-end fund that (i) has the same investment adviser and portfolio managers as APX, (ii) has comparable risk-return attributes as APX, (iii) similarly focuses its investments primarily on medium to lower grade or unrated municipal obligations exempt from regular Federal and other income taxes, (iv) utilizes leverage as a means to enhance income to shareholders, (v) pays regular distributions on a monthly basis and (vi) trades at market price on the NYSE. See Investment Objectives and Policies for additional information regarding the Funds investment objectives and policies.

3. Under current market conditions and all other things being equal, the distribution yield of the Combined Fund is expected to be comparable to the current distribution yield of MUA which, all

things being equal, should help the Combined Fund trade at or about the price at which MUA currently trades. Of course, no assurance can be given that the common shares of the Combined Fund will trade at or about the current market price of MUA after the Reorganization.

4. The Combined Fund is expected to achieve certain operating and administrative efficiencies from its larger net asset size. The larger net asset size of the Combined Fund could permit the Combined Fund to achieve certain economies of scale as certain fixed and variable costs can be spread over a larger asset base and the larger Combined Fund may realize greater investment flexibility and investment options, greater diversification of portfolio investments, the ability to trade in larger positions, more favorable transaction terms, better trade execution, more consistent implementation of investment strategies, additional research coverage and greater liquidity.

5. The greater asset base of the Combined Fund relative to each Fund on a stand-alone basis could give the Combined Fund a greater ability to utilize tender option bonds than either Fund individually, particularly if shareholders of MUA approve the MUA Policy Amendment.

6. The Combined Fund may experience potential marketing benefits from having fewer closed-end funds in the market, including potential benefits from a more efficient secondary market and an increased focus by investors on the remaining funds in the market (including the Combined Fund), and fewer similar funds in the same fund complex, including potential benefits from easier product differentiation for shareholders (including shareholders of the Combined Fund).

7. Shareholders will recognize no gain or loss for Federal income tax purposes as a result of the Reorganization, as the Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. In the Reorganization, APX will merge with and into the Merger Subsidiary. APX common shares will be exchanged for MUA common shares pursuant to the Reorganization. Following the Reorganization, the Merger Subsidiary will be liquidated into MUA.

8. Shareholders will benefit from the continuing experience and expertise of the portfolio management team designated for the Combined Fund and the team s commitment to the investment style and strategies to be used in managing the assets of the Combined Fund. See Management of the Funds. The portfolio guidelines of the Combined Fund will either be the same or substantially similar (but not identical) to that of APX, as described in greater detail elsewhere in this Joint Proxy Statement/Prospectus. As a result, it is not anticipated that there will be significant disposition of the holdings in APX as a result of the Reorganization. In addition, nothing will require either Funds to dispose of holdings in APX s portfolio if, in the reasonable judgment of the Boards or the Investment Advisor, such disposition would adversely affect the tax-free nature of the Reorganization for Federal income tax purposes.

9. Shareholders will receive substantially the same services after the Reorganization.

10. The aggregate net asset value of the shares of the Combined Fund that APX shareholders will receive in the Reorganization is expected to equal the aggregate net asset value of the APX shares owned by APX Shareholders immediately prior to the Reorganization, and the net asset value of APX shares will not be diluted as a result of the Reorganization.

The Board of each Fund believes that the Reorganization would benefit shareholders of the Funds, based on a number of factors, including that shareholders would not be diluted with respect to net asset value; the relative similarity of the investment strategies and policies of the Funds; the larger net asset base of the Combined Fund after the Reorganization; the capabilities of the management team of the Combined Fund that would manage the Combined Fund; and the possibility of achieving economies of scale going forward. Considering these and other reasons, the Board of each Fund unanimously concluded that completion of the Reorganization is in the best interests of each Fund and its shareholders and that the interests of the shareholders of each Fund will not be diluted with respect to net asset value as a result of the Reorganization. This determination was made on the basis of each director s business judgment after consideration of all of the factors taken as a whole with respect to each Fund and its shareholders, although individual directors may have placed different weight on various factors and assigned different degrees of materiality to various factors.

**PROPOSAL 1: THE REORGANIZATION OF MUA AND APX**

The Reorganization seeks to combine two funds that are substantially similar (but not identical) to achieve certain economies of scale and other operational efficiencies. Each Fund is registered as a non-diversified, closed-end management investment company under the 1940 Act. Each Fund s common shares are listed on the NYSE. The Funds have the same investment adviser. Each Fund focuses its investments primarily on medium to lower grade or unrated municipal obligations exempt from regular Federal and other income taxes. The investment objectives of the Funds are the same: to provide high current income exempt from Federal income taxes by investing primarily in a portfolio of medium to lower grade or unrated municipal obligations the interest on which is exempt from Federal income taxes in the opinion of bond counsel to the issuer.

The Board of each Fund, including the Independent Directors, has unanimously approved the Reorganization Agreement. If the shareholders of APX approve the Reorganization Agreement and the shareholders of MUA approve the issuance of additional MUA common shares in connection with the Reorganization (see Proposal 2: Issuance of MUA Common Shares ), APX will merge with and into the Merger Subsidiary. Following the Reorganization, the Merger Subsidiary will dissolve under Maryland law and be liquidated into MUA. APX will terminate its registration under the 1940 Act after the completion of the Reorganization. MUA will continue to operate after the Reorganization as a registered, non-diversified, NYSE-listed, closed-end management investment company with the investment objective and policies described in this Joint Proxy Statement/Prospectus. The aggregate net asset value of MUA common shares received by APX s shareholders in the Reorganization will equal the aggregate net asset value of that APX common shares held immediately prior to the Reorganization, less the costs of the Reorganization (although shareholders may receive cash for their fractional common shares). In the Reorganization, shareholders of APX will receive common shares of MUA based on the relative net asset values, not the market values, of APX common shares. The market value of the common shares of the Combined Fund may be less than the market value of the common shares of APX prior to the Reorganization.

The Boards have reviewed data presented by BlackRock Advisors, LLC, investment adviser to each of the Funds (the Investment Advisor ), and believe that the Reorganization generally would result in a reduced Total Expense Ratio (as defined below) and a reduced Adjusted Total Expense Ratio (as defined below) for each Fund, as certain fixed administrative costs would be spread across the Combined Fund s larger asset base. If the Reorganization is approved, the Combined Fund will maintain MUA s lower management fee rate of 0.55% of MUA s average daily total assets.

When we use the term Total Expenses, we mean a Fund s total annual operating expenses including interest expenses associated with such Fund s investments in tender option bonds without giving effect to the potential for increased leverage if the Policy Amendments are approved. When we use the term Total Expense Ratio, we mean a Fund s Total Expenses expressed as a percentage of its average net assets attributable to its common shares. For the 12-month period ended April 30, 2010, the Total Expense Ratios of APX and MUA were 0.84% and 0.71%, respectively (as restated for current fees). The Funds estimate that the completion of the Reorganization would result in a Total Expense Ratio for the Combined Fund of 0.70% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Total Expense Ratio of 0.14% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

Assuming shareholders of each Fund approve its Policy Amendment, each Fund intends to utilize leverage in an amount approximately equal to 15% of its total assets regardless of whether the Reorganization is consummated. When we use the term Adjusted Total Expenses, we mean a Fund s estimated total annual operating expenses including interest expenses associated with such Fund s leverage in an amount equal to 15% of its total assets, assuming its Policy Amendment had been approved. When we use the term Adjusted Total Expense Ratio, we mean a Fund s Adjusted Total Expenses expressed as a percentage of its average net assets attributable to its common shares. For the 12-month period ended April 30, 2010, the Adjusted Total Expense Ratios for APX and MUA would have been 1.05% and 0.91%, respectively. The Funds estimate that the completion of the Reorganization would result in an Adjusted Total Expense Ratio for the Combined Fund of 0.90% on a pro forma basis for the 12-month period ended April 30, 2010, representing a reduction in the Adjusted Total Expense Ratio of 0.15% for APX and 0.01% for MUA, each as a percentage of average net assets attributable to common shares.

In approving the proposed Reorganization, the Board of each Fund, including the Independent Directors, determined that participation in the Reorganization is in the best interests of each Fund and its shareholders and that the interests of each Fund s shareholders will not be diluted with respect to the net asset value of such Fund as a result of the Reorganization. Before reaching these conclusions, the Board of each Fund, including the Independent Directors, engaged in a thorough review process relating to the proposed Reorganization. The Boards of the Funds also received a memorandum outlining, among other things, the legal standards and certain other considerations relevant to the Boards deliberations. The Boards of the Funds, including all of the Independent Directors, approved the Reorganization at a meeting held on September 2, 2010.

Considering these and other reasons, the Board of APX unanimously concluded that completion of the Reorganization is in the best interests of APX and its shareholders and that the interests of the shareholders of APX will not be diluted as a result of the Reorganization. This determination was made on the basis of each director s business judgment after consideration of all of the factors taken as a whole with respect to APX and its shareholders, although individual directors may have placed different weight and assigned different degrees of materiality to various factors. See Reasons for the Reorganization.

If the Reorganization is not approved by the shareholders of APX or if the issuance of additional MUA common shares is not approved by the shareholders of MUA, APX will continue to operate for the time being as a stand-alone Maryland corporation and will continue to be advised by the Advisors.

The APX Board has determined that the Reorganization is in the best interests of APX and the shareholders of APX and that the interests of such shareholders will not be diluted as a result of the Reorganization. Similarly, the MUA Board has determined that the Reorganization is in the best interests of MUA and its shareholders and that the interests of such shareholders will not be diluted as a result of the Reorganization. As a result of the Reorganization, however, shareholders of each Fund will hold a reduced percentage of ownership in the larger Combined Fund than they did in any of the separate Funds.

The Reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. If the Reorganization so qualifies, in general, shareholders of APX will recognize no gain or loss for Federal income tax purposes upon the exchange of their APX common shares for MUA common shares pursuant to the Reorganization. Additionally, APX will recognize no gain or loss for Federal income tax purposes by reason of the Reorganization. Neither MUA nor its shareholders will recognize any gain or loss for Federal income tax purposes pursuant to the Reorganization. It is a condition to the closing of the Reorganization that APX and MUA receive an opinion from Skadden Arps, dated as of the Closing Date, regarding the characterization of the Reorganization as a reorganization within the meaning of Section 368(a) of the Code.

The APX Board requests that shareholders of APX approve APX s proposed Reorganization at the Special Meeting to be held on Friday, December 17, 2010 at 9:00 a.m. Shareholder approval of the Reorganization requires the affirmative vote of a majority of the votes entitled to be cast on the matter.

Investing in the Combined Fund following the Reorganization involves risks. For additional information, see Risk Factors and Special Considerations.

The APX Board recommends that shareholders of APX vote **FOR** the Reorganization.

**INVESTMENT OBJECTIVES AND POLICIES**

The structure, organization and investment policies of the Funds are substantially similar. Each Fund is a non-diversified closed-end management investment company registered under the 1940 Act. Each Fund s common shares are also listed for trading under the NYSE. The investment objectives of the Funds are the same: to provide high current income exempt from Federal income taxes by investing primarily in a portfolio of medium to lower grade or unrated municipal obligations the interest on which is exempt from Federal income taxes in the opinion of bond counsel to the issuer. Each Fund seeks to achieve its investment objective by investing primarily in a portfolio of medium to lower grade or unrated Municipal Bonds. Each Fund invests at least 80% of its total assets, except during temporary defensive periods, in Municipal Bonds. MUA and APX each is required to invest at least 65% and 75%, respectively, of its total assets in Municipal Bonds that are rated in any one of the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality. These ratings are currently Baa (Moody s) or BBB (S&P or Fitch) or lower. The foregoing investment policies of the Funds are considered fundamental and may not be changed without the approval of a majority of the respective Funds outstanding voting shares as defined in the 1940 Act. As used throughout this Joint Proxy Statement/Prospectus and the Statement of Additional Information, total assets of a Fund means the Fund s net assets plus the amount of any borrowings for investment purposes.

MUA and APX each has the authority to invest as much as 35% and 25%, respectively, of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations (ratings of A or higher by Moody s, S&P or Fitch or comparable unrated securities). In addition, each Fund reserves the right to temporarily invest more than 20% of its total assets in short-term municipal securities, or short-term taxable money market securities (including commercial paper, certificates of deposit and repurchase agreements) for defensive purposes when, in the opinion of the Investment Advisor, prevailing market or financial conditions warrant. Neither Fund invests more than 25% of its total assets (taken at market value) in Municipal Bonds whose issuers are located in the same state.

Ordinarily, neither Fund intends to realize significant interest income that is subject to Federal income taxes. However, each Fund may invest all or a portion of its assets in certain tax-exempt securities classified as private activity bonds (in general, bonds that benefit non-governmental entities) that may subject certain investors in the Fund to a Federal alternative minimum tax.

MUA also may invest in securities not issued by or on behalf of a state or territory or by an agency or instrumentality thereof, if the Advisors nevertheless believe such securities pay interest or distributions that are exempt from Federal income taxation ( Non-Municipal Tax-Exempt Securities ). Non-Municipal Tax-Exempt Securities may include securities issued by other investment companies that invest in Municipal Bonds, to the extent such investments are permitted by the 1940 Act. Other Non-Municipal Tax-Exempt Securities could include trust certificates or other instruments evidencing interest in one or more long-term Municipal Bonds. Certain Non-Municipal Tax-Exempt Securities may be characterized as derivative instruments. Non-Municipal Tax-Exempt Securities that pay interest exempt from Federal income taxes will be considered Municipal Bonds for purposes of MUA s investment objective and policies. APX does not have a policy with respect to Non-Municipal Tax-Exempt Securities.

Investments in lower rated Municipal Bonds generally provide a higher yield and are less affected by interest rate fluctuations than higher rated tax-exempt securities of similar maturity but are subject to greater overall market risk and are also subject to a greater degree of risk with respect to the ability of the issuer to meet its principal and interest obligations. See Appendix D Description of Municipal Bond Ratings in the Statement of Additional Information.

Each Fund seeks to reduce risk through investing in multiple issuers, credit analysis and monitoring of current developments regarding the obligor and trends in both the economy and financial markets. The Advisors will use various means to research the stability and/or potential for improvement of various municipal issuers in connection with the proposed purchase of their securities by the Funds. Evaluation of each Municipal Bond may include the analysis of financial performance, debt structure, economic factors and the administrative structure of the issuer. Additionally, the priority of liens and the overall structure of the particular issue may be factors that will determine suitability for purchase. Further investigation may be performed and may include, among other things, discussions with project management, corporate officers and industry experts as well as site inspections, area analysis, and project and financial projection analysis. All purchases and sales also may be subject to the review of market data, economic projections and the performance of the financial markets. Certain economic indicators also may be monitored. Additionally, the Advisors will vary the average maturity of the applicable Fund s portfolio securities based upon their assessment of economic and market conditions.

Each Fund is classified as non-diversified within the meaning of the 1940 Act, which means that it is not limited by such Act in the proportion of its assets that it may invest in securities of a single issuer. However, each Fund s investments will be limited so as to qualify the Fund as a regulated investment company for purposes of Federal tax laws. Requirements for qualification include limiting its investments so that, at the close of each quarter of the taxable year, (i) not more than 25% of the market value of the Fund s total assets will be invested in (A) the securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies), (B) the securities of two or more issuers (other than securities of other regulated investment companies) controlled by the Fund and engaged in the same, similar or related trades or businesses or (C) the securities of one or more qualified publicly traded partnerships and (ii) with respect to 50% of the market value of its total assets, not more than 5% of the market value of its total assets will be invested in the securities of a single issuer and the Fund will not own more than 10% of the outstanding voting securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies). A fund that elects to be classified as diversified under the 1940 Act must satisfy the foregoing 5% and 10% requirements with respect to 75% of its total assets. To the extent that a Fund assumes large positions in the securities of a small number of issuers, the Fund s net asset value may fluctuate to a greater extent than that of a diversified company as a result of changes in the financial condition or in the market s assessment of the issuers.

**Municipal Bonds**

Set forth below is a detailed description of the Municipal Bonds in which each Fund invests. Information with respect to ratings assigned to tax-exempt obligations that each Fund may purchase is set forth in Appendix D Description of Municipal Bond Ratings in the Statement of Additional Information. Obligations are included within the term Municipal Bonds if the interest paid thereon is excluded from gross income for federal income tax purposes in the opinion of bond counsel to the issuer.

Municipal Bonds are either general obligation or revenue bonds and typically are issued to finance public projects, such as roads or public buildings, to pay general operating expenses or to refinance outstanding debt. Municipal bonds may also be issued for private activities, such as housing, medical and educational facility construction or for privately owned industrial development and pollution control projects. General obligation bonds are backed by the full faith and credit, or taxing authority, of the issuer and may be repaid from any revenue source. Revenue bonds may be repaid only from the revenues of a specific facility or source. Each Fund also may purchase Municipal Bonds that represent lease obligations. These carry special risks because the issuer of the bonds may not be obligated to appropriate money annually to make payments under the lease.

The Municipal Bonds in which the Funds invest pay interest or income that, in the opinion of bond counsel to the issuer, is exempt from regular Federal income tax. BlackRock does not conduct its own analysis of the tax status of the interest paid by Municipal Bonds held by the Funds, but will rely on the opinion of counsel to the issuer of each such instrument. Each Fund may also invest in Municipal Bonds issued by United States Territories (such as Puerto Rico or Guam) that are exempt from regular Federal income tax. In addition to the types of Municipal Bonds described in the prospectus, each Fund may invest in other securities that pay interest or income that is, or make other distributions that are, exempt from regular Federal income tax and/or state and local personal taxes, regardless of the technical structure of the issuer of the instrument. Each Fund treats all of such tax-exempt securities as Municipal Bonds.

The yields on Municipal Bonds are dependent on a variety of factors, including prevailing interest rates and the condition of the general money market and the Municipal Bond market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The market value of Municipal Bonds will vary with changes in interest rate levels and as a result of changing evaluations of the ability of bond issuers to meet interest and principal payments.

Each Fund has not established any limit on the percentage of its portfolio that may be invested in private activity bonds. Each Fund expects that a portion of the interest or income it produces will be includable in alternative minimum taxable income.

*General Obligation Bonds*. General obligation bonds are secured by the issuer s pledge of its faith, credit and taxing power for the payment of principal and interest. The taxing power of any governmental entity may be limited, however, by provisions of its state constitution or laws, and an entity s creditworthiness will depend on many factors, including potential erosion of its tax base due to population declines, natural disasters, declines in the state s industrial base or inability to attract new industries, economic limits on the ability to tax without eroding the tax base, state legislative proposals or voter initiatives to limit ad valorem real property taxes and the extent to which the entity relies on federal or state aid, access to capital markets or other factors beyond the state s or entity s control. Accordingly, the capacity of the issuer of a general obligation bond as to the timely payment of interest and the repayment of principal when due is affected by the issuer s maintenance of its tax base.

*Revenue Bonds*. Revenue bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue sources such as payments from the user of the facility being financed. Accordingly, the timely payment of interest and the repayment of principal in accordance with the terms of the revenue or special obligation bond is a function of the economic viability of such facility or such revenue source.

*Private Activity Bonds*. Private activity bonds, formerly referred to as industrial development bonds, are issued by or on behalf of public authorities to obtain funds to provide privately operated housing facilities, airport, mass transit or port facilities, sewage disposal, solid waste disposal or hazardous waste treatment or disposal facilities and certain local facilities for water supply, gas or electricity. Other types of private activity bonds, the proceeds of which are used for the construction, equipment, repair or improvement of privately operated industrial or commercial facilities, may constitute Municipal Bonds, although the current federal tax laws place substantial limitations on the size of such issues.

Private activity bonds are secured primarily by revenues derived from loan repayments or lease payments due from the entity which may or may not be guaranteed by a parent company or otherwise secured. Private activity bonds generally are not secured by a pledge of the taxing power of the issuer of such bonds. Therefore, an investor should be aware that repayment of such bonds generally depends on the revenues of a private entity and be aware of the risks that such an investment may entail. Continued ability of an entity to generate sufficient revenues for the payment of principal and interest on such bonds will be affected by many factors including the size of the entity, capital structure, demand for its products or services, competition, general economic conditions, government regulation and the entity s dependence on revenues for the operation of the particular facility being financed.

*Moral Obligation Bonds.* Each Fund also may invest in moral obligation bonds, which are normally issued by special purpose public authorities. If an issuer of moral obligation bonds is unable to meet its obligations, the repayment of such bonds becomes a moral commitment but not a legal obligation of the state or municipality in question.

*Municipal Lease Obligations and Certificates of Participation*. Also included within the general category of Municipal Bonds are participations in lease obligations or installment purchase contract obligations of municipal authorities or entities (hereinafter collectively called Municipal Lease Obligations ). Although a Municipal Lease Obligation does not constitute a general obligation of the municipality for which the municipality s taxing power is pledged, a Municipal Lease Obligation is ordinarily backed by the municipality s covenant to budget for, appropriate and make the payments due under the Municipal Lease Obligation. However, certain Municipal Lease Obligations contain non-appropriation clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis. In the case of a non-appropriation lease, a Fund s ability to recover under the lease in the event of non-appropriation or default will be limited solely to the repossession of the leased property, without recourse to the general credit of the lessee, and the disposition or re-leasing of the property might prove difficult. A certificate of participation represents an undivided interest in an unmanaged pool of municipal leases, an installment purchase agreement or other instruments. The certificates are typically issued by a municipal agency, a trust or other entity that has received an assignment of the payments to be made by the state or political subdivision under such leases or installment purchase agreements. Such certificates provide a Fund with the right to a pro rata undivided interest in the underlying Municipal Bonds. In addition, such participations generally provide a Fund with the right to demand payment, on not more than seven days notice, of all or any part of the Fund s participation interest in the underlying Municipal Bonds, plus accrued interest.

*Zero Coupon Bonds*. Each Fund may invest in zero-coupon bonds. A zero coupon bond is a bond that does not pay interest either for the entire life of the obligation or for an initial period after the issuance of the obligation. When held to its maturity, its return comes from the difference between the purchase price and its maturity value. A zero coupon bond is normally issued and traded at a deep discount from face value. Zero coupon bonds allow an issuer to avoid or delay the need to generate cash to meet current interest payments and, as a result, may involve greater credit risk than bonds that pay interest currently or in cash. The market prices of zero coupon bonds are affected to a greater extent by changes in prevailing levels of interest rates and thereby tend to be more volatile in price than securities that pay interest periodically. In addition, a Fund would be required to distribute the income on any of these instruments as it accrues, even though the Fund will not receive all of the income on a current basis or in cash. Thus, the Fund may have to sell other investments, including when it may not be advisable to do so, to make income distributions to its common shareholders.

*High Yield or Junk Bonds*. MUA and APX each is required to invest at least 65% and 75%, respectively, of its total assets in Municipal Bonds that are rated in any one of the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality. These ratings are currently Baa (Moody s) or BBB (S&P or Fitch) or lower. Information with respect to ratings assigned to tax-exempt obligations that the Fund may purchase is set forth in Appendix D Description of Municipal Bond Ratings in the Statement of Additional Information. Municipal Bonds of below investment grade quality ( Ba/BB or below) are commonly known as junk bonds. Securities rated below investment grade are judged to have speculative characteristics with respect to their interest and principal payments. Such securities may face major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments.

**Tender Option Bonds**

Each Fund may leverage its assets through the use of TOBs Issuers. A TOBs Issuer is typically established by a third party sponsor forming a special purpose trust into which a Fund, or an agent on behalf of the Fund, transfers municipal securities. A TOBs Issuer typically issues two classes of beneficial interests: TOBs Floaters, which are sold to third party investors, and TOBs Residuals which are generally issued to the Fund. Each Fund may invest in both TOBs Floaters and TOBs Residuals. Below is a diagram outlining the structure for a typical TOBs Issuer.

As diagrammed above, the TOBs Issuer receives municipal securities from a Fund through the sponsor and then issues TOBs Floaters to third party investors and a TOBs Residual to the Fund. The Fund is paid the cash (less transaction expenses, which are borne by the Fund and therefore common shareholders indirectly) received by the TOBs Issuer from the sale of the TOBs Floaters and typically will invest the cash in additional investments permitted by its investment policies. TOBs Floaters may have first priority on the cash flow from the securities held by the TOBs Issuer and are enhanced with a liquidity support arrangement from a liquidity provider which allows holders to tender their position at par (plus accrued interest). The Fund, in addition to receiving cash from the sale of the TOBs Floaters, also receives the TOBs Residual. The TOBs Residual provides the Fund with the right (1) to cause the holders of the TOBs Floaters to tender their notes to the TOBs Issuer at par (plus accrued interest), and (2) to acquire municipal securities from the TOBs Issuer. In addition, all voting rights and decisions to be made with respect to any other rights relating to the securities held in the TOBs Issuer are passed through to the Fund, as the holder of the TOBs Residual. This transaction, in effect, creates exposure for the Fund to the entire return of the securities in the TOBs Issuer, with a net cash investment by the Fund that is less than the value of the securities in the TOBs Issuer. This multiplies the positive or negative impact of the securities return within the Fund (thereby creating leverage). The leverage within a TOBs Issuer depends on the value of the securities deposited in the TOBs Issuer relative to the value of the TOBs Floaters it issues. In the diagram above, the TOBs Issuer receives municipal securities worth \$60, issues TOBs Floaters worth \$45 and the Fund receives a TOBs Residual worth \$15. The leverage ratio in the TOBs Issuer described in the example is thus 3:1. Increasing the value of the TOBs Floaters issued would increase the leverage ratio of the TOBs Issuer. A TOBs Issuer is generally considered highly leveraged if the TOBs Floaters represent greater than 75% of the market value of the municipal securities at the time they are deposited into the TOBs Issuer and the TOBs Residuals issued by such highly leveraged TOBs Issuers are referred to as recourse TOBs Residuals ).

The TOBs Issuer may be terminated without the consent of the Fund upon the occurrence of certain events, such as the bankruptcy or default of the issuer of the securities in the TOBs Issuer, a substantial downgrade in the credit quality of the issuer of the securities in the TOBs Issuer, the inability of the TOBs Issuer to obtain liquidity support for the TOBs Floaters, a substantial decline in the market value of the securities in the TOBs Issuer, or the inability of the sponsor to remarket any TOBs Floaters tendered to it by holders of the TOBs Floaters. In such an event, the TOBs Floaters would be redeemed by the TOBs Issuer at par (plus accrued interest) out of the proceeds from a sale of the securities in the TOBs Issuer. If this happens, the Fund would be entitled to the assets of the TOBs Issuer, if any, that remains after the TOBs Floaters have been redeemed at par (plus accrued interest). If there are insufficient proceeds from the sale of these securities to redeem all of the TOBs Floaters at par (plus accrued interest), the liquidity provider or the holders of the TOBs Floaters would bear the losses on those securities and there would be no recourse to the Fund s assets (unless it was a recourse TOBs Residual).

If the Fund were to invest in a recourse TOBs Residual to leverage its portfolio, it would typically be required to enter into an agreement pursuant to which the Fund is required to pay to the liquidity provider the difference between the purchase price of any TOBs Floaters put to the liquidity provider by holders of the TOBs Floaters and the proceeds realized from the remarketing of those TOBs Floaters or the sale of the assets in the TOBs Issuer.

Under accounting rules, securities of a Fund that are deposited into a TOBs Issuer are investments of the Fund and are presented on the Fund s Schedule of Investments and outstanding TOBs Floaters issued by a TOBs Issuer are presented as liabilities in the Fund s Statement of Assets and Liabilities. Interest income from the underlying security is recorded by the Fund on an accrual basis. Interest expense incurred on the TOBs Floaters and other expenses related to remarketing, administration and trustee services to a TOBs Issuer are reported as expenses of the Fund.

For TOBs Floaters, generally, the interest rate earned will be based upon the market rates for municipal securities with maturities or remarketing provisions that are comparable in duration to the periodic interval of the tender option, which may vary from weekly, to monthly, to extended periods of one year or multiple years. Since the option feature has a shorter term than the final maturity or first call date of the underlying securities deposited in the TOBs Issuer, the Fund as the holder of the TOBs Floaters relies upon the terms of the agreement with the financial institution furnishing the option as well as the credit strength of that institution. As further assurance of liquidity, the terms of the TOBs Issuer provide for a liquidation of the municipal security deposited in the TOBs Issuer and the application of the proceeds to pay off the TOBs Floaters.

The use of TOBs Residuals will require each Fund to earmark or segregate liquid assets in an amount equal to any TOBs Floaters, plus any accrued but unpaid interest due on the TOBs Floaters, issued by TOBs Issuers sponsored on behalf of the Fund that are not owned by the Fund. Each Fund will not earmark or segregate assets transferred to a TOBs Issuer. Each Fund reserves the right to modify its asset segregation policies in the future to the extent that such changes are in accordance with applicable regulations or interpretations.

See Risks Tender Option Bonds Risk for a description of the risks involved with a TOBs Issuer.

**Other Investment Policies**

See Investment Objectives and Policies of the Funds Other Investment Policies in the Statement of Additional Information for a discussion of the Funds other investment policies.

**Information Regarding Strategic Transactions**

Each Fund may enter into certain hedging and risk management transactions ( Strategic Transactions ). Strategic Transactions involve the use of derivative instruments. Such instruments may include, options and certain financial futures contracts and options thereon. Strategic Transactions may be used to attempt to protect against possible changes in the market value of a Fund s portfolio resulting from fluctuations in the debt securities markets and changes in interest rates, to protect the Fund s unrealized gains in the value of its portfolio securities, to facilitate the sale of such securities for investment purposes and to establish a position in the securities markets as a temporary substitute for purchasing particular securities. Any or all of these Strategic Transactions may be used at any time. There is no particular strategy that requires use of one technique rather than another. Use of any Strategic Transaction is a function of market conditions. The ability of a Fund to use Strategic Transactions successfully will depend on the Advisors ability to predict pertinent market movements as well as sufficient correlation among the instruments, which cannot be assured. There is no assurance that these derivative strategies will be available at any time or that the Advisors will determine to use them for hedging or risk management purposes or, if used, that the strategies will be successful. The Strategic Transactions that the Funds may use are described in the Statement of Additional Information under Investment Objectives and Policies of the Funds Information Regarding Strategic Transactions.

The principal risks relating to the use of Strategic Transactions are: (a) less than perfect correlation between the prices of the instrument and the market value of the securities in a Fund s portfolio; (b) possible lack of a liquid secondary market for closing out a position in such instruments; (c) losses resulting from interest rate or other market movements not anticipated by the Advisors; and (d) the obligation to meet additional variation margin or other payment requirements, all of which could result in the Fund being in a worse position than if such techniques had not been used. Certain provisions of the Code may also restrict or affect the ability of the Fund to engage in Strategic Transactions. Appendix E to the Statement of Additional Information contains further information about the characteristics, risks and possible benefits of Strategic Transactions.

## COMPARISON OF THE FUNDS

**Investment Objectives**

The investment objectives of the Funds are the same: to provide high current income exempt from Federal income taxes by investing primarily in a portfolio of medium to lower grade or unrated municipal obligations the interest on which is exempt from Federal income taxes in the opinion of bond counsel to the issuer.

**Investment Strategies and Restrictions**

The Funds have either the same or substantially similar (but not identical) investment strategies and restrictions. A comparison of the significant investment strategies and operating policies used by the Funds is set forth in the table below. The investment strategies and significant operating policies of the Combined Fund will be those of MUA.

| MUA<br>Investment Objective | APX<br>Investment Objective | Comparison<br>Investment Objective |
|---|---|---|
| MUA seeks to provide high current income exempt from Federal income taxes by investing primarily in a portfolio of medium to lower grade or unrated municipal obligations the interest on which is exempt from Federal income taxes in the opinion of bond counsel to the issuer. | Same as MUA | Same |

| MUA | APX | Comparison |
|---|---|---|
| **Municipal Bonds** | **Municipal Bonds** | **Municipal Bonds** |
| MUA invests at least 80% of its total assets, except during temporary defensive periods, in Municipal Bonds. | Same as MUA | Same |
| **High Yield Bonds** | **High Yield Bonds** | **High Yield Bonds** |
| MUA invests at least 65% of its total assets in Municipal Bonds that are rated in any one of the medium and lower rating categories of Moody s, S&P or Fitch, or in unrated Municipal Bonds that the Investment Advisor believes are of comparable quality. | APX maintains at least 75% of its total assets in Municipal Bonds which are rated in any one of the medium and lower rating categories of a nationally recognized statistical rating organization or are unrated. | APX must maintain a higher percentage of its total assets in medium to lower rated Municipal Bonds. |
| **Investment Grade Bonds** | **Investment Grade Bonds** | **Investment Grade Bonds** |
| MUA has the authority to invest as much as 35% of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations (ratings of A or higher by Moody s, S&P or Fitch or comparable unrated securities). | APX has the authority to invest as much as 25% of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations (ratings of A or higher by Moody s, S&P). | MUA may maintain a higher percentage of its total assets in Municipal Bonds in the higher rating categories of nationally recognized statistical rating organizations (ratings of A or higher by Moody s, S&P or Fitch or comparable unrated securities). |
| **State Concentration** | **State Concentration** | **State Concentration** |
| MUA may not invest more than 25% of its total assets (taken at market value at the time of each investment) in the Municipal Bonds of any one state. | Same as MUA | Same |
| **Industry Concentration** | **Industry Concentration** | **Industry Concentration** |
| MUA may not invest more than 25% of its total assets (taken at market value at the time of each investment) in securities of issuers in a single industry. (For purposes of this restriction, states, municipalities and their political subdivisions are not considered to be part of any industry.) | Same as MUA | Same |
| **Leverage*** | **Leverage*** | **Leverage*** |
| MUA may not issue senior securities or borrow amounts in excess of 5% of its total assets taken at market value. | Same as MUA | Same |

* The current leverage policy of MUA and APX. A proposal to remove the 5% fundamental restriction on leverage is included in this Joint Proxy Statement/Prospectus for each Fund.

| MUA | APX | Comparison |
|---|---|---|
| **Alternative Minimum Tax** | **Alternative Minimum Tax** | **Alternative Minimum Tax** |
| MUA may invest all or a portion of its assets in certain tax-exempt securities classified as private activity bonds (in general, bonds that benefit non-governmental entities) that may subject certain investors in the Fund to a federal alternative minimum tax. | Same as MUA | Same |
| **Repurchase Agreements** | **Repurchase Agreements** | **Repurchase Agreements** |
| MUA may not invest in repurchase agreements maturing in more than seven days if such investments, together with all other illiquid investments, would exceed 15% of the Fund s net assets. | APX may not invest more than 10% of its total assets in repurchase agreements maturing in more than seven days. | APX does not have any limitations with respect to illiquid securities. |
| **Non-Municipal Tax-Exempt Securities** | **Non-Municipal Tax-Exempt Securities** | **Non-Municipal Tax-Exempt Securities** |
| MUA also may invest in securities not issued by or on behalf of a state or territory or by an agency or instrumentality thereof, if the Fund nevertheless believes such securities pay interest or distributions that are exempt from Federal income taxation ( Non-Municipal Tax-Exempt Securities ).<br><br>Non-Municipal Tax-Exempt Securities may include securities issued by other investment companies that invest in Municipal Bonds, to the extent such investments are permitted by the 1940 Act.<br><br>Other Non-Municipal Tax-Exempt Securities could include trust certificates or other instruments evidencing interest in one or more long-term Municipal Bonds.<br><br>Certain Non-Municipal Tax-Exempt Securities may be characterized as derivative instruments.<br><br>Non-Municipal Tax-Exempt Securities that pay interest exempt from Federal income taxes will be considered Municipal Bonds for purposes of the Funds investment objective and policies. | No policy with respect to Non-Municipal Tax-Exempt Securities. | APX does not have a policy with respect to Non-Municipal Tax-Exempt Securities. |

| MUA<br>**Defensive Measures** | APX<br>**Defensive Measures** | Comparison<br>**Defensive Measures** |
|---|---|---|
| MUA reserves the right to temporarily invest more than 20% of its total assets in short-term municipal securities, or short-term taxable money market securities (including commercial paper, certificates of deposit and repurchase agreements) for defensive purposes when, in the opinion of the Investment Advisor, prevailing market or financial conditions warrant. | Same as MUA | Same |
| **Short-Term Obligations** | **Short-Term Obligations** | **Short-Term Obligations** |
| Taxable commercial paper must be rated A-1+ through A-3 by S&P, Prime-1 through Prime-3 by Moody s, F-1+ through F-3 by Fitch or have credit characteristics equivalent to such ratings in the opinion of the Investment Advisor. | Taxable commercial paper must be rated A-1 or A-2 by S&P, Prime-1 or Prime-2 by Moody s or an equivalent rating in the opinion of the Investment Advisor. | MUA may invest in taxable commercial paper rated A-3 by S&P, Prime 3 by Moody s, F-3 by Fitch or with credit characteristics equivalent to such ratings. |
| The short-term tax-exempt obligations also will be in the highest rating categories as determined either by Moody s (currently, MIG-1 through MIG-3 for notes and Prime-1 through Prime-3 for commercial paper), S&P (currently, SP-1+ through SP-2 for notes and A-1+ through A-3 for commercial paper), or Fitch (currently, F-1 and F-2 for notes and F-1 for commercial paper). MUA may invest in lower rated or unrated short-term tax-exempt obligations to the extent that such investments do not exceed 20% of its total assets. | Certificates of deposit must be issued by depository institutions with total assets of at least $1 billion, except that APX may invest in certificates of deposit of smaller institutions if such certificates of deposit are Federally insured. | APX does not have any rating limitations with respect to short-term tax-exempt obligations. |
| Certificates of deposit must be issued by depository institutions with total assets of at least $1 billion. MUA may invest in certificates of deposit of smaller institutions if such certificates of deposit are Federally insured. | | |

| MUA | APX | Comparison |
|---|---|---|
| **Indexed and Inverse Floating Obligations** | **Indexed and Inverse Floating Obligations** | **Indexed and Inverse Floating Obligations** |
| MUA may invest in Municipal Bonds (and Non-Municipal Tax-Exempt Securities) yielding a return based on a particular index of value or interest rates. MUA also may invest in so-called inverse floating obligations or residual interest bonds on which the interest rates typically vary inversely with a short-term floating rate (which may be reset periodically by a dutch auction, a remarketing agent, or by reference to a short-term tax-exempt interest rate index). MUA also may purchase synthetically created inverse floating rate bonds evidenced by custodial or trust receipts. | No policy with respect to Indexed and Inverse Floating Obligations. | APX does not have a policy with respect to Indexed and Inverse Floating Obligations. |
| **Call Rights** | **Call Rights** | **Call Rights** |
| MUA may purchase a Municipal Bond issuer s right to call all or a portion of such Municipal Bond for mandatory tender for purchase (a Call Right ). | No policy with respect to Call Rights. | APX does not have a policy with respect to Call Rights. |
| **Writing Covered Call Options** | **Writing Covered Call Options** | **Writing Covered Call Options** |
| MUA may not write covered call options on underlying securities in an amount exceeding 15% of the market value of its total assets. | Same as MUA | Same |
| **Purchase of Options** | **Purchase of Options** | **Purchase of Options** |
| MUA will not purchase options on securities if, as a result of such purchase, the aggregate cost of all outstanding options on securities held by that Fund would exceed 5% of the market value of the Fund s total assets. | Same as MUA | Same |
| **Distribution Schedule** | **Distribution Schedule** | **Distribution Schedule** |
| Monthly Distributions | Same as MUA | Same |

The Funds investment restrictions differ in some respects, as discussed below. The fundamental investment restrictions of each Fund may not be changed without the approval of the holders of a majority of the outstanding shares of common shares of that Fund. (For this purpose and under the 1940 Act, majority means the lesser of (i) 67% of the shares represented at a meeting at which more than 50% of the outstanding shares are represented

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or (ii) more than 50% of the outstanding shares). The following investment restrictions of MUA will apply to the Combined Fund. Under its fundamental investment restrictions, MUA may not:

1) Make investments for the purpose of exercising control or management.

2) Purchase securities of other investment companies, except (i) in connection with a merger, consolidation, acquisition or reorganization, (ii) by purchase of shares of money market funds advised by the Investment Advisor or its affiliates (as defined in the Investment Company Act) to the extent permitted by an exemptive order issued to the Fund by the Securities and Exchange Commission, or (iii) by purchase in the open market of securities of closed-end investment companies and only if immediately thereafter not more than 10% of the Fund s total assets would be invested in such securities.

3) Purchase or sell real estate, real estate limited partnerships, commodities or commodity contracts; provided that the Fund may invest in securities secured by real estate or interests therein or issued by companies that invest in real estate or interests therein and the Fund may purchase and sell financial futures contracts and options thereon.

4) Issue senior securities or borrow amounts in excess of 5% of its total assets taken at market value.

5) Underwrite securities of other issuers except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933 in selling portfolio securities.

6) Make loans to other persons, except that the Fund may purchase Municipal Bonds and other debt securities and enter into repurchase agreements in accordance with its investment objective, policies and limitations.

7) Invest more than 25% of its total assets (taken at market value at the time of each investment) in securities of issuers in a single industry. (For purposes of this restriction, states, municipalities and their political subdivisions are not considered to be part of any industry).

For purposes of restriction (7), the exception for states, municipalities and their political subdivisions applies only to tax-exempt securities issued by such entities.

Additional investment restrictions adopted by MUA, which may be changed by its Board of Directors without shareholder approval, provide that MUA may not:

A) Invest more than 25% of its total assets (taken at market value at the time of each investment) in the Municipal Bonds of any one state.

B) Mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary in connection with borrowings mentioned in (4) above or except as may be necessary in connection with transactions in financial futures contracts and options thereon.

C) Purchase any securities on margin, except that the Fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities (the deposit or payment by the Fund of initial or variation margin in connection with financial futures contracts and options thereon is not considered the purchase of a security on margin).

D) Make short sales of securities or maintain a short position or invest in put, call, straddle or spread options except that the Fund may write, purchase and sell options and futures on municipal bonds, U.S. Government obligations and related indices or otherwise in connection with bona fide hedging activities and may purchase and sell call rights to require a mandatory tender for the purchase of related municipal bonds.

If a percentage restriction on the investment or use of assets set forth above is adhered to at the time a transaction is effected, later changes in percentages resulting from changing values will not be considered a violation.

APX s fundamental investment restrictions are substantially the same as MUA s fundamental investment restrictions (1) through (7) above. In addition, APX has two other fundamental investment restrictions, which are substantially similar to MUA s additional non-fundamental investment restrictions (C) and (D) above.

Each Fund s shareholders separately are being asked to remove restriction (4). See Proposals 3 and 4: Removal of the Funds Fundamental Leverage Restrictions.

In addition, in order to comply with Federal tax requirements for qualification as a regulated investment company, each Fund s investments will be limited in a manner such that at the close of each quarter of each taxable year, (i) not more than 25% of the market value of the Fund s total assets will be invested in (A) the securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies), (B) the securities of two or more issuers (other than securities of other regulated investment companies) controlled by the Fund and engaged in the same, similar or related trades or businesses or (C) the securities of one or more qualified publicly traded partnerships and (ii) with respect to 50% of the market value of its total assets, not more than 5% of the market value of its total assets will be invested in the securities of a single issuer and the Fund will not own more than 10% of the outstanding voting securities of a single issuer (other than U.S. Government securities and securities of other regulated investment companies). These tax-related limitations may be changed by each Fund s respective Board to the extent appropriate in light of changes to applicable tax requirements.

Any policies of MUA not described as fundamental in this Joint Proxy Statement/Prospectus may be changed by its Board without shareholder approval.

**Leverage**

The Funds currently leverage their assets through TOBs. The Combined Fund would also utilize such forms of leverage.

Each Fund currently has a fundamental policy that provides that such Fund may not issue senior securities or borrow amounts in excess of 5% of its total assets taken at market value. The Fund s currently leverage their assets through TOBS, which does not exceed 5% of each Fund s total assets. See table below for details regarding the following: (1) each Fund s total economic leverage as a percentage of its total assets as of July 31, 2010 without giving effect to the potential for increased leverage if the Policy Amendments are approved; (2) the Combined Fund s total economic leverage on a pro forma basis as a percentage of its total assets assuming the Reorganization is consummated as of July 31, 2010 and without giving effect to the potential for increased leverage if the Policy Amendments are approved; and (3) the proposed total economic leverage as a percentage of its total assets of each Fund and the Combined Fund assuming the Funds Policy Amendments are approved.

| Fund | Total Economic Leverage As a % of Total Assets (Current Leverage Policy) | Total Economic Leverage As a % of Total Assets (Proposed Leverage Policy) |
|---|---|---|
| MUA | 3.83% | 15.00% |
| APX | 3.77% | 15.00% |
| Combined Fund | 3.81% | 15.00% |

The Boards of the Funds have reviewed the Current Leverage Policy and believe such policy is unduly restrictive and should be removed. If the Policy Amendments are approved by shareholders, each Fund may use leverage up to the maximum amount permitted under the 1940 Act without further shareholder approval, which means each Fund may use economic leverage treated as a senior security under the 1940 Act in an amount up to 50% of its total assets through the issuance of preferred stock and debt securities. Each Fund may also use tender option bonds that create economic leverage for such Fund but are not treated as senior securities under the 1940 Act, which means each Fund could use economic leverage in excess of 50% of its total assets without shareholder approval, although it has no current intention of doing so. See Investment Objectives and Policies Tender Option Bonds and Risk Factors and Special Considerations Tender Option Bond Risk for additional information about tender option bonds.

The Boards have authorized the Funds to use economic leverage up to 25% of their respective total assets, subject to shareholder approval of the Policy Amendments. Each Fund currently intends to use economic leverage approximately equal to 15% of its total assets at the time the leverage is implemented, but may use economic leverage up to 25% of its total assets under the new leverage policy set by the Board without further Board or shareholder approval. The Board of each Fund could in the future authorize its respective Fund to use additional leverage up to the maximum amount permitted under the 1940 Act or change the 25% threshold at which Board approval is required to increase leverage, in each case without further shareholder approval.

In the event the Reorganization is consummated, shareholders of the Combined Fund, including former shareholders of APX, would be subject to the leverage policy for MUA following the Reorganization. If MUA shareholders do not approve the MUA Policy Amendment, then the Combined Fund would operate under MUA s current leverage policy and shareholders of the Combined Fund, including former shareholders of APX, would not have the benefit of the new leverage policy. In such an event, APX shareholders would not have the benefit of the new leverage policy even if APX shareholders had previously approved the APX Policy Amendment. If MUA shareholders approve the MUA Policy Amendment, then the Combined Fund would operate under the new leverage policy and shareholders of the Combined Fund, including former shareholders of APX, would have the benefit of the new leverage policy. In such an event, APX shareholders would be subject to the new leverage policy even if APX shareholders had not previously approved the APX Policy Amendment. There can be no assurance that MUA shareholders will approve the MUA Policy Amendment.

There can be no assurance that MUA shareholders will approve the MUA Policy Amendment. In addition, there can be no assurance the Combined Fund will be able to continue to use leverage through the use of TOBs or other forms of leverage during periods of instability or illiquidity in the debt markets, during periods of high short-term interest rates or due to other adverse market conditions, because the Combined Fund may not be able to enter into TOBs transactions or use other forms of leverage during such periods.

Leverage involves greater risks and costs and the Combined Fund s leveraging strategy may not be successful. Although the timing of and other terms concerning the Combined Fund s use of leverage will be determined by the Combined Fund s Board, the Combined Fund would expect to invest the proceeds resulting from its use of leverage in municipal bonds. Any leverage used by the Combined Fund would pay adjustable rate dividends based on shorter-term interest rates, which would likely be determined periodically by a remarketing or similar process. The adjustment period for dividends payable pursuant to the Combined Fund s use of leverage could be as short as one day or as long as a year or more. So long as the Combined Fund s portfolio is invested in securities that provide a higher rate of return than the dividend rate payable on the Combined Fund s leverage, after accounting for expenses, the leverage would cause a common shareholder of the Combined Fund to receive a higher current rate of income than if the Combined Fund was not leveraged. See Risk Factors and Special Considerations General Leverage Risk and Tender Option Bond Risk.

Changes in the value of the Combined Fund s bond portfolio, including bonds purchased with the proceeds of TOBs, will be borne entirely by the shareholders. If there is a net decrease, or increase, in the value of the Combined Fund s investment portfolio, the leverage will decrease or increase (as the case may be) the net asset value per common share to a greater extent than if the Combined Fund was not leveraged. During periods in which the Combined Fund is using leverage, the fees paid to BlackRock for advisory and sub-advisory services will be higher than if the Combined Fund did not use leverage because the fees paid will be calculated on the basis of the Combined Fund s total assets, which includes amounts borrowed for investment purposes.

If a Fund s Policy Amendment is approved, any benefits from additional leverage will not be fully achieved until the additional proceeds resulting from the increased use of leverage have been invested in debt instruments in accordance with the Fund s investment objectives and policies. No assurance can be given at this time as to how long it will take for each Fund to reach its leverage target of approximately 15% of its total assets or that a Fund will be able to use additional leverage to reach such leverage target.

## MANAGEMENT OF THE FUNDS

### The Boards

The Board of each Fund is responsible for the overall supervision of the operations of its respective Fund and performs the various duties imposed on the directors of investment companies by the 1940 Act and under Maryland law. A list of the directors, a brief biography for each director and additional information relating to the Boards are included in the Statement of Additional Information.

### The Advisors

BlackRock Advisors, LLC acts as the investment adviser for each Fund. Pursuant to an investment management agreement between BlackRock Advisors, LLC and each Fund, MUA and APX pays the Investment Advisor a monthly fee at an annual rate of 0.55% and 0.65%, respectively, of the respective Fund s average daily total assets.

BlackRock Investment Management, LLC acts as the sub-advisor for each Fund (the Sub-Advisor and together with the Investment Advisor, the Advisors ). BlackRock Advisors, LLC has entered into a separate sub-advisory agreement with BlackRock Investment Management, LLC, under which the BlackRock Advisors, LLC pays BlackRock Investment Management, LLC for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to BlackRock Advisors, LLC.

A discussion regarding the basis for the approval of the investment management agreements by the Boards of the Funds are available in each Fund s semi-annual report to shareholders for the period ending October 31, 2009.

In addition to the fees paid to the Investment Advisor, the Funds pay all other costs and expenses of their operations, including compensation of their directors (other than those affiliated with the Advisors), custodian, leveraging expenses, transfer and dividend disbursing agent expenses, legal fees, listing fees and expenses, expenses of independent auditors, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies and taxes, if any.

BlackRock Advisors, LLC, located at 100 Bellevue Parkway, Wilmington, Delaware 19809, and BlackRock Investment Management, LLC, located at 55 East 52$^{nd}$ Street, New York, New York 10055, are wholly owned subsidiaries of BlackRock, Inc. ( BlackRock ), which is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At September 30, 2010, BlackRock s assets under management was $3.446 trillion.

The BlackRock organization has over 20 years of experience managing closed-end funds and, as of September 30, 2010, advised a registered closed-end fund family of 95 exchange-listed active funds with approximately $39.3 billion in assets. In addition, BlackRock advised 3 non-exchange-listed closed-end funds with approximately $817 million in assets.

BlackRock offers products that span the risk spectrum to meet clients needs, including active, enhanced and index strategies across markets and asset classes. Products are offered in a variety of structures including separate accounts, mutual funds, iShares® (exchange traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. Headquartered in New York City, as of September 30, 2010, the firm has approximately 8,900 employees in 24 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa.

**Portfolio Management**

The Investment Advisor serves as the investment adviser for each of the Funds and is expected to continue to serve as investment adviser for the Combined Fund. Each Fund is managed by a team of investment professionals comprised of Theodore R. Jaeckel, Jr., CFA, Managing Director at BlackRock and Walter O Connor, Managing Director at BlackRock. Each is a member of BlackRock s municipal tax-exempt management group. Each is jointly responsible for the day-to-day management of each Fund s portfolio, which includes setting each Fund s overall investment strategy, overseeing the management of each Fund and/or selection of its investments. Messrs. Jaeckel and O Connor have been members of the Funds portfolio management team since 1997 and 2006, respectively.

Mr. Jaeckel joined BlackRock in 2006. Prior to joining BlackRock, he was a Managing Director (Municipal Tax-Exempt Fund Management) of Merrill Lynch Investment Managers, L.P. ( MLIM ) from 2005 to 2006 and a Director of MLIM from 1997 to 2005. He has been a portfolio manager with BlackRock or MLIM since 1991.

Mr. O Connor joined BlackRock in 2006. Prior to joining BlackRock, he was a Managing Director (Municipal Tax-Exempt Fund Management) of MLIM from 2003 to 2006 and was a Director of MLIM from 1998 to 2003. He has been a portfolio manager with BlackRock or MLIM since 1991.

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

**Portfolio Transactions with Affiliates**

The Advisors may place portfolio transactions, to the extent permitted by law, with brokerage firms affiliated with the Funds and the Advisors, if it reasonably believes that the quality of execution and the commission are comparable to that available from other qualified brokerage firms. None of the Funds paid brokerage commissions to affiliated broker-dealers during their three most recent fiscal years.

**Legal Proceedings**

There are no material pending legal proceedings against the Funds or the Advisors.

**Other Service Providers**

The professional service providers for the Funds are as follows:

| Service | Service Providers to MUA and APX |
|---|---|
| Investment Advisor | BlackRock Advisors, LLC |
| Sub-Advisor | BlackRock Investment Management, LLC |
| Custodian | The Bank of New York Mellon |
| Transfer Agent, Dividend Disbursing Agent and Registrar | The Bank of New York Mellon |
| Accounting Services Provider | State Street Bank and Trust Company |
| Independent Auditors | Deloitte & Touche LLP |
| Fund Counsel | Skadden, Arps, Slate, Meagher & Flom LLP |
| Counsel to the Independent Directors | Debevoise & Plimpton LLP |

All securities owned by the Funds and all cash, including proceeds from the sale of securities in each Fund s investment portfolio, are held by the Bank of New York Mellon, One Wall Street, New York, New York 10286, as custodian. The Bank of New York Mellon also serves as each Fund s transfer agent with respect to the Funds common shares.

It is not anticipated that the Reorganization will result in any change in the organizations providing services to MUA as set forth above. As a result of the Reorganization, the service providers to MUA are anticipated to be the service providers to the Combined Fund.

**Capitalization**

The Board of each Fund may authorize separate classes of shares together with such designation of preferences, rights, voting powers, restrictions, limitations, qualifications or terms as may be determined from time to time by the Board of such Fund. The tables below set forth the capitalization of APX and MUA as of July 31, 2010 and the pro forma capitalization of the Combined Fund as if the proposed Reorganization had occurred on that date.

**Capitalization as of July 31, 2010**

| | MUA | APX | Adjustments | Pro Forma Combined Fund |
|---|---|---|---|---|
| Net Assets[(a)] | $ 269,937,960 | $ 185,839,393 | $ (421,819)[(b)] | $ 455,355,534 |
| Common Shares Outstanding | 21,137,255 | 19,981,270 | (5,433,707)[(c)] | 35,684,818 |
| Net Asset Value Per Share | $ 12.77 | $ 9.30 | $ (0.01)[(b)] | $ 12.76 |

(a) Based on the number of outstanding shares of common stock listed in Outstanding common shares table below.

(b) Reflects non-recurring aggregate estimated Reorganization expenses of $421,819 of which $216,405 is estimated to be attributable to MUA and $205,414 is estimated to be attributable to APX.

(c) Reflects adjustments of (5,433,707) for APX due to differences in per share NAV.

## ADDITIONAL INFORMATION ABOUT THE COMMON SHARES OF THE FUNDS

**General**

Shareholders of a Fund are entitled to share equally in dividends declared by the Fund s Board as payable to holders of the Fund s common shares and in the net assets of the Fund available for distribution to holders of the common shares. Shareholders do not have preemptive or conversion rights and a Fund s common shares are not redeemable. The outstanding common shares of each Fund are fully paid and nonassessable.

**Purchase and Sale**

Purchase and sale procedures for the common shares of each of the Funds are identical. Investors typically purchase and sell common shares of the Funds through a registered broker-dealer on the NYSE, 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.

**Outstanding Shares as of October 31, 2010**

| Fund | Title of Class | Amount Authorized | Amount Held by Fund for its Own Account | Amount Outstanding Exclusive of Amount Shown in Previous Column |
|---|---|---|---|---|
| MUA | Common Stock | 200,000,000 | | 21,176,532 |
| APX | Common Stock | 150,000,000 | | 19,990,638 |

**Share Price Data**

The following tables set forth the high and low market prices for common shares of each Fund on the NYSE, for each full quarterly period within each Fund s two most recent fiscal years and each full quarter since the beginning of each Fund s current fiscal year, along with the net asset value and discount or premium to net asset value for each quotation.

| MUA | Market Price | | Net Asset Value | | Premium/(Discount) to Net Asset Value | |
|---|---|---|---|---|---|---|
| **Period Ended** | **High** | **Low** | **High** | **Low** | **High** | **Low** |
| October 31, 2010 | $ 13.20 | $ 12.82 | $ 13.12 | $ 12.77 | 1.41% | -1.53% |
| July 31, 2010 | $ 12.88 | $ 12.42 | $ 12.77 | $ 12.57 | 1.02% | -2.05% |
| April 30, 2010 | $ 12.70 | $ 12.19 | $ 12.63 | $ 12.29 | 1.71% | -1.44% |
| January 31, 2010 | $ 12.65 | $ 11.74 | $ 12.31 | $ 11.96 | 3.10% | -2.98% |
| October 31, 2009 | $ 12.72 | $ 11.29 | $ 12.52 | $ 11.07 | 8.35% | -7.21% |
| July 31, 2009 | $ 11.51 | $ 10.79 | $ 11.17 | $ 10.60 | 5.47% | -2.62% |
| April 30, 2009 | $ 11.35 | $ 9.91 | $ 10.59 | $ 10.21 | 8.93% | -3.38% |
| January 31, 2009 | $ 10.70 | $ 8.36 | $ 10.73 | $ 9.54 | 4.80% | -14.91% |
| October 31, 2008 | $ 12.70 | $ 8.35 | $ 12.62 | $ 10.57 | 1.77% | -26.30% |
| July 31, 2008 | $ 13.60 | $ 12.54 | $ 12.85 | $ 12.41 | 6.33% | -0.40% |

| APX | Market Price | | Net Asset Value | | Premium/(Discount) to Net Asset Value | |
|---|---|---|---|---|---|---|
| **Period Ended** | **High** | **Low** | **High** | **Low** | **High** | **Low** |
| October 31, 2010 | $ 9.59 | $ 9.11 | $ 9.54 | $ 9.30 | 1.06% | -3.26% |
| July 31, 2010 | $ 9.10 | $ 8.77 | $ 9.30 | $ 9.16 | -1.73% | -4.98% |
| April 30, 2010 | $ 9.13 | $ 8.75 | $ 9.19 | $ 8.94 | 1.68% | -3.48% |
| January 31, 2010 | $ 9.00 | $ 8.33 | $ 8.94 | $ 8.68 | 1.12% | -5.13% |
| October 31, 2009 | $ 8.85 | $ 8.01 | $ 9.06 | $ 8.04 | 3.20% | -9.39% |
| July 31, 2009 | $ 8.18 | $ 7.47 | $ 8.08 | $ 7.68 | 2.25% | -5.08% |
| April 30, 2009 | $ 7.82 | $ 6.52 | $ 7.67 | $ 7.41 | 2.62% | -13.41% |
| January 31, 2009 | $ 8.01 | $ 6.10 | $ 7.79 | $ 6.91 | 2.96% | -18.59% |
| October 31, 2008 | $ 9.53 | $ 5.98 | $ 9.16 | $ 7.67 | 4.96% | -28.00% |
| July 31, 2008 | $ 9.86 | $ 9.03 | $ 9.32 | $ 9.01 | 5.79% | -1.09% |

As of November 5, 2010, the net asset value per common share of APX was $9.49 and the market price per common share was $9.39, representing a discount to net asset value of -1.05% and the net asset value per common share of MUA was $13.05 and the market price per common share was $13.01, representing a discount to net asset value of -0.31%. Common shares of each Fund have historically traded at both a premium and a discount to net asset value.

**Performance Information**

The performance table below illustrates the past performance of an investment in common shares of each Fund by setting forth the average total returns for the Funds for the periods indicated. A Fund s past performance does not necessarily indicate how its common shares will perform in the future.

**Average Annual Total Returns as of July 31, 2010**

| Fund | Trailing 12-month Distribution Yield based on July 31, 2010 | One Year ended July 31, 2010 based on NAV | One Year ended July 31, 2010 based on Market Price | Life of Fund based on NAV | Life of Fund based on Market Price | Inception Date |
|---|---|---|---|---|---|---|

| | NAV | | | | | |
|---|---|---|---|---|---|---|
| APX | 6.01% | 23.05% | 18.28% | 6.25% | 5.74% | 7/25/1989 |
| MUA | 6.27% | 22.88% | 21.21% | 6.14% | 5.80% | 6/25/1993 |

## DIVIDENDS AND DISTRIBUTIONS

The dividend and distribution policy of MUA will be the dividend and distribution policy for the Combined Fund. The dividend and distribution policies of APX are the same as that of MUA. MUA intends to make regular monthly cash distributions of all or a portion of its net investment income to holders of the Fund s common shares. MUA s net investment income consists of all interest income accrued on portfolio assets less all expenses of the Fund. MUA is required to allocate net capital gains and other taxable income, if any, received by the Fund among its shareholders on a pro rata basis in the year for which such capital gains and other income is realized.

The tax treatment and characterization of MUA s distributions may vary significantly from time to time because of the varied nature of the Fund s investments. MUA will indicate the proportion of its capital gains distributions that constitute long-term and short-term gains annually. The ultimate tax characterization of MUA s distributions made in a calendar or fiscal year cannot finally be determined until after the end of that fiscal year. As a result, there is a possibility that MUA may make total distributions during a calendar or fiscal year in an amount that exceeds MUA s net investment income, net capital gains and accumulated earnings and profits (if any) for the relevant fiscal year and its previously undistributed earnings and profits from prior years. In such situations, the amount by which MUA s total distributions exceed its net investment income, net capital gains and accumulated earnings and profits (if any) generally will be treated as a tax-free return of capital reducing the amount of a shareholder s tax basis in such shareholder s shares, with any amounts exceeding such basis treated as gain from the sale of shares.

Various factors will affect the level of MUA s net investment income, such as its asset mix, its level of retained earnings, the amount of leverage utilized by the Fund and the effects thereof and the movement of interest rates for municipal bonds. These factors, among others, may result in the Combined Fund s level of net investment income being different from the level of net investment income for any of APX or MUA if the Reorganization were not completed. To permit MUA to maintain more stable monthly distributions and to the extent consistent with the distribution requirements imposed on regulated investment companies by the Code, the Fund may from time to time distribute less than the entire amount earned in a particular period. The income would be available to supplement future distributions. As a result, the distributions paid by MUA for any particular month may be more or less than the amount actually earned by the Fund during that month. Undistributed earnings will increase MUA s net asset value and, correspondingly, distributions from undistributed earnings and from capital, if any, will reduce the Fund s net asset value. Holders of MUA s common shares will automatically have all dividends and distributions reinvested in common shares issued by the Fund or common shares of the Fund purchased in the open market in accordance with the Fund s Automatic Dividend Reinvestment Plan, unless an election is made to receive cash. For information concerning the manner in which dividends and distributions to holders of a Fund s common shares may be reinvested automatically in such Fund s common shares, see Automatic Dividend Reinvestment Plan below.

## AUTOMATIC DIVIDEND REINVESTMENT PLAN

The automatic dividend reinvestment plan (the Plan ) of MUA will be the automatic dividend reinvestment plan of the Combined Fund. The automatic dividend reinvestment plan of APX is the same as MUA s Plan. Shareholders of MUA are automatically enrolled to have all distributions of dividends and capital gains reinvested by BNY Mellon Shareowner Services (the Plan Agent ), agent for shareholders in administering the Plan. Shareholders who do not participate in the Plan receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent.

After MUA declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants accounts, depending upon the circumstances described below, either (i) through receipt of unissued but authorized shares from the Fund ( newly issued shares ) or (ii) by open-market purchases. If, on the dividend payment date, the net asset value per share ( NAV ) is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as market premium ), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant s account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the payment date, the dollar amount of the dividend will be divided by 95% of the market price on the payment date. If, on the dividend payment date, the NAV is greater than the market value per share plus estimated brokerage commissions (such condition being referred to herein as market discount ), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open market purchases.

In the event of a market discount on the payment date for any dividend, the Plan Agent will have until the last business day before the next date on which the common shares trade on an ex-dividend basis or 30 days after the payment date for such dividend, whichever is sooner (the last purchase date ), to invest the dividend amount in common shares acquired in open-market purchases. It is contemplated that the Fund will pay monthly dividends. Therefore, the period during which open-market purchases can be made will exist only from the payment date of each dividend through the date before the next ex-dividend date, which will typically be approximately 10 days after the payment date for such dividend. If, before the Plan Agent has completed its open-market purchases, the market price of a common share exceeds the net asset value per common share, the average per common share purchase price paid by the Plan Agent may exceed the net asset value of the common shares, resulting in the acquisition of fewer common shares than if the dividend had been paid in newly issued common shares on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Agent may cease making open-market purchases and may invest the uninvested portion of the dividend amount in newly issued common shares at the net asset value per common share at the close of business on the last purchase date.

Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Agent prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or distribution.

The Plan Agent s fees for the handling of the reinvestment of dividends and distributions are paid by MUA. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent s open-market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any Federal income tax that may be payable on such dividends or distributions. Participants should consult their own tax advisors regarding the Federal income tax consequences of the automatic reinvestment of dividends and distributions, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax laws.

MUA reserves the right to amend or terminate its Plan. There is no direct service charge to participants in its Plan; however, MUA reserves the right to amend its Plan to include a service charge payable by the participants. Participants who request a sale of shares through the Plan Agent are subject to a $0.02 per share sold brokerage commission.

All correspondence concerning the Plan, including any questions about the Plan, should be directed to the Plan Agent at BNY Mellon Shareowner Services, P.O. Box 358035, Pittsburgh, PA 15252 8035, Telephone: (866) 216 0242.

**CERTAIN PROVISIONS OF THE CHARTER**

Each Fund s charter includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board. This 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 over the Fund. Such attempts could have the effect of increasing the expenses of the Fund and disrupting the normal operation of the Fund.

The Board of each Fund is divided into three classes, with the terms of one class expiring at each annual meeting of shareholders. At each annual meeting, one class of directors is elected to a three-year term. This provision could delay for up to two years the replacement of a majority of the Board of a Fund. With respect to APX, a director may only be removed from office for cause and only by action taken by the holders of at least 75% of the shares of capital stock entitled to be voted on the matter. With respect to MUA, a director may be removed from office with or without cause by vote of the holders of 66% of the votes entitled to be voted on the matter.

The charters of MUA and APX require the favorable vote of the holders of at least 66 2/3% and 75%, respectively, of all of the Fund s shares of capital stock, then entitled to be voted on the matter, to approve, adopt or authorize the following:

- a merger or consolidation or statutory share exchange of the Fund with any other corporation or entity,
- a sale of all or substantially all of the Fund s assets (other than in the regular course of the Fund s investment activities), or
- a liquidation or dissolution of the Fund,

unless such action has been approved, adopted or authorized by the affirmative vote of at least two-thirds of the total number of directors fixed in accordance with the bylaws, in which case the affirmative vote of a majority of all of the votes entitled to be cast by shareholders of the Fund is required.

The Board of each Fund has determined that the voting requirements described above, which are greater than the minimum requirements under the 1940 Act or, in certain circumstances, Maryland law, are in the best interests of shareholders generally. Reference should be made to the charter of each Fund on file with the SEC for the full text of these provisions.

**GOVERNING LAW**

Each Fund is incorporated as a Maryland corporation pursuant to its charter governed by the laws of the State of Maryland. MUA was incorporated under the laws of the State of Maryland on April 15, 1993 and commenced operations on June 25, 1993. MUA was known as MuniAssets Fund, Inc. prior to September 14, 2006. APX was incorporated under the laws of the State of Maryland on June 29, 1987 and commenced operations on July 25, 1989. APX was known as Apex Municipal Fund, Inc. prior to September 14, 2006.

**CONVERSION TO OPEN-END FUND**

To convert MUA to an open-end investment company, MUA s charter requires the affirmative vote of the holders of at least 66 2/3% of MUA s outstanding shares of capital stock entitled to be voted on the matter (or a majority of such shares if the amendment was previously approved, adopted or authorized by the affirmative vote of at least two-thirds of the total number of directors fixed in accordance with the bylaws).

To convert APX to an open-end investment company, APX s charter requires the affirmative vote of the holders of at least 75% of APX s outstanding shares of capital stock entitled to be voted on the matter (or a majority of the votes entitled to be cast thereon if the amendment was previously approved, adopted or authorized by the affirmative vote of at least two-thirds of the total number of directors fixed in accordance with the bylaws).

The foregoing votes would satisfy a separate requirement in the 1940 Act that any conversion of a Fund to an open-end investment company be approved by the shareholders. If approved in the foregoing manners, we anticipate conversion of a Fund to an open-end investment company might not occur until 90 days after the shareholders meeting at which such conversion was approved and would also require at least 10 days prior notice to all shareholders. Following any such conversion, it is possible that certain of the Fund s investment policies and strategies would have to be modified to assure sufficient portfolio liquidity. In the event of conversion, the common shares would cease to be listed on the NYSE. Shareholders of an open-end investment company may require the company to redeem their shares at any time, except in certain circumstances as authorized by or under the 1940 Act, at their net asset value, less such redemption charge, if any, as might be in effect at the time of redemption. An open-end investment company expects to pay all such redemption requests in cash, but reserves the right to pay redemption requests in a combination of cash and securities. If such partial payment in securities were made, investors may incur brokerage costs in converting such securities to cash. If a Fund were converted to an open-end investment company, it is likely that new shares would be sold at net asset value plus a sales load. The Boards believe, however, that the Funds closed-end structure is desirable in light of the Funds investment objectives and policies. Therefore, shareholders should assume that it is not likely that the Boards would vote to convert any of the Funds to an open-end fund.

## VOTING RIGHTS

Voting rights are identical for the shareholders of each Fund. The shareholders of each Fund are entitled to one vote for each share held by them. The shareholders of each Fund do not have any preemptive or preferential right to purchase or subscribe to any shares of such Fund.

Each Fund s common shares do not have cumulative voting rights, which means that the holders of more than 50% of a Fund s common shares voting for the election of directors can elect all of the directors standing for election by such holders, and, in such event, the holders of the Fund s remaining common shares will not be able to elect any directors.

## APPRAISAL RIGHTS

Common shareholders of APX, which is a corporation organized under Maryland law, will not have appraisal rights as the common shares of APX are traded on the NYSE. Under Maryland law, shareholders of an investment company whose shares are traded publicly on a national securities exchange are not entitled to demand the fair value of their shares in connection with a reorganization.

## FINANCIAL HIGHLIGHTS

### BlackRock MuniAssets Fund, Inc. (MUA)

The Financial Highlights table is intended to help you understand MUA s financial performance for the periods shown. Certain information reflects the financial results for a single Fund share. The total returns in the table represent the rate an investor would have earned or lost on an investment in MUA (assuming reinvestment of all dividends and/or distributions, if applicable). The information for the periods shown has been audited by Deloitte & Touche LLP, MUA s independent registered public accounting firm. Financial statements for the fiscal year ended April 30, 2010 and the Report of the Independent Registered Public Accounting Firm thereon appear in MUA s Annual Report for the fiscal year ended April 30, 2010, which is available upon request.

**BlackRock MuniAssets Fund, Inc. (MUA)**

| | Year Ended April 30, 2010 | Period June 1, 2008 to April 30, 2009 | Year Ended May 31, 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | | | | | | |
| Net asset value, beginning of period | $10.59 | $12.79 | $13.87 | $13.65 | $13.40 | $12.36 | $11.94 | $12.55 | $12.96 | $12.76 | $14.46 |
| Net investment income | 0.80[1] | 0.72[1] | 0.78[1] | 0.82[1] | 0.81[1] | 0.81[1] | 0.83[1] | 0.81[1] | 0.79 | 0.83 | 0.80 |
| Net realized and unrealized gain (loss) | 2.06 | (2.18) | (1.04) | 0.24 | 0.27 | 1.04 | 0.38 | (0.64) | (0.41) | 0.19 | (1.69) |
| Net increase (decrease) from investment operations | 2.86 | (1.46) | (0.26) | 1.06 | 1.08 | 1.85 | 1.21 | 0.17 | 0.38 | 1.02 | (0.89) |
| Dividends and distributions from: | | | | | | | | | | | |
| Net investment income | (0.82) | (0.74) | (0.82) | (0.84) | (0.83) | (0.81) | (0.78) | (0.78) | (0.79) | (0.82) | (0.81) |
| Net realized gain | | | (0.00)[2] | | | | (0.01) | | | | |
| Total dividends and distributions | (0.82) | (0.74) | (0.82) | (0.84) | (0.83) | (0.81) | (0.79) | (0.78) | (0.79) | (0.82) | (0.81) |
| Net asset value, end of period | $12.63 | $10.59 | $12.79 | $13.87 | $13.65 | $13.40 | $12.36 | $11.94 | $12.55 | $12.96 | $12.76 |
| Market price, end of period | $12.65 | $10.91 | $13.35 | $15.29 | $14.13 | $13.27 | $11.38 | $11.91 | $11.66 | $13.00 | $11.19 |
| **Total Investment Return[3]** | | | | | | | | | | | |
| Based on net asset value | 27.72% | (11.29)%[4] | (1.90)% | 7.72% | 8.31% | 15.65% | 10.74% | 1.61% | 3.30% | 8.58% | (5.45)% |
| Based on market price | 24.17% | (12.45)%[4] | (7.12)% | 14.71% | 13.22% | 24.39% | 2.22% | 9.09% | (4.32)% | 24.22% | (7.79)% |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Ratios Based on Average Net Assets Applicable to Common Shares** | | | | | | | | | | | |
| Total expenses | 0.72% | 0.77%[6] | 0.70% | 0.68% | 0.68% | 0.67% | 0.67% | 0.78% | 0.83% | 0.76% | 0.74% |
| Total expenses after fees waived and paid indirectly | 0.72% | 0.76%[6] | 0.69% | 0.68% | 0.68% | 0.67% | 0.67% | 0.78% | 0.83% | 0.76% | 0.74% |
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees[5] | 0.67% | 0.70%[6] | 0.66% | 0.68% | 0.68% | 0.67% | 0.67% | 0.78% | 0.74%[7] | 0.76% | 0.74% |
| Net investment income | 6.72% | 7.13%[6] | 5.81% | 5.91% | 5.97% | 6.30% | 6.71% | 6.76% | 6.16% | 6.44% | 5.96% |
| **Supplemental Data** | | | | | | | | | | | |
| Net assets, end of period (000) | $266,831 | $221,899 | $266,913 | $287,367 | $280,793 | $273,382 | $252,203 | $243,671 | $255,150 | $135,448 | $133,065 |
| Portfolio turnover | 44% | 23% | 23% | 25% | 17% | 20% | 19% | 27% | 20% | 17% | 32% |

1 Based on average shares outstanding.
2 Amount is less than $(0.01) per share.
3 Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of sales charges and include the reinvestment of dividends and distributions.
4 Aggregate total investment return.
5 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements in the Fund s most recent annual report for details of municipal bonds transferred to tender option bond trusts.
6 Annualized.
7 Excludes reorganization costs.

**BlackRock Apex Municipal Fund, Inc. (APX)**

The Financial Highlights table is intended to help you understand APX s financial performance for the periods shown. Certain information reflects the financial results for a single Fund share. The total returns in the table represent the rate an investor would have earned or lost on an investment in APX (assuming reinvestment of all dividends and/or distributions, if applicable). The information for the periods shown has been audited by Deloitte & Touche LLP, APX s independent registered public accounting firm. Financial statements for the fiscal year ended April 30, 2010 and the Report of the Independent Registered Public Accounting Firm thereon appear in APX s Annual Report for the fiscal year ended April 30, 2010, which is available upon request.

**BlackRock Apex Municipal Fund, Inc. (APX)**

| | Year Ended April 30, 2010 | Period July 1, 2008 to April 30, 2009 | Year Ended June 30, 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Per Share Operating Performance** | | | | | | | | | | | |
| Net asset value, beginning of period | $7.67 | $9.14 | $9.95 | $9.90 | $9.82 | $9.13 | $8.99 | $9.24 | $9.45 | $9.33 | $10.37 |
| Net investment income | 0.57[1] | 0.48[1] | 0.54[1] | 0.58[1] | 0.58[1] | 0.58[1] | 0.60[1] | 0.58[1] | 0.58 | 0.59 | 0.66 |
| Net realized and unrealized gain (loss) | 1.51 | (1.48) | (0.77) | 0.06 | 0.08 | 0.69 | 0.11 | (0.27) | (0.22) | 0.13 | (1.03) |
| Net increase (decrease) from investment operations | 2.08 | (1.00) | (0.23) | 0.64 | 0.66 | 1.27 | 0.71 | 0.31 | 0.36 | 0.72 | (0.37) |
| Dividends and distributions from: | | | | | | | | | | | |
| Net investment income | (0.56) | (0.47) | (0.58) | (0.59) | (0.58) | (0.58) | (0.57) | (0.56) | (0.57) | (0.60) | (0.67) |
| Net realized gain | | | | | | | (0.00)[2] | | | | |
| Total dividends and distributions | (0.56) | (0.47) | (0.58) | (0.59) | (0.58) | (0.58) | (0.57) | (0.56) | (0.57) | (0.60) | (0.67) |
| Net asset value, end of period | $9.19 | $7.67 | $9.14 | $9.95 | $9.90 | $9.82 | $9.13 | $8.99 | $9.24 | $9.45 | $9.33 |
| Market price, end of period | $8.87 | $7.72 | $9.28 | $10.23 | $10.25 | $9.48 | $8.26 | $8.48 | $8.39 | $9.10 | $8.94 |
| **Total Investment Return[3]** | | | | | | | | | | | |
| Based on net asset value | 27.99% | (10.81)%[4] | (2.40)% | 6.48% | 7.00% | 14.67% | 8.64% | 4.13% | 4.31% | 8.48% | (3.23)% |
| Based on market price | 22.73% | (11.58)%[4] | (3.61)% | 5.73% | 14.76% | 22.36% | 4.20% | 8.18% | (1.64)% | 9.05% | (6.22)% |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Ratios Based on Average Net Assets Applicable to Common Shares** | | | | | | | | | | | |
| Total expenses | 0.84% | 0.91%[6] | 0.85% | 0.80% | 0.81% | 0.80% | 0.79% | 0.90% | 0.87% | 0.82% | 0.81% |
| Total expenses after fees waived | 0.84% | 0.91%[6] | 0.84% | 0.80% | 0.80% | 0.80% | 0.79% | 0.90% | 0.87% | 0.82% | 0.81% |
| Total expenses after fees waived and excluding interest expense and fees[5] | 0.80% | 0.84%[6] | 0.80% | 0.80% | 0.80% | 0.80% | 0.79% | 0.90% | 0.87% | 0.82% | 0.81% |
| Net investment income | 6.64% | 7.16%[6] | 5.64% | 5.75% | 5.83% | 6.11% | 6.52% | 6.56% | 6.19% | 6.35% | 6.71% |
| **Supplemental Data** | | | | | | | | | | | |
| Net assets, end of period (000) | $183,622 | $152,961 | $181,656 | $196,826 | $194,646 | $192,475 | $178,983 | $176,116 | $181,093 | $185,246 | $182,879 |
| Portfolio turnover | 46% | 20% | 25% | 22% | 19% | 22% | 19% | 24% | 25% | 17% | 20% |

1 Based on average shares outstanding.
2 Amount is less than $(0.01) per share.
3 Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of sales charges and include the reinvestment of dividends and distributions.
4 Aggregate total investment return.
5 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements in the Fund s most recent annual report for details of municipal bonds transferred to tender option bond trusts.
6 Annualized.

## INFORMATION ABOUT THE REORGANIZATION

### General

Pursuant to the Reorganization Agreement (a form of which is attached as Appendix A to the Statement of Additional Information), APX will merge with and into the Merger Subsidiary. APX common shares will be converted to the right to receive MUA common shares pursuant to the Reorganization. MUA common shares issued to APX shareholders will have an aggregate net asset value equal to the aggregate net asset value of APX s common shares outstanding immediately prior to the Reorganization, less the costs of the Reorganization (though cash may be paid in lieu of any fractional common shares). Each shareholder of APX will receive the number of MUA common shares corresponding to his or her proportionate interest in the common shares of APX. As soon as practicable after the Closing Date for the Reorganization, APX will deregister as investment companies under the 1940 Act and the Merger Subsidiary will dissolve under Maryland law and be liquidated into MUA.

The distribution of MUA common shares to APX s shareholders will be accomplished by opening new accounts on the books of MUA in the names of the shareholders of APX and transferring to those shareholder accounts MUA common shares. Each newly-opened account on the books of MUA for the former shareholders of APX will represent the respective pro rata number of MUA common shares (rounded down, in the case of fractional common shares held other than in a Plan account, to the next largest number of whole common shares) due such shareholder. No fractional MUA common shares will be issued (except for common shares held in a Plan account). In the event there are fractional common shares in an account other than a Plan account, MUA s transfer agent will aggregate all such fractional MUA common shares and sell the resulting whole common 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 APX common share certificates. See Terms of the Reorganization Agreement Surrender and Exchange of Share Certificates below for a description of the procedures to be followed by APX s shareholders to obtain their MUA common shares (and cash in lieu of fractional common shares, if any).

As a result of the Reorganization, each common shareholder of APX will own MUA common shares that (except for cash payments received in lieu of fractional common shares) will have an aggregate net asset value immediately after the Closing Date equal to the aggregate net asset value of that shareholder s APX common shares immediately prior to the Closing Date. Since MUA common shares will be issued at net asset value in exchange for the common shares of APX having a value equal to the aggregate net asset value of those MUA common shares, the net asset value per share of MUA common shares should remain virtually unchanged by the Reorganization except for its share of the costs of the Reorganization. Thus, the Reorganization will result in no dilution of the net asset value of MUA common shares, other than to reflect the costs of the Reorganization. However, as a result of the Reorganization, a shareholder of any of the Funds will hold a reduced percentage of ownership in the Combined Fund than he or she did in any of APX. No sales charge or fee of any kind will be charged to shareholders of APX in connection with their receipt of MUA common shares in the Reorganization.

## TERMS OF THE REORGANIZATION AGREEMENT

The following is a summary of the significant terms of the Reorganization Agreement. This summary is qualified in its entirety by reference to the Form of Reorganization Agreement attached as Appendix A to the Statement of Additional Information.

### Valuation of Common Shares

The respective assets of each of the Funds will be valued on or after the close of business of the NYSE on the business day immediately preceding the Closing Date (the Valuation Time ). The valuation procedures are the same for each Fund. The net asset value per common share of each Fund will be determined after the close of business on the NYSE (generally, 4:00 p.m., Eastern Time) at the Valuation Time. For the purpose of determining the net asset value of a common share of each Fund, the value of the securities held by the Fund plus any cash or other assets (including interest accrued but not yet received) minus all liabilities (including incurred and accrued expenses, which will include each Fund s share of the costs of the Reorganization) is divided by the total number of common shares of the Fund outstanding at such time.

**Amendments and Conditions**

The Reorganization Agreement may be amended at any time prior to the Closing Date with respect to any of the terms therein upon mutual agreement. The obligations of each Fund pursuant to the Reorganization Agreement are subject to various conditions, including a registration statement on Form N-14 being declared effective by the SEC, approval of the Reorganization Agreement by the shareholders of APX, approval of the issuance of additional MUA common shares by the shareholders of MUA, receipt of an opinion of counsel as to tax matters, receipt of an opinion of counsel as to corporate and securities matters and the continuing accuracy of various representations and warranties of the Funds being confirmed by the respective parties.

**Postponement; Termination**

Under the Reorganization Agreement, the Board of each Fund may cause the Reorganization to be postponed or abandoned under certain circumstances should such Board determine that it is in the best interests of the shareholders of its respective Fund to do so. The Reorganization Agreement may be terminated and the Reorganization abandoned at any time (whether before or after adoption thereof by the shareholders of APX) prior to the Closing Date, or the Closing Date may be postponed, (i) by mutual consent of the Board of each Fund; (ii) by the Board of APX if any condition of APX s obligations set forth in the Reorganization Agreement has not been fulfilled or waived by such Board; and (iii) by the Board of MUA if any condition of MUA s obligations set forth in the Reorganization Agreement has not been fulfilled or waived by such Board.

**Surrender and Exchange of Share Certificates**

MUA will issue to APX shareholders book entry interests for MUA common shares registered in the name of such shareholders on the basis of each holder s proportionate interest in the aggregate net asset value of APX common shares. With respect to any APX shareholder holding certificates evidencing ownership of APX common shares as of the Closing Date, and subject to MUA being informed thereof in writing by APX, MUA will not permit such shareholder to receive new certificates evidencing ownership of MUA common shares, until notified by APX or its agent that such shareholder has surrendered his or her outstanding certificates evidencing ownership of APX common shares or, in the event of lost certificates, posted adequate bond. APX, at its own expense, will request its shareholders to surrender their outstanding certificates evidencing ownership of APX common shares or post adequate bond.

Please do not send in any share certificates at this time. Upon consummation of the Reorganization, shareholders of APX will be furnished with instructions for exchanging their share certificates for MUA share certificates and, if applicable, cash in lieu of fractional common shares.

From and after the Closing Date, there will be no transfers on the stock transfer books of APX. If, after the Closing Date, certificates representing common shares of APX are presented to MUA, they will be cancelled and exchanged for certificates representing MUA common shares and cash in lieu of fractional common shares, if applicable, distributable with respect to APX s common shares in the Reorganization.

**Expenses of the Reorganization**

The Funds will bear expenses incurred in connection with the Reorganization, including, but not limited to, costs related to the preparation and distribution of materials distributed to each Fund s Board, expenses incurred in connection with the preparation of the Reorganization Agreement and the registration statement on Form

N-14, the printing and distribution of this Joint Proxy Statement/Prospectus and any other materials required to be distributed to shareholders, SEC and state securities commission filing fees and legal and audit fees in connection with the Reorganization, legal fees incurred preparing each Fund s Board materials, attending each Fund s Board meetings and preparing the minutes, auditing fees associated with each Fund s financial statements, stock exchange fees, transfer agency fees, portfolio transfer taxes (if any) and any similar expenses incurred in connection with the Reorganization, which will be borne directly by the respective Fund incurring the expense or allocated evenly between the Funds. Neither the Funds nor the Advisors will pay any expenses of shareholders arising out of or in connection with the Reorganization. The estimated expenses of the Reorganization attributable to MUA and APX are estimated to be $216,405 and $205,414, respectively.

**MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE REORGANIZATION**

The following is a summary of certain Federal income tax consequences of the Reorganization. The discussion is based upon the Code, Treasury regulations, court decisions, published positions of the Internal Revenue Service ( 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 common shares of APX as capital assets for Federal income tax purposes (generally, assets held for investment). This summary does not address all of the Federal income tax consequences that may be relevant to a particular shareholder or to shareholders who may be subject to special treatment under 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. This summary of Federal income tax consequences is for general information only. The Funds shareholders should consult their own tax advisers regarding the Federal income tax consequences of the Reorganization, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax law.

It is a condition to the closing of the Reorganization that APX and MUA each receive an opinion from Skadden Arps, dated as of the Closing Date, regarding the characterization of the Reorganization as a reorganization within the meaning of Section 368(a) of the Code. The opinion of Skadden Arps will be based on Federal income tax law in effect on the Closing Date. In rendering its opinion, Skadden Arps will also rely upon certain representations of the management of APX and MUA and assume, among other things, that the Reorganization will be consummated in accordance with the applicable Reorganization Agreement and other operative documents and as described herein. An opinion of counsel is not binding on the IRS or any court.

As a reorganization, the Federal income tax consequences of the Reorganization can be summarized as follows:

No gain or loss will be recognized by APX or MUA by reason of the Reorganization.

No gain or loss will be recognized by a shareholder of APX who exchanges all of its APX common shares solely for MUA common shares pursuant to the Reorganization (except with respect to cash received in lieu of a fractional MUA common share, as discussed below).

The aggregate tax basis of MUA common shares received by a shareholder of APX pursuant to the Reorganization will be the same as the aggregate tax basis of the shareholder s APX common shares surrendered in exchange therefor (reduced by any amount of tax basis allocable to a fractional MUA common share for which cash is received).

The holding period of MUA common shares received by a shareholder of APX pursuant to the Reorganization will include the holding period of the shareholder s APX common shares surrendered in exchange therefor.

A shareholder of APX that receives cash in lieu of a fractional MUA common share in connection with the Reorganization will be treated as having received cash in redemption of such fractional MUA common share. An APX shareholder that receives cash in lieu of a fractional MUA common share will recognize capital gain or loss equal to the difference between the amount of cash deemed received for the fractional MUA common share and the APX shareholder s tax basis in APX common shares allocable to the fractional MUA common share. The capital gain or loss will be a long-term capital gain or loss if the APX shareholder s holding period for APX common shares is more than one year as of the date the Reorganization is consummated.

MUA s tax basis in APX s assets received by MUA pursuant to the Reorganization will, in each instance, equal the tax basis of such assets in the hands of APX immediately prior to the Reorganization, and MUA s holding period for such assets will, in each instance, include the period during which the assets were held by APX.

MUA 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 each Fund and its shareholders.

On or prior to the Closing Date, APX will declare and pay a distribution to its shareholders, which together with all previous distributions, will have the effect of distributing to the shareholders of APX all of APX s investment company taxable income (computed without regard to the deduction for dividends paid), if any, through the Closing Date, net capital gains, if any, through the Closing Date, and such portion of its net tax-exempt interest income as is necessary to ensure that APX maintains its status as a regulated investment company at all times up to and including the Closing Date. To the extent that such a distribution is not an exempt-interest dividend (as defined in the Code), the distribution may be taxable to shareholders for Federal income tax purposes.

MUA will succeed to capital loss carryforwards (and certain unrealized built-in losses), if any, of APX, which will be subject to the limitations described below. If APX has capital loss carryforwards, they would, in the absence of the Reorganization, generally be available to offset capital gains. As a result of the Reorganization, however, APX will undergo an ownership change for Federal income tax purposes, and, accordingly, MUA s use of APX s capital loss carryforwards (and certain unrealized built-in losses) will be limited by the operation of the tax loss limitation rules of the Code. For a fund that undergoes an ownership change, the Code generally limits the amount of pre-ownership change losses that may be used to offset post-ownership change gains to a specific annual loss limitation amount (generally the product of (i) the fair market value of the stock of such Fund, with certain adjustments, immediately prior to the Reorganization and (ii) a rate established by the IRS (for example, the rate is 4.01% for July 2010)). Any unused portion of these losses may be available in subsequent years, subject to the overall eight-year capital loss carryforward limit, as measured from the date of recognition. MUA s capital loss carryforwards, if any, should not be limited solely by reason of the Reorganization.

Due to the operation of these tax loss limitation rules, it is possible that shareholders of APX would receive taxable distributions of short-term and long-term capital gains earlier than they would have in the absence of the Reorganization. Such taxable distributions will be treated either as ordinary income (and not as favorably taxed qualified dividend income ) if such capital gains are short term or as favorably taxed capital gain dividends if such capital gains are long term. The actual effect of the loss limitation rules on a shareholder of a Fund would depend on many variables, including such Fund s expected growth rate if the Reorganization were not to occur (i.e., whether, in the absence of the Reorganization, the Fund would generate capital gains against which to utilize its capital loss carryforwards prior to their expiration (and certain realized built-in losses) in excess of what would be the annual loss limitation amount were the Reorganization to occur, the timing and amount of future capital gains that would be recognized by the Combined Fund if the Reorganization were to occur, and the timing of a historic Fund shareholder s disposition of its shares (the tax basis of which might, depending on the facts, reflect that shareholder s share of such Fund s capital losses)). Shareholders of all of the Funds should consult their own tax advisors in this regard.

In addition, for five years beginning on the Closing Date of the Reorganization, the Combined Fund will not be allowed to offset certain pre-Reorganization built-in gains attributable to one Fund that is a gain corporation with capital loss carryforwards (and certain built-in losses) attributable to the other Fund.

**PROPOSAL 2: ISSUANCE OF MUA COMMON SHARES**