

SECURITIES AND EXCHANGE COMMISSION

**FORM 485BPOS**

Post-effective amendments [Rule 485(b)]

Filing Date: **1994-01-07**  
SEC Accession No. **0000912057-94-000030**

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**FILER**

**DEAN WITTER PREMIER INCOME TRUST**

CIK: **873738** | IRS No.: **133613348** | State of Incorpor.: **MA** | Fiscal Year End: **1031**  
Type: **485BPOS** | Act: **33** | File No.: **033-39598** | Film No.: **94500630**

Business Address  
*TWO WORLD TRADE CENTER  
NEW YORK NY 10048  
2123922550*

REGISTRATION NO.: 33-39598

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM N-1A  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933 /X/  
PRE-EFFECTIVE AMENDMENT NO. / /

POST-EFFECTIVE AMENDMENT NO. 3 /X/

AND/OR  
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY  
ACT OF 1940 /X/

AMENDMENT NO. 5 /X/

-----  
DEAN WITTER PREMIER INCOME TRUST  
(A MASSACHUSETTS BUSINESS TRUST)  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

TWO WORLD TRADE CENTER  
NEW YORK, NEW YORK 10048  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (212) 392-1600

SHELDON CURTIS, ESQ.  
TWO WORLD TRADE CENTER  
NEW YORK, NEW YORK 10048  
(NAME AND ADDRESS OF AGENT FOR SERVICE)

-----  
COPY TO:  
David M. Butowsky, Esq.  
Gordon Altman Butowsky Weitzen Shalov & Wein  
114 West 47th Street  
New York, New York 10036

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:  
As soon as practicable after this Post-Effective Amendment becomes effective.

IT IS PROPOSED THAT THIS FILING WILL BECOME EFFECTIVE (CHECK APPROPRIATE BOX)

<TABLE>  
<C> <S>  
X immediately upon filing pursuant to paragraph (b)  
on January 12, 1994 pursuant to paragraph (b)  
60 days after filing pursuant to paragraph (a)  
on (date) pursuant to paragraph (a) of rule 485.  
</TABLE>

THE REGISTRANT HAS REGISTERED AN INDEFINITE NUMBER OF ITS SHARES UNDER THE SECURITIES ACT OF 1933 PURSUANT TO SECTION (A) (1) OF RULE 24F-2 UNDER THE INVESTMENT COMPANY ACT OF 1940. PURSUANT TO SECTION (B) (2) OF RULE 24F-2, THE REGISTRANT FILED A RULE 24F-2 NOTICE FOR ITS FISCAL PERIOD ENDED OCTOBER 31, 1993 WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 19, 1993.

AMENDING THE PROSPECTUS AND UPDATING FINANCIAL STATEMENTS

## CROSS-REFERENCE SHEET

FORM N-1A

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3. ....	Dividends, Distributions and Taxes	
4. ....	Investment Objective and Policies; The Fund and its Management; Cover Page; Investment Restrictions; Prospectus Summary	
5. ....	The Fund and Its Management; Back Cover; Investment Objectives and Policies	
6. ....	Dividends, Distributions and Taxes; Additional Information	
7. ....	Purchase of Fund Shares; Shareholder Services	
8. ....	Redemptions and Repurchases; Shareholder Services	
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PART B		STATEMENT OF ADDITIONAL INFORMATION
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20. ....	Dividends, Distributions and Taxes	
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## PART C

Information required to be included in Part C is set forth under the appropriate item, so numbered, in Part C of this Registration Statement.

## PROSPECTUS

JANUARY 12, 1994

Dean Witter Premier Income Trust (the "Fund") is an open-end, diversified management investment company, whose investment objective is to earn a high level of current income consistent with low volatility of principal. The Fund seeks to achieve its investment objective by investing primarily in high quality fixed rate and adjustable rate mortgage-backed securities and other asset-backed securities which either are issued or guaranteed by the United States Government, its agencies or instrumentalities, or rated Aaa by Moody's Investors Service, Inc. or AAA by Standard & Poor's Corporation or, if not rated, determined to be of comparable quality. See "Investment Objective and Policies."

Pursuant to a Plan of Distribution pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund may reimburse the Distributor, in an amount equal to payments not exceeding the annual rate of 0.20% of the average daily net assets of the Fund, for specific expenses incurred in promoting the distribution of the Fund's shares.

This Prospectus sets forth concisely the information you should know before investing in the Fund. It should be read and retained for future reference. Additional information about the Fund is contained in the Statement of Additional Information, dated January 12, 1994, which has been filed with the Securities and Exchange Commission, and which is available at no charge upon request of the Fund at the address or telephone numbers listed below. The Statement of Additional Information is incorporated herein by reference.

DEAN WITTER  
PREMIER INCOME TRUST  
TWO WORLD TRADE CENTER  
NEW YORK, NEW YORK 10048  
(212) 392-2550 OR  
(800) 526-3143

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SHARES OF THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY BANK, AND THE SHARES ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Dean Witter Distributors Inc.  
Distributor

PROSPECTUS SUMMARY

<TABLE>	
<S>	<C>
The Fund	The Fund is organized as a Trust, commonly known as a Massachusetts business trust, and is an open-end, diversified management investment company investing primarily in high-quality fixed rate and adjustable rate mortgage-backed securities and in asset-backed securities.
Shares Offered	Shares of beneficial interest with \$0.01 par value (see page 22).
Offering Price	The price of the shares offered by this prospectus varies with the changes in the value of the Fund's investments. The offering price, determined once daily as of 4:00 p.m., New York time, on each day that the New York Stock Exchange is open, is equal to the net asset value plus a sales charge of 3.0% of the offering price, scaled down on purchases of \$100,000 or over (see page 15).
Minimum Purchase	Minimum initial investment, \$1,000. Minimum subsequent investment, \$100 (see page 15).
Investment Objective	The investment objective of the Fund is to earn a high level of current income consistent with low volatility of principal.
Investment Manager and Sub-Advisor	Dean Witter InterCapital Inc. ("InterCapital"), the Investment Manager of the Fund, and its wholly-owned subsidiary, Dean Witter Services Company Inc., serve in various investment management, advisory, management and administrative capacities to seventy-nine investment companies and other portfolios with assets of approximately \$70.7 billion at November 30, 1993. BlackRock Financial Management L.P. (the "Sub-Advisor") has been retained by the Investment Manager to provide investment advice and manage the Fund's portfolio. The Sub-Advisor currently serves as the investment adviser to fixed income investors in the United States and overseas through funds with combined net assets in excess of \$18 billion (see page 5).
Management Fee	The Investment Manager receives a monthly fee at the annual rate of 0.50% of daily net assets. The Sub-Advisor receives a monthly fee from the Investment Manager equal to 40% of the Investment Manager's monthly fee (see page 5).
Dividends	Income dividends are declared daily and paid monthly; capital gains distributions, if any, are paid at least annually. Income dividends and capital gains distributions are automatically reinvested in additional shares at net asset value unless the shareholder elects to receive cash.
Plan of Distribution	The Fund is authorized to reimburse Dean Witter Distributors Inc. (the "Distributor") for specific expenses incurred in promoting the distribution of the Fund's shares pursuant to a Plan of Distribution pursuant to Rule 12b-1 under the Investment Company Act of 1940. Reimbursement may in no event exceed an amount equal to payments at the annual rate of 0.20 of 1% of average

daily net assets of the Fund (see page 16). The Distributor also receives a sales charge of 3% of the offering price.

Special  
Risk  
Considerations

The net asset value of the Fund's shares will fluctuate with changes in the market value of its portfolio securities. Mortgage-backed and asset-backed securities have different characteristics than traditional debt securities, primarily in that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time (see page 7). Mortgage-backed and asset-backed securities generally decrease in value as a result of increases in interest rates and may benefit less than other fixed-income securities from declining interest rates because of prepayment risks. The types of mortgage-backed securities in which the Fund may invest include derivative products such as collateralized mortgage obligations and stripped mortgage-backed securities, which are highly sensitive to changes in prepayment and interest rates and have special characteristics and risks (see page 9). Asset-backed securities involve certain risks not posed by mortgage-backed securities, resulting mainly from the fact that asset-backed securities do not usually contain the complete benefit of a security interest in the related collateral (see page 10). In addition, the Fund may utilize certain investment techniques, including options and futures for hedging purposes, and the use of leverage, including reverse repurchase agreements and dollar rolls, which entail additional risks (see pages 11).

Reduced  
Sales  
Charges and  
Shareholder  
Services  
</TABLE>

Right of Accumulation; Letter of Intent; Automatic Investment of Dividends and Distributions; EasyInvest-SM-; Systematic Withdrawal Plan; Exchange Privilege (see pages 16-19).

THE ABOVE IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PROSPECTUS AND THE STATEMENT OF ADDITIONAL INFORMATION.

SUMMARY OF FUND EXPENSES

The following table illustrates all expenses and fees that a shareholder of the Fund will incur. The expenses and fees set forth in the table are for the year ended October 31, 1993.

The following table illustrates all expenses and fees that a shareholder of the Fund will incur.

<TABLE>	
<S>	<C>
SHAREHOLDER TRANSACTION EXPENSES	
-----	
Maximum Sales Charge Imposed on Purchases (as a percentage of offering price).....	3.0%
Maximum Sales Charge Imposed on Reinvested Dividends.....	None
Deferred Sales Charge.....	None
Redemption Fees.....	None
Exchange Fee.....	None
ANNUAL FUND EXPENSES (AS A PERCENTAGE OF AVERAGE NET ASSETS)	
-----	
Management Fees.....	0.50%
12b-1 Fees*.....	0.19%
Other Expenses.....	0.91%
Total Fund Expenses.....	1.60%
</TABLE>	

\*\_THE 12B-1 FEE IS CHARACTERIZED AS A SERVICE FEE WITHIN THE MEANING OF NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. ("NASD") GUIDELINES.

<TABLE>					
<CAPTION>					
EXAMPLE	1 year	3 years	5 years	10 years	
-----					
<S>	<C>	<C>	<C>	<C>	
You would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) redemption at the end of each time period.....					
	\$ 46	\$ 79	\$ 114	\$ 214	
</TABLE>					

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OR PERFORMANCE. ACTUAL EXPENSES OF THE FUND MAY BE MORE OR LESS THAN THOSE SHOWN.

The purpose of this table is to assist the investor in understanding the various costs and expenses that an investor in the Fund will bear directly or indirectly. For a more complete description of these costs and expenses, see "The Fund and Its Management" and "Purchase of Fund Shares."

Long-term shareholders of the Fund may pay more in sales charges and distribution fees than the economic equivalent of the maximum front-end sales charges permitted by the NASD.

FINANCIAL HIGHLIGHTS

The following ratios and per share data for a share of beneficial interest outstanding throughout each period and the data relating to debt outstanding have been audited by Price Waterhouse, independent accountants. This data should be read in conjunction with the financial statements, notes thereto, and the unqualified report of independent accountants which are contained in the Statement of Additional Information. Further information about the performance of the Fund is contained in the Fund's Annual Report to Shareholders, which may be obtained without charge upon request to the Fund.

<TABLE>  
<CAPTION>

	FOR THE YEAR ENDED OCTOBER 31, 1993	FOR THE YEAR ENDED OCTOBER 31, 1992	FOR THE PERIOD JULY 1, 1991* THROUGH OCTOBER 31, 1991
<S>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:			
Net asset value, beginning of period.....	\$9.69	\$9.95	\$9.60
Net investment income.....	0.73	0.71	0.26
Net realized and unrealized gain (loss) on investments.....	(0.45)	(0.21)	0.37
Total from investment operations.....	0.28	0.50	0.63
Less dividends and distributions:			
Dividends from net investment income.....	(0.61)	(0.71)	(0.26)
Distribution from net realized gain on investments.....	(0.18)	(0.05)	(0.02)
Total dividends and distributions.....	(0.79)	(0.76)	(0.28)
Net asset value, end of period.....	\$9.18	\$9.69	\$9.95
TOTAL INVESTMENT RETURN+.....	2.87%	5.18%	6.41% (1)
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of period (in thousands).....	\$90,260	\$154,860	\$132,219
Ratio of expenses to average net assets:			
Operating expenses.....	0.95%	0.99%	0.85% (2)
Interest expense.....	0.65%	0.61%	0.84% (2)
Total expenses.....	1.60%	1.60%	1.69% (2) (3)
Ratio of net investment income to average net assets.....	7.32%	7.05%	7.50% (2) (3)
Portfolio turnover rate.....	412%	254%	91%

<FN>

- + DOES NOT REFLECT THE DEDUCTION OF SALES LOAD.
- \* DATE OF COMMENCEMENT OF OPERATIONS.
- (1) NOT ANNUALIZED.
- (2) ANNUALIZED.
- (3) IF THE FUND HAD BORNE ALL EXPENSES THAT WERE ASSUMED BY THE INVESTMENT MANAGER, THE ABOVE ANNUALIZED EXPENSE RATIO WOULD HAVE BEEN 1.85% (\$.065 PER SHARE) AND THE ABOVE ANNUALIZED NET INVESTMENT INCOME RATIO WOULD HAVE BEEN 7.34% (\$.253 PER SHARE).

</TABLE>

<TABLE>  
<CAPTION>

YEAR	AMOUNT OF DEBT OUTSTANDING AT END OF PERIOD	AVERAGE AMOUNT OF DEBT OUTSTANDING DURING THE PERIOD	AVERAGE NUMBER OF FUND SHARES OUTSTANDING DURING THE PERIOD	AVERAGE AMOUNT OF FUND'S DEBT PER SHARE DURING THE PERIOD
<S>	<C>	<C>	<C>	<C>
1993.....	\$ 10,855,000	\$ 24,425,664	13,722,283	\$ 1.78
1992.....	\$ 8,600,000	\$ 20,123,140	14,571,640	\$ 1.38
1991.....	\$ 34,909,000	\$ 17,673,706	12,163,651	\$ 1.45

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS  
IN THE STATEMENT OF ADDITIONAL INFORMATION

THE FUND AND ITS MANAGEMENT

Dean Witter Premier Income Trust (the "Fund") is an open-end, diversified management investment company. The Fund is a trust of the type commonly known as a "Massachusetts business trust" and was organized under the laws of Massachusetts on March 27, 1991.

Dean Witter InterCapital Inc. ("InterCapital" or the "Investment Manager"), whose address is Two World Trade Center, New York, New York 10048, is the Fund's Investment Manager. The Investment Manager, which was incorporated in July, 1992, is a wholly-owned subsidiary of Dean Witter, Discover & Co. ("DWDC"), a balanced financial services organization providing a broad range of nationally marketed credit and investment products.

InterCapital and its wholly-owned subsidiary, Dean Witter Services Company Inc., serve in various investment management, advisory, management and administrative capacities to seventy-nine investment companies, twenty-seven of which are listed on the New York Stock Exchange, with combined total assets of approximately \$68.7 billion at November 30, 1993. The Investment Manager also manages and advises portfolios of pension plans, other institutions and individuals which aggregated approximately \$2.0 billion at such date.

The Fund has retained the Investment Manager to provide administrative services, manage its business affairs and supervise the investment of the Fund's assets. InterCapital has retained Dean Witter Services Company Inc. to perform the aforementioned administrative services for the Fund.

Under a Sub-Advisory Agreement between BlackRock Financial Management L.P. (the "Sub-Advisor") and the Investment Manager, the Sub-Advisor provides the Fund with investment advice and portfolio management relating to the Fund's investments in portfolio securities, subject to the overall supervision of the Investment Manager. The Fund's Trustees review the various services provided by the Investment Manager and the Sub-Advisor to ensure that the Fund's general investment policies and programs are being properly carried out and that administrative services are being provided to the Fund in a satisfactory manner.

The Sub-Advisor, whose address is 345 Park Avenue, New York, New York 10154, is a Delaware limited partnership organized in April, 1988 by Laurence D. Fink, Ralph L. Schlosstein and The Blackstone Group (a private investment bank). The Sub-Advisor's general partners are Messrs. Fink and Schlosstein and Blackstone Financial Management Inc. (all the stock of which is owned by partners of The

Blackstone Group). The Sub-Advisor serves as investment adviser to fixed-income investors in the U.S. and overseas with combined net assets in excess of \$18 billion as of November 30, 1993.

As full compensation for the services and facilities furnished to the Fund and for expenses of the Fund assumed by the Investment Manager, the Fund pays the Investment Manager monthly compensation calculated daily by applying the annual rate of 0.50% to the Fund's net assets. As compensation for its services provided pursuant to the Sub-Advisory Agreement, the Investment Manager pays the Sub-Advisor monthly compensation equal to 40% of its monthly compensation.

For the fiscal year ended October 31, 1993, the Fund accrued total compensation to the Investment Manager amounting to .50% of the Fund's average daily net assets (of which 40% was accrued to the Sub-Advisor by the Investment Manager) and the Fund's total expenses amounted to 1.60% of the Fund's average daily net assets.

#### INVESTMENT OBJECTIVE AND POLICIES

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The investment objective of the Fund is to earn a high level of current income consistent with low volatility of principal. The Fund's investment objective is a fundamental policy and may not be changed without shareholder approval. There is no assurance that the objective will be achieved. The

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following policies may be changed by the Board of Trustees without shareholder approval.

The Fund seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in (i) fixed rate and adjustable rate mortgage-backed securities ("Mortgage-Backed Securities") and (ii) securities backed by other assets, such as automobile or credit card receivables and home equity loans ("Asset-Backed Securities"). The Fund will only purchase Mortgage-Backed Securities and Asset-Backed Securities which are issued or guaranteed by the United States Government, its agencies or instrumentalities or are rated Aaa by Moody's Investors Service, Inc. ("Moody's") or AAA by Standard & Poor's Corporation ("S&P") or, if not rated, determined to be of comparable quality by the Investment Manager and the Sub-Advisor. (Currently there are no Asset-Backed Securities issued or guaranteed by the United States Government, its agencies or instrumentalities.) The Fund expects that under normal circumstances the market value dollar weighted average life (or period until the next reset date) of the Fund's portfolio securities will be no greater than five years.

The Fund seeks to achieve low volatility by investing in a diversified portfolio of securities which the Investment Manager and the Sub-Advisor believe will, in the aggregate, be resistant to significant fluctuations in market value. The Investment Manager and Sub-Advisor believe that the Fund's policies of purchasing shorter term Mortgage-Backed and Asset-Backed Securities will reduce the volatility of the Fund's net asset value over the long term. Although the values of fixed-income securities generally increase during periods of declining interest rates and decrease during periods of increasing interest rates, the extent of these fluctuations has historically generally been smaller for short term securities than for securities with longer maturities. Conversely, the yield available on short term securities has also historically been lower on average than those available from longer term securities.

While the Fund invests primarily in Mortgage-Backed Securities and Asset-Backed Securities, under ordinary circumstances it may invest up to 35% of its total assets in (i) U.S. Government securities (securities guaranteed as to principal and interest by the United States or its agencies or instrumentalities), (ii) corporate debt securities, including adjustable rate securities, rated Aaa by Moody's or AAA by S&P or, if unrated, determined to be of comparable quality by the Fund's Trustees, (iii) with respect to up to 5% of the Fund's total assets, high quality municipal securities, including zero coupon securities, with the highest rating by Moody's or S&P, or (iv) money market instruments. U.S. Government securities in which the Fund may invest include Treasury bills, notes and bonds, including zero coupon securities. Money market instruments in which the Fund may invest are securities issued or guaranteed by the U.S. Government (Treasury bills, notes and bonds, including zero coupon securities); bank obligations; Eurodollar certificates of deposit; obligations of savings institutions; fully insured certificates of deposit; and commercial paper rated within the two highest grades by Moody's or S&P or, if



not rated, issued by a company having an outstanding debt issue rated AAA by S&P or Aaa by Moody's.

In an effort to increase investment return or to hedge the Fund's portfolio, the Fund may engage in various investment techniques, including reverse repurchase agreements, dollar rolls, purchasing and selling call and put options, entering into interest rate futures contracts and related options, purchasing securities on a when-issued, delayed delivery or forward commitment basis and lending portfolio securities (see "Other Investment Policies" below).

There may be periods during which, in the opinion of the Investment Manager and the Sub-Advisor, market conditions warrant reduction of some or all of the Fund's securities holdings. During such periods, the Fund may adopt a temporary "defensive" posture in which greater than 35% of its total assets are invested in U.S. Government securities, money market instruments or cash.

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#### MORTGAGE-BACKED SECURITIES

Mortgage-Backed Securities are securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans secured by real property. The term Mortgage-Backed Securities as used herein includes adjustable rate mortgage securities and derivative mortgage products such as collateralized mortgage obligations, stripped Mortgage-Backed Securities and other products described below.

There are currently three basic types of Mortgage-Backed Securities: (i) those issued or guaranteed by the United States Government or one of its agencies or instrumentalities, such as the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") (securities issued by GNMA, but not those issued by FNMA or FHLMC, are backed by the "full faith and credit" of the United States); (ii) those issued by private issuers that represent an interest in or are collateralized by Mortgage-Backed Securities issued or guaranteed by the United States Government or one of its agencies or instrumentalities; and (iii) those issued by private issuers that represent an interest in or are collateralized by whole mortgage loans or Mortgage-Backed Securities without a government guarantee but usually having some form of private credit enhancement.

The Fund will invest in mortgage pass-through securities representing participation interests in pools of residential mortgage loans originated by United States governmental or private lenders and guaranteed, to the extent provided in such securities, by the United States Government or one of its agencies or instrumentalities. Such securities, which are ownership interests in the underlying mortgage loans, differ from conventional debt securities, which provide for periodic payment of interest in fixed amounts (usually semiannually) and principal payments at maturity or on specified call dates. Mortgage pass-through securities provide for monthly payments that are a "pass-through" of the monthly interest and principal payments (including any prepayments) made by the individual borrowers on the pooled mortgage loans, net of any fees paid to the guarantor of such securities and the servicer of the underlying mortgage loans.

The guaranteed mortgage pass-through securities in which the Fund invests include those issued or guaranteed by GNMA, FNMA and FHLMC. GNMA certificates are direct obligations of the U.S. Government and, as such, are backed by the "full faith and credit" of the United States. FNMA is a federally chartered, privately owned corporation and FHLMC is a corporate instrumentality of the United States. FNMA and FHLMC certificates are not backed by the full faith and credit of the United States but the issuing agency or instrumentality has the right to borrow, to meet its obligations, from an existing line of credit with the U.S. Treasury.

Certificates for Mortgage-Backed Securities evidence an interest in a specific pool of mortgages. These certificates are, in most cases, "modified pass-through" instruments, wherein the issuing agency guarantees the payment of principal and interest on mortgages underlying the certificates, whether or not such amounts are collected by the issuer on the underlying mortgages.

**ADJUSTABLE RATE MORTGAGE SECURITIES.** The Fund may also invest in adjustable rate mortgage securities ("ARMs"), which are pass-through mortgage securities collateralized by mortgages with adjustable rather than fixed rates. ARMs eligible for inclusion in a mortgage pool generally provide for a fixed initial mortgage interest rate for either the first three, six, twelve or thirteen scheduled monthly payments. Thereafter, the interest rates are subject to periodic adjustment based on changes to a designated benchmark index.

ARMs contain maximum and minimum rates beyond which the mortgage interest rate may not vary over the lifetime of the security. In addition, certain ARMs provide for additional limitations on the maximum amount by which the mortgage interest rate may adjust for any single adjustment period. Alternatively, certain ARMs contain limitations on changes in the required monthly payment. In the event that a monthly payment is not sufficient

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to pay the interest accruing on an ARM, any such excess interest is added to the principal balance of the mortgage loan, which is repaid through future monthly payments. If the monthly payment for such an instrument exceeds the sum of the interest accrued at the applicable mortgage interest rate and the principal payment required at such point to amortize the outstanding principal balance over the remaining term of the loan, the excess is utilized to reduce the then outstanding principal balance of the ARM.

**PRIVATE MORTGAGE PASS-THROUGH SECURITIES.** Private mortgage pass-through securities are structured similarly to the GNMA, FNMA and FHLMC mortgage pass-through securities and are issued by originators of and investors in mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing. These securities usually are backed by a pool of conventional fixed rate or adjustable rate mortgage loans. Since private mortgage pass-through securities typically are not guaranteed by an entity having the credit status of GNMA, FNMA and FHLMC, such securities generally are structured with one or more types of credit enhancement. Types of credit enhancements are described under "Asset-Backed Securities" below.

**COLLATERALIZED MORTGAGE OBLIGATIONS AND MULTICLASS PASS-THROUGH SECURITIES.** Collateralized mortgage obligations or "CMOs" are debt obligations collateralized by mortgage loans or mortgage pass-through securities. Typically, CMOs are collateralized by GNMA, FNMA or FHLMC Certificates, but also may be collateralized by whole loans or private mortgage pass-through securities (such collateral collectively hereinafter referred to as "Mortgage Assets"). Multiclass pass-through securities are equity interests in a trust composed of Mortgage Assets. Payments of principal of and interest on the Mortgage Assets, and any reinvestment income thereon, provide the funds to pay debt service on the CMOs or make scheduled distributions on the multiclass pass-through securities. CMOs may be issued by agencies or instrumentalities of the United States government, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing. The issuer of a series of CMOs may elect to be treated as a Real Estate Mortgage Investment Conduit ("REMIC"). REMICs include governmental and/or private entities that issue a fixed pool of mortgages secured by an interest in real property. REMICs are similar to CMOs in that they issue multiple classes of securities, but unlike CMOs, which are required to be structured as debt securities, REMICs may be structured as indirect ownership interests in the underlying assets of the REMICs themselves. However, there are no effects on the Fund from investing in CMOs issued by entities that have elected to be treated as REMICs, and all future references to CMOs shall also be deemed to include REMICs. In addition, in reliance upon an interpretation by the staff of the Securities and Exchange Commission, the Fund may invest without limitation in CMOs and other Mortgage-Backed Securities which are not by definition excluded from the provisions of the Investment Company Act of 1940, as amended, and which have obtained exemptive orders from such provisions from the Securities and Exchange Commission.

In a CMO, a series of bonds or certificates is issued in multiple classes. Each class of CMOs, often referred to as a "tranche", is issued at a specific fixed or floating coupon rate and has a stated maturity or final distribution date. Principal prepayments on the Mortgage Assets may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates. Interest is paid or accrues on all classes of the CMOs on a monthly, quarterly or semiannual basis. Certain CMOs may have variable or floating interest rates and others may be stripped (securities which provide only the principal or interest feature of the underlying security).

The principal of and interest on the Mortgage Assets may be allocated among the several classes of a CMO series in a number of different ways.

Gen-

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erally, the purpose of the allocation of the cash flow of a CMO to the various classes is to obtain a more predictable cash flow to the individual tranches than exists with the underlying collateral of the CMO. As a general rule, the more predictable the cash flow is on a CMO tranche, the lower the anticipated yield will be on that tranche at the time of issuance relative to prevailing market yields on Mortgage-Backed Securities. As part of the process of creating more predictable cash flows on most of the tranches in a series of CMOs, one or more tranches generally must be created that absorb most of the volatility in the cash flows on the underlying mortgage loans. The yields on these tranches are generally higher than prevailing market yields on Mortgage-Backed Securities with similar maturities. As a result of the uncertainty of the cash flows of these tranches, the market prices of and yield on these tranches tend to be more volatile.

The Fund also may invest in, among other things, parallel pay CMOs and Planned Amortization Class CMOs ("PAC Bonds"). Parallel pay CMOs are structured to provide payments of principal on each payment date to more than one class. These simultaneous payments are taken into account in calculating the stated maturity date or final distribution date of each class, which, as with other CMO structures, must be retired by its stated maturity date or final distribution date but may be retired earlier. PAC Bonds generally require payments of a specified amount of principal on each payment date. PAC Bonds always are parallel pay CMOs with the required principal payment on such securities having the highest priority after interest has been paid to all classes.

**STRIPPED MORTGAGE-BACKED SECURITIES.** Stripped Mortgage-Backed Securities are derivative multiclass mortgage securities. Stripped Mortgage-Backed Securities may be issued by agencies or instrumentalities of the United States government, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing.

Stripped Mortgage-Backed Securities usually are structured with two classes that receive different proportions of the interest and principal distribution on a pool of Mortgage Assets. A common type of Stripped Mortgage-Backed Securities will have one class receiving some of the interest and most of the principal from the Mortgage Assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the interest-only or "IO" class), while the other class will receive all of the principal (the principal-only or "PO" class). PO classes generate income through the accretion of the deep discount at which such securities are purchased, and, while PO classes do not receive periodic payments of interest, they receive monthly payments associated with scheduled amortization and principal prepayment from the Mortgage Assets underlying the PO class. The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the related underlying Mortgage Assets, and a rapid rate of principal payments may have a material adverse effect on the Fund's yield to maturity. If the underlying Mortgage Assets experience greater than anticipated prepayments of principal, the Fund may fail to fully recoup its initial investment in these securities even if the securities are rated Aaa by Moody's or AAA by S&P.

The Fund may purchase Stripped Mortgage-Backed Securities for income, or for hedging purposes to protect the Fund's portfolio against interest rate fluctuations. For example, since an IO class will tend to increase in value as interest rates rise, it may be utilized to hedge against a decrease in value of other fixed-income securities in a rising interest rate environment. The Fund understands that the staff of the Securities and Exchange Commission considers privately issued Stripped Mortgage-Backed Securities representing interest only or principal only components of U.S. Government or other debt securities to be illiquid securities. The Fund will treat such securities as illiquid so long as the staff maintains such position. Stripped Mortgage-Backed Securities issued by the U.S. Government or its agencies, and which are backed by fixed-rate

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gages, will be treated as liquid provided they are so determined by, or under procedures approved by, the Board of Trustees. The Fund may not invest more than 10% of its total assets in illiquid securities (see "Investment Restrictions" below).

#### ASSET-BACKED SECURITIES

The securitization techniques used to develop Mortgage-Backed Securities are also applied to a broad range of other assets. Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables and home equity loans, are being securitized in pass-through structures similar to the mortgage pass-through structures

described above or in a pay-through structure similar to the CMO structure.

New instruments and variations of existing Mortgage-Backed Securities and Asset-Backed Securities continue to be developed. The Fund may invest in any such instruments or variations as may be developed, to the extent consistent with its investment objective and policies and applicable regulatory requirements.

**TYPES OF CREDIT ENHANCEMENT.** Mortgage-Backed Securities and Asset-Backed Securities are often backed by a pool of assets representing the obligations of a number of different parties. To lessen the effect of failures by obligors on underlying assets to make payments, those securities may contain elements of credit support, which fall into two categories: (i) liquidity protection and (ii) protection against losses resulting from ultimate default by an obligor on the underlying assets. Liquidity protection refers to the provision of advances, generally by the entity administering the pool of assets, to ensure that the receipt of payments on the underlying pool occurs in a timely fashion. Protection against losses resulting from default ensures ultimate payment of the obligations on at least a portion of the assets in the pool. This protection may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor from third parties, through various means of structuring the transaction or through a combination of such approaches. The degree of credit support provided for each issue is generally based on historical information respecting the level of credit risk associated with the underlying assets. Delinquencies or losses in excess of those anticipated could adversely affect the return on an investment in a security. The Fund will not pay any fees for credit support, although the existence of credit support may increase the price of a security.

#### RISK FACTORS

Mortgage-Backed and Asset-Backed Securities have certain different characteristics than traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time. As a result, if the Fund purchases such a security at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect of increasing yield to maturity. Alternatively, if the Fund purchases these securities at a discount, faster than expected prepayments will increase, while slower than expected prepayments will reduce, yield to maturity. The Fund may invest a portion of its assets in derivative Mortgage-Backed Securities such as Stripped Mortgage-Backed Securities which are highly sensitive to changes in prepayment and interest rates. The Investment Manager and the Sub-Advisor will seek to manage these risks (and potential benefits) by investing in a variety of such securities and through hedging techniques.

Mortgage-Backed Securities and Asset-Backed Securities, like all fixed income securities, generally decrease in value as a result of increases in interest rates. In addition, although generally the value of fixed-income securities increases during periods of falling interest rates and, as stated above, decreases during periods of rising interest rates, as a result of prepayments and other factors, this is not always the case with respect to Mortgage-Backed Securities and Asset-Backed Securities.

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Although the extent of prepayments on a pool of mortgage loans depends on various economic and other factors, as a general rule prepayments on fixed rate mortgage loans will increase during a period of falling interest rates and decrease during a period of rising interest rates. Accordingly, amounts available for reinvestment by the Fund are likely to be greater during a period of declining interest rates and, as a result, likely to be reinvested at lower interest rates than during a period of rising interest rates. Asset-Backed Securities, although less likely to experience the same prepayment rates as Mortgage-Backed Securities, may respond to certain of the same factors influencing prepayments, while at other times different factors, such as changes in credit use and payment patterns resulting from social, legal and economic factors, will predominate. Mortgage-Backed Securities and Asset-Backed Securities generally decrease in value as a result of increases in interest rates and may benefit less than other fixed income securities from declining interest rates because of the risk of prepayment.

There are certain risks associated specifically with CMOs. CMOs issued by private entities are not U.S. Government securities and are not guaranteed by any government agency, although the securities underlying a CMO may be subject to a guarantee. Therefore, if the collateral securing the CMO, as well as any third party credit support or guarantees, is insufficient to make payment, the holder could sustain a loss. However, as stated above, the Fund will invest only

in CMOs which are rated AAA by S&P or Aaa by Moody's or, if unrated, are determined to be of comparable quality. Also, a number of different factors, including the extent of prepayment of principal of the Mortgage Assets, affect the availability of cash for principal payments by the CMO issuer on any payment date and, accordingly, affect the timing of principal payments on each CMO class.

Asset-Backed Securities involve certain risks that are not posed by Mortgage-Backed Securities, resulting mainly from the fact that Asset-Backed Securities do not usually contain the complete benefit of a security interest in the related collateral. For example, credit card receivables generally are unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, some of which may reduce the ability to obtain full payment. In the case of automobile receivables, due to various legal and economic factors, proceeds from repossessed collateral may not always be sufficient to support payments on these securities.

#### OTHER INVESTMENT POLICIES

**REPURCHASE AGREEMENTS.** The Fund may enter into repurchase agreements, which may be viewed as a type of secured lending by the Fund, and which typically involve the acquisition by the Fund of debt securities, from a selling financial institution such as a bank, savings and loan association or broker-dealer. The agreement provides that the Fund will sell back to the institution, and that the institution will repurchase, the underlying security at a specified price and at a fixed time in the future, usually not more than seven days from the date of purchase. While repurchase agreements involve certain risks not associated with direct investments in debt securities, the Fund follows procedures designed to minimize those risks.

**REVERSE REPURCHASE AGREEMENTS AND DOLLAR ROLLS.** The Fund may also use reverse repurchase agreements and dollar rolls as part of its investment strategy. Reverse repurchase agreements involve sales by the Fund of portfolio assets concurrently with an agreement by the Fund to repurchase the same assets at a later date at a fixed price. Generally, the effect of such a transaction is that the Fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while it will be able to keep the interest income associated with those portfolio securities. Such transactions are only advantageous if the interest cost to the Fund of the reverse repurchase transaction is less than the cost of obtaining the cash otherwise.

The Fund may enter into dollar rolls in which the Fund sells securities for delivery in the current month and simultaneously contracts to repurchase

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substantially similar (same type and coupon) securities on a specified future date. During the roll period, the Fund foregoes principal and interest paid on the securities. The Fund is compensated by the difference between the current sales price and the lower forward price for the future purchase (often referred to as the "drop") as well as by the interest earned on the cash proceeds of the initial sale.

The Fund will establish a segregated account with its custodian bank in which it will maintain cash, U.S. Government securities or other liquid high grade debt obligations equal in value to its obligations in respect of reverse repurchase agreements and dollar rolls. Reverse repurchase agreements and dollar rolls involve the risk that the market value of the securities the Fund is obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement or dollar roll files for bankruptcy or becomes insolvent, the Fund's use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities.

Reverse repurchase agreements and dollar rolls are speculative techniques involving leverage, and are considered borrowings by the Fund. Under the requirements of the Investment Company Act of 1940, as amended (the "Act"), the Fund is required to maintain an asset coverage (including the proceeds of the borrowings) of at least 300% of all borrowings. However, under normal circumstances the Fund does not expect to engage in reverse repurchase agreements and dollar rolls with respect to greater than 25% of the Fund's total assets.

**WHEN-ISSUED AND DELAYED DELIVERY SECURITIES AND FORWARD COMMITMENTS.** From time to time, in the ordinary course of business, the Fund may purchase

securities on a when-issued or delayed delivery basis or may purchase or sell securities on a forward commitment basis. When such transactions are negotiated, the price is fixed at the time of the commitment, but delivery and payment can take place a month or more after the date of the commitment. An increase in the percentage of the Fund's assets committed to the purchase of securities on a when-issued, delayed delivery or forward commitment basis may increase the volatility of the Fund's net asset value. The Fund will establish a segregated account with its custodian bank in which it will maintain cash, U.S. Government securities or other liquid high grade debt obligations equal in value to its obligations in respect of when-issued or delayed delivery securities and forward commitments. The Fund's ability to enter into such transactions is not otherwise limited, but the Fund expects that under normal circumstances no more than 15% of the Fund's total assets will be so invested.

**LENDING OF PORTFOLIO SECURITIES.** Consistent with applicable regulatory requirements, the Fund may lend its portfolio securities to brokers, dealers and other financial institutions, provided that such loans are callable at any time by the Fund (subject to certain notice provisions described in the Statement of Additional Information), and are at all times secured by cash, U.S. Government securities or other high grade debt securities, which are maintained in a segregated account pursuant to applicable regulations and that are at least equal to the market value, determined daily, of the loaned securities.

**PRIVATE PLACEMENTS.** The Fund may invest in securities which are subject to restrictions on resale because they have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or which are otherwise not readily marketable. These securities are generally referred to as private placements or restricted securities. Limitations on the resale of such securities may have an adverse effect on their marketability, and may prevent the Fund from disposing of them promptly at reasonable prices. The Fund may have to bear the expense of registering such securities for resale and the risk of substantial delays in effecting such registration.

The Securities and Exchange Commission has adopted Rule 144A under the Securities Act, which permits the Fund to sell restricted securities to qualified institutional buyers without limitation. The Investment Manager, pursuant to procedures adopted by the Trustees of the Fund, will make a

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determination as to the liquidity of each restricted security purchased by the Fund. If a restricted security is determined to be "liquid," such security will not be included within the category "illiquid securities," which is limited by the Fund's investment restrictions to 10% of the Fund's total assets.

**OPTIONS AND FUTURES TRANSACTIONS.** The Fund is permitted to enter into call and put options on U.S. Treasury notes, bonds and bills which are listed on Exchanges and written in over-the-counter transactions ("OTC options"). Listed options are issued by the Options Clearing Corporation ("OCC"). OTC options are purchased from or sold (written) to dealers or financial institutions which have entered into direct agreements with the Fund. The Fund may purchase listed and over-the-counter call and put options on U.S. Government securities and Mortgage-Backed Securities in amounts equalling up to 5% of its total assets. The Fund may purchase call and put options on securities which it holds (or has the right to acquire) in its portfolio only for hedging purposes.

The Fund may also purchase and sell interest rate futures contracts ("futures contracts") that are traded on U.S. commodity exchanges on such underlying securities as U.S. Treasury bonds, notes and bills, Eurodollar instruments and Mortgage-Backed Securities. The Fund will purchase or sell futures contracts only for the purpose of hedging its portfolio (or anticipated portfolio) securities against changes in prevailing interest rates, and not for speculative purposes.

The Fund may also purchase call and put options on futures contracts which are traded on an Exchange and enter into closing transactions with respect to such options to terminate an existing position.

**RISKS OF OPTIONS AND FUTURES TRANSACTIONS.** Exchanges may limit the amount by which the price of a futures contract may move on any day. If the price moves equal the daily limit on successive days, then it may prove impossible to

liquidate a futures position until the daily limit moves have ceased.

While the futures contracts and options transactions to be engaged in by the Fund for the purpose of hedging the Fund's portfolio securities are not speculative in nature, there are risks inherent in the use of such instruments. One such risk is that the Investment Manager or Sub-Advisor could be incorrect in its expectations as to the direction or extent of various interest rate movements or the time span within which the movements take place. For example, if the Fund sold futures contracts for the sale of securities in anticipation of an increase in interest rates, and then interest rates went down instead, causing bond prices to rise, the Fund would lose money on the sale.

Another risk which may arise in employing futures contracts to protect against the price volatility of portfolio securities is that the prices of securities subject to futures contracts (and thereby the futures contract prices) may correlate imperfectly with the behavior of the cash prices of the Fund's portfolio securities. Another such risk is that the price of the futures contract may not move in tandem with the change in prevailing interest rates against which the Fund seeks a hedge. A correlation may be distorted by the fact that the futures market is dominated by short-term traders seeking to profit from the difference between a contract or security price objective and their cost of borrowed funds. Such distortions are generally minor and would diminish as the contract approached maturity. See the Statement of Additional Information for further discussion of such risks.

New futures contracts, options and other financial products and various combinations thereof continue to be developed. The Fund may invest in any such futures, options or products as may be developed, to the extent consistent with its investment objective and applicable regulatory requirements.

#### PORTFOLIO MANAGEMENT

The Fund's portfolio is actively managed by its Investment Manager and the Sub-Advisor with a view to achieving the Fund's investment objective. As a result of the Fund's investment objective and policies, and the nature of the Mortgage-Backed

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Securities and Asset-Backed Securities markets, the Fund's portfolio turnover rate may exceed 200%, but is not expected to exceed 300%. Short-term gains and losses may result from such portfolio transactions. See "Dividends, Distributions and Taxes" for a discussion of the tax implications of the Fund's trading policy.

In determining which securities to purchase for the Fund or hold in the Fund's portfolio, the Investment Manager and the Sub-Advisor will rely on information from various sources, including research, analysis and appraisals of brokers and dealers, including Dean Witter Reynolds Inc. ("DWR"), a broker-dealer affiliate of InterCapital; the views of Trustees of the Fund and others regarding economic developments and interest rate trends; and the Investment Manager's and Sub-Advisor's own analysis of factors it deems relevant. The Fund is part of the Dean Witter family of mutual funds and is managed by its Investment Manager, InterCapital, and by its Sub-Advisor, BlackRock Financial Management ("BlackRock"). BlackRock manages in excess of \$18 billion of net assets on behalf of individual and institutional investors, including 21 closed-end funds and 3 open-end funds. Along with BlackRock's portfolio management team, Scott Amero has been the Fund's primary portfolio manager since its inception. Mr. Amero is a Partner of BlackRock and a member of its Investment Strategy Committee, and is a specialist in the mortgage and short duration sectors. His areas of expertise include asset-backed securities, adjustable rate mortgage securities and other short duration mortgage products. Prior to joining BlackRock in 1990, Mr. Amero was a Vice President in Fixed Income Research at The First Boston Corporation, where he became the firm's primary strategist for short duration securities.

Brokerage commissions are not normally charged on the purchase or sale of Mortgage-Backed Securities or U.S. Government securities, but such transactions generally involve costs in the form of spreads between bid and asked prices. Orders for transactions in portfolio securities are placed for the Fund with a number of brokers and dealers, which may include DWR. Pursuant to an order of the Securities and Exchange Commission, the Fund may effect principal transactions in certain money market instruments with DWR. In addition, the Fund may incur brokerage commissions on transactions conducted through DWR.

#### INVESTMENT RESTRICTIONS

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The investment restrictions listed below are among the restrictions that have been adopted by the Fund as fundamental policies. Under the Act, a fundamental policy may not be changed without the vote of a majority of the outstanding voting securities of the Fund, as defined in the Act.

The Fund may not:

1. With respect to 75% of its total assets, invest more than 5% of the value of its total assets in the securities of any one issuer (other than obligations issued, or guaranteed by, the United States Government, its agencies or instrumentalities).

2. Purchase more than 10% of all outstanding voting securities of any one issuer.

3. Invest 25% or more of the value of its total assets in securities of issuers in any one industry, except that the Fund will invest at least 25% of its assets in Mortgage-Backed and Asset-Backed Securities under normal market conditions. This restriction does not apply to obligations issued or guaranteed by the United States Government or its agencies or instrumentalities.

4. Invest more than 10% of its total assets in "illiquid securities" and repurchase agreements which have a maturity of longer than seven days. The staff of the Securities and Exchange Commission has taken the position that OTC options are illiquid securities. The Investment Manager and Sub-Advisor disagree with this position. Nevertheless, the Fund has agreed to treat OTC options as illiquid securities for purposes of this investment restriction so long as the staff maintains such position.

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5. Invest more than 5% of the value of its total assets in securities of issuers having a record, together with predecessors, of less than three years of continuous operation. This restriction shall not apply to Mortgage-Backed Securities or Asset-Backed Securities or to any obligation of the United States Government, its agencies or instrumentalities.

6. Purchase or sell commodities or commodities contracts except that the Fund may purchase and sell interest rate futures contracts and related options thereon.

7. Pledge its assets or assign or otherwise encumber them except to secure permitted borrowings. (For the purpose of this restriction, collateral arrangements with respect to initial or variation margin for futures are not deemed to be pledges of assets.)

8. Purchase securities on margin (but the Fund may obtain short-term loans as are necessary for the clearance of transactions). The deposit or payment by the Fund of initial or variation margin in connection with futures contracts or related options thereon is not considered the purchase of a security on margin.

9. Borrow money in excess of 33 1/3% of the Fund's total assets (including the proceeds of the borrowings).

If a percentage restriction is adhered to at the time of investment (except in the case of Restriction 9), a later increase or decrease in percentage resulting from a change in values of portfolio securities or amount of total or net assets will not be considered a violation of any of the foregoing restrictions.

#### PURCHASE OF FUND SHARES

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The Fund offers its shares for sale to the public on a continuous basis. Shares of the Fund are distributed by Dean Witter Distributors Inc. (the "Distributor"), an affiliate of the Investment Manager, pursuant to a Distribution Agreement between the Fund and the Distributor and offered by DWR and other dealers who have entered into selected dealer agreements with the Distributor ("Selected Broker-Dealers"). The principal executive office of the Distributor is located at Two World Trade Center, New York, New York 10048.

The minimum initial purchase is \$1,000. Subsequent purchases of \$100 or more may be made by sending a check, payable to Dean Witter Premier Income Trust,



directly to Dean Witter Trust Company (the "Transfer Agent") at P.O. Box 1040, Jersey City, NJ 07303 or by contacting an account executive of DWR or other Selected Broker-Dealer. In the case of investments pursuant to systematic payroll deduction plans (including individual retirement plans), the Fund, in its discretion, may accept investments without regard to any minimum amounts which would otherwise be required if the Fund has reason to believe that additional investments will increase the investment in all accounts under such plans to at least \$1,000. Certificates for shares purchased will not be issued unless a request is made by the shareholder in writing to the Transfer Agent. The offering price will be the net asset value per share next determined following receipt of an order (see "Determination of Net Asset Value" below), plus a sales charge (expressed as a percentage of the offering price) on a single transaction as shown in the following table:

<TABLE>  
<CAPTION>

SALES CHARGE		
AMOUNT OF SINGLE TRANSACTION	PERCENTAGE OF PUBLIC OFFERING PRICE	APPROXIMATE PERCENTAGE OF AMOUNT INVESTED
Less than \$100,000....	3.00%	3.09%
\$100,000 but less than \$250,000.....	2.50	2.56
\$250,000 but less than \$500,000.....	2.00	2.04
\$500,000 but less than \$1,000,000.....	1.25	1.27
\$1,000,000 and over...	-0-	-0-

The above schedule of sales charges is applicable to purchases in a single transaction by, among others: (a) an individual; (b) an individual, his or her spouse and their children under the age of 21 purchasing shares for his or her own accounts;

(c) a trustee or other fiduciary purchasing shares for a single trust estate or a single fiduciary account; (d) a pension, profit-sharing or other employee benefit plan qualified or non-qualified under Section 401 of the Internal Revenue Code; (e) tax-exempt organizations enumerated in Section 501(c)(3) or (13) of the Internal Revenue Code; (f) employee benefit plans qualified under Section 401 of the Internal Revenue Code of a single employer or of employers who are "affiliated persons" of each other within the meaning of Section 2(a)(3)(c) of the Act and for investments in Individual Retirement Accounts of employees of a single employer through Systematic Payroll Deduction Plans, or (g) any other organized group of persons, whether incorporated or not, provided the organization has been in existence for at least six months and has some purpose other than the purchase of redeemable securities of a registered investment company at a discount.

Shares of the Fund are sold through the Distributor on a normal five business day settlement basis; that is, payment is due on the fifth business day (settlement date) after the order is placed with the Distributor. Shares of the Fund purchased through the Distributor are entitled to any dividends declared beginning on the next business day following settlement date. Since DWR and other Selected Broker-Dealers forward investors' funds on settlement date, they will benefit from the temporary use of the funds if payment is made prior thereto. Shares purchased through the Transfer Agent are entitled to any dividends declared beginning on the next business day following receipt of an order. As noted above, orders placed directly with the Transfer Agent must be accompanied by payment. Investors will be entitled to receive income dividends and capital gains distributions if their order is received by the close of business on the day prior to the record date for such dividends and distributions. The Fund and/ or the Distributor reserve the right to reject any purchase order.

REDUCED SALES CHARGE

RIGHT OF ACCUMULATION. Investors may benefit from a reduction of the sales charges in accordance with the above schedule if the cumulative net asset value of shares of the Fund purchased in a single transaction, together with shares previously purchased which are held at the time of such transaction, amounts to

\$100,000 or more.

The Distributor must be notified by the shareholder at the time a purchase order is placed that the purchase qualifies for the reduced charge under the Right of Accumulation. Similar notification must be made in writing by the shareholder when such an order is placed by mail. The reduced sales charge will not be granted if: (a) such notification is not furnished at the time of the order; or (b) a review of the records of the Distributor or the Transfer Agent fails to confirm the investor's represented holdings.

LETTER OF INTENT. The foregoing schedule of reduced sales charges will also be available to investors who enter into a written Letter of Intent providing for the purchase, within a thirteen-month period, of shares of the Fund from the Distributor. The cost of shares of the Fund which were previously purchased at a price including a front-end sales charge during the 90-day period prior to the date of receipt by the Distributor of the Letter of Intent, which are still owned by the shareholder, may also be included in determining the applicable reduction.

For further information concerning purchases of the Fund's shares, contact the Distributor or consult the Statement of Additional Information.

#### PLAN OF DISTRIBUTION

The Fund has entered into a Plan of Distribution pursuant to Rule 12b-1 under the Act, whereby the expenses of certain activities and services by DWR and others who engage in or support distribution of Fund shares or who service shareholder accounts, including overhead and telephone expenses incurred in connection with the distribution of the Fund's shares, are reimbursed. Reimbursements for these expenses will be made in monthly payments by the Fund to the Distributor, which will in no event exceed an amount equal to a payment at the annual rate of 0.20% of 1% of the average daily net assets of the Fund. Expenses incurred by the Distributor pursuant to the Plan in any fiscal year will

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not be reimbursed by the Fund through payments accrued in any subsequent fiscal year. No interest or other financial charges will be incurred on any distribution expense incurred by the Distributor under the Plan or on any unreimbursed expenses due to the Distributor pursuant to the Plan. The fee payable pursuant to the Plan, equal to 0.20% of the Fund's average daily net assets, is characterized as a service fee within the meaning of NASD guidelines. The Fund accrued \$251,868 to the Distributor, pursuant to the Plan of Distribution, for the year ended October 31, 1993. This is an accrual at the annual rate of 0.20% of the Fund's average daily net assets.

#### DETERMINATION OF NET ASSET VALUE

The net asset value per share of the Fund is determined once daily at 4:00 p.m., New York time on each day that the New York Stock Exchange is open by taking the value of all assets of the Fund, subtracting all its liabilities, dividing by the number of shares outstanding and adjusting to the nearest cent. The net asset value per share will not be determined on Good Friday and on such other federal and non-federal holidays as are observed by the New York Stock Exchange.

In the calculation of the Fund's net asset value: (1) an equity portfolio security listed or traded on the New York or American Stock Exchange is valued at its last sale price on that exchange prior to the time when assets are valued; if there were no sales that day, the security is valued at the closing bid price, and (2) all portfolio securities for which over-the-counter market quotations are readily available are valued at the latest bid price prior to the time of valuation. When market quotations are not readily available, including circumstances under which it is determined by the Investment Manager and/or the Sub-Advisor that sale or bid prices are not reflective of a security's market value, portfolio securities are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund's Trustees (valuation of securities for which market quotations are not readily available may also be based upon current market prices of securities which are comparable in coupon, rating and maturity or an appropriate matrix utilizing similar factors).

Certain of the Fund's portfolio securities for which reliable market quotations are generally not readily available are valued by an outside pricing

service approved by the Fund's Trustees. The pricing service utilizes a computerized grid matrix and/ or research and evaluations by its staff in determining what it believes is the fair value of the portfolio securities valued by such pricing service.

Short-term debt securities with remaining maturities of sixty days or less at the time of purchase are valued at amortized cost, unless the Trustees determine such does not reflect the securities' fair value, in which case these securities will be valued at their fair value as determined by the Trustees.

#### SHAREHOLDER SERVICES

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**AUTOMATIC INVESTMENT OF DIVIDENDS AND DISTRIBUTIONS.** All income dividends and capital gains distributions are automatically paid in full and fractional shares of the Fund, (or, if specified by the shareholder, any other open-end investment company for which InterCapital serves as investment manager (collectively, with the Fund, the "Dean Witter Funds")), unless the shareholder requests that they be paid in cash. Each purchase of shares of the Fund is made upon the condition that the Transfer Agent is thereby automatically appointed as agent of the investor to receive all dividends and capital gains distributions on shares owned by the investor. Such dividends and distributions will be paid in shares of the Fund (or in cash if the shareholder so requests) at the net asset value per share (without sales charge) on the monthly payment date, which will be no later than the last business day of the month for which the dividend or distribution is payable. Processing of dividend checks begins immediately following the monthly payment date. Shareholders who have requested to receive dividends in cash will normally receive their monthly dividend

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checks during the first ten days of the following month.

**EASYINVEST-SM-** Shareholders may subscribe to EasyInvest, an automatic purchase plan which provides for any amount from \$100 to \$5,000 to be transferred automatically from a checking or savings account, on a semi-monthly, monthly or quarterly basis, to the Transfer Agent for investment in shares of the Fund.

**SYSTEMATIC WITHDRAWAL PLAN.** A withdrawal plan is available for shareholders who own or purchase shares of the Fund having a minimum value of \$10,000 based upon the then current offering price. The plan provides for monthly or quarterly (March, June, September, December) checks in any dollar amount, not less than \$25 or in any whole percentage of the account balances, on an annualized basis.

Shareholders should contact their DWR or other Selected Broker-Dealer account executive or the Transfer Agent for further information about any of the above services.

**EXCHANGE PRIVILEGE.** The Fund makes available to its shareholders an "Exchange Privilege" allowing the exchange of shares of the Fund for shares of other Dean Witter Funds sold with a front-end (at time of purchase) sales charge ("FESC funds"), for shares of Dean Witter Funds sold with a contingent deferred sales charge ("CDSC funds"), and for shares of Dean Witter Short-Term U.S. Treasury Trust, Dean Witter Limited Term Municipal Trust, Dean Witter Short-Term Bond Fund and five Dean Witter Funds which are money market funds (the foregoing eight non-FESC and non-CDSC funds are hereinafter referred to as the "Exchange Funds"). Exchanges may be made after the shares of the Fund acquired by purchase (not by exchange or dividend reinvestment) have been held for thirty days. There is no waiting period for exchanges of shares acquired by exchange or dividend reinvestment. However, shares of CDSC funds, including shares acquired in exchange for shares of FESC funds, may not be exchanged for shares of FESC funds. Thus, shareholders who exchange their Fund shares for shares of CDSC funds may subsequently exchange those shares for shares of other CDSC funds or Exchange Funds but may not reacquire FESC fund shares by exchange.

An exchange to another FESC fund, to a CDSC fund or to an Exchange Fund that

is not a money-market fund is on the basis of the next calculated net asset value per share of each fund after the exchange order is received. When exchanging into a money market fund from the Fund, shares of the Fund are redeemed out of the Fund at their next calculated net asset value and the proceeds of the redemption are used to purchase shares of the money market fund at their net asset value determined the following business day. Subsequent exchanges between any of the Exchange Funds, FESC funds and CDSC funds can be effected on the same basis (except that CDSC fund shares may not be exchanged for shares of FESC funds). Shares of a CDSC fund acquired in exchange for shares of an FESC fund (or in exchange for shares of other Dean Witter Funds for which shares of an FESC fund have been exchanged) are not subject to any contingent deferred sales charge upon their redemption.

Purchases and exchanges should be made for investment purposes only. A pattern of frequent exchanges may be deemed by the Investment Manager to be abusive and contrary to the best interests of the Fund's other shareholders and, at the Investment Manager's discretion, may be limited by the Fund's refusal to accept additional purchases and/ or exchanges from the investor. Although the Fund does not have any specific definition of what constitutes a pattern of frequent exchanges, and will consider all relevant factors in determining whether a particular situation is abusive and contrary to the best interests of the Fund and its other shareholders, investors should be aware that the Fund and each of the other Dean Witter Funds may in their discretion limit or otherwise restrict the number of times this Exchange Privilege may be exercised by any investor. Any such restriction will be made by the Fund on a prospective basis only, upon notice to the shareholder not later than ten days following such shareholder's most recent exchange. Also, the

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Exchange Privilege may be terminated or revised at any time by the Fund and/or any of such Dean Witter Funds for which shares of the Fund may be exchanged, upon such notice as may be required by applicable regulatory agencies. Shareholders maintaining margin accounts with DWR or another Selected Broker-Dealer are referred to their account executive regarding restrictions on exchange of shares of the Fund pledged in their margin account.

If DWR or another Selected Broker-Dealer is the current dealer of record and its account numbers are part of the account information, shareholders may initiate an exchange of shares of the Fund for shares of any of the Dean Witter Funds (for which the Exchange Privilege is available) pursuant to this Exchange Privilege by contacting their account executive (no Exchange Privilege Authorization Form is required). Other shareholders (and those shareholders who are clients of DWR or another Selected Broker-Dealer but who wish to make exchanges directly by writing or telephoning the Transfer Agent) must complete and forward to the Transfer Agent an Exchange Privilege Authorization form, copies of which may be obtained from the Transfer Agent to initiate an exchange. If the Authorization Form is used, exchanges may be made in writing or by contacting the Transfer Agent at (800) 526-3143 (toll free). The Fund will employ reasonable procedures to confirm that exchange instructions communicated over the telephone are genuine. Such procedures may include requiring various forms of personal identification such as name, mailing address, social security or other tax identification number and DWR or other Selected Broker-Dealer account number (if any). Telephone instructions may also be recorded. If such procedures are not employed, the Fund may be liable for any losses due to unauthorized or fraudulent instructions.

Telephone exchange instructions will be accepted if received by the Transfer Agent between 9:00 a.m. and 4:00 p.m. New York time, on any day the New York Stock Exchange is open. Any shareholder wishing to make an exchange who has previously filed an Exchange Privilege Authorization Form and who is unable to reach the Fund by telephone should contact his or her DWR or other Selected Broker-Dealer account executive, if appropriate, or make a written exchange request. Shareholders are advised that during periods of drastic economic or market changes, it is possible that the telephone exchange procedures may be difficult to implement, although this has not been the case with the Dean Witter Funds in the past.

For additional information about the Exchange Privilege, shareholders should contact their DWR or other Selected Broker-Dealer account executive or the

REDEMPTIONS AND REPURCHASES

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REDEMPTION. Shares of the Fund can be redeemed for cash at any time at their current net asset value per share (without any redemption or other charge). If shares are held in a shareholder's account without a share certificate, a written request for redemption is required. If certificates are held by the shareholder(s), the shares may be redeemed by surrendering the certificate(s) with a written request for redemption along with any additional information required by the Transfer Agent.

REPURCHASE. DWR and other Selected Broker-Dealers are authorized to repurchase shares represented by a share certificate which is delivered to any of their offices. Shares held in a shareholder's account without a share certificate may be repurchased by DWR and other Selected Broker-Dealers upon the telephonic request of the shareholder. The repurchase price is the net asset value next determined (see "Purchase of Fund Share -- Determination of Net Asset Value") after such repurchase order is received. Repurchase orders received by DWR and other Selected Broker-Dealers prior to 4:00 p.m., New York time, on any business day will be priced at the net asset value per share that is based on that day's close. Repurchase orders received after 4:00 p.m., New York time, will be priced on the basis of the next business day's close. Selected Broker-Dealers may charge for their services in connection

with the repurchase, but the Fund, DWR and the Distributor do not charge a fee. Payment for shares repurchased may be made by the Fund to DWR and other Selected Broker-Dealers for the account of the shareholder. The offer by DWR and other Selected Broker-Dealers to repurchase shares from dealers or shareholders may be suspended by them at any time. In that event, shareholders may redeem their shares through the Fund's Transfer Agent as set forth above under "Redemption."

PAYMENT FOR SHARES REDEEMED OR REPURCHASED. Payment for shares presented for repurchase or redemption will be made by check within seven days after receipt by the Transfer Agent of the certificate and/or written request in good order. Such payment may be postponed or the right of redemption suspended at times when normal trading is not taking place on the New York Stock Exchange. If the shares to be redeemed have recently been purchased by check, payment of the redemption proceeds may be delayed for the minimum time needed to verify that the check used for investment has been honored (not more than fifteen days from the time of receipt of the check by the Transfer Agent). Shareholders maintaining margin accounts with DWR or another Selected Broker-Dealer are referred to their account executive regarding restrictions on redemption of shares of the Fund pledged in the margin account.

REINSTATEMENT PRIVILEGE. A shareholder who has had his or her shares redeemed or repurchased and has not previously exercised this reinstatement privilege may, within 30 days after the date of the redemption or repurchase, reinstate any portion or all of the proceeds of such redemption or repurchase in shares of the Fund at their net asset value (without a sales charge) next determined after a reinstatement request, together with the proceeds, is received by the Transfer Agent.

INVOLUNTARY REDEMPTION. The Fund reserves the right, on sixty days' notice, to redeem at their net asset value, the shares of any shareholder (other than shares held in an Individual Retirement Account or custodial account under Section 403(b)(7) of the Internal Revenue Code) whose shares have a value of less than \$100 as a result of redemptions or repurchases, or such lesser amount as may be fixed by the Board of Trustees. However, before the Fund redeems such shares and sends the proceeds to the shareholder, it will notify the shareholder that the value of the shares is less than \$100 and allow the shareholder sixty days to make an additional investment in an amount which will increase the value of the account to \$100 or more before the redemption is processed.

DIVIDENDS, DISTRIBUTIONS AND TAXES

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DIVIDENDS AND DISTRIBUTIONS. The Fund declares dividends from net investment income on each day the New York Stock Exchange is open for business to shareholders of record as of the close of business the preceding business day. Such dividends are paid monthly. The Fund intends to distribute all of the Fund's net investment income on an annual basis.

Net realized short-term and long-term capital gains, if any, will be distributed at least once per year, although the Investment Manager reserves the right to retain a portion of long-term gains for reinvestment.

All dividends and capital gains distributions will be paid in additional Fund shares (without sales charge) and automatically credited to the shareholder's account without issuance of a share certificate unless the shareholder requests in writing that all dividends be paid in cash. (See "Shareholder Services -- Automatic Investment of Dividends and Distributions".)

TAXES. Because the Fund intends to distribute all of its net investment income and net short-term capital gains to shareholders and otherwise remain qualified as a regulated investment company under Subchapter M of the Internal Revenue Code, it is not expected that the Fund will be required to pay any

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federal income tax on such income and capital gains.

Gains or losses on the Fund's transactions in listed options on securities, futures and options on futures may be treated as 60% long-term gain or loss and 40% short-term gain or loss. When the Fund engages in options and futures transactions, various tax regulations applicable to the Fund may have the effect of causing the Fund to recognize a gain or loss for tax purposes before that gain or loss is realized, or to defer recognition of a realized loss for tax purposes. Recognition, for tax purposes, of an unrealized loss may result in a lesser amount of the Fund's realized net short-term gains being available for distribution.

Shareholders who are required to pay taxes on their income will normally have to pay federal income taxes, and any applicable state and/or local income taxes, on the dividends and distributions they receive from the Fund. Such dividends and distributions, to the extent that they are derived from net investment income and net short-term capital gains, are taxable to the shareholder as ordinary dividend income regardless of whether the shareholder receives such distributions in additional shares or in cash. Any dividends declared in the last quarter of any calendar year which are paid in the following year prior to February 1 will be deemed received by the shareholder in the prior year.

After the end of the calendar year, shareholders will be sent full information on their dividends and any capital gains distributions for tax purposes, including information as to the portion taxable as ordinary income, the portion taxable as capital gains and any portion treated as a non-taxable return of capital. Any such return of capital will reduce the shareholders' tax basis in their shares. To avoid being subject to a 31% federal backup withholding tax on taxable dividends, distributions and the proceeds of redemptions and repurchases, shareholders' taxpayer identification numbers must be furnished and certified as to their accuracy.

Distributions of net long-term capital gains, if any, are taxable to shareholders as long-term capital gains regardless of how long a shareholder has held the Fund's shares and regardless of whether the distribution is received in additional shares or in cash. Capital gains distributions are not eligible for the corporate dividends received deduction.

The foregoing discussion relates solely to the federal income tax consequences of an investment in the Fund. Distributions may also be subject to state and local taxes; therefore, each shareholder is advised to consult his or her own tax adviser. Shareholders will be notified annually by the Fund as to the Federal tax status of dividends and distributions paid or retained by the Fund.

PERFORMANCE INFORMATION  
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From time to time the Fund may quote its "yield" and/or its "total return" in advertisements and sales literature. Both the yield and the total return of the Fund are based on historical earnings and are not intended to indicate future performance. The yield of the Fund is computed by dividing the Fund's net investment income over a 30-day period by an average value (using the average number of shares entitled to receive dividends and the maximum offering price per share at the end of the period), all in accordance with applicable regulatory requirements. Such amount is compounded for six months and then annualized for a twelve-month period to derive the Fund's yield.

The "average annual total return" of the Fund refers to a figure reflecting the average annualized percentage increase (or decrease) in the value of an initial investment in the Fund of \$1,000 over one and five years, as well as over the life of the Fund. Average annual total return reflects all income earned by the Fund, any appreciation or depreciation of the Fund's assets, all expenses incurred by the Fund and all sales charges incurred by shareholders, for the period. It also assumes reinvestment of all dividends and distributions paid by the Fund.

In addition to the foregoing, the Fund may advertise its total return over different periods of time

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by means of aggregate, average, year-by-year or other types of total return figures. Such calculations may or may not reflect the deduction of the front-end sales charge which, if reflected, would reduce the performance quoted. The Fund may also advertise the growth of hypothetical investments of \$10,000, \$50,000 and \$100,000 in shares of the Fund. The Fund from time to time may also advertise its performance relative to certain performance rankings and indexes compiled by independent organizations (such as Lipper Analytical Services, Inc.).

ADDITIONAL INFORMATION

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VOTING RIGHTS. All shares of beneficial interest of the Fund are of \$0.01 par value and are equal as to earnings, assets and voting privileges.

The Fund is not required to hold Annual Meetings of Shareholders and in ordinary circumstances the Fund does not intend to hold such meetings. The Trustees may call Special Meetings of Shareholders for action by shareholder vote as may be required by the Act or the Declaration of Trust. Under certain circumstances, the Trustees may be removed by action of the Trustees or by the Shareholders.

Under Massachusetts law, shareholders of a business trust may, under certain circumstances, be held personally liable as partners for obligations of the Fund. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Fund and requires that notice of such disclaimer be given in each instrument entered into or executed by the Fund, and provides for indemnification and reimbursement of expenses out of the Fund's property for any shareholder held personally liable for the obligations of the Fund. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund itself would be unable to meet its obligations. Given the above limitations on shareholder personal liability, and the nature of the Fund's assets and operations, the possibility of the Fund being unable to meet its obligations is remote and, in the opinion of Massachusetts counsel to the Fund, the risk to Fund shareholders of personal liability is remote.

SHAREHOLDER INQUIRIES. All inquiries regarding the Fund should be directed to the Fund at the telephone numbers or address set forth on the front cover of this Prospectus.

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THE DEAN WITTER FAMILY OF FUNDS

MONEY MARKET FUNDS

Dean Witter Liquid Asset Fund Inc.

Dean Witter U.S. Government  
Money Market Trust

Dean Witter Tax-Free Daily Income Trust

Dean Witter California Tax-Free Daily  
Income Trust

Dean Witter New York Municipal  
Money Market Trust

#### EQUITY FUNDS

Dean Witter American Value Fund  
Dean Witter Natural Resource Development  
Securities Inc.  
Dean Witter Dividend Growth Securities Inc.  
Dean Witter Developing Growth Securities Trust  
Dean Witter World Wide Investment Trust  
Dean Witter Equity Income Trust  
Dean Witter Value-Added Market Series  
Dean Witter Utilities Fund  
Dean Witter Capital Growth Securities  
Dean Witter European Growth Fund Inc.  
Dean Witter Precious Metals and Minerals Trust  
Dean Witter Pacific Growth Fund Inc.  
Dean Witter Health Services Trust

Dean Witter Global Dividend Growth Securities

#### FIXED-INCOME FUNDS

Dean Witter High Yield Securities Inc.  
Dean Witter Tax-Exempt Securities Trust  
Dean Witter U.S. Government Securities Trust  
Dean Witter California Tax-Free Income Fund  
Dean Witter New York Tax-Free Income Fund  
Dean Witter Convertible Securities Trust  
Dean Witter Federal Securities Trust  
Dean Witter World Wide Income Trust  
Dean Witter Intermediate Income Securities  
Dean Witter Global Short-Term Income Fund Inc.  
Dean Witter Multi-State Municipal Series Trust  
Dean Witter Premier Income Trust  
Dean Witter Short-Term U.S. Treasury Trust  
Dean Witter Diversified Income Trust

Dean Witter Limited Term Municipal Trust

Dean Witter Short-Term Bond Fund

#### DEAN WITTER RETIREMENT SERIES

Liquid Asset Series  
U.S. Government Money Market Series  
U.S. Government Securities Series  
Intermediate Income Securities Series  
American Value Series  
Capital Growth Series  
Dividend Growth Series  
Strategist Series  
Utilities Series  
Value-Added Market Series  
Global Equity Series

#### ASSET ALLOCATION FUNDS

Dean Witter Managed Assets Trust  
Dean Witter Strategist Fund

#### ACTIVE ASSETS ACCOUNT PROGRAM

Active Assets Money Trust



Active Assets Tax-Free Trust  
Active Assets California Tax-Free Trust  
Active Assets Government Securities Trust

Dean Witter Premier Income Trust  
Two World Trade Center  
New York, New York 10048  
TRUSTEES  
Jack F. Bennett  
Charles A. Fiumefreddo

Edwin J. Garn

John R. Haire  
Dr. John E. Jeuck  
Dr. Manuel H. Johnson  
Paul Kolton  
Michael E. Nugent  
Albert T. Sommers  
Edward R. Telling

OFFICERS  
Charles A. Fiumefreddo  
Chairman and Chief Executive Officer  
Sheldon Curtis  
Vice President, Secretary and  
General Counsel  
Thomas F. Caloia  
Treasurer

CUSTODIAN  
The Bank of New York  
110 Washington Street  
New York, New York 10286

TRANSFER AGENT  
AND DIVIDEND DISBURSING AGENT

Dean Witter Trust Company  
Harborside Financial Center  
Plaza Two  
Jersey City, New Jersey 07311

INDEPENDENT ACCOUNTANTS

Price Waterhouse  
1177 Avenue of the Americas  
New York, New York 10036

INVESTMENT MANAGER

Dean Witter InterCapital Inc.

SUB-ADVISOR  
BlackRock Financial Management L.P.

DEAN WITTER  
PREMIER INCOME  
TRUST  
Prospectus

January 12, 1994

1/12/94

STATEMENT OF ADDITIONAL INFORMATION  
JANUARY 12, 1994

[LOGO]

Dean Witter Premier Income Trust (the "Fund") is an open-end, diversified management investment company, whose investment objective is to earn a high level of current income consistent with low volatility of principal. The Fund seeks to achieve its investment objective by investing primarily in high-quality Mortgage-Backed Securities and securities backed by other assets ("Asset-Backed Securities").

A Prospectus for the Fund dated January 12, 1994, which provides the basic information you should know before investing in the Fund, may be obtained without charge from the Fund at the address or telephone number listed below or from the Fund's Distributor, Dean Witter Distributors Inc. or from Dean Witter Reynolds Inc., at any of its branch offices. This Statement of Additional Information is not a Prospectus. It contains information in addition to and more detailed than that set forth in the Prospectus. It is intended to provide additional information regarding the activities and operations of the Fund, and should be read in conjunction with the Prospectus.

Dean Witter  
Premier Income Trust  
Two World Trade Center  
New York, New York 10048  
(212) 392-2550

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THE FUND AND ITS MANAGEMENT

THE FUND

The Fund is a Trust of the type commonly known as a "Massachusetts business trust" and was organized under the laws of the Commonwealth of Massachusetts on March 27, 1991.

THE INVESTMENT MANAGER

Dean Witter InterCapital Inc., a Delaware corporation, (the "Investment Manager" or "InterCapital"), whose address is Two World Trade Center, New York, New York 10048, is the Fund's Investment Manager. InterCapital is a wholly-owned subsidiary of Dean Witter, Discover & Co. ("DWDC"), a Delaware corporation. In an internal reorganization which took place in January, 1993, InterCapital assumed the investment advisory, administrative and management activities previously performed by the InterCapital Division of Dean Witter Reynolds Inc. ("DWR"), a broker-dealer affiliate of InterCapital. (As hereinafter used in this Statement of Additional Information, the terms "InterCapital" and "Investment Manager" refer to DWR's InterCapital Division prior to the internal reorganization and Dean Witter InterCapital Inc. thereafter.) The daily management of the Fund is conducted by or under the direction of officers of the

Fund and of the Investment Manager and Sub-Advisor, subject to review by the Fund's Board of Trustees. In addition, Trustees of the Fund provide guidance on economic factors and interest rate trends. Information as to these Trustees and officers is contained under the caption "Trustees and Officers".

InterCapital is also the investment manager (or investment adviser) of the following investment companies: Dean Witter Liquid Asset Fund Inc., InterCapital Income Securities Inc., InterCapital Insured Municipal Bond Trust, InterCapital Insured Municipal Trust, InterCapital Quality Municipal Investment Trust, InterCapital Quality Municipal Income Trust, Dean Witter Diversified Income Trust, Dean Witter Health Sciences Trust, Dean Witter Retirement Series, Dean Witter High Yield Securities Inc., Dean Witter Tax-Free Daily Income Trust, Dean Witter Developing Growth Securities Trust, Dean Witter Tax-Exempt Securities Trust, Dean Witter Natural Resource Development Securities Inc., Dean Witter Dividend Growth Securities Inc., Dean Witter American Value Fund, Dean Witter U.S. Government Money Market Trust, Dean Witter Variable Investment Series, Dean Witter World Wide Investment Trust, Dean Witter Select Municipal Reinvestment Fund, Dean Witter U.S. Government Securities Trust, Dean Witter California Tax-Free Income Fund, Dean Witter Equity Income Trust, Dean Witter New York Tax-Free Income Fund, Dean Witter Convertible Securities Trust, Dean Witter Federal Securities Trust, Dean Witter Managed Assets Trust, High Income Advantage Trust, High Income Advantage Trust II, High Income Advantage Trust III, Dean Witter Government Income Trust, Dean Witter Value-Added Market Series, Dean Witter Utilities Fund, Dean Witter California Tax-Free Daily Income Trust, Dean Witter Strategist Fund, Dean Witter World Wide Income Trust, Dean Witter Intermediate Income Securities, Dean Witter Capital Growth Securities, Dean Witter New York Municipal Money Market Trust, Dean Witter European Growth Fund Inc., Dean Witter Precious Metals and Minerals Trust, Dean Witter Global Short-Term Income Fund Inc., Dean Witter Pacific Growth Fund Inc., Dean Witter Multi-State Municipal Series Trust, Dean Witter Short-Term U.S. Treasury Trust, Active Assets Money Trust, Active Assets Tax-Free Trust, Active Assets California Tax-Free Trust, Active Assets Government Securities Trust, InterCapital Insured Municipal Income Trust, InterCapital California Insured Municipal Income Trust, InterCapital Quality Municipal Securities, InterCapital California Quality Municipal Securities, InterCapital New York Quality Municipal Securities, Dean Witter Global Dividend Growth Securities, Dean Witter Limited Term Municipal Trust, Dean Witter Short-Term Bond Fund, Municipal Income Trust, Municipal Income Trust II, Municipal

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Income Opportunities Trust, Municipal Income Opportunities Trust II, Municipal Income Opportunities Trust III, Municipal Income Trust III, Prime Income Trust and Municipal Premium Income Trust. The foregoing investment companies, together with the Fund, are collectively referred to as the Dean Witter Funds. In addition, Dean Witter Services Company Inc. ("DWSC"), a wholly-owned subsidiary of InterCapital, serves as manager for the following companies for which TCW Funds Management, Inc. is the investment adviser: TCW/DW Core Equity Trust, TCW/DW North American Government Income Trust, TCW/DW Latin American Growth Fund, TCW/DW Income and Growth Fund, TCW/DW Small Cap Growth Fund, TCW/DW Balanced Fund, TCW/DW Term Trust 2000, TCW/DW Term Trust 2002 and TCW/DW Term Trust 2003 (the "TCW/DW Funds"). InterCapital also serves as: (i) sub-adviser to Templeton Global Opportunities Trust, an open-end investment company; (ii) administrator of The BlackRock Strategic Term Trust Inc., a closed-end investment company; and (iii) sub-administrator of MassMutual Participation Investors and Templeton Global Governments Income Trust, closed-end investment companies.

The Investment Manager also serves as an investment adviser for Dean Witter World Wide Investment Fund, an investment company organized under the laws of Luxembourg, shares of which are not available for purchase in the United States or by American citizens outside the United States.

Pursuant to an Investment Management Agreement (the "Management Agreement") with the Investment Manager, the Fund has retained the Investment Manager to supervise the investment of the Fund's assets. The Investment Manager, through consultation with BlackRock Financial Management L.P. (the "Sub-Advisor") and through its own portfolio management staff, obtains and evaluates such information and advice relating to the economy, securities markets, and specific securities as it considers necessary or useful to continuously oversee the management of the assets of the Fund in a manner consistent with its investment objective.

Under the terms of the Management Agreement, the Investment Manager also

maintains certain of the Fund's books and records and furnishes, at its own expense, such office space, facilities, equipment, clerical help and bookkeeping and certain legal services as the Fund may reasonably require in the conduct of its business, including the preparation of prospectuses, statements of additional information, proxy statements and reports required to be filed with federal and state securities commissions (except insofar as the participation or assistance of independent accountants and attorneys is, in the opinion of the Investment Manager, necessary or desirable). In addition, the Investment Manager pays the salaries of all personnel, including officers of the Fund, who are employees of the Investment Manager. The Investment Manager also bears the cost of telephone service, heat, light, power and other utilities provided to the Fund.

On December 31, 1993, InterCapital effected an internal reorganization pursuant to which administrative activities previously performed by InterCapital are instead performed by DWSC. Pursuant to the reorganization, InterCapital has entered into a Services Agreement pursuant to which DWSC provides administrative services to the Fund that were previously performed directly by InterCapital. The foregoing internal reorganization did not result in any change of the nature or scope of the administrative services being provided to the Fund or any of the fees being paid by the Fund for the overall services being performed under the terms of the existing Management Agreement.

Expenses not expressly assumed by the Investment Manager under the Management Agreement, by the Sub-Advisor pursuant to the Sub-Advisory Agreement (see below), or by the Distributor of the

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Fund's shares (see "The Distributor") will be paid by the Fund. The expenses borne by the Fund include, but are not limited to: expenses of the Plan of Distribution pursuant to Rule 12b-1 (see "The Distributor"), charges and expenses of any registrar, custodian, stock transfer and dividend disbursing agent; brokerage commissions; taxes; engraving and printing of share certificates; registration costs of the Fund and its shares under federal and state securities laws; the cost and expense of printing, including typesetting, and distributing Prospectuses and Statements of Additional Information of the Fund and supplements thereto to the Fund's shareholders; all expenses of shareholders' and Trustees' meetings and of preparing, printing and mailing of proxy statements and reports to shareholders; fees and travel expenses of Trustees or members of any advisory board or committee who are not employees of the Investment Manager or Sub-Advisor or any corporate affiliate of the Investment Manager or Sub-Advisor; all expenses incident to any dividend, withdrawal or redemption options; charges and expenses of any outside service used for pricing of the Fund's shares; fees and expenses of the Fund's legal counsel, including counsel to the Trustees who are not interested persons of the Fund or of the Investment Manager or Sub-Advisor (not including compensation or expenses of attorneys who are employees of the Investment Manager or Sub-Advisor) and independent accountants; membership dues of industry associations; interest on Fund borrowings; postage; insurance premiums on property or personnel (including officers and directors) of the Fund which inure to its benefit; extraordinary expenses (including, but not limited to, legal claims and liabilities and litigation costs and any indemnification relating thereto); and all other costs of the Fund's operation.

The Management Agreement provides that in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations thereunder, the Investment Manager is not liable to the Fund or any of its investors for any act or omission by the Investment Manager or for any losses sustained by the Fund or its investors. The Management Agreement in no way restricts the Investment Manager from acting as investment manager or adviser to others.

As full compensation for the services and facilities furnished to the Fund and expenses of the Fund assumed by the Investment Manager, the Fund pays the Investment Manager monthly compensation calculated daily by applying the annual rate of 0.50% to the Fund's daily net assets. For the fiscal years ended October 31, 1993, 1992 and for the fiscal period July 1, 1991 (commencement of operations) through October 31, 1991, the Fund accrued to the Investment Manager total compensation under the Management Agreement in the amounts of \$657,860, \$722,695 and \$199,332, respectively.

Pursuant to a Sub-Advisory Agreement between the Investment Manager and the Sub-Advisor, the Sub-Advisor has been retained, subject to the overall supervision of the Investment Manager and the Trustees of the Fund, to

continuously furnish investment advice concerning individual portfolio security selections.

The Sub-Advisor is an affiliate of The Blackstone Group ("Blackstone"), a private investment bank founded in 1985 by Peter G. Peterson, former Chairman and Chief Executive Officer of Lehman Brothers Kuhn Loeb, Inc. ("Lehman") and former Secretary of Commerce of the United States, and Stephen A. Schwarzman, a former Lehman partner and former Chairman of Lehman's Merger and Acquisition Committee. Mr. Peterson is the Chairman of Blackstone and Mr. Schwarzman is the President and Chief Executive Officer.

The Sub-Advisor provides asset management services with respect to high quality fixed income instruments, with particular emphasis on Mortgage-Backed Securities. The Sub-Advisor currently serves

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as the investment adviser to fixed income investors in the United States and overseas through several funds with combined net assets under management in excess of \$18 billion. These include twenty-one closed-end investment companies: The BlackRock Income Trust Inc., The BlackRock Target Term Trust Inc., The BlackRock Advantage Term Trust Inc., The BlackRock Strategic Term Trust Inc., The BlackRock 1998 Term Trust Inc., The BlackRock Municipal Term Trust Inc., The BlackRock Insured Municipal Term Trust Inc., The BlackRock North American Government Income Trust Inc., The BlackRock Investment Quality Term Trust Inc., The BlackRock Insured Municipal 2008 Term Trust Inc., The BlackRock California Insured Municipal 2008 Term Trust Inc., The BlackRock Florida Insured Municipal 2008 Term Trust Inc., The BlackRock New York Insured Municipal 2008 Term Trust Inc., The BlackRock 1999 Term Trust Inc., The BlackRock Investment Quality Municipal Trust Inc., The BlackRock California Investment Quality Municipal Trust Inc., The BlackRock Florida Investment Quality Municipal Trust Inc., The BlackRock New York Investment Quality Municipal Trust Inc., The BlackRock New Jersey Investment Quality Municipal Trust Inc., The BlackRock Investment Grade 2009 Term Trust Inc. and The BlackRock 2001 Term Trust Inc., which were designed for individual investors and are listed on either the New York or American Stock Exchange. Each of these funds is a closed-end management investment company that invests primarily in investment grade Mortgage-Backed and Asset-Backed Securities and in securities that are issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or invests in Municipal Securities. Another fund, BlackRock Short Duration L.P., was privately placed with institutional investors, and invests in high credit quality short-duration fixed income instruments. The Sub-Advisor also serves as the investment advisor to six offshore funds: BlackRock Fund for Fannie Mae Mortgage Securities, BlackRock Freddie Mac Mortgage Securities Fund, BFM Mortgage Performance Fund, BFM Libor Mortgage Fund, BSY Financial Corp. and Gemini I. Each of these funds invests primarily in U.S. Mortgage-Backed Securities. In addition, the Sub-Advisor serves as investment advisor to several institutional investors in separate accounts.

The Sub-Advisor's general and limited partners and employees include several individuals with extensive experience in creating, evaluating and investing in Mortgage-Backed Securities, Asset-Backed Securities and hedging products. Prior to co-founding the Sub-Advisor (of which he is a general partner), from July 1976 to March 1988, Laurence D. Fink was employed by The First Boston Corporation where he had been a Managing Director since January 1979. At First Boston, he was a member of the Management Committee and co-head of its Taxable Fixed Income Division. He also managed the Financial Futures and Fixed Income Options Department and the Mortgage and Real Estate Products Group. Ralph L. Schlosstein, President and a co-founder of the Sub-Advisor (of which he is a general partner), was employed by Shearson Lehman Brothers Inc. from February 1981 to March 1988 and became a Managing Director in August, 1984. At Shearson Lehman, he was co-head of the Mortgage and Savings Institutions Group. Messrs. Fink and Schlosstein, along with other members of the Sub-Advisor, were instrumental in many of the major innovations in these securities markets, including the creation of the fixed and floating rate collateralized mortgage obligation, asset-backed securities and the senior-subordinated mortgage pass-through securities.

Both the Investment Manager and the Sub-Advisor have authorized any of their directors, partners, officers and employees who have been elected as Trustees or officers of the Fund to serve in the capacities in which they have been elected. Services furnished by directors, the Investment Manager and the Sub-Advisor may be furnished by directors, partners, officers and employees of the Investment

Manager and the Sub-Advisor. In connection with the services rendered by the Sub-Advisor, the Sub-

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Advisor bears the following expenses: (a) the salaries and expenses of its personnel; and (b) all expenses incurred by it in connection with performing the services provided by it as Sub-Advisor, as described above.

As full compensation for the services and facilities furnished to the Fund and the Investment Manager and expenses of the Fund and the Investment Manager assumed by the Sub-Advisor, the Investment Manager pays the Sub-Advisor monthly compensation equal to 40% of the Investment Manager's monthly compensation payable under the Management Agreement. For the fiscal years ended October 31, 1993, 1992 and for the fiscal period from July 1, 1991 through October 31, 1991, the Investment Manager informed the Fund that the Investment Manager accrued to the Sub-Advisor total compensation under the Sub-Advisory Agreement of \$263,144, \$289,078 and \$79,733, respectively.

Pursuant to the Management Agreement and the Sub-Advisory Agreement, total operating expenses of the Fund are subject to applicable limitations under rules and regulations of states where the Fund is authorized to sell its shares. Therefore, operating expenses are effectively subject to the most restrictive of such limitations as the same may be amended from time to time. Presently, the most restrictive limitation is as follows. If, in any fiscal year, the Fund's total operating expenses, exclusive of taxes, interest, brokerage fees, distribution fees and extraordinary expenses (to the extent permitted by applicable state securities laws and regulations), exceed 2 1/2% of the first \$30,000,000 of average daily net assets, 2% of the next \$70,000,000 and 1 1/2% of any excess over \$100,000,000, the Investment Manager will reimburse the Fund for the amount of such excess. Pursuant to the Sub-Advisory Agreement, if any such reimbursement is made by the Investment Manager, the Investment Manager will, in turn, be reimbursed for 40% of such payment by the Sub-Advisor. The reimbursement, if any, will be calculated daily and credited on a monthly basis.

The Investment Manager paid the organizational expenses of the Fund incurred prior to the offering of the Fund's shares. The Fund reimbursed the Investment Manager for \$150,000 of such expenses, in accordance with the terms of the Underwriting Agreement between the Fund and DWR. The Fund has deferred and is amortizing the reimbursed expenses on the straight line method over a period not to exceed five years from the date of commencement of the Fund's operations.

The Management Agreement and the Sub-Advisory Agreement were initially approved by the Trustees on April 16, 1991 and by DWR as the then sole shareholder on May 15, 1991. Under their terms and by approval of the Trustees, including a majority of the Independent Trustees at their meeting held on April 29, 1992, the agreements will continue in effect until April 30, 1993, and from year to year thereafter, provided continuance of the agreements are approved at least annually by the vote of the holders of a majority (as defined in the Act) of the outstanding shares of the Fund, or by the Trustees of the Fund; provided that in either event such continuances are approved annually by the vote of a majority of the Independent Trustees, which votes must be cast in person at a meeting called for the purpose of voting on such approval.

At their meeting held on October 30, 1992, the Trustees of the Fund, including all the Trustees of the Fund who are not parties to the Investment Management Agreement or "interested persons" (as defined in the Investment Company Act of 1940 (the "Act")) of any such party (the "Independent Trustees"), approved the assumption by InterCapital of DWR's rights and duties under the Investment Management Agreement, which assumption took place upon the reorganization described above. At a special meeting of shareholders held on January 12, 1993, the shareholders voted to approve a new Investment

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Management Agreement with InterCapital and a new Sub-Advisory Agreement with the Sub-Advisor to become effective upon the spin-off by Sears, Roebuck and Co. of its remaining shares of DWDC, which Agreements took effect on June 30, 1993, and will continue in effect until April 30, 1994. Both agreements may be terminated at any time, without penalty, on thirty days' notice by the Trustees of the Fund, by the holders of a majority (as defined in the Act), of the outstanding shares of the Fund, by the Investment Manager, or the Sub-Advisor (Sub-Advisory

Agreement only). The agreements will automatically terminate in the event of their assignment (as defined in the Act).

The Fund has acknowledged that the name "Dean Witter" is a property right of DWR. The Fund has agreed that the Investment Manager or its parent company may use, or at any time permit others to use, the name "Dean Witter". The Fund has also agreed that in the event the Management Agreement is terminated, or if the affiliation between InterCapital and its parent company is terminated, the Fund will eliminate the name "Dean Witter" from its name if DWR or its parent company shall so request.

TRUSTEES AND OFFICERS

The Trustees and Executive Officers of the Fund, their principal business occupations during the last five years and their affiliations, if any, with InterCapital and with the Dean Witter Funds and the TCW/DW Funds are shown below.

<TABLE>

<CAPTION>

NAME, POSITION WITH FUND AND ADDRESS	PRINCIPAL OCCUPATION DURING LAST FIVE YEARS
<S>	<C>
Jack F. Bennett Trustee 141 Taconic Road Greenwich, Connecticut	Retired; Director or Trustee of the Dean Witter Funds; formerly Senior Vice President and Director of Exxon Corporation (1975-January, 1989) and Under Secretary of the U.S. Treasury for Monetary Affairs (1974-1975); Director of Philips Electronics N.V. (electronics), Tandem Computers Inc. and Massachusetts Mutual Insurance Co.; director or trustee of various not-for-profit and business organizations.
Charles A. Fiumefreddo* Chairman of the Board, President, Chief Executive Officer and Trustee Two World Trade Center New York, New York	Chairman, Chief Executive Officer and Director of InterCapital, Dean Witter Distributors Inc. and DWSC; Executive Vice President and Director of DWR; Chairman, Director or Trustee, President and Chief Executive Officer of the Dean Witter Funds; Chairman, Chief Executive Officer and Trustee of the TCW/DW Funds; Chairman and Director of Dean Witter Trust Company ("DWTC") (since October, 1989); Director and/or officer of various DWDC subsidiaries; formerly Executive Vice President and Director of DWDC (until February, 1993).
Edwin J. Garn Trustee 2000 Eagle Gate Tower Salt Lake City, Utah	Director or Trustee of the Dean Witter Funds; formerly United States Senator (R-Utah) (1974-1992) and Chairman, Senate Banking Committee (1980-1986); formerly Mayor of Salt Lake City, Utah (1971-1974); formerly Astronaut, Space Shuttle Discovery (April 12-19, 1985); Vice Chairman, Huntsman Chemical Corporation (since January, 1993); member of the board of various civic and charitable organizations.

</TABLE>

<TABLE>

<CAPTION>

NAME, POSITION WITH FUND AND ADDRESS	PRINCIPAL OCCUPATION DURING LAST FIVE YEARS
<S>	<C>
John R. Haire Trustee 439 East 51st Street New York, New York	Chairman of the Audit Committee and Chairman of the Committee of the Independent Directors or Trustees and Director or Trustee of the Dean Witter Funds; Trustee of the TCW/DW Funds; formerly President, Council for Aid to Education (1978-October, 1989) and Chairman and Chief Executive Officer of Anchor Corporation, an Investment Adviser (1964-1978); Director of Washington National Corporation (insurance) and Bowne & Co. Inc., (printing).
Dr. John E. Jeuck Trustee 70 East Cedar Street Chicago, Illinois	Retired; Director or Trustee of the Dean Witter Funds; formerly Robert Law Professor of Business Administration, Graduate School of Business, University of Chicago (until July 1989); Business Consultant.
Dr. Manuel H. Johnson Trustee 7521 Old Dominion Drive	Senior Partner, Johnson Smick International, Inc., a consulting firm; Koch Professor of International Economics and Director of the Center for Global Market Studies at George Mason University

Maclean, Virginia

(since September, 1990); Co-Chairman and a founder of the Group of Seven Council (G7C), an international economic commission (since September, 1990); Director or Trustee of the Dean Witter Funds; Trustee of the TCW/DW Funds; Director of Greenwich Capital Markets, Inc. (broker-dealer); formerly Vice Chairman of the Board of Governors of the Federal Reserve System (February, 1986-August, 1990) and Assistant Secretary of the U.S. Treasury (1982-1986). Director or Trustee of the Dean Witter Funds; Chairman of the Audit Committee and Chairman of the Committee of the Independent Trustees and Trustee of the TCW/DW Funds; formerly Chairman of the Financial Accounting Standards Advisory Council and Chairman and Chief Executive Officer of the American Stock Exchange; Director of UCC Investors Holding Inc. (Uniroyal Chemical Company); director or trustee of various not-for-profit organizations. General Partner, Triumph Capital, L.P., a private investment partnership (since April, 1988); Director or Trustee of the Dean Witter Funds, and Trustee of the TCW/DW Funds; formerly Vice President, Bankers Trust Company and BT Capital Corporation (September, 1984-March, 1988); Director of various business organizations.

Paul Kolton  
Trustee  
9 Hunting Ridge Road  
Stamford, Connecticut

Michael E. Nugent  
Trustee  
237 Park Avenue  
New York, New York

</TABLE>

<TABLE>  
<CAPTION>

NAME, POSITION WITH FUND AND ADDRESS PRINCIPAL OCCUPATION DURING LAST FIVE YEARS

<S>	<C>
Albert T. Sommers Trustee 845 Third Avenue New York, New York	Senior Fellow and Economic Counselor (formerly Senior Vice President and Chief Economist) of the Conference Board, a not-for-profit business research organization; President, Albert T. Sommers, Inc., an economic consulting firm; Director or Trustee of the Dean Witter Funds; formerly Chairman, Price Advisory Committee of the Council on Wage and Price Stability (December, 1979 - December, 1980); Economic Adviser, The Ford Foundation; Director of Grow Group, Inc. (chemicals), MSI Inc. (medical services) and Westbridge Capital, Inc. (insurance).
Edward R. Telling* Trustee Sears Tower Chicago, Illinois	Retired; Director or Trustee of the Dean Witter Funds; formerly Chairman of the Board of Directors and Chief Executive Officer (1978-1985) and President (from January 1981-March 1982 and from February 1984-August 1984) of Sears, Roebuck and Co.
Sheldon Curtis Vice President, Secretary and General Counsel Two World Trade Center New York, New York	Senior Vice President, Secretary and General Counsel of InterCapital and DWSC; Senior Vice President and Secretary of DWTC (since October, 1989); Senior Vice President, Assistant Secretary and Assistant General Counsel of Dean Witter Distributors Inc.; Assistant Secretary of DWDC and DWR; Vice President, Secretary and General Counsel of the Dean Witter Funds and the TCW/DW Funds.
Thomas F. Caloia Treasurer Two World Trade Center New York, New York	First Vice President (since May 1991) and Assistant Treasurer (since April, 1988) of InterCapital; First Vice President and Assistant Treasurer of DWSC and Treasurer of the Dean Witter Funds and the TCW/DW Funds; previously Vice President of InterCapital.

<FN>  
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\*Denotes Trustees who are "interested persons" of the Fund, as defined in the Act.  
</TABLE>

In addition, Robert M. Scanlan, President of InterCapital, and David A. Hughey and Edmund C. Puckhaber, Executive Vice Presidents of InterCapital, are Vice Presidents of the Fund, and Barry Fink, First Vice President and Assistant General Counsel of InterCapital, and Marilyn K. Cranney, Lawrence S. Lafer, Lou Anne D. McInnis and Ruth Rossi, Vice Presidents and Assistant General Counsels of InterCapital, are Assistant Secretaries of the Fund.

The Fund pays each Trustee who is not an employee or former employee of the Investment Manager or an affiliated company an annual fee of \$1,200 (\$1,600 prior to December 31, 1993) plus \$50 for each meeting of the Trustees, the Audit Committee or the Committee of Independent Trustees attended by the Trustee in person (the Fund pays the Chairman of the Audit Committee an additional annual fee of \$1,000 (\$1,200 prior to December 31, 1993) and pays the Chairman of the Committee of the Independent Trustees an annual fee of \$2,400, in each case inclusive of the Committee meeting fees). The Fund also reimburses such Trustees



for travel and other out-of-pocket expenses incurred by them in connection with attending such meetings. Effective January 1, 1994, the Fund has adopted a

retirement program under which an Independent Trustee who retires after a minimum required period of service would be entitled to retirement payments upon reaching the eligible retirement age (normally, after attaining age 72) based upon length of service and computed as a percentage of one-fifth of the total compensation earned by such Trustee for service to the Fund in the five-year period prior to the date of the Trustee's retirement. Trustees and officers of the Fund who are or have been employed by the Investment Manager or an affiliated company receive no compensation or expense reimbursement from the Fund. As of the date of this Statement of Additional Information, the aggregate shares of the Fund owned by the Fund's officers and Trustees as a group was less than 1 percent of the Fund's shares of beneficial interest outstanding. For the fiscal year ended October 31, 1993, the Fund accrued a total of \$20,295 for Trustees' fees and expenses.

#### INVESTMENT PRACTICES AND POLICIES

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##### U.S. GOVERNMENT SECURITIES

As discussed in the Prospectus, the Fund may invest in, among other securities, securities issued by the U.S. Government, its agencies or instrumentalities. Such securities include:

(1) U.S. Treasury bills (maturities of one year or less), U.S. Treasury notes (maturities of one to ten years) and U.S. Treasury bonds (generally maturities of greater than ten years), all of which are direct obligations of the U.S. Government and, as such, are backed by the "full faith and credit" of the United States.

(2) Securities issued by agencies and instrumentalities of the U.S. Government which are backed by the full faith and credit of the United States. Among the agencies and instrumentalities issuing such obligations are the Federal Housing Administration, the Government National Mortgage Association ("GNMA"), the Department of Housing and Urban Development, the Export-Import Bank, the Farmers Home Administration, the General Services Administration, the Maritime Administration and the Small Business Administration. The maturities of such obligations range from three months to 30 years.

(3) Securities issued by agencies and instrumentalities which are not backed by the full faith and credit of the United States, but whose issuing agency or instrumentality has the right to borrow, to meet its obligations, from an existing line of credit with the U.S. Treasury. Among the agencies and instrumentalities issuing such obligations are the Tennessee Valley Authority, the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") and the U.S. Postal Service.

(4) Securities issued by agencies and instrumentalities which are not backed by the full faith and credit of the United States, but which are backed by the credit of the issuing agency or instrumentality. Among the agencies and instrumentalities issuing such obligations are the Federal Farm Credit System and the Federal Home Loan Banks.

Neither the value nor the yield of the U.S. Government securities which may be invested in by the Fund are guaranteed by the U.S. Government. Such values and yield will fluctuate with changes in prevailing interest rates and other factors. Generally, as prevailing interest rates rise, the value of any U.S. Government securities held by the Fund will fall. Such securities with longer maturities generally tend to

produce higher yields and are subject to greater market fluctuation as a result of changes in interest rates than debt securities with shorter maturities. The Fund is not limited as to the maturities of the U.S. Government securities in which it may invest with respect to 35% of its total assets.

##### ZERO COUPON SECURITIES

A portion of the U.S. Government securities purchased by the Fund may be "zero coupon" Treasury securities. The Fund may invest in zero coupon securities

up to 5% of its total assets. Zero coupon Treasury securities are U.S. Treasury bills, notes and bonds which have been stripped of their unmatured interest coupons and receipts or which are certificates representing interests in such stripped debt obligations and coupons. Such securities are purchased at a discount from their face amount, giving the purchaser the right to receive their full value at maturity. A zero coupon security pays no interest to its holder during its life. Its value to an investor consists of the difference between its face value at the time of maturity and the price for which it was acquired, which is generally an amount significantly less than its face value (sometimes referred to as a "deep discount" price). To the extent the Fund invests in zero coupon securities, it will not earn current cash income available for distribution to shareholders. However, the Fund will invest in zero coupon securities only when the Investment Manager and Sub-Advisor believe that there will be cash in the Fund's portfolio representing return of principal on portfolio securities of the Fund at least equal to the income on the zero coupon securities. However, in order to distribute the accrued income from any zero coupon securities, it may be necessary for the Fund to sell some of its portfolio securities, which may occur at a time when the Fund would not otherwise have chosen to sell such portfolio securities.

The interest earned on such securities is, implicitly, automatically compounded and paid out at maturity. While such compounding at a constant rate eliminates the risk of receiving lower yields upon reinvestment of interest if prevailing interest rates decline, the owner of a zero coupon security will be unable to participate in higher yields upon reinvestment of interest received if prevailing interest rates rise. For this reason, zero coupon securities are subject to substantially greater market price fluctuations during periods of changing prevailing interest rates than are comparable debt securities which make current distributions of interest. Current federal tax law requires that a holder (such as the Fund) of a zero coupon security accrue a portion of the discount at which the security was purchased as income each year even though the Fund receives no interest payments in cash on the security during the year.

Currently the only U.S. Treasury security issued without coupons is the Treasury bill. However, a number of banks and brokerage firms have separated ("stripped") the principal portions from the coupon portions of the U.S. Treasury bonds and notes and sold them separately in the form of receipts or certificates representing undivided interests in these instruments (which instruments are generally held by a bank in a custodial or trust account).

#### MORTGAGE-BACKED SECURITIES

As discussed in the Prospectus, the Mortgage-Backed Securities purchased by the Fund evidence an interest in a specific pool of mortgages. Such securities are issued by GNMA, FNMA and FHLMC.

**GNMA CERTIFICATES.** GNMA is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. The National Housing Act of 1934, as amended (the "Housing Act"), authorized GNMA to guarantee the timely payment of the principal of and interest on certificates that are based on and backed by a pool of mortgage loans insured by the Federal Housing Administration under the Housing Act, or Title V of the Housing Act of 1949 ("FHA Loans"), or

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guaranteed by the Veterans' Administration under the Servicemen's Readjustment Act of 1944, as amended ("VA Loans"), or by pools of other eligible mortgage loans. The Housing Act provides that the full faith and credit of the U.S. Government is pledged to the payment of all amounts that may be required to be paid under any guarantee. In order to meet its obligations under such guarantee, GNMA is authorized to borrow from the U.S. Treasury with no limitations as to amount.

The GNMA Certificates will represent a pro rata interest in one or more pools of the following types of mortgage loans; (i) fixed rate level payment mortgage loans; (ii) fixed rate graduated payment mortgage loans; (iii) fixed rate growing equity mortgage loans; (iv) fixed rate mortgage loans secured by manufactured (mobile) homes; (v) mortgage loans on multifamily residential properties under construction; (vi) mortgage loans on completed multifamily projects; (vii) fixed rate mortgage loans as to which escrowed funds are used to reduce the borrower's monthly payments during the early years of the mortgage loans ("buydown" mortgage loans); (viii) mortgage loans that provide for adjustments in payments based on periodic changes in interest rates or in other payment terms of the mortgage loans; and (ix) mortgage-backed serial notes. All of these mortgage loans will be FHA Loans or VA Loans and, except as otherwise specified above, will be fully-amortizing loans secured by first liens on one-to four-family housing units.

**FNMA CERTIFICATES.** FNMA is a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act. FNMA was originally established in 1938 as a U.S. Government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder owned and privately managed corporation by legislation enacted in 1968. FNMA provides funds to the mortgage market primarily by purchasing home mortgage loans from local lenders, thereby replenishing their funds for additional lending. FNMA acquires funds to purchase home mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans directly, thereby expanding the total amount of funds available for housing.

Each FNMA Certificate will entitle the registered holder thereof to receive amounts representing such holder's pro rata interest in scheduled principal payments and interest payments (at such FNMA Certificate's pass-through rate, which is net of any servicing and guarantee fees on the underlying mortgage loans), and any principal prepayments on the mortgage loans in the pool represented by such FNMA Certificate and such holder's proportionate interest in the full principal amount of any foreclosed or otherwise finally liquidated mortgage loan. The full and timely payment of principal of and interest on each FNMA Certificate will be guaranteed by FNMA, which guarantee is not backed by the full faith and credit of the U.S. Government.

Each FNMA Certificate will represent a pro rata interest in one or more pools of FHA Loans, VA Loans or conventional mortgage loans (i.e., mortgage loans that are not insured or guaranteed by any governmental agency) of the following types: (i) fixed rate level payment mortgage loans; (ii) fixed rate growing equity mortgage loans; (iii) fixed rate graduated payment mortgage loans; (iv) variable rate California mortgage loans; (v) other adjustable rate mortgage loans; and (vi) fixed rate mortgage loans secured by multifamily projects.

**FHLMC CERTIFICATES.** FHLMC is a corporate instrumentality of the United States created pursuant to the Emergency Home Finance Act of 1970, as amended (the "FHLMC Act"). FHLMC was established primarily for the purpose of increasing the availability of mortgage credit for the financing of needed

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housing. The principal activity of FHLMC currently consists of the purchase of first lien, conventional, residential mortgage loans and participation interests in such mortgage loans and the resale of the mortgage loans so purchased in the form of mortgage securities, primarily FHLMC Certificates.

FHLMC guarantees to each registered holder of a FHLMC Certificate the timely payment of interest at the rate provided for by such FHLMC Certificate, whether or not received. FHLMC also guarantees to each registered holder of a FHLMC Certificate ultimate collection of all principal of the related mortgage loans, without any offset or deduction, but does not, generally, guarantee the timely payment of scheduled principal. FHLMC may remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage loan, but not later than 30 days following (i) foreclosure sale, (ii) payment of a claim by any mortgage insurer or (iii) the expiration of any right of redemption, whichever occurs later, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal. The obligations of FHLMC under its guarantee are obligations solely of FHLMC and are not backed by the full faith and credit of the U.S. Government.

FHLMC Certificates represent a pro rata interest in a group of mortgage loans (a "FHLMC Certificate group") purchased by FHLMC. The mortgage loans underlying the FHLMC Certificates will consist of fixed rate or adjustable rate mortgage loans with original terms to maturity of between ten and thirty years, substantially all of which are secured by first liens on one-to four-family residential properties or multifamily projects. Each mortgage loan must meet the applicable standards set forth in the FHLMC Act. A FHLMC Certificate group may include whole loans, participation interests in whole loans and undivided interests in whole loans and participations comprising another FHLMC Certificate group.

#### CORPORATE DEBT SECURITIES

As described in the Prospectus, the Fund may purchase corporate debt securities rated Aaa by Moody's or AAA by S&P or, if unrated, deemed to be of comparable quality by the Fund's Trustees. These debt securities may have adjustable or fixed rates of interest and in certain instances may be secured by assets of the issuer. Adjustable rate corporate debt securities, which the Fund may purchase up to 5% of its total assets, may have features similar to those of adjustable rate Mortgage-Backed Securities, but corporate debt securities, unlike Mortgage-Backed Securities, are not subject to prepayment risk other than

through contractual call provisions which generally impose a penalty for prepayment. Fixed rate debt securities also may be subject to call provisions.

#### MUNICIPAL OBLIGATIONS

The Fund may invest up to 5% of its total assets in Municipal Obligations (consisting of Municipal Bonds, Municipal Notes and Municipal Commercial Paper) rated in the highest rating category by Moody's Investor Service, Inc. ("Moody's") or Standard & Poor's Corporation ("S&P"). The Municipal Obligations in which the Fund may invest include "zero coupon" Municipal Obligations. Any Municipal Obligation which depends directly or indirectly on the credit of the United States Government shall be considered to have the highest rating by Moody's and S&P.

Municipal Bonds and Municipal Notes are debt obligations of a state, its cities, municipalities and municipal agencies which generally have maturities, at the time of their issuance, of either one year or more (Bonds) or from six months to three years (Notes). Municipal Commercial Paper consists of short-term obligations of municipalities which may be issued at a discount and are sometimes referred to as

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Short-Term Discount Notes. An obligation shall be considered a Municipal Bond, Municipal Note or Municipal Commercial Paper only if, in the opinion of bond counsel, the interest payable thereon is exempt from federal income tax.

The two principal classifications of Municipal Bonds, Notes and Commercial Paper are "general obligation" and "revenue" bonds, notes or commercial paper. General obligation bonds, notes or commercial paper are secured by the issuer's pledge of its faith, credit and taxing power for the payment of principal and interest. Issuers of general obligation bonds, notes or commercial paper include a state, its counties, cities, towns and other governmental units. Revenue bonds, notes or commercial paper are payable from the revenues derived from a particular facility or class of facilities or, in some cases, from specific revenue sources. Revenue bonds, notes or commercial paper are issued for a wide variety of purposes, including the financing of electric, gas, water and sewer systems and other public utilities; industrial development and pollution control facilities; single and multi-family housing units; public buildings and facilities; air and marine ports, transportation facilities such as toll roads, bridges and tunnels; and health and educational facilities such as hospitals and dormitories. They rely primarily on user fees to pay debt service, although the principal revenue source is often supplemented by additional security features which are intended to enhance the creditworthiness of the issuer's obligations. In some cases, particularly revenue bonds issued to finance housing and public buildings, a direct or implied "moral obligation" of a governmental unit may be pledged to the payment of debt service. In other cases, a special tax or other charge may augment user fees.

Included within the revenue bonds category are participations in lease obligations or installment purchase contracts (hereinafter collectively called "lease obligations") of municipalities. State and local governments issue lease obligations to acquire equipment and facilities.

Lease obligations may have risks not normally associated with general obligation or other revenue bonds. Leases and installment purchase or conditional sale contracts (which may provide for title to the leased asset to pass eventually to the issuer) have developed as a means for governmental issuers to acquire property and equipment without the necessity of complying with the constitutional and statutory requirements generally applicable for the issuance of debt. Certain lease obligations contain "non-appropriation" clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on an annual or other periodic basis. Consequently, continued lease payments on those lease obligations containing "non-appropriation" clauses are dependent on future legislative actions. If such legislative actions do not occur, the holders of the lease obligation may experience difficulty in exercising their rights, including disposition of the property.

#### LENDING OF PORTFOLIO SECURITIES

Consistent with applicable regulatory requirements, the Fund may lend its portfolio securities to brokers, dealers and other financial institutions, provided that such loans are callable at any time by the Fund (subject to notice provisions described below), and are at all times secured by cash or cash equivalents, which are maintained in a segregated account pursuant to applicable regulations and that are at least equal to the market value, determined daily, of the loaned securities. The advantage of such loans is that the Fund continues

to receive the income on the loaned securities while at the same time earning interest on the cash amounts deposited as collateral, which will be invested in short-term obligations. The Fund will not lend its portfolio securities if such loans are not permitted by the laws or

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regulations of any state in which its shares are qualified for sale and will not lend more than 25% of the value of its total assets. The Fund did not lend any of its portfolio securities during its fiscal year ended October 31, 1993.

A loan may be terminated by the borrower on one business day's notice, or by the Fund on two business days' notice. If the borrower fails to deliver the loaned securities within two days after receipt of notice, the Trust could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. As with any extensions of credit, there are risks of delay in recovery and in some cases even loss of rights in the collateral should the borrower of the securities fail financially. However, these loans of portfolio securities will only be made to firms deemed by the Fund's management to be creditworthy and when the income which can be earned from such loans justifies the attendant risks. Upon termination of the loan, the borrower is required to return the securities to the Fund. Any gain or loss in the market price during the loan period would inure to the Fund. The creditworthiness of firms to which the Fund lends its portfolio securities will be monitored on an ongoing basis by the Investment Manager pursuant to procedures adopted and reviewed, on an ongoing basis, by the Board of Trustees of the Fund.

When voting or consent rights which accompany loaned securities pass to the borrower, the Fund will follow the policy of calling the loaned securities, to be delivered within one day after notice, to permit the exercise of such rights if the matters involved would have a material effect on the Fund's investment in such loaned securities. The Fund will pay reasonable finder's, administrative and custodial fees in connection with a loan of its securities.

#### OPTIONS AND FUTURES TRANSACTIONS

OPTIONS ON TREASURY BONDS AND NOTES. Because trading interest in options written on Treasury bonds and notes tends to center mostly on the most recently auctioned issues, the exchanges on which such securities trade will not continue indefinitely to introduce options with new expirations to replace expiring options on particular issues. Instead, the expirations introduced at the commencement of options trading on a particular issue will be allowed to run their course, with the possible addition of a limited number of new expirations as the original ones expire. Options trading on each issue of bonds or notes will thus be phased out as new options are listed on more recent issues, and options representing a full range of expirations will not ordinarily be available for every issue on which options are traded.

PURCHASING CALL AND PUT OPTIONS. As stated in the Prospectus, the Fund may purchase listed and OTC call and put options in amounts equalling up to 5% of its total assets. The Fund may purchase put options on securities which it holds (or has the right to acquire) in its portfolio only to protect itself against a decline in the value of the security. If the value of the underlying security were to fall below the exercise price of the put purchased in an amount greater than the premium paid for the option, the Fund would incur no additional loss. In addition, the Fund may sell a put option which it has previously purchased prior to the sale of the securities underlying such option. Such a sale would result in a net gain or loss depending on whether the amount received on the sale is more or less than the premium and other transaction costs paid on the put option which is sold. Any such gain or loss could be offset in whole or in part by a change in the market value of the underlying security. If a put option purchased by the Fund expired without being sold or exercised, the premium would be lost.

RISKS OF OPTIONS TRANSACTIONS. In the event of the bankruptcy of a broker through which the Fund engages in transactions in options, the Fund could experience delays and/or losses in liquidating open

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positions purchased or sold through the broker and/or incur a loss of all or part of its margin deposits with the broker. Similarly, in the event of the bankruptcy of the writer of an OTC option purchased by the Fund, the Fund could experience a loss of all or part of the value of the option. Transactions are entered into by the Fund only with brokers or financial institutions deemed creditworthy by the Investment Manager and the Sub-Advisor.

The hours of trading for options may not conform to the hours during which the underlying securities are traded. To the extent that the option markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the option markets.

**INTEREST RATE FUTURES CONTRACTS.** As a purchaser of an interest rate futures contract ("futures contract"), the Fund incurs an obligation to take delivery of a specified amount of the obligation underlying the futures contract at a specified time in the future for a specified price. As a seller of a futures contract, the Fund incurs an obligation to deliver the specified amount of the underlying obligation at a specified time in return for an agreed upon price.

The Fund will purchase or sell futures contracts for the purpose of hedging its portfolio (or anticipated portfolio) securities against changes in prevailing interest rates. If the Investment Manager and the Sub-Advisor anticipate that interest rates may rise and, concomitantly, the price of U.S. Government or other debt securities fall, the Fund may sell a futures contract. If declining interest rates are anticipated, the Fund may purchase a futures contract to protect against a potential increase in the price of U.S. Government or other debt securities the Fund intends to purchase. Subsequently, appropriate U.S. Government or other debt securities may be purchased by the Fund in an orderly fashion; as securities are purchased, corresponding futures positions would be terminated by offsetting sales of contracts. In addition, futures contracts will be bought or sold in order to close out a short or long position in a corresponding futures contract.

As discussed in the Prospectus, the Fund may invest in Mortgage-Backed Securities, such as floating rate CMOs or adjustable rate Mortgage-Backed Securities, which have interest rates subject to periodic adjustment based on changes to a designated index. One index which may serve as such a benchmark is the London Interbank Offered Rate, or LIBOR. In order for the Fund to hedge its exposure to fluctuations in short-term interest rates for its portfolio securities subject to the LIBOR rate, the Fund may purchase or sell futures contracts on U.S. dollar denominated Eurodollar instruments linked to the LIBOR rate.

Although most futures contracts call for actual delivery or acceptance of securities, the contracts usually are closed out before the settlement date without the making or taking of delivery. A futures contract sale is closed out by effecting a futures contract purchase for the same aggregate amount of the specific type of security and the same delivery date. If the sale price exceeds the offsetting purchase price, the seller would be paid the difference and would realize a gain. If the offsetting purchase price exceeds the sale price, the seller would pay the difference and would realize a loss. Similarly, a futures contract purchase is closed out by effecting a futures contract sale for the same aggregate amount of the specific type of security and the same delivery date. If the offsetting sale price exceeds the purchase price, the purchaser would realize a gain, whereas if the purchase price exceeds the offsetting sale price, the purchaser would realize a loss. There is no assurance that the Fund will be able to enter into a closing transaction.

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When the Fund enters into a futures contract it is initially required to deposit with its Custodian, in a segregated account in the name of the broker performing the transaction an "initial margin" of cash or U.S. Government securities equal to approximately 2-3% of the contract amount. Initial margin requirements are established by the Exchanges on which futures contracts trade and may, from time to time, change. In addition, brokers may establish margin deposit requirements in excess of those required by the Exchanges.

Initial margin in futures transactions is different from margin in securities transactions in that initial margin does not involve the borrowing of funds by a brokers' client but is, rather, a good faith deposit on the futures contract which will be returned to the Fund upon the proper termination of the futures contract. The margin deposits made are marked to market daily and the Fund may be required to make subsequent deposits into the segregated account, maintained at its Custodian for that purpose, of cash or U.S. Government securities, called "variation margin", in the name of the broker, which are reflective of price fluctuations in the futures contract. Currently, interest rate futures contracts can be purchased on debt securities such as U.S. Treasury Bills and Bonds, Eurodollar instruments, U.S. Treasury Notes with Maturities between 6 1/2 and 10 years, GNMA Certificates and Bank Certificates of Deposit.

**OPTIONS ON FUTURES CONTRACTS.** The Fund may purchase call and put options on futures contracts which are traded on an Exchange and enter into closing transactions with respect to such options to terminate an existing position. An

option on a futures contract gives the purchaser the right (in return for the premium paid), and the writer the obligation, to assume a position in a futures contract (a long position if the option is a call and a short position if the option is a put) at a specified exercise price at any time during the term of the option. Upon exercise of the option, the delivery of the futures position by the writer of the option to the holder of the option is accompanied by delivery of the accumulated balance in the writer's futures margin account, which represents the amount by which the market price of the futures contract at the time of exercise exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract.

The Fund will purchase options on futures contracts for identical purposes to those set forth above for the purchase of a futures contract (purchase of a call option or sale of a put option) and the sale of a futures contract (purchase of a put option or sale of a call option), or to close out a long or short position in futures contracts. If, for example, the Investment Manager and the Sub-Advisor wished to protect against an increase in interest rates and the resulting negative impact on the value of a portion of its U.S. Government securities portfolio, it might purchase a put option on an interest rate futures contract, the underlying security of which correlates with the portion of the portfolio the Investment Manager seeks to hedge.

**LIMITATIONS ON FUTURES CONTRACTS AND OPTIONS ON FUTURES.** The Fund may not enter into futures contracts or purchase related options thereon if, immediately thereafter, the amount committed to margin plus the amount paid for premiums for unexpired options on futures contracts exceeds 5% of the value of the Fund's total assets, after taking into account unrealized gains and unrealized losses on such contracts it has entered into, provided, however, that in the case of an option that is in-the-money (the exercise price of the call (put) option is less (more) than the market price of the underlying security) at the time of purchase, the in-the-money amount may be excluded in calculating the 5%. However, there is no overall limitation on the percentage of the Fund's assets which may be subject to a hedge position. In addition, in accordance with the regulations of the Commodity Futures Trading Commission ("CFTC")

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under which the Fund is exempted from registration as a commodity pool operator, the Fund may only enter into futures contracts and options on futures contracts transactions for purposes of hedging a part or all of its portfolio.

**RISKS OF TRANSACTIONS IN FUTURES CONTRACTS AND RELATED OPTIONS.** As stated in the Prospectus, the Fund may sell a futures contract to protect against the decline in the value of U.S. Government securities held by the Fund. However, it is possible that the futures market may advance and the value of securities held in the Fund's portfolio may decline. If this were to occur, the Fund would lose money on the futures contracts and also experience a decline in value in its portfolio securities. However, while this could occur for a very brief period or to a very small degree, over time the market prices of the securities of a diversified portfolio will tend to move in the same direction as the prices of futures contracts.

If the Fund purchases a futures contract to hedge against the increase in value of U.S. Government securities it intends to buy, and the value of such securities decreases, then the Fund may determine not to invest in the securities as planned and will realize a loss on the futures contract that is not offset by a reduction in the price of the securities.

In order to assure that the Fund is entering into transactions in futures contracts for hedging purposes as such is defined by the Commodities Futures Trading Commission either: (1) a substantial majority (i.e., approximately 75%) of all anticipatory hedge transactions (transactions in which the Fund does not own at the time of the transaction, but expects to acquire, the securities underlying the relevant futures contract) involving the purchase of futures contracts will be completed by the purchase of securities which are the subject of the hedge, or (2) the underlying value of all long positions in futures contracts will not exceed the total value of (a) all short-term debt obligations held by the Fund; (b) cash held by the Fund; (c) cash proceeds due to the Fund on investments within thirty days; (d) the margin deposited on the contracts; and (e) any unrealized appreciation in the value of the contracts.

If the Fund maintains a short position in a futures contract, it will cover this position by holding, in a segregated account maintained at its Custodian, cash, U.S. Government securities or other high grade debt obligations equal in value (when added to any initial or variation margin on deposit) to the market value of the securities underlying the futures contract. Such a position may also be covered by owning the securities underlying the futures contract, or by holding a call option permitting the Fund to purchase the same contract at a price no higher than the price at which the short position was established.

In addition, if the Fund holds a long position in a futures contract, it will hold cash, U.S. Government securities or other high grade debt obligations equal to the purchase price of the contract (less the amount of initial or variation margin on deposit) in a segregated account maintained for the Fund by its Custodian. Alternatively, the Fund could cover its long position by purchasing a put option on the same futures contract with an exercise price as high or higher than the price of the contract held by the Fund.

Exchanges limit the amount by which the price of a futures contract may move on any day. If the price moves equal the daily limit on successive days, then it may prove impossible to liquidate a futures position until the daily limit moves have ceased. In the event of adverse price movements, the Fund would continue to be required to make daily cash payments of variation margin on open futures positions. In such situations, if the Fund has insufficient cash, it may have to sell portfolio securities to meet daily variation margin requirements at a time when it may be disadvantageous to do so. In addition, the Fund may be required to take or make delivery of the instruments underlying interest rate futures

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contracts it holds at a time when it is disadvantageous to do so. The inability to close out options and futures positions could also have an adverse impact on the Fund's ability to effectively hedge its portfolio.

In the event of the bankruptcy of a broker through which the Fund engages in transactions in futures or options thereon, the Fund could experience delays and/or losses in liquidating open positions purchased or sold through the broker and/or incur a loss of all or part of its margin deposits with the broker. Transactions are entered into by the Fund only with broker or financial institutions deemed creditworthy by the Investment Manager and the Sub-Advisor.

While the futures contracts and options transactions to be engaged in by the Fund for the purpose of hedging the Fund's portfolio securities are not speculative in nature, there are risks inherent in the use of such instruments. One such risk which may arise in employing futures contracts to protect against the price volatility of portfolio securities is that the prices of securities subject to futures contracts (and thereby the futures contract prices) may correlate imperfectly with the behavior of the cash prices of the Fund's portfolio securities. Another such risk is that prices of interest rate futures contracts may not move in tandem with the changes in prevailing interest rates against which the Fund seeks a hedge. A correlation may also be distorted by the fact that the futures market is dominated by short-term traders seeking to profit from the difference between a contract or security price objective and their cost of borrowed funds. Such distortions are generally minor and would diminish as the contract approached maturity.

As stated in the Prospectus, there may exist an imperfect correlation between the price movements of futures contracts purchased by the Fund and the movements in the prices of the securities which are the subject of the hedge. If participants in the futures market elect to close out their contracts through offsetting transactions rather than meet margin deposit requirements, distortions in the normal relationships between the debt securities and futures market could result. Price distortions could also result if investors in futures contracts opt to make or take delivery of underlying securities rather than engage in closing transactions due to the resultant reduction in the liquidity of the futures market. In addition, due to the fact that, from the point of view of speculators, the deposit requirements in the futures markets are less onerous than margin requirements in the cash market, increased participation by speculators in the futures market could cause temporary price distortions. Due to the possibility of price distortions in the futures market and because of the imperfect correlation between movements in the prices of U.S. Government securities and movements in the prices of futures contracts, a correct forecast of interest rate trends by the Investment Manager may still not result in a successful hedging transaction.

There is no assurance that a liquid secondary market will exist for futures contracts and related options in which the Fund may invest. In the event a liquid market does not exist, it may not be possible to close out a futures position, and in the event of adverse price movements, the Fund would continue to be required to make daily cash payments of variation margin. In addition, limitations imposed by an exchange or board of trade on which futures contracts are traded may compel or prevent the Fund from closing out a contract which may result in reduced gain or increased loss to the Fund. The absence of a liquid market in futures contracts might cause the Fund to make or take delivery of the underlying securities at a time when it may be disadvantageous to do so.

Compared to the purchase or sale of futures contracts, the purchase of call or put options on futures contracts involves less potential risk to the Fund



because the maximum amount at risk is the premium

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paid for the options (plus transaction costs). However, there may be circumstances when the purchase of a call or put option on a futures contract would result in a loss to the Fund notwithstanding that the purchase or sale of a futures contract would not result in a loss, as in the instance where there is no movement in the prices of the futures contracts or underlying U.S. Government securities.

#### REPURCHASE AGREEMENTS

When cash may be available for only a few days, it may be invested by the Fund in repurchase agreements until such time as it may otherwise be invested or used for payments of obligations of the Fund. These agreements, which may be viewed as a type of secured lending by the Fund, typically involve the acquisition by the Fund of debt securities from a selling financial institution such as a bank, savings and loan association or broker-dealer. The agreement provides that the Fund will sell back to the institution, and that the institution will repurchase, the underlying security ("collateral") at a specified price and at a fixed time in the future, usually not more than seven days from the date of purchase. The collateral will be maintained in a segregated account and will be marked to market daily to determine that the value of the collateral, as specified in the agreement, does not decrease below the purchase price plus accrued interest. If such decrease occurs, additional collateral will be requested and, when received, added to the account to maintain full collateralization. The Fund will accrue interest from the institution until the time when the repurchase is to occur. Although such date is deemed by the Fund to be the maturity date of a repurchase agreement, the maturities of securities subject to repurchase agreements are not subject to any limits.

While repurchase agreements involve certain risks not associated with direct investment in debt securities, the Fund follows procedures designed to minimize such risks. These procedures include effecting repurchase transactions only with large, well-capitalized and well-established financial institutions whose financial condition will be continually monitored by the Investment Manager and Sub-Advisor subject to procedures established by the Board of Trustees of the Fund. In addition, as described above, the value of the collateral underlying the repurchase agreement will be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement. In the event of a default or bankruptcy by a selling financial institution, the Fund will seek to liquidate such collateral. However, the exercising of the Fund's right to liquidate such collateral could involve certain costs or delays and, to the extent that proceeds from any sale upon a default of the obligation to repurchase were less than the repurchase price, the Fund could suffer a loss. It is the current policy of the Fund not to invest in repurchase agreements that do not mature within seven days if any such investment, together with any other illiquid assets held by the Fund, amounts to more than 10% of its total assets.

#### WHEN-ISSUED AND DELAYED DELIVERY SECURITIES

As discussed in the Prospectus, from time to time, in the ordinary course of business, the Fund may purchase securities on a when-issued or delayed delivery basis -- i.e., delivery and payment can take place a month or more after the date of the transactions. The securities so purchased are subject to market fluctuation and no interest accrues to the purchaser during this period. While the Fund will only purchase securities on a when-issued, delayed delivery or forward commitment basis with the intention of acquiring the securities, the Fund may sell the securities before the settlement date, if it is deemed advisable. At the time the Fund makes the commitment to purchase securities on a when-issued or delayed delivery basis, the Fund will record the transaction and thereafter reflect the value, each day, of such security in determining the net asset value of the Fund. At the time of delivery of the securities, the value may be more or less than the purchase price. The Fund will also establish a segregated account

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with the Fund's custodian bank in which it will continuously maintain cash, U.S. Government securities or other high grade debt portfolio securities equal in value to commitments for such when-issued or delayed delivery securities; subject to this requirement, the Fund may purchase securities on such basis without limit. An increase in the percentage of the Fund's assets committed to the purchase of securities on a when-issued or delayed delivery basis may increase the volatility of the Fund's net asset value. The Investment Manager and the Sub-Advisor and the Board of Trustees do not believe that the Fund's net asset value or income will be adversely affected by its purchase of securities

on such basis.

#### PORTFOLIO TURNOVER

The Fund may sell portfolio securities without regard to the length of time they have been held whenever such sale will, in the opinions of the Investment Manager and the Sub-Advisor, strengthen the Fund's position and contribute to its investment objective. As a result of the Fund's investment objective and policies, and the nature of the Mortgage-Backed Securities and Asset-Backed Securities markets, the Fund's portfolio turnover rate may exceed 200%. During the fiscal years ended October 31, 1993 and 1992, the Fund's portfolio turnover rates were 412% and 254%, respectively.

#### INVESTMENT RESTRICTIONS

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In addition to the investment restrictions enumerated in the Prospectus, the investment restrictions listed below have been adopted by the Fund as fundamental policies, except as otherwise indicated. Under the Act, a fundamental policy may not be changed without the vote of a majority of the outstanding voting securities of the Fund, as defined in the Act. Such a majority is defined as the lesser of (a) 67% or more of the shares present at a meeting of shareholders, if the holders of 50% of the outstanding shares of the Fund are present or represented by proxy or (b) more than 50% of the outstanding shares of the Fund.

The Fund may not:

1. Purchase or sell real estate or interests therein (including limited partnership interests), although the Fund may purchase securities of issuers which engage in real estate operations and securities secured by real estate or interests therein.

2. Purchase oil, gas or other mineral leases, rights or royalty contracts, or exploration or development programs, except that the Fund may invest in the securities of companies which operate, invest in, or sponsor such programs.

3. Purchase securities of other investment companies, except in connection with a merger, consolidation, reorganization or acquisition of assets. For this purpose, Mortgage-Backed Securities and Asset-Backed Securities are not deemed to be investment companies.

4. Issue senior securities as defined in the Act, except insofar as the Fund may be deemed to have issued a senior security by reason of: (a) entering into any reverse repurchase agreement or dollar roll; (b) borrowing money or other leveraging; or (c) purchasing any securities on a when-issued, delayed delivery or forward commitment basis.

5. Make loans of money or securities, except: (a) by the purchase of portfolio securities in which the Fund may invest consistent with its investment objective and policies; (b) by investment in repurchase or reverse purchase agreements; or (c) by lending its portfolio securities.

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6. Engage in the underwriting of securities, except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933 in disposing of a portfolio security.

7. Invest for the purpose of exercising control or management of any other issuer.

8. Make short sales of securities or maintain a short position.

9. Invest in securities of any issuer if, to the knowledge of the Fund, any officer or trustee of the Fund, or any officer, director or partner of the Investment Manager or Sub-Advisor owns more than 1/2 of 1% of the outstanding voting securities of such issuer, and such officers, trustees and directors who own more than 1/2 of 1% own in the aggregate more than 5% of the outstanding voting securities of such issuers.

If a percentage restriction is adhered to at the time of investment, a later increase or decrease in percentage resulting from a change in values of portfolio securities or amount of total or net assets will not be considered a violation of the foregoing restrictions.

Subject to the general supervision of the Trustees of the Fund, the Investment Manager and the Sub-Advisor are responsible for the investment decisions and the placing of the orders for portfolio transactions for the Fund. The Fund's portfolio transactions will occur primarily with issuers, underwriters or major dealers acting as principals. Such transactions are normally on a net basis and do not involve payment of brokerage commissions. The cost of securities purchased from an underwriter usually includes a commission paid by the issuer to the underwriters; transactions with dealers normally reflect the spread between bid and asked prices. Options and futures transactions will usually be effected through a broker and a commission will be charged. During the fiscal years ended October 31, 1993 and 1992 and for the fiscal period from July 1, 1991 through October 31, 1991, the Fund did not pay any brokerage commissions.

The Investment Manager and the Sub-Advisor currently serve as investment manager to a number of clients, including other investment companies, and may in the future act as investment manager or adviser to others. It is the practice of the Investment Manager and the Sub-Advisor to cause purchase or sale transactions to be allocated among the Fund and others whose assets it manages in such manner as it deems equitable. In making such allocations among the Fund and other client accounts, the main factors considered are the respective investment objectives, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment, the size of investment commitments generally held and the opinions of the persons responsible for managing the portfolios of the Fund and other client accounts.

The policy of the Fund regarding purchases and sales of securities and futures contracts for its portfolio is that primary consideration will be given to obtaining the most favorable prices and efficient execution of transactions. In seeking to implement the Fund's policies, the Investment Manager and the Sub-Advisor effect transactions with those brokers and dealers who the Investment Manager and the Sub-Advisor believe provide the most favorable prices and are capable of providing efficient executions. If the Investment Manager or the Sub-Advisor believes such price and execution are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish research and other services to the Fund or the Investment Manager

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and/or the Sub-Advisor. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information or opinions pertaining to investment; wire services; and appraisals or evaluations of portfolio securities.

The information and services received by the Investment Manager and the Sub-Advisor from brokers and dealers may be of benefit to the Investment Manager and the Sub-Advisor in the management of accounts of some of its other clients and may not in all cases benefit the Fund directly. While the receipt of such information and services is useful in varying degrees and would generally reduce the amount of research or services otherwise performed by the Investment Manager and the Sub-Advisor and thereby reduce its expenses, it is of indeterminable value and the fees paid to the Investment Manager and the Sub-Advisor are not reduced by any amount that may be attributable to the value of such services.

Pursuant to an order of the Securities and Exchange Commission, the Fund may effect principal transactions in certain money market instruments with DWR. The Fund will limit its transactions with DWR to U.S. Government and Government Agency Securities, Bank Money Instruments (I.E., Certificates of Deposit and Bankers' Acceptances) and Commercial Paper. Such transactions will be effected with DWR only when the price available from DWR is better than that available from other dealers. During the fiscal year ended October 31, 1992, the Fund did not effect any principal transactions with DWR.

Consistent with the policy described above, brokerage transactions in securities listed on exchanges or admitted to unlisted trading privileges may be effected through DWR. In order for DWR to effect portfolio transactions for the Fund, the commissions, fees or other remuneration received by DWR must be reasonable and fair compared to the commissions, fees or other remuneration paid to other brokers in connection with comparable transactions involving similar securities being purchased or sold on an exchange during a comparable period of time. This standard would allow DWR to receive no more than the remuneration

which would be expected to be received by an unaffiliated broker in a commensurate arm's-length transaction. Furthermore, the Trustees of the Fund, including a majority of the Trustees who are not "interested" Trustees, have adopted procedures which are reasonably designed to provide that any commissions, fees or other remuneration paid to DWR are consistent with the foregoing standard.

#### THE DISTRIBUTOR

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As discussed in the Prospectus, shares of the Fund are distributed by Dean Witter Distributors Inc. (the "Distributor"). The Distributor has entered into a selected dealer agreement with DWR, which through its own sales organization sells shares of the Fund. In addition, the Distributor may enter into selected dealer agreements with other selected broker-dealers. The Distributor, a Delaware corporation, is a wholly-owned subsidiary of DWDC. The Trustees of the Fund, including a majority of the Trustees who are not, and were not at the time they voted, interested persons of the Fund, as defined in the Act (the "Independent Trustees"), approved, at their meeting held on October 30, 1992, a Distribution Agreement appointing the Distributor exclusive distributor of the Fund's shares which Agreement provided for the Distributor to bear distribution expenses not borne by the Fund. At the same meeting, the Trustees of the Fund, including all of the Independent Trustees, approved a new Distribution Agreement between the Fund and the Distributor, which took effect on June 30, 1993 upon the spin-off by Sears,

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Roebuck and Co. of its remaining shares of DWDC. The new Distribution Agreement is substantively identical to the current Distribution Agreement in all material respects, except for the dates of effectiveness. By its terms, the Distribution Agreement has an initial term ending April 30, 1994, and provides that it will remain in effect from year to year thereafter if approved by the Board.

The Distributor bears all expenses it may incur in providing services under the Distribution Agreement. Such expenses include the payment of commissions for sales of the Fund's shares and incentive compensation to account executives. The Distributor also pays certain expenses in connection with the distribution of the Fund's shares, including the costs of preparing, printing and distributing advertising or promotional materials, and the costs of printing and distributing prospectuses and supplements thereto used in connection with the offering and sale of the Fund's shares. The Fund bears the costs of initial typesetting, printing and distribution of prospectuses and supplements thereto to shareholders. The Fund also bears the costs of registering the Fund and its shares under federal and state securities laws. The Fund and the Distributor have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933, as amended. Under the Distribution Agreement, the Distributor uses its best efforts in rendering services to the Fund, but in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations, the Distributor is not liable to the Fund or any of its shareholders for any error of judgment or mistake of law or for any act or omission or for any losses sustained by the Fund or its shareholders.

#### PLAN OF DISTRIBUTION

The Fund has adopted a Plan of Distribution pursuant to Rule 12b-1 under the Act (the "Plan"). The Plan was approved by the Trustees on April 16, 1991, and by DWR as the Fund's then sole shareholder on May 15, 1991 and by the shareholders holding a majority, as defined in the Act, of the outstanding voting securities of the Fund at a Special Meeting of shareholders of the Fund held on June 29, 1992. The vote of the Trustees, which was cast in person at a meeting called for the purpose of voting on such Plan, included a majority of the Trustees who are not and were not at the time of their voting interested persons of the Fund and who have and had at the time of their votes no direct or indirect financial interest in the operation of the Plan (the "Independent 12b-1 Trustees"). In making their decision to adopt the Plan, the Trustees requested from DWR and received such information as they deemed necessary to make an informed determination as to whether or not adoption of the Plan was in the best interests of the shareholders of the Fund. After due consideration of the information received, the Trustees, including the Independent 12b-1 Trustees, determined that adoption of the Plan would benefit the shareholders of the Fund.

At their meeting held on October 30, 1992, the Trustees of the Fund, including all of the independent 12b-1 Trustees, approved certain amendments to the Plan which took effect in January, 1993 and were designed to reflect the fact that upon the reorganization described above, the share distribution activities theretofore performed for the Fund by DWR were assumed by the Distributor and DWR's sales activities are now being performed pursuant to the terms of a selected dealer agreement between the Distributor and DWR. The amendments provide that payments under the Plan will be made to the Distributor rather than to DWR as before the amendment, and that the Distributor in turn is authorized to make payments to DWR, its affiliates or other selected broker-dealers (or direct that the Fund pay such entities directly). The Distributor is also authorized to retain part of such fee as compensation for its own distribution-related expenses.

The Fund is authorized to reimburse the Distributor for specific expenses the distributor incurs or plans to incur in promoting the distribution of the Fund's shares. Reimbursement is made through

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monthly payments in amounts determined in advance of each fiscal quarter by the Trustees, including a majority of the Independent 12b-1 Trustees. The amount of each monthly payment may in no event exceed an amount equal to a payment at the annual rate of 0.20 of 1% of the average daily net assets of the shares of the Fund during the month. Such payment is treated by the Fund as an expense in the year it is accrued. No interest or other financing charges will be incurred by the Distributor for which reimbursement payments under the Plan will be made. In addition, no interest charges, if any, incurred on any distribution expense incurred by the Distributor pursuant to the Plan, will be reimbursable under the Plan.

The Distributor has informed the Fund that the fee payable by the Fund each year pursuant to the Plan not to exceed to 0.20% of the Fund's average daily net assets is characterized as a "service fee" under the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (of which the Distributor is a member). The fee is a payment made for personal service and/or the maintenance of shareholder accounts.

Under the Plan, the Distributor uses its best efforts in rendering services to the Fund, but in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations, the Distributor is not liable to the Fund or any of its shareholders for any error of judgment or mistake of law or for any act or omission or for any losses sustained by the Fund or its shareholders.

For the fiscal year ended October 31, 1993, the Fund paid a total of \$251,868 pursuant to the Plan. Such payment amounted to an annual rate of 0.19 of 1% of the Fund's average daily net assets for such fiscal period. It is estimated that the amount paid by the Fund for distribution was for expenses which relate to compensation of sales personnel and associated overhead expenses. The Distributor has informed the Fund that it received sales charges on sales of the Fund's shares in the approximate amounts of \$4,162,000, \$1,291,000 and \$224,000 for the period July 1, 1991 through October 31, 1991 (commencement of operations) and for the fiscal years ended 1992 and 1993, respectively.

The Plan has an initial term which ended April 30, 1992, and provides that from year to year thereafter it will continue in effect, provided such continuance is approved annually by a vote of the Trustees, including a majority of the Independent 12b-1 Trustees. Most recent continuance of the Plan for one year, until April 30, 1994, was approved by the Board of Trustees of the Fund, including a majority of the Independent 12b-1 Trustees, at a Board meeting held on April 28, 1993. At that meeting, the Trustees, including a majority of the Independent 12b-1 Trustees, also approved certain technical amendments to the Plan in connection with recent amendments adopted by the National Association of Securities Dealers, Inc. to its Rules of Fair Practice. Prior to approving the continuation of the Plan, the Trustees requested and received from the Distributor and reviewed all the information which they deemed necessary to arrive at an informed determination. In making their determination to continue the Plan, the Trustees considered: (1) the Fund's experience under the Plan and whether such experience indicates that the Plan is operating as anticipated; (2) the benefits the Fund had obtained, was obtaining and would be likely to obtain under the Plan; and (3) what services had been provided and were continuing to

be provided under the Plan to the Fund and its shareholders. Based upon their review, the Trustees of the Fund, including each of the independent 12b-1 Trustees, determined that continuation of the Plan would be in the best interest of the Fund and would have a reasonable likelihood of continuing to benefit the Fund and its shareholders. In the Trustees' quarterly review of the Plan, they will consider its continued appropriateness and the level of compensation provided herein. An amendment to increase materially the maximum amount authorized to be spent under the Plan and Agreement on behalf

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of the Fund must be approved by the shareholders of the Fund, and all material amendments to the Plan must be approved by the Trustees in the manner described above. The Plan may be terminated on behalf of the Fund at any time, without payment of any penalty, by vote of the holders of a majority of the Independent 12b-1 Trustees or by a vote of a majority of the outstanding voting securities of the Fund (as defined in the Act) on not more than 30 days written notice to any other party to the Plan. So long as the Plan is in effect, the selection or nomination of the Independent 12b-1 Trustees is committed to the discretion of the Independent 12b-1 Trustees.

Under the Plan, the Distributor provides the Fund, for review by the Trustees, and the Trustees review, promptly after the end of each fiscal quarter, a written report regarding the incremental distribution expenses incurred by the Distributor on behalf of the Fund during such fiscal quarter, which report includes (1) an itemization of the types of expenses and the purposes therefor; (2) the amounts of such expenses; and (3) a description of the benefits derived by the Fund. In the Trustees' quarterly review of the Plan they consider its continued appropriateness and the level of compensation provided therein.

No interested person of the Fund nor any Trustee of the Fund who is not an interested person of the Fund, as defined in the Act, had any direct or indirect financial interest in the operation of the Plan except to the extent that the Investment Manager or certain of its employees may be deemed to have such an interest as a result of benefits derived from the successful operation of the Plan or as a result of receiving a portion of the amounts expended thereunder by the Fund.

#### REDUCED SALES CHARGE

**RIGHT OF ACCUMULATION.** As discussed in the Prospectus, investors may combine the current value of shares purchased in separate transactions for purposes of benefitting from the reduced sales charges available for purchases of shares of the Fund totalling at least \$100,000 in net asset value. For example, if any person or entity who qualifies for this privilege holds shares of the Fund having a current value of \$25,000 and purchases \$75,000 of additional shares of the Fund, the sales charge applicable to the \$75,000 purchase would be 2.50% of the offering price.

The Distributor must be notified by the dealer or the shareholder at the time a purchase order is placed that the purchase qualifies for the reduced charge under the Right of Accumulation. Similar notification must be made in writing by the dealer or shareholder when such an order is placed by mail. The reduced sales charge will not be granted if: (a) such notification is not furnished at the time of the order; or (b) a review of the records of the Distributor or Dean Witter Trust Company (the "Transfer Agent") fails to confirm the investor's represented holdings.

**LETTER OF INTENT.** As discussed in the prospectus under the caption "Reduced Sales Charges," reduced sales charges are available to investors who enter into a written Letter of Intent providing for the purchase, within a thirteen-month period, of shares of the Fund from the Distributor or from a single dealer which has entered into a Selected Dealer Agreement with the Distributor.

A Letter of Intent permits an investor to establish a total investment goal to be achieved by any number of purchases over a thirteen-month period. Each purchase made during the period will receive the reduced sales commission applicable to the amount represented by the goal, as if it were a single purchase. A number of shares equal in value to 5% of the dollar amount of the Letter of Intent will be held in escrow by the Transfer Agent, in the name of the shareholder. The initial purchase under a Letter of Intent must be equal to at least 5% of the stated investment goal.

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The Letter of Intent does not obligate the Investor to purchase, nor the Fund to sell, the indicated amount. In the event the Letter of Intent goal is not achieved within the thirteen-month period, the investor is required to pay the difference between the sales charge otherwise applicable to the purchases made during this period and sales charges actually paid. Such payment may be made directly to the Distributor or, if not paid, the Distributor is authorized by the shareholder to liquidate a sufficient number of his or her escrowed shares to obtain such difference.

If the goal is exceeded and purchases pass the next sales charge level, the sales charge on the entire amount of the purchase that results in passing that level and on subsequent purchases will be subject to further reduced sales charges in the same manner as set forth above under RIGHT OF ACCUMULATION, but there will be no retroactive reduction of sales charges on previous purchases.

At any time while a Letter of Intent is in effect, a shareholder may, by written notice to the Distributor, increase the amount of the stated goal. In that event, only shares purchased during the previous 90-day period and still owned by the shareholder will be included in the new sales charge reduction. The 5% escrow and minimum purchase requirements will be applicable to the new stated goal. Investors electing to purchase shares of the Fund pursuant to a Letter of Intent should carefully read such Letter of Intent.

#### DETERMINATION OF NET ASSET VALUE

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As stated in the Prospectus, short-term debt securities with remaining maturities of sixty days or less at the time of purchase are valued at amortized cost, unless the Trustees determine such does not reflect the securities' market value, in which case these securities will be valued at their fair value as determined by the Trustees. Other short-term debt securities will be valued on a mark-to-market basis until such time as they reach a remaining maturity of sixty days, whereupon they will be valued at amortized cost using their value on the 61st day unless the Trustees determine such does not reflect the securities' market value, in which case these securities will be valued at their fair value as determined by the Trustees. Listed options are valued at the latest sale price on the exchange on which they are listed unless no sales of such options have taken place that day, in which case they will be valued at the mean between their latest bid and asked prices. Unlisted options are valued at the mean between their latest bid and asked prices. Futures are valued at the latest sale price on the commodities exchange on which they trade unless the Trustees determine such price does not reflect their market value, in which case they will be valued at their fair value as determined by the Trustees. All other securities and other assets are valued at their fair value as determined in good faith under procedures established by and under the supervision of the Trustees.

The net asset value per share of the Fund is determined once daily at 4:00 p.m., New York time on each day that the New York Stock Exchange is open by taking the value of all assets of the Fund, subtracting its liabilities, dividing by the number of shares outstanding and adjusting to the nearest cent. The New York Stock Exchange currently observes the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

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#### SHAREHOLDER SERVICES

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Upon the purchase of shares of the Fund, a Shareholder Investment Account is opened for the investor on the books of the Fund and maintained by Dean Witter Trust Company (the "Transfer Agent"). This is an open account in which shares owned by the investor are credited by the Transfer Agent in lieu of issuance of a share certificate. If a share certificate is desired, it must be requested in writing for each transaction. Certificates are issued only for full shares and may be redeposited in the account at any time. There is no charge to the investor for issuance of a certificate. Whenever a transaction takes place in the Shareholder Investment Account, the shareholder will be mailed a confirmation of the transaction from the Fund or from DWR or another selected broker-dealer.

INVESTMENT OF DIVIDENDS OR DISTRIBUTIONS RECEIVED IN CASH. Any shareholder who receives a cash payment representing a dividend or distribution may invest such dividend or distribution at the net asset value next determined after

receipt by the Transfer Agent, without the imposition of a sales charge, by returning the check or the proceeds to the Transfer Agent within thirty days after the payment date. If the shareholder returns the proceeds of a dividend or distribution, such funds must be accompanied by a signed statement indicating that the proceeds constitute a dividend or distribution to be invested. Such investment will be made at the net asset value per share next determined after receipt of the check or proceeds by the Transfer Agent.

**SYSTEMATIC WITHDRAWAL PLAN.** A systematic withdrawal plan (the "Withdrawal Plan") is available for shareholders who own or purchase shares of the Fund having a minimum value of \$10,000 based upon the then current offering price. The Withdrawal Plan provides for monthly or quarterly (March, June, September and December) checks in any dollar amount, not less than \$25 or in any whole percentage of the account balance, on an annualized basis.

The Transfer Agent acts as agent for the shareholder in tendering to the Fund for redemption sufficient full and fractional shares to provide the amount of the periodic withdrawal payment designated in the application. The shares will be redeemed at their net asset value determined, at the shareholder's option, on the tenth or twenty-fifth day (or next following business day) of the relevant month or quarter and normally a check for the proceeds will be mailed by the Transfer Agent within five business days after the date of redemption. The Withdrawal Plan may be terminated at any time by the Fund.

Withdrawal plan payments should not be considered as dividends, yields or income. If periodic withdrawal plan payments continuously exceed net investment income and net capital gains, the shareholder's original investment will be correspondingly reduced and ultimately exhausted.

Each withdrawal constitutes a redemption of shares and any gain or loss realized must be recognized for federal income tax purposes. Although the shareholder may make additional investments of \$2,500 or more under the Systematic Withdrawal Plan, withdrawals made concurrently with purchases of additional shares are inadvisable because of the sales charges applicable to the purchase of additional shares.

Any shareholder who wishes to have payments under the Withdrawal Plan made to a third party or sent to an address other than the one listed on the account must send complete written instructions to the Transfer Agent to enroll in the Withdrawal Plan. The shareholder's signature on such instructions must be guaranteed by an eligible guarantor acceptable to the Transfer Agent (shareholders should contact the Transfer Agent for a determination as to whether a particular institution is such an eligible

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guarantor). A shareholder may, at any time, change the amount and interval of withdrawal payments through his or her Account Executive or by written notification to the Transfer Agent. In addition, the party and/or the address to which checks are mailed may be changed by written notification to the Transfer Agent, with signature guarantees required in the manner described above. The shareholder may also terminate the Withdrawal Plan at any time by written notice to the Transfer Agent. In the event of such termination, the account will be continued as a regular shareholder investment account. The shareholder may also redeem all or part of the shares held in the Withdrawal Plan account (see "Redemptions and Repurchases" in the Prospectus) at any time.

**DIRECT INVESTMENTS THROUGH TRANSFER AGENT.** As discussed in the Prospectus, a shareholder may make additional investments in Fund shares at any time by sending a check in any amount, not less than \$100, payable to Dean Witter Premier Income Trust, directly to the Fund's Transfer Agent. Such amounts will be applied to the purchase of Fund shares at the net asset value per share next computed after receipt of the check or purchase payment by the Transfer Agent. The shares so purchased will be credited to the investor's account.

**EXCHANGE PRIVILEGE.** As discussed in the Prospectus, the Fund makes available to its shareholders an Exchange Privilege whereby shareholders of the Fund may exchange their shares for shares of other Dean Witter FESC Funds, for shares of Dean Witter CDSC Funds, and for shares of Dean Witter Short-Term U.S. Treasury Trust, Dean Witter Limited Term Municipal Trust, Dean Witter Short-Term Bond Fund and five Dean Witter Funds which are money market funds (the foregoing



eight non-CDSC funds are hereinafter referred to as the "Exchange Funds"). Exchanges may be made after the shares of the CDSC fund or FESC fund acquired by purchase (not by exchange or dividend reinvestment) have been held for thirty days. There is no holding period for exchanges of shares acquired by exchange or dividend reinvestment. However, shares of CDSC funds, including shares acquired in exchange for shares of FESC funds, may not be exchanged for shares of FESC funds. Thus, shareholders who exchange their Fund shares for shares of CDSC funds may subsequently exchange those shares for shares of other CDSC funds or Exchange Funds but may not reacquire FESC fund shares by exchange. An exchange will be treated for federal income tax purposes the same as a repurchase or redemption of shares, on which the shareholder may realize a capital gain or loss.

Any new account established through the Exchange Privilege will have the same registration and cash dividend or dividend reinvestment plan as the present account, unless the Transfer Agent receives written notification to the contrary. For telephone exchanges, the exact registration of the existing account and the account number must be provided.

Any shares held in certificate form cannot be exchanged but must be forwarded to the Transfer Agent and deposited into the shareholder's account before being eligible for exchange. (Certificates mailed in for deposit should not be endorsed).

The Transfer Agent acts as agent for shareholders of the Fund in effecting redemptions of Fund shares and in applying the proceeds to the purchase of other fund shares. In the absence of negligence on its part, neither the Transfer Agent nor the Fund shall be liable for any redemption of Fund shares caused by unauthorized telephone instructions. Accordingly, in such event, the investor shall bear the risk of loss. The staff of the Securities and Exchange Commission is currently considering the propriety of such a policy.

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With respect to the redemption or repurchase of shares of the Fund, the application of proceeds to the purchase of new shares in the Fund or any other of the funds and the general administration of the Exchange Privilege, the Transfer Agent acts as agent for the Distributor and for the shareholder's selected broker-dealer, if any, in the performance of such functions. The Transfer Agent shall be liable for its own negligence and not for the default or negligence of its correspondents or for losses in transit. The Fund shall not be liable for any default or negligence of the Transfer Agent, the Distributor or any selected broker-dealer.

The Distributor and any selected broker-dealer have authorized and appointed the Transfer Agent to act as their agent in connection with the application of proceeds of any redemption of Fund shares to the purchase of shares of any other fund and the general administration of the Exchange Privilege. No commission or discounts will be paid to the Distributor or any selected broker-dealer for any transactions pursuant to this Exchange Privilege.

Exchanges are subject to the minimum investment requirement and any other conditions imposed by each fund. (The minimum initial investment is \$5,000 for Dean Witter Liquid Asset Fund Inc., Dean Witter Tax-Free Daily Income Trust, Dean Witter New York Municipal Money Market Trust and Dean Witter California Tax-Free Daily Income Trust although those funds may, at their discretion, accept initial investments of as low as \$1,000. The minimum initial investment for Dean Witter Short-Term U.S. Treasury Trust is \$10,000, although that fund, in its discretion, may accept initial investments of as low as \$5,000. The minimum initial investment for all other Dean Witter Funds for which the Exchange Privilege is available is \$1,000.) Upon exchange into an Exchange Fund, the shares of that fund will be held in a special Exchange Privilege Account separately from accounts of those shareholders who have acquired their shares directly from that fund. As a result, certain services normally available to shareholders of those funds, including the check writing feature, will not be available for funds held in that account.

The Fund and each of the other Dean Witter Funds may limit the number of times this Exchange Privilege may be exercised by any investor within a specified period of time. Also, the Exchange Privilege may be terminated or revised at any time by the Fund and/or any of the Dean Witter Funds for which

shares of the Fund have been exchanged, upon such notice as may be required by applicable regulatory agencies (presently sixty days prior written notice for termination or material revision), provided that six months' prior written notice of termination will be given to the shareholders who hold shares of an Exchange Fund pursuant to the Exchange Privilege and provided further that the Exchange Privilege may be terminated or materially revised without notice at times (a) when the New York Stock Exchange is closed for other than customary weekends and holidays, (b) when trading on that Exchange is restricted, (c) when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, (d) during any other period when the Securities and Exchange Commission by order so permits (provided that applicable rules and regulations of the Securities and Exchange Commission shall govern as to whether the conditions prescribed in (b) or (c) exist) or (e) if the Fund would be unable to invest amounts effectively in accordance with its investment objective(s), policies and restrictions.

The current prospectus for each fund describes its investment objective(s) and policies, and shareholders should obtain a copy and examine it carefully before investing. An exchange will be treated for federal income tax purposes the same as a repurchase or redemption of shares, on which the shareholder may realize a capital gain or loss. However, the ability to deduct capital losses on an

exchange may be limited in situations where there is an exchange of shares within ninety days after the shares are purchased. The Exchange Privilege is only available in states where an exchange may legally be made.

For further information regarding the Exchange Privilege, shareholders should contact their DWR or other selected broker-dealer account executive or the Transfer Agent.

#### REDEMPTIONS AND REPURCHASES

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**PAYMENT FOR SHARES REDEEMED OR REPURCHASED.** As discussed in the Prospectus, payment for shares presented for repurchase or redemption will be made by check within seven days after receipt by the Transfer Agent for the certificate and/or written request in good order. The term good order means that the share certificate, if any, and request for redemption are properly signed, accompanied by any documentation required by the Transfer Agent, and bear signature guarantees when required by the Fund or the Transfer Agent. Such payment may be postponed or the right of redemption suspended at times (a) when the New York Stock Exchange is closed for other than customary weekends and holidays, (b) when trading on that Exchange is restricted, (c) when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or (d) during any other period when the Securities and Exchange Commission by order so permits; provided that applicable rules and regulations of the Securities and Exchange Commission shall govern as to whether the conditions prescribed in (b) or (c) exist. If the shares to be redeemed have recently been purchased by check (including a certified or bank cashier's check), payment of redemption proceeds may be delayed for the minimum time needed to verify that the check used for investment has been honored (not more than fifteen days from the time of receipt of the check by the Transfer Agent). Shareholders maintaining margin accounts with DWR or another selected broker-dealer are referred to their account executive regarding restrictions on redemption of shares of the Fund pledged in the margin accounts.

**REINSTATEMENT PRIVILEGE.** As described in the Prospectus, a shareholder who has had his or her shares redeemed or repurchased and has not previously exercised this reinstatement privilege may, within 30 days after the date of redemption or repurchase, reinstate any portion of all of the proceeds of such redemption or repurchase in shares of the Fund at the net asset value (without sales charge) next determined after a reinstatement request, together with such proceeds, is received by the Transfer Agent.

Exercise of the reinstatement privilege will not affect the federal income

tax treatment of any gain or loss realized upon the redemption or repurchase, except that if the redemption or repurchase resulted in a loss and reinstatement is made in shares of the Fund, some or all of the loss, depending on the amount reinstated, will not be allowed as a deduction for federal income tax purposes but will be applied to adjust the cost basis of the shares acquired upon reinstatement.

INVOLUNTARY REDEMPTION. As described in the Prospectus, due to the relatively high cost of handling small investments, the Fund reserves the right to redeem, at net asset value, the shares of any shareholder whose shares have a value of less than \$100, or such lesser amount as may be fixed by the Board of Trustees. However, before the Fund redeems such shares and sends the proceeds to the shareholder,

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it will notify the shareholder that the value of the shares is less than \$100 and allow him or her 60 days to make an additional investment in an amount which will increase the value of his or her account to \$100 or more before the redemption is processed.

#### DIVIDENDS, DISTRIBUTIONS AND TAXES

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As discussed in the Prospectus, the Fund will determine either to distribute or to retain all or part of any net long-term capital gains in any year for reinvestment. If any such gains are retained, the Fund will pay federal income tax thereon, and will notify shareholders that, following an election by the Fund, the shareholders will be required to include such undistributed gains in determining their taxable income and may claim their share of the tax paid by the Fund as a credit against their individual federal income tax.

Because the Fund intends to distribute all of its net investment income and capital gains to shareholders and otherwise continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code, it is not expected that the Fund will be required to pay any federal income tax. Shareholders will normally have to pay federal income taxes, and any state income taxes, on the dividends and distributions they receive from the Fund. Such dividends and distributions, to the extent that they are derived from net investment income or short-term capital gains, are taxable to the shareholder as ordinary income regardless of whether the shareholder receives such payments in additional shares or in cash. Any dividends declared in the last quarter of any year which are paid in the following year prior to February 1 will be deemed received by the shareholder in the prior year.

Gains or losses on the sales of securities by the Fund generally will be long-term capital gains or losses if the securities have been held by the Fund for more than twelve months. Gains or losses on the sale of securities held for twelve months or less will be short-term capital gains or losses.

Distributions of net long-term capital gains, if any, are taxable to shareholders as long-term capital gains regardless of how long a shareholder has held the Fund's shares and regardless of whether the distribution is received in additional shares or in cash. Capital gains distributions are not eligible for the dividends received deduction.

At October 31, 1993 the Fund had net capital loss carryovers of approximately \$5,235,000 which will be available through October 31, 2001 to offset net realized gains, to the extent provided by regulations.

One of the requirements for the Fund to remain qualified as a regulated investment company is that less than 30% of the gross income be derived from gains from the sale or other disposition of securities held for less than three months. Accordingly, the Fund may be restricted in the writing of options on securities held for less than three months, in the writing of options which expire in less than three months, and in effecting closing transactions with respect to call or put options which have been written or purchased less than three months prior to such transactions. The Fund may also be restricted in its ability to engage in transactions involving futures contracts.

Under current federal law, the Fund will receive net investment income in the form of interest cash payments by virtue of holding fixed-income securities, including Treasury bills, notes and bonds, and will recognize income attributable to it from holding original issue discount securities, including zero coupon Treasury securities. Current federal tax law requires that a holder (such as the Fund) of an original issue discount security accrue a portion of the discount at which the security was purchased as income each

year even though the Fund receives no interest payment in cash on the security during the year. As an investment company, the Fund must pay out substantially all of its net investment income each year. Accordingly, the Fund, to the extent it invests in original issue discount securities, may be required to pay out as an income distribution each year an amount which is greater than the total amount of cash receipts of interest the Fund actually received. Such distributions will be made from the available cash of the Fund or by the liquidation of portfolio securities if necessary. If a distribution of cash necessitates the liquidation of portfolio securities, the Investment Manager will select which securities to sell. The Fund may realize a gain or loss from such sales. In the event the Fund realizes net capital gains from such transactions, its shareholders may receive a larger capital gain distribution, if any, than they would in the absence of such transactions.

In computing net investment income, the Fund will amortize premiums or accrue discounts on fixed-income securities in the portfolio. Realized gains and losses on security transactions are determined on the identified cost method.

Any dividend or capital gains distribution received by a shareholder from any investment company will have the effect of reducing the net asset value of the shareholder's stock in that company by the exact amount of the dividend or capital gains distribution. Furthermore, capital gains distributions and dividends are subject to federal income taxes. If the net asset value of the shares should be reduced below a shareholder's cost as a result of the payment of dividends or the distribution of realized long-term capital gains, such payment or distribution would be in part a return of the shareholder's investment to the extent of such reduction below the shareholder's cost, but nonetheless would be fully taxable at either ordinary or capital gain rates. Therefore, an investor should consider the tax implications of purchasing Fund shares immediately prior to a dividend or distribution record date.

The straddle rules of Section 1092 of the Internal Revenue Code where applicable (i) require the Fund to defer losses incurred on certain transactions involving securities, options and futures contracts, (ii) may affect the Fund's holding period on the asset underlying an option or futures contract and (iii) in certain instances, may convert a short-term capital loss to a long-term capital loss.

Exchange-traded futures contracts, listed options on futures contracts and listed options on U.S. Government securities are classified as "Section 1256" contracts under the Internal Revenue Code. Section 1256 contracts are required to be marked-to-market at the end of the Fund's fiscal year, for purpose of Federal income tax calculations. The character of gain or loss resulting from the sale, disposition, closing out, expiration, other termination or mark-to-market of Section 1256 contracts is generally treated as long-term capital gain or loss to the extent of 60 percent thereof and short-term capital gain or loss to the extent of 40 percent thereof.

Over-the-counter options are not classified as Section 1256 contracts and are not subject to the mark-to-market or 60 percent-40 percent taxation rules. When put options purchased by the Fund are exercised, the gain or loss realized on the sales of the underlying securities may be either short-term or long-term, generally depending upon the holding period of the securities. In determining the amount of gain or loss, the sales proceeds are reduced by the premium paid for over-the-counter puts or increased by the premium received for over-the-counter calls.

After the end of the calendar year, shareholders will be sent full information on their dividends and capital gains distributions for tax purposes, including information as to the portion taxable as ordinary income, any portion taxable as long-term capital gains and any portion treated as a non-taxable return of

capital. Any such return of capital will reduce the shareholders' tax basis in their shares. To avoid being subject to a 31% federal backup withholding tax on taxable dividends, capital gains distributions and the proceeds of redemptions and repurchases, shareholders' taxpayer identification numbers must be furnished and certified as to their accuracy.

Shareholders should consult their attorneys or tax advisers regarding specific questions as to state or local taxes and as to the applicability of the foregoing to their current federal tax situation.

#### PERFORMANCE INFORMATION

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As discussed in the Prospectus, from time to time the Fund may quote its "yield" and/or its "total return" in advertisements and sales literature. Yield is calculated for any 30-day period as follows: the amount of interest and/or dividend income for each security in the Fund's portfolio is determined in accordance with regulatory requirements; the total for the entire portfolio constitutes the Fund's gross income for the period. Expenses accrued during the period are subtracted to arrive at "net investment income". The resulting amount is divided by the product of the maximum offering price per share on the last day of the period multiplied by the average number of Fund shares outstanding during the period that were entitled to dividends. This amount is added to 1 and raised to the sixth power. 1 is then subtracted from the result and the difference is multiplied by 2 to arrive at the annualized yield. For the 30-day period ended October 31, 1993, the Fund's yield, calculated pursuant to this formula, was 6.54%.

The Fund's "average annual total return" represents an annualization of the Fund's total return over a particular period and is computed by finding the annual percentage rate which will result in the ending redeemable value of a hypothetical \$1,000 investment made at the beginning of a one, five or ten year period, or for the period from the date of commencement of the Fund's operations, if shorter than any of the foregoing. For the purpose of this calculation, it is assumed that all dividends and distributions are reinvested. The formula for computing the average annual total return involves a percentage obtained by dividing the ending redeemable value by the amount of the initial investment, taking a root of the quotient (where the root is equivalent to the number of years in the period) and subtracting 1 from the result. The average annual total returns of the Fund for the fiscal year ended October 31, 1993 and for the period from July 1, 1991 (commencement of operations) through October 31, 1993 were -0.21% and 4.85%, respectively.

In addition to the foregoing, the Fund may advertise its total return over different periods of time by means of aggregate, average, year-by-year or other types of total return figures. Such calculation may or may not reflect the imposition of the maximum front end sales charge. In addition, the Fund may also compute its aggregate total return for specified periods by determining the aggregate percentage rate which will result in the ending value of a hypothetical \$1,000 investment made at the beginning of the period. For the purpose of this calculation, it is assumed that all dividends and distributions are reinvested. The formula for computing aggregate total return involves a percentage obtained by dividing the ending value by the initial \$1,000 investment and subtracting 1 from the result. Based on this calculation, the average annual total return of the Fund, excluding the imposition of the front-end sales charge, for the fiscal year ended October 31, 1993 and for the period from July 1, 1991 through October 31, 1993 were 2.87% and 6.22%, respectively.

In addition, the Fund may compute its aggregate total return for specified periods by determining the aggregate percentage rate which will result in the ending value of a hypothetical \$1,000 investment

made at the beginning of the period. For the purpose of this calculation, it is assumed that all dividends and distributions are reinvested. The formula for computing aggregate total return involves a percentage obtained by dividing the ending value by the initial \$1,000 investment and subtracting 1 from the result. Based on the foregoing calculation, the Fund's total return for the fiscal year ended October 31, 1993 and for the period from July 1, 1991 through October 31, 1993 were -0.21% and 11.69%, respectively.

The Fund may also advertise the growth of hypothetical investments of \$10,000, \$50,000 and \$100,000 in shares of the Fund by adding 1 to the Fund's aggregate total return to date (expressed as a decimal and adjusted for 3.0% sales charge) and multiplying by \$10,000, \$50,000 or \$100,000, as the case may be. Investments of \$10,000, \$50,000 and \$100,000 in the Fund at inception would have grown to \$11,169, \$55,843 and \$111,686, respectively, at October 31, 1993.

The Fund from time to time may also advertise its performance relative to certain performance rankings and indexes compiled by independent organizations.

#### DESCRIPTION OF SHARES

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The shareholders of the Fund are entitled to a full vote for each full share held. The Trustees have been elected by the shareholders of the Fund. The Trustees themselves have the power to alter the number and the terms of office of the Trustees, and they may at any time lengthen their own terms or make their terms of unlimited duration and appoint their own successors, provided that always at least a majority of the Trustees has been elected by the shareholders of the Fund. Under certain circumstances the Trustees may be removed by action of the Trustees. The shareholders also have the right under certain circumstances to remove the Trustees. The voting rights of shareholders are not cumulative, so that holders of more than 50 percent of the shares voting can, if they choose, elect all Trustees being selected, while the holders of the remaining shares would be unable to elect any Trustees.

The Fund is not required to hold Annual Meetings of Shareholders and in ordinary circumstances the Fund does not intend to hold such meetings. The Trustees may call Special Meetings of Shareholders for action by shareholder vote as may be required by the Act or the Declaration of Trust.

The Declaration of Trust permits the Trustees to authorize the creation of additional series of shares (the proceeds of which would be invested in separate, independently managed portfolios) and additional classes of shares within any series (which would be used to distinguish among the rights of different categories of shareholders, as might be required by future regulations or other unforeseen circumstances). However, the Trustees have not authorized any such additional series or classes of shares.

The Declaration of Trust further provides that no Trustee, officer, employee or agent of the Fund is liable to the Fund or to a shareholder, nor is any Trustee, officer, employee or agent liable to any third persons in connection with the affairs of the Fund, except as such liability may arise from his/her or its own bad faith, willful misfeasance, gross negligence, or reckless disregard of his/her or its duties. It also provides that all third persons shall look solely to the Fund's property for satisfaction of claims arising in connection with the affairs of the Fund. With the exceptions stated, the Declaration of Trust provides that a Trustee, officer, employee or agent is entitled to be indemnified against all liability in connection with the affairs of the Fund.

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The Fund is authorized to issue an unlimited number of shares of beneficial interest. The Fund shall be of unlimited duration subject to the provisions in the Declaration of Trust concerning termination by action of the shareholders.

#### CUSTODIAN AND TRANSFER AGENT

-----

The Bank of New York, 110 Washington Street, New York, New York 10286 is the Custodian of the Fund's assets. Any of the Fund's cash balances with the Custodian in excess of \$100,000 are unprotected by federal deposit insurance. Such balances may, at times, be substantial.

Dean Witter Trust Company, Harborside Financial Center, Plaza Two, Jersey City, New Jersey 07311 is the Transfer Agent of the Fund's shares and Dividend Disbursing Agent for payment of dividends and distributions on Fund shares and Agent for shareholders under various investment plans described herein. Dean Witter Trust Company is an affiliate of Dean Witter InterCapital Inc., the Fund's Investment Manager, and of Dean Witter Distributors Inc., the Fund's Distributor. As Transfer Agent and Dividend Disbursing Agent, Dean Witter Trust Company's responsibilities include maintaining shareholder accounts; disbursing cash dividends and reinvesting dividends; processing account registration changes; handling purchase and redemption transactions; mailing prospectuses and reports; mailing and tabulating proxies; processing share certificate transactions; and maintaining shareholder records and lists. For these services Dean Witter Trust Company receives a per shareholder account fee from the Fund.

INDEPENDENT ACCOUNTANTS

Price Waterhouse serves as the independent accountants of the Fund. The independent accountants are responsible for auditing the annual financial statements of the Fund.

REPORTS TO SHAREHOLDERS

The Fund will send to shareholders, at least semi-annually, reports showing the Fund's portfolio and other information. An annual report containing financial statements audited by independent accountants will be sent to shareholders each year.

The Fund's fiscal year ends on October 31. The financial statements of the Fund must be audited at least once a year by independent accountants whose selection is made annually by the Fund's Trustees.

LEGAL COUNSEL

Sheldon Curtis, Esq., who is an officer and the General Counsel of the Investment Manager, is an officer and the General Counsel of the Fund.

EXPERTS

The financial statements of the Fund included in this Statement of Additional Information and incorporated by reference in the Prospectus have been so included and incorporated in reliance on the report of Price Waterhouse, independent accountants, given on the authority of said firm as experts in auditing and accounting.

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REGISTRATION STATEMENT

This Statement of Additional Information and the Prospectus do not contain all of the information set forth in the Registration Statement the Fund has filed with the Securities and Exchange Commission. The complete Registration Statement may be obtained from the Securities and Exchange Commission upon payment of the fee prescribed by the rules and regulations of the Commission.

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DEAN WITTER PREMIER INCOME TRUST  
PORTFOLIO OF INVESTMENTS OCTOBER 31, 1993

<TABLE>  
<CAPTION>  
PRINCIPAL  
AMOUNT (IN  
THOUSANDS)

	COUPON RATE	MATURITY DATES	VALUE
<S>	<C>	<C>	<C>
U.S. GOVERNMENT AGENCY MORTGAGE PASS-THROUGH CERTIFICATES (67.5%)			
FEDERAL HOME LOAN MORTGAGE CORP. PC GOLD			
\$ 1,975.....	8.50%	7/01/06	\$ 2,086,842
1,633.....	9.00	1/01/24	1,733,355

5,227.....	9.00	5/01/06	5,575,980
			-----
			9,396,177
			-----
FEDERAL HOME LOAN MORTGAGE CORP. PC			
6,396 ++.....	7.375	3/01/06	6,636,211
2,282.....	7.75	8/01/08	2,376,406
2,758.....	9.00	4/01/03	2,896,573
			-----
			11,909,190
			-----
FEDERAL NATIONAL MORTGAGE ASSOC.			
1,796.....	8.00	11/01/98	1,868,911
3,368++.....	8.00	6/01/14	3,537,457
2,620.....	11.00	8/01/06	2,818,367
			-----
			8,224,735
			-----
GOVERNMENT NATIONAL MORTGAGE ASSOC.			
7,752.....	5.00+	9/20/23	7,955,167
6,335.....	5.50+	10/20/22	6,513,335
7,724.....	6.00+	9/20/22	7,957,687
			-----
			22,426,189
			-----
GOVERNMENT NATIONAL MORTGAGE ASSOC.			
4,429.....	7.25	11/15/04-4/15/06	4,683,539
4,000.....	8.00	*	4,267,520
			-----
			8,951,059
			-----
TOTAL U.S. GOVERNMENT AGENCY MORTGAGE PASS-THROUGH CERTIFICATES (IDENTIFIED COST \$58,410,771)			60,907,350
			-----
COLLATERALIZED MORTGAGE OBLIGATIONS (28.6%)			
FEDERAL HOME LOAN MORTGAGE CORP. 1584 FB			
4,996.....	2.875+	9/15/23	5,270,513
FEDERAL NATIONAL MORTGAGE ASSOC. 1993-19E ++			
5,000.....	5.00	3/25/17	4,912,500
FEDERAL NATIONAL MORTGAGE ASSOC. 1993-25C ++			
5,000.....	5.00	1/25/17	4,909,589
FEDERAL HOME LOAN MORTGAGE CORP. 1288 A			
3,448.....	5.10	11/15/02	3,456,227
FIRST BOSTON MORTGAGE SECURITIES CORP. 1993-M1			
1,996.....	6.013+	9/25/06	2,025,222
FEDERAL HOME LOAN MORTGAGE CORP. 1333-F			
5,104.....	6.50	7/15/22	5,178,387
RESIDENTIAL FUNDING CORP. 1992-S2 CLASS A17 (TAC I/O)			
2.....	16856.861+	1/25/22	64,544
			-----
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (IDENTIFIED COST \$30,539,677)			25,816,982
			-----

</TABLE>

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DEAN WITTER PREMIER INCOME TRUST  
PORTFOLIO OF INVESTMENTS OCTOBER 31, 1993 (CONTINUED)

<TABLE>

<CAPTION>

PRINCIPAL  
AMOUNT (IN  
THOUSANDS)

COUPON  
RATE

MATURITY  
DATES

VALUE

<S>

<C>

<C>

<C>

CORPORATE BOND (3.4%)

International Bank for Reconstruction and Development  
(Identified Cost \$2,970,334)

\$ 3,650..... 0.00+% 8/07/97 \$ 3,037,530

ASSET-BACKED SECURITY (3.3%)

Peoples Bank Credit Card Master Trust 1993-1  
(Identified Cost \$2,997,656)

3,000..... 4.80 12/15/98 3,008,438



TOTAL INVESTMENTS (IDENTIFIED COST \$94,918,438) (A).....	102.8%	92,770,300
LIABILITIES IN EXCESS OF CASH AND OTHER ASSETS.....	(2.8)	(2,510,096)
NET ASSETS.....	100.0%	\$90,260,204

<FN>

</TABLE>

<TABLE>

<S> <C>  
I/O -- INTEREST ONLY SECURITY  
PC --PARTICIPATION CERTIFICATE  
TAC --TARGETED AMORTIZATION CLASS  
\* SECURITIES PURCHASED ON A FORWARD COMMITMENT BASIS WITH AN APPROXIMATE PRINCIPAL AMOUNT AND NO DEFINITE MATURITY DATE; THE ACTUAL PRINCIPAL AMOUNT AND MATURITY DATE WILL BE DETERMINED UPON SETTLEMENT.  
+ FLOATING RATE SECURITIES. RATE SHOWN IS THE RATE IN EFFECT AT OCTOBER 31, 1993.  
++ SOME OR ALL OF THESE SECURITIES ARE PLEDGED IN CONNECTION WITH THE REVERSE REPURCHASE AGREEMENTS.  
(A) THE AGGREGATE COST OF INVESTMENTS FOR FEDERAL INCOME TAX PURPOSES IS \$94,918,438; THE AGGREGATE GROSS UNREALIZED APPRECIATION IS \$1,457,141 AND THE AGGREGATE GROSS UNREALIZED DEPRECIATION IS \$3,605,279, RESULTING IN NET DEPRECIATION OF \$2,148,138.

SEE NOTES TO FINANCIAL STATEMENTS

DEAN WITTER PREMIER INCOME TRUST  
FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES

OCTOBER 31, 1993

<TABLE>	
<S>	<C>
ASSETS:	
Investments in securities, at value (identified cost \$94,918,438) (Note 1).....	\$ 92,770,300
Cash.....	17,023
Receivable for:	
Investments sold.....	41,359,018
Interest.....	730,025
Principal paydowns.....	487,226
Shares of beneficial interest sold.....	11,468
Deferred organizational expenses (Note 1).....	79,886
Prepaid expenses and other receivables.....	215,090
TOTAL ASSETS.....	135,670,036
LIABILITIES:	
Reverse repurchase and dollar roll agreements (Note 6).....	16,063,333
Payable for:	
Investments purchased.....	28,708,501
Shares of beneficial interest repurchased.....	384,558
Dividends to shareholders.....	32,139
Investment management fee (Note 2).....	41,749
Plan of distribution fee (Note 3).....	16,699
Accrued expenses and other payables (Note 4).....	162,853
TOTAL LIABILITIES.....	45,409,832
NET ASSETS:	
Paid in capital.....	96,334,183
Accumulated net realized loss on investments.....	(5,234,397)
Net unrealized depreciation on investments.....	(2,148,138)
Accumulated undistributed net investment income.....	1,308,556
NET ASSETS.....	\$ 90,260,204
NET ASSET VALUE PER SHARE, (9,832,273 shares outstanding; unlimited shares authorized of \$.01 par value).....	
	\$9.18

MAXIMUM OFFERING PRICE PER SHARE (net asset value plus 3.09% of net asset value)\*..... \$9.46

</TABLE>

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED OCTOBER 31, 1993

<TABLE>

<S>	<C>
INVESTMENT INCOME:	
INTEREST INCOME.....	\$ 11,752,328
EXPENSES	
Investment management fee (Note 2).....	657,860
Plan of distribution fee (Note 3).....	251,868
Professional fees.....	103,445
Transfer agent fees and expenses (Note 4).....	61,373
Shareholder reports and notices.....	51,934
Registration fees.....	37,688
Custody fees.....	30,431
Organizational expenses (Note 1).....	29,967
Trustees' fees and expenses.....	20,295
Other.....	9,569
	1,254,430
TOTAL OPERATING EXPENSES.....	
Interest expense from reverse repurchase agreements (Note 6).....	862,962
TOTAL EXPENSES.....	2,117,392
NET INVESTMENT INCOME.....	9,634,936
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS (NOTE 1):	
Net realized loss on investments.....	(5,234,554)
Net change in unrealized depreciation on investments....	397,575
NET LOSS ON INVESTMENTS.....	(4,836,979)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ 4,797,957

<FN>

\* On sales of \$100,000 or more, the offering price is reduced.

</TABLE>

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

	FOR THE YEAR ENDED OCTOBER 31, 1993	FOR THE YEAR ENDED OCTOBER 31, 1992
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
Operations:		
Net investment income.....	\$ 9,634,936	\$ 10,189,640
Net realized (loss) gain on investments.....	(5,234,554)	3,139,374
Net change in unrealized depreciation/appreciation on investments.....	397,575	(6,463,853)
Net increase in net assets resulting from operations.....	4,797,957	6,865,161
Dividends and distributions to shareholders from:		
Net investment income.....	(8,326,380)	(10,246,315)

Net realized gain on investments....	(2,813,443)	(705,315)
	-----	-----
	(11,139,823)	(10,951,630)
	-----	-----
Net (decrease) increase from transactions in shares of beneficial interest (Note 5).....	(58,257,655)	26,726,857
	-----	-----
Total (decrease) increase.....	(64,599,521)	22,640,388
NET ASSETS:		
Beginning of period.....	154,859,725	132,219,337
	-----	-----
END OF PERIOD (including undistributed net investment income of \$1,308,556 and \$0, respectively).....	\$ 90,260,204	\$ 154,859,725
	-----	-----
	-----	-----

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

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DEAN WITTER PREMIER INCOME TRUST  
FINANCIAL STATEMENTS (CONTINUED)

-----  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED OCTOBER 31, 1993  
-----

<TABLE>		
<S>		<C>
INCREASE (DECREASE) IN CASH:		
Cash Flows from Operating Activities:		
Net investment income.....	\$ 9,634,936	
Adjustments to reconcile net investment income to net cash provided by operating activities:		
Decrease in receivables and other assets related to operations.....	688,776	
Increase in payables related to operations.....	90,324	
Net amortization of discount/premium.....	940,139	
	-----	
Net cash from operating activities.....	11,354,175	
	-----	
Cash Flows provided by Investing Activities:		
Purchases of investments.....	(657,783,041)	
Principal prepayments/sales of investments.....	736,865,293	
Net sales/maturities of short-term investments.....	9,053,192	
	-----	
Net cash provided by investing activities.....	88,135,444	
	-----	
Cash Flows used for Financing Activities:		
Shares of beneficial interest sold.....	31,204,346	
Shares of beneficial interest repurchased.....	(93,806,277)	
Net proceeds from issuance of reverse repurchase and dollar roll agreements.....	(32,920,203)	
	-----	
Dividends and distributions to shareholders (net of reinvestments of \$7,199,190)	(95,522,134)	
	(3,968,373)	
	-----	
Net cash used for financing activities.....	(99,490,507)	
	-----	
Net decrease in cash.....	(888)	
Cash at beginning of year.....	17,911	
	-----	
CASH AT END OF YEAR.....	\$ 17,023	
	-----	
	-----	

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

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DEAN WITTER PREMIER INCOME TRUST  
NOTES TO FINANCIAL STATEMENTS

-----  
1. ORGANIZATION AND ACCOUNTING POLICIES -- Dean Witter Premier Income Trust (the "Fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified, open-end management investment company. It was organized on March 27, 1991 as a Massachusetts business trust and on May 15,

1991 issued 10,420 shares of beneficial interest for \$100,032 to Dean Witter Reynolds Inc., an affiliate of the Investment Manager, to effect the Fund's initial capitalization. The Fund commenced operations on July 1, 1991.

The following is a summary of the significant accounting policies:

A. VALUATION OF INVESTMENTS -- (1) an equity portfolio security listed or traded on the New York or American Stock Exchange is valued at its latest sale price on that exchange (if there were no sales that day, the security is valued at the closing bid price); (2) all portfolio securities for which over-the-counter market quotations are readily available are valued at the latest bid price prior to the time of valuation; (3) when market quotations are not readily available, portfolio securities are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund's Trustees (valuation of debt securities for which market quotations are not readily available may also be based upon current market prices of securities which are comparable in coupon, rating and maturity or an appropriate matrix utilizing similar factors). Certain of the Fund's portfolio securities for which reliable market quotations are generally not readily available may be valued by an outside pricing service approved by the Fund's Trustees. The pricing service utilizes a computerized grid matrix and/or research and evaluations by its staff in determining what it believes is the fair value of the portfolio securities valued by such pricing service; and (4) short-term securities having a maturity date of more than 60 days are valued on a "mark-to-market" basis, that is, at prices based on market quotations for securities of similar type, yield, quality and maturity, until 60 days prior to maturity and thereafter at amortized value based on the value on the 61st day to maturity. Short-term securities having a maturity date of 60 days or less at the time of purchase are valued at amortized cost.

B. ACCOUNTING FOR INVESTMENTS -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). In computing net investment income, the Fund amortizes premiums and accrues discounts on fixed income securities in the portfolio. Realized gains and losses on security transactions are determined on the identified cost method. Interest income is accrued daily.

C. FEDERAL INCOME TAX STATUS -- It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Accordingly, no federal income tax provision is required.

D. DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS -- The Fund records dividends and distributions to its shareholders on the record date.

E. ORGANIZATIONAL EXPENSES -- The Fund has reimbursed the Investment Manager, hereafter defined, for \$150,000 of organizational expenses. The reimbursed expenses have been deferred and are being amortized by the Fund on the straight-line method over a period of five years from the commencement of operations.

F. REPURCHASE AGREEMENTS -- The Fund's custodian takes possession on behalf of the Fund of the collateral pledged for investments in repurchase agreements. It is the policy of the Fund to value the underlying collateral daily on a mark-to-market basis to determine that the value, including

DEAN WITTER PREMIER INCOME TRUST  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

-----  
accrued interest, is at least equal to the repurchase price plus accrued interest. In the event of default of the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation.

2. INVESTMENT MANAGEMENT AND SUB-ADVISORY AGREEMENTS -- Pursuant to an Investment Management Agreement with Dean Witter InterCapital Inc. (the "Investment Manager"), formerly the InterCapital Division of Dean Witter Reynolds Inc., the Fund pays its Investment Manager a management fee accrued daily and payable monthly by applying the annual rate of .50% to the net assets of the Fund determined as of the close of each business day.

Under the terms of the Agreement, in addition to managing the Fund's investments, the Investment Manager maintains certain of the Fund's books and records and furnishes office space and facilities, equipment, clerical, bookkeeping and certain legal services, and pays the salaries of all personnel, including officers of the Fund who are employees of the Investment Manager. The

Investment Manager also bears the cost of telephone services, heat, light, power and other utilities provided to the Fund.

Under a Sub-Advisory Agreement between BlackRock Financial Management L.P., (the "Sub-Advisor") and the Investment Manager, the Sub-Advisor provides the Fund with investment advice and portfolio management relating to the Fund's investment in securities, subject to the overall supervision of the Investment Manager. As compensation for its services provided pursuant to the Sub-Advisory Agreement, the Investment Manager pays the Sub-Advisor monthly compensation equal to 40% of its monthly compensation.

3. PLAN AND AGREEMENT OF DISTRIBUTION -- Shares of beneficial interest of the Fund are distributed by Dean Witter Distributors Inc. (the "Distributor"), an affiliate of the Investment Manager. Previously the shares were distributed by Dean Witter Reynolds Inc. ("DWR"), also an affiliate of the Investment Manager, exclusively through its own sales organization. The Fund has entered into a Plan and Agreement of Distribution (the "Plan"), pursuant to Rule 12b-1 under the Act, with the Distributor whereby the Distributor finances certain activities in connection with the distribution of shares of the Fund.

Under the Plan, the Distributor bears the expense of all promotional and distribution related activities on behalf of the Fund, except for expenses that the Trustees determine to reimburse as described below. The following activities and services may be provided by the Distributor under the Plan: (1) compensation to sales representatives of DWR and other broker-dealers; (2) sales incentives and bonuses to sales representatives and to marketing personnel in connection with promoting sales of the Fund's shares; (3) expenses incurred in connection with promoting sales of the Fund's shares; (4) preparing and distributing sales literature; and (5) providing advertising and promotional activities, including direct mail solicitation and television, radio, newspaper, magazine and other media advertisements.

The Fund is authorized to reimburse the Distributor for specific expenses the Distributor incurs or plans to incur in promoting the distribution of the Fund's shares. The amount of each monthly reimbursement payment may in no event exceed an amount equal to payment at the annual rate of .20% of the Fund's average daily net assets during the month. For the year ended October 31, 1993, the distribution fee accrued was at the annual rate of .20%.

Dean Witter Reynolds Inc., the Fund's principal underwriter, has informed the Fund that it received approximately \$224,000 in commissions from the sale of the Fund's shares of beneficial interest. Such commissions are not an expense of the Fund; they are deducted from the proceeds of sales of shares of beneficial interest.

DEAN WITTER PREMIER INCOME TRUST  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. SECURITY TRANSACTIONS AND TRANSACTIONS WITH AFFILIATES -- The cost of purchases and the proceeds from sales/prepayments of securities for the year ended October 31, 1993, excluding short-term investments, were as follows:

<TABLE>  
<CAPTION>

	PURCHASES	SALES/ PREPAYMENTS
<S>	<C>	<C>
U.S. Government Agencies and Obligations.....	\$ 588,089,710	\$ 664,184,674
Non Government CMOs.....	34,470,783	32,465,377
Asset-Backed Securities.....	33,787,500	57,043,880

Dean Witter Trust Company ("DWTC"), an affiliate of the Investment Manager and Distributor, is the Fund's transfer agent. The Fund incurred transfer agent fees and expenses of \$61,373 with DWTC for the year ended October 31, 1993, of which \$10,257 was payable at October 31, 1993.

5. SHARES OF BENEFICIAL INTEREST -- Transactions in shares of beneficial interest were as follows:

<TABLE>  
<CAPTION>

FOR THE YEAR ENDED OCTOBER 31, 1993	FOR THE YEAR ENDED OCTOBER 31, 1992
--	--

	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Sold.....	2,978,014	\$ 28,675,877	8,729,752	\$ 86,591,731
Reinvestment of dividends and distributions.....	753,734	7,199,190	654,527	6,472,788
	3,731,748	35,875,067	9,384,279	93,064,519
Repurchased.....	(9,880,854)	(94,132,722)	(6,691,002)	(66,337,662)
Net (decrease) increase.....	(6,149,106)	\$ (58,257,655)	2,693,277	\$ 26,726,857

</TABLE>

6. REVERSE REPURCHASE AND DOLLAR ROLL AGREEMENTS -- The Fund may use reverse repurchase and dollar roll agreements as part of its investment strategy. Reverse repurchase agreements involve sales by the Fund of portfolio securities concurrently with an agreement by the Fund to repurchase the same securities at a later date at a fixed price. Generally, the effect of such a transaction is that the Fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while it will be able to keep the interest income associated with those portfolio securities. Such transactions are advantageous only if the interest cost to the Fund of the reverse repurchase transaction is less than the cost of obtaining the cash otherwise. Reverse repurchase agreements are collateralized by Fund securities with a market value in excess of the Fund's obligation under the contract. At October 31, 1993 the reverse repurchase agreements outstanding were \$10,855,000 with rates of 3.20% and 3.33% and maturity dates of November 1, 1993 and November 4, 1993, respectively. Securities valued at \$11,211,550 were pledged as collateral.

The Fund may enter into dollar rolls in which the Fund sells mortgage-backed securities and simultaneously contracts to repurchase substantially similar securities on a specified future date. Dollar rolls are accounted for as a financing arrangement; the difference between the sale and the repurchase price is recorded as deferred income and amortized to interest income.

7. FEDERAL INCOME TAX STATUS -- At October 31, 1993 the Fund had net capital loss carryovers of approximately \$5,235,000 which will be available through October 31, 2001 to offset net realized gains, to the extent provided by regulations.

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DEAN WITTER PREMIER INCOME TRUST  
FINANCIAL HIGHLIGHTS

Selected data and ratios for a share of beneficial interest outstanding throughout each period:

	FOR THE YEAR ENDED OCTOBER 31, 1993	FOR THE YEAR ENDED OCTOBER 31, 1992	FOR THE PERIOD JULY 1, 1991* THROUGH OCTOBER 31, 1991
<S>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:			
Net asset value, beginning of period.....	\$9.69	\$9.95	\$9.60
Net investment income.....	0.73	0.71	0.26
Net realized and unrealized gain (loss) on investments.....	(0.45)	(0.21)	0.37
Total from investment operations.....	0.28	0.50	0.63
Less dividends and distributions:			
Dividends from net investment income.....	(0.61)	(0.71)	(0.26)
Distribution from net realized gain on investments.....	(0.18)	(0.05)	(0.02)
Total dividends and distributions.....	(0.79)	(0.76)	(0.28)
Net asset value, end of period.....	\$9.18	\$9.69	\$9.95
TOTAL INVESTMENT RETURN+.....	2.87%	5.18%	6.41%(1)

RATIOS/SUPPLEMENTAL DATA:

Net assets, end of period (in thousands).....	\$90,260	\$154,860	\$132,219
Ratio of expenses to average net assets:			
Operating expenses.....	0.95%	0.99%	0.85% (2)
Interest expense.....	0.65%	0.61%	0.84% (2)
Total expenses.....	1.60%	1.60%	1.69% (2) (3)
Ratio of net investment income to average net assets.....	7.32%	7.05%	7.50% (2) (3)
Portfolio turnover rate.....	412%	254%	91%

<FN>

- 
- + DOES NOT REFLECT THE DEDUCTION OF SALES LOAD.
  - \* DATE OF COMMENCEMENT OF OPERATIONS.
  - (1) NOT ANNUALIZED.
  - (2) ANNUALIZED.
  - (3) IF THE FUND HAD BORNE ALL EXPENSES THAT WERE ASSUMED BY THE INVESTMENT MANAGER, THE ABOVE ANNUALIZED EXPENSE RATIO WOULD HAVE BEEN 1.85% (\$.065 PER SHARE) AND THE ABOVE ANNUALIZED NET INVESTMENT INCOME RATIO WOULD HAVE BEEN 7.34% (\$.253 PER SHARE).

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS

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DEAN WITTER PREMIER INCOME TRUST  
 REPORT OF INDEPENDENT ACCOUNTANTS

-----  
 To the Shareholders and Trustees of Dean Witter Premier Income Trust

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations, of cash flows and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Dean Witter Premier Income Trust (the "Fund") at October 31, 1993, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the two years in the period then ended and for the period July 1, 1991 (commencement of operations) through October 31, 1991, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities owned at October 31, 1993 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE  
 New York, New York  
 December 27, 1993

1993 FEDERAL TAX NOTICE

For the year ended October 31, 1993, the Fund paid to shareholders \$0.02281 per share from long-term capital gains.

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DEAN WITTER PREMIER INCOME TRUST

PART C OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) FINANCIAL STATEMENTS

- (1) Financial statements and schedules, included in Prospectus (Part A):

Page in  
 Prospectus  
 -----

Financial highlights from the period  
 July 1, 1991 through October 31, 1991 and for  
 the years ended October 31, 1992 and 1993..... 4

(2) Financial statements included in the Statement of Additional Information (Part B):	Page in SAI
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Statement of assets and liabilities at October 31, 1993.....	41
Statement of operations for the year ended October 31, 1993.....	41
Statement of changes in net assets for the years ended October 31, 1992 and 1993.....	41
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(3) Financial statements included in Part C:

None

(b) EXHIBITS:

- 5.(a) - Form of Investment Management Agreement between  
 Registrant and Dean Witter InterCapital Inc.
- (b) - Form of Sub-Advisory Agreement between  
 Dean Witter InterCapital Inc. and BlackRock  
 Financial Management L.P.
- 6.(a) - Form of Distribution Agreement between  
 Registrant and Dean Witter Distributors Inc.

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(b) - Form of Selected Dealers Agreement

- 8. - Form of Amended and Restated Transfer Agency  
 and Service Agreement
- 9. - Form of Services agreement between Dean Witter  
 InterCapital Inc. and Dean Witter Services  
 Company Inc.
- 11. - Consent of Independent Accountants
- 16. - Schedules for Computation of Performance  
 Quotations

All other exhibits previously filed and incorporated  
 by reference.

Item 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT.

None

Item 26. NUMBER OF HOLDERS OF SECURITIES.

<TABLE>  
 <CAPTION>

(1) Title of Class -----	(2) Number of Record Holders at December 14, 1993 -----
<S> Shares of Beneficial Interest	<C> 4,785



Item 27. INDEMNIFICATION

Pursuant to Section 5.3 of the Registrant's Declaration of Trust and under Section 4.8 of the Registrant's By-Laws, the indemnification of the Registrant's trustees, officers, employees and agents is permitted if it is determined that they acted under the belief that their actions were in or not opposed to the best interest of the Registrant, and, with respect to any criminal proceeding, they had reasonable cause to believe their conduct was not unlawful. In addition, indemnification is permitted only if it is determined that the actions in question did not render them liable by reason of willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of reckless disregard of their obligations and duties to the Registrant. Trustees, officers, employees and agents will be indemnified for the expense of litigation if it is determined that they are entitled to indemnification against any liability established in such litigation. The Registrant may also advance money for these expenses provided that they give their undertakings to repay the Registrant unless their conduct is later determined to permit indemnification.

Pursuant to Section 5.2 of the Registrant's Declaration of

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Trust and paragraph 8 of the Registrant's Investment Management Agreement, neither the Investment Manager nor any trustee, officer, employee or agent of the Registrant shall be liable for any action or failure to act, except in the case of bad faith, willful misfeasance, gross negligence or reckless disregard of duties to the Registrant.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to trustees, officers and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer, or controlling person of the Registrant in connection with the successful defense of any action, suit or proceeding) is asserted against the Registrant by such trustee, officer or controlling person in connection with the shares being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act, and will be governed by the final adjudication of such issue.

The Registrant hereby undertakes that it will apply the indemnification provision of its by-laws in a manner consistent with Release 11330 of the Securities and Exchange Commission under the Investment Company Act of 1940, so long as the interpretation of Sections 17(h) and 17(i) of such Act remains in effect.

Registrant, in conjunction with the Investment Manager, Registrant's Trustees, and other registered investment management companies managed by the Investment Manager, maintains insurance on behalf of any person who is or was a Trustee, officer, employee, or agent of Registrant, or who is or was serving at the request of Registrant as a trustee, director, officer, employee or agent of another trust or corporation, against any liability asserted against him and incurred by him or arising out of his position. However, in no event will Registrant maintain insurance to indemnify any such person for any act for which Registrant itself is not permitted to indemnify him.

Item 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER.

See "The Fund and Its Management" in the Prospectus

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regarding the business of the investment adviser. The following information is given regarding officers of Dean Witter InterCapital Inc. Information regarding

the other officers of InterCapital is included in Item 29(b) below. The term "Dean Witter Funds" used below refers to the following Funds: (1) InterCapital Income Securities Inc., (2) High Income Advantage Trust, (3) High Income Advantage Trust II, (4) High Income Advantage Trust III, (5) Municipal Income Trust, (6) Municipal Income Trust II, (7) Municipal Income Trust III, (8) Dean Witter Government Income Trust, (9) Municipal Premium Income Trust, (10) Municipal Income Opportunities Trust, (11) Municipal Income Opportunities Trust II, (12) Municipal Income Opportunities Trust III, (13) Prime Income Trust, (14) InterCapital Insured Municipal Bond Trust, (15) InterCapital Quality Municipal Income Trust, (16) InterCapital Quality Municipal Investment Trust, (17) InterCapital Insured Municipal Income Trust, (18) InterCapital California Insured Municipal Income Trust, (19) InterCapital Insured Municipal Trust, (20) InterCapital Quality Municipal Securities (21) InterCapital New York Quality Municipal Securities, and (22) InterCapital California Municipal Securities, registered closed-end investment companies, and (1) Dean Witter Equity Income Trust, (2) Dean Witter Tax-Exempt Securities Trust, (3) Dean Witter Tax-Free Daily Income Trust, (4) Dean Witter Dividend Growth Securities Inc., (5) Dean Witter Convertible Securities Trust, (6) Dean Witter Liquid Asset Fund Inc., (7) Dean Witter Developing Growth Securities Trust, (8) Dean Witter Retirement Series, (9) Dean Witter Federal Securities Trust, (10) Dean Witter World Wide Investment Trust, (11) Dean Witter U.S. Government Securities Trust, (12) Dean Witter Select Municipal Reinvestment Fund, (13) Dean Witter High Yield Securities Inc., (14) Dean Witter Intermediate Income Securities, (15) Dean Witter New York Tax-Free Income Fund, (16) Dean Witter California Tax-Free Income Fund, (17) Dean Witter Health Sciences Trust, (18) Dean Witter California Tax-Free Daily Income Trust, (19) Dean Witter Managed Assets Trust, (20) Dean Witter American Value Fund, (21) Dean Witter Strategist Fund, (22) Dean Witter Utilities Fund, (23) Dean Witter World Wide Income Trust, (24) Dean Witter New York Municipal Money Market Trust, (25) Dean Witter Capital Growth Securities, (26) Dean Witter Precious Metals and Minerals Trust, (27) Dean Witter European Growth Fund Inc., (28) Dean Witter Global Short-Term Income Fund Inc., (29) Dean Witter Pacific Growth Fund Inc., (30) Dean Witter Multi-State Municipal Series Trust, (31) Dean Witter Premier Income Trust, (32) Dean Witter Short-Term U.S. Treasury Trust, (33) Dean Witter Diversified Income Trust, (34) Dean Witter U.S. Government Money Market Trust, (35) Dean Witter Global Dividend Growth Securities, (36) Active Assets California Tax-Free Trust, (37) Dean Witter Natural Resource Development Securities Inc., (38) Active Assets Government Securities Trust, (39) Active Assets Money Trust, (40) Active Assets Tax-Free Trust, (41) Dean Witter Limited Term Municipal Trust, (42) Dean Witter Variable Investment Series, (43) Dean Witter Value-Added Market Series, (44) Dean Witter Short-Term Bond Fund

registered open-end investment companies. InterCapital is a wholly-owned direct subsidiary of Dean Witter, Discover & Co. The principal address of the Dean Witter Funds is Two World Trade Center, New York, New York 10048. The term "TCW/DW Funds" refers to the following Funds: (1) TCW/DW Core Equity Trust, (2) TCW/DW North American Government Income Trust, (3) TCW/DW Latin American Growth Fund, (4) TCW/DW Income and Growth Fund, (5) TCW/DW Small Cap Growth Fund, (6) TCW/DW Balanced Fund, registered open-end investment companies and (7) TCW/DW Term Trust 2002, (8) TCW/DW Term Trust 2003 and (9) TCW/DW Term Trust 2000, registered closed-end investment companies.

Name	Position with Dean Witter InterCapital Inc.	Other Substantial Business, Profession, Vocation or Employment, including Name, Prin- cipal Address and Nature of Connection
----	-----	-----
Charles A. Fiunefreddo	Chairman, Chief Executive Officer and Director	Executive Vice President and Director of Dean Witter Reynolds Inc. ("DWR"); Chairman, Director or Trustee, President and Chief Executive Officer of the Dean Witter Funds; Chairman, Chief Executive Officer and Trustee of the TCW/DW Funds; Chairman and

Director of Dean Witter Trust Company ("DWTC"); Chairman, Chief Executive Officer and Director of Dean Witter Distributors Inc. ("Distributors") and Dean Witter Services Company Inc. ("DWSC"); Formerly Executive Vice President and Director of Dean Witter, Discover & Co. ("DWDC"); Director and/or officer of DWDC subsidiaries.

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Name	Position with Dean Witter InterCapital Inc.	Other Substantial Business, Profession, Vocation or Employment, including Name, Principal Address and Nature of Connection
----	-----	-----
Philip J. Purcell	Director	Chairman, Chief Executive Officer and Director of DWDC and DWR; Director of DWSC and Distributors.
Richard M. DeMartini	Director	President and Chief Operating Officer of Dean Witter Capital and Director of DWDC, DWR and Distributors.
James F. Higgins	Director	President and Chief Operating Officer of Dean Witter Financial; Director of DWDC, DWR, DWSC and Distributors.
Thomas C. Schneider	Executive Vice President, Chief Financial Officer and Director	Executive Vice President, Chief Financial Officer and Director of DWDC, DWR, DWSC and Distributors.
Christine A. Edwards	Director	Executive Vice President, Secretary, General Counsel and Director of DWDC, DWR, DWSC and Distributors.
Robert M. Scanlan	President and Chief Operating Officer	Vice President of the Dean Witter Funds and the TCW/DW Funds; President of DWSC; Executive Vice President of Distributors; Executive Vice President and Director of DWTC.

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Name -----	Position with Dean Witter InterCapital Inc. -----	Other Substantial Business, Profession, Vocation or Employment, including Name, Prin- cipal Address and Nature of Connection -----
David A. Hughey	Executive Vice President and Chief Administrative Officer	Vice President of the Dean Witter Funds and the TCW/DW Funds; Executive Vice President, Chief Administrative Officer and Director of DWTC; Executive Vice President and Chief Administrative Officer of DWSC and Distributors.
Edmund C. Puckhaber	Executive Vice President	Vice President of the Dean Witter Funds.
John Van Heuvelen	Executive Vice President	President and Chief Executive Officer of DWTC.
Sheldon Curtis	Senior Vice President, General Counsel and Secretary	Vice President, Secretary and General Counsel of the Dean Witter Funds and the TCW/DW Funds; Senior Vice President and Secretary of DWTC; Assistant Secretary of DWR and DWDC; Senior Vice President, General Counsel and Secretary of DWSC; Senior Vice President, Assistant General Counsel and Assistant Secretary of Distributors.
Peter M. Avelar	Senior Vice President	Vice President of various Dean Witter Funds.
Mark Bavoso	Senior Vice President	
Thomas H. Connelly	Senior Vice President	Vice President of various Dean Witter Funds.

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Name -----	Position with Dean Witter InterCapital Inc. -----	Other Substantial Business, Profession, Vocation or Employment, including Name, Prin- cipal Address and Nature of Connection -----
Edward Gaylor	Senior Vice President	Vice President of various Dean Witter

		Funds.
Rajesh K. Gupta	Senior Vice President	Vice President of various Dean Witter Funds.
Kenton J. Hinchliffe	Senior Vice President	Vice President of various Dean Witter Funds.
John B. Kemp, III	Senior Vice President	Director of the Provident Savings Bank, Jersey City, New Jersey.
Anita Kolleeny	Senior Vice President	Vice President of various Dean Witter Funds.
Jonathan R. Page	Senior Vice President	Vice President of various Dean Witter Funds.
Ira Ross	Senior Vice President	Vice President of various Dean Witter Funds.
Rochelle G. Siegel	Senior Vice President	Vice President of various Dean Witter Funds.
Paul D. Vance	Senior Vice President	Vice President of various Dean Witter Funds.
Elizabeth A. Vetell	Senior Vice President	
James F. Willison	Senior Vice President	Vice President of various Dean Witter Funds.
Ronald Worobel	Senior Vice President	Vice President of various Dean Witter Funds.
Thomas F. Caloia	First Vice President and Assistant Treasurer	Treasurer of the Dean Witter Funds and the TCW/DW Funds; First Vice President and Assistant Treasurer of DWSC; Assistant Treasurer of Distributors.

Name	Position with Dean Witter InterCapital Inc.	Other Substantial Business, Profession, Vocation or Employment, including Name, Principal Address and Nature of Connection
----	-----	-----
Barry Fink	First Vice President	Assistant Secretary of the Dean Witter Funds and TCW/DW Funds; First Vice President and Assistant Secretary of DWSC.
Michael Interrante	First Vice President and Controller	First Vice President and Controller of DWSC; Assistant Treasurer

Robert Zimmerman	First Vice President	
Joseph Arcieri	Vice President	
Douglas Brown	Vice President	
Rosalie Clough	Vice President	
B. Catherine Connelly	Vice President	
Marilyn K. Cranney	Vice President and Assistant Secretary	Assistant Secretary of the Dean Witter Funds and the TCW/DW Funds; Vice President and Assistant Secretary of DWSC; Assistant Secretary of DWR and DWDC.
Salvatore DeSteno	Vice President	Vice President of DWSC.
Dwight Doolan	Vice President	
Bruce Dunn	Vice President	
Geoffrey D. Flynn	Vice President	Vice President of DWSC.
Bette Freedman	Vice President	
Robert Geis	Vice President	
Deborah Genovese	Vice President	
Peter W. Gurman	Vice President	
Shant Harootunian	Vice President	
John Hechtlinger	Vice President	
David Johnson	Vice President	

Name	Position with Dean Witter InterCapital Inc.	Other Substantial Business, Profession, Vocation or Employment, including Name, Principal Address and Nature of Connection
----	-----	-----
Christopher Jones	Vice President	
Stanley Kapica	Vice President	
Paula LaCosta	Vice President	Vice President of various Dean Witter Funds.
Lawrence S. Lafer	Vice President and Assistant Secretary	Assistant Secretary of the Dean Witter Funds and the TCW/DW Funds; Vice President and Assistant Secretary of DWSC.
Thomas Lawlor	Vice President	
Lou Anne D. McInnis	Vice President and Assistant Secretary	Assistant Secretary of the Dean Witter Funds and the TCW/DW

Funds; Vice President  
and Assistant Secretary  
of DWSC.

James Mulcahy	Vice President	
James Nash	Vice President	
Hugh Rose	Vice President	
Ruth Rossi	Vice President and Assistant Secretary	Assistant Secretary of the Dean Witter Funds and the TCW/DW Funds; Vice President and Assistant Secretary of DWSC.
Howard A. Schloss	Vice President	
Rose Simpson	Vice President	
Diane Lisa Sobin	Vice President	Vice President of various Dean Witter Funds.
Kathleen Stromberg	Vice President	Vice President of various Dean Witter Funds.
Vinh Q. Tran	Vice President	Vice President of various Dean Witter Funds.

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Other Substantial  
Business, Profession,  
Vocation or Employment,  
including Name, Prin-  
cipal Address and  
Nature of Connection  
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Name	Position with Dean Witter InterCapital Inc.	Nature of Connection
----	-----	-----
Alice Weiss	Vice President	Assistant Vice President of Dean Witter Value-Added Market Series.
Ronald Worobel	Vice President	Vice President of various Dean Witter Funds.
Marianne Zalys	Vice President	

Item 29. PRINCIPAL UNDERWRITERS

(a) Dean Witter Distributors Inc. ("Distributors"), a Delaware corporation, is the principal underwriter of the Registrant. Distributors is also the principal underwriter of the following investment companies:

- (1) Dean Witter Liquid Asset Fund Inc.
- (2) Dean Witter Tax-Free Daily Income Trust
- (3) Dean Witter California Tax-Free Daily Income Trust
- (4) Dean Witter Retirement Series
- (5) Dean Witter Dividend Growth Securities Inc.
- (6) Dean Witter Natural Resource Development Securities Inc.
- (7) Dean Witter World Wide Investment Trust
- (8) Dean Witter Capital Growth Securities
- (9) Dean Witter Convertible Securities Trust
- (10) Active Assets Tax-Free Trust
- (11) Active Assets Money Trust
- (12) Active Assets California Tax-Free Trust
- (13) Active Assets Government Securities Trust

- (14) Dean Witter Equity Income Trust
- (15) Dean Witter Federal Securities Trust
- (16) Dean Witter U.S. Government Securities Trust
- (17) Dean Witter High Yield Securities Inc.
- (18) Dean Witter New York Tax-Free Income Fund
- (19) Dean Witter Tax-Exempt Securities Trust
- (20) Dean Witter California Tax-Free Income Fund
- (21) Dean Witter Managed Assets Trust
- (22) Dean Witter Limited Term Municipal Trust
- (23) Dean Witter World Wide Income Trust
- (24) Dean Witter Utilities Fund
- (25) Dean Witter Strategist Fund
- (26) Dean Witter New York Municipal Money Market Trust
- (27) Dean Witter Intermediate Income Securities
- (28) Prime Income Trust
- (29) Dean Witter European Growth Fund Inc.
- (30) Dean Witter Developing Growth Securities Trust
- (31) Dean Witter Precious Metals and Minerals Trust
- (32) Dean Witter Pacific Growth Fund Inc.
- (33) Dean Witter Multi-State Municipal Series Trust
- (34) Dean Witter Premier Income Trust

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- (35) Dean Witter Short-Term U.S. Treasury Trust
- (36) Dean Witter Diversified Income Trust
- (37) Dean Witter Health Sciences Trust
- (38) Dean Witter Global Dividend Growth Securities
- (39) Dean Witter American Value Fund
- (40) Dean Witter U.S. Government Money Market Trust
- (41) Dean Witter Global Short-Term Income Fund Inc.
- (42) Dean Witter Variable Investment Series
- (43) Dean Witter Value-Added Market Series
- (44) Dean Witter Short-Term Bond Fund
  - (1) TCW/DW Core Equity Trust
  - (2) TCW/DW North American Government Income Trust
  - (3) TCW/DW Latin American Growth Fund
  - (4) TCW/DW Income and Growth Fund
  - (5) TCW/DW Small Cap Growth Fund
  - (6) TCW/DW Balanced Fund

(b) The following information is given regarding directors and officers of Distributors not listed in Item 28 above. The principal address of Distributors is Two World Trade Center, New York, New York 10048. None of the following persons has any position or office with the Registrant.

Name ----	Positions and Office with Distributors -----
Fredrick K. Kubler	Senior Vice President, Assistant Secretary and Chief Compliance Officer.
Michael T. Gregg	Vice President and Assistant Secretary.
Edward C. Oelsner III	Vice President of Distributors.
Samuel Wolcott III	Vice President of Distributors.

Item 30. LOCATION OF ACCOUNTS AND RECORDS

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the Rules thereunder are maintained by the Investment Manager at its offices, except records relating to holders of shares issued by the Registrant, which are maintained by the Registrant's Transfer Agent, at its place of business as shown in the prospectus.

Item 31. MANAGEMENT SERVICES



Registrant is not a party to any such management-related service contract.

Item 32. UNDERTAKINGS

Registrant hereby undertakes to furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York on the 6th day of January, 1994.

DEAN WITTER PREMIER INCOME TRUST

By /s/ Sheldon Curtis

-----  
Sheldon Curtis  
Vice President and Secretary

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 3 has been signed below by the following persons in the capacities and on the dates indicated.

Signatures -----	Title -----	Date ----
(1) Principal Executive Officer	President, Chief Executive Officer, Trustee and Chairman	
By /s/ Charles A. Fiumefreddo ----- Charles A. Fiumefreddo		01/06/94
(2) Principal Financial Officer	Treasurer and Principal Accounting Officer	
By /s/ Thomas F. Caloia ----- Thomas F. Caloia		01/06/94
(3) Majority of the Trustees		
Charles A. Fiumefreddo (Chairman) Edward R. Telling		
By /s/ Sheldon Curtis ----- Sheldon Curtis Attorney-in-Fact		01/06/94
Jack F. Bennett John R. Haire John E. Jeuck Manuel H. Johnson	Paul Kolton Michael E. Nugent Albert T. Sommers Edwin J. Garn	
By /s/ David M. Butowsky ----- David M. Butowsky Attorney-in-Fact		01/06/94

DEAN WITTER PREMIER INCOME TRUST

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
5. (a) -	Form of Investment Management Agreement between Registrant and Dean Witter InterCapital Inc.
(b) -	Form of Sub-Advisory Agreement between Dean Witter InterCapital Inc. and BlackRock Financial Management L.P.
6. (a) -	Form of Distribution Agreement between Registrant and Dean Witter Distributors Inc.
(b) -	Form of Selected Dealers Agreement
8. -	Form of Amended and Restated Transfer Agency and Service Agreement
9. -	Form of Services Agreement between Dean Witter InterCapital Inc. and Dean Witter Services Company Inc.
11. -	Consent of Independent Accountants
16. -	Schedules for Computation of Performance Quotations

INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT made as of the 30th day of June, 1993 by and between Dean Witter Premier Income Trust, an unincorporated business trust organized under the laws of the Commonwealth of Massachusetts (hereinafter called the "Fund"), and Dean Witter InterCapital Inc., a Delaware corporation (hereinafter called the "Investment Manager"):

WHEREAS, The Fund is engaged in business as an open-end management investment company and is registered as such under the Investment Company Act of 1940, as amended (the "Act"); and

WHEREAS, The Investment Manager is registered as an investment adviser under the Investment Advisers Act of 1940, and engages in the business of acting as investment adviser; and

WHEREAS, The Fund desires to retain the Investment Manager to render management and investment advisory services in the manner and on the terms and conditions hereinafter set forth; and

WHEREAS, The Investment Manager desires to be retained to perform services on said terms and conditions:

Now, Therefore, this Agreement

W I T N E S S E T H:

that in consideration of the premises and the mutual covenants hereinafter contained, the Fund and the Investment Manager agree as follows:

1. The Fund hereby retains the Investment Manager to act as investment manager of the Fund and, subject to the supervision of the Trustees, to supervise the investment activities of the Fund as hereinafter set forth. Without limiting the generality of the foregoing, the Investment Manager shall obtain and evaluate such information and advice relating to the economy, securities and commodities markets and securities and commodities as it deems necessary or useful to discharge its duties hereunder; shall continuously supervise the management of the assets of the Fund in a manner consistent with the investment objectives and policies of the Fund and subject to such other limitations as the Trustees of the Fund may from time to time prescribe; and shall take such further action as the Investment Manager shall deem necessary or appropriate. The Investment Manager shall also furnish to or place at the disposal of the Fund such of the information, evaluations, analyses and opinions formulated or obtained by the Investment Manager in the discharge of its duties as the Fund may, from time to time, reasonably request.

2. The Investment Manager shall, at its own expense, enter into a Sub-Advisory Agreement with a Sub-Advisor to make determinations as to the securities and commodities to be purchased, sold or otherwise disposed of by

the Fund and the timing of such purchases, sales and dispositions and to take such further action, including the placing of purchase and sale orders on behalf of the Fund, as the Sub-Advisor, in consultation with the Investment Manager, shall deem necessary or appropriate; provided that the Investment Manager shall be responsible for monitoring compliance by such Sub-Advisor with the investment policies and restrictions of the Fund and with such other limitations or directions as the Trustees of the Fund may from time to time prescribe.

3. The Investment Manager shall, at its own expense, maintain such staff and employ or retain such personnel and consult with such other persons as it shall from time to time determine to be necessary or useful to the performance of its obligations under this Agreement. Without limiting the generality of the foregoing, the staff and personnel of the Investment Manager shall be deemed to include persons employed or otherwise retained by the Investment Manager to furnish statistical and other factual data, advice regarding economic factors and trends, information with respect to technical and scientific developments, and such other information, advice and assistance as the Investment Manager may desire. The Investment Manager shall, as agent for the Fund, maintain the Fund's records and books of account (other than those maintained by the Fund's transfer agent, registrar, custodian and other agencies). All such books and records so maintained shall be the property of the Fund and, upon request therefor, the Investment Manager shall surrender to the Fund such of the books and records so requested.

4. The Fund will, from time to time, furnish or otherwise make available to the Investment Manager such financial reports, proxy statements and other information relating to the business and affairs of the Fund as the Investment Manager may reasonably require in order to discharge its duties and obligations hereunder.

5. The Investment Manager shall bear the cost of rendering the investment management and supervisory services to be performed by it under this Agreement, and shall, at its own expense, pay the compensation of the officers and employees, if any, of the Fund, and provide such office space, facilities and equipment and such clerical help and bookkeeping services as the Fund shall reasonably require in the conduct of its business. The Investment Manager shall also bear the cost of telephone service, heat, light, power and other utilities provided to the Fund.

6. The Fund assumes and shall pay or cause to be paid all other expenses of the Fund, including without limitation: fees pursuant to any plan of distribution that the Fund may adopt; the charges and expenses of any registrar, any custodian or depository appointed by the Fund for the safekeeping of its cash, portfolio securities or commodities and other property, and any stock transfer or dividend agent or agents appointed by the Fund; brokers' commissions chargeable to the Fund in connection with portfolio transactions to which the Fund is a party; all taxes, including securities or commodities issuance and transfer taxes, and fees payable by the Fund to federal, state or other governmental agencies; the cost and expense of engraving or printing certificates representing shares of the Fund; all costs and expenses in connection with the registration and maintenance of registration of the Fund and

its shares with the Securities and Exchange Commission and various states and other jurisdictions (including filing fees and legal fees and disbursements of counsel); the cost and expense of printing (including typesetting) and distributing prospectuses and statements of additional information of the Fund and supplements thereto to the Fund's shareholders; all expenses of shareholders' and Trustees' meetings and of preparing, printing and mailing proxy statements and reports to shareholders; fees and travel expenses of Trustees or members of any advisory board or committee who are not employees of the Investment Manager or any corporate affiliate of the Investment Manager; all expenses incident to the payment of any dividend, distribution, withdrawal or redemption, whether in shares or in cash; charges and expenses of any outside service used for pricing of the Fund's shares; charges and expenses of legal counsel, including counsel to the Trustees of the Fund who are not interested persons (as defined in the Act) of the Fund or the Investment Manager, and of independent accountants, in connection with any matter relating to the Fund; membership dues of industry associations; interest payable on Fund borrowings; postage; insurance premiums on property or personnel (including officers and Trustees) of the Fund which inure to its benefit; extraordinary expenses (including, but not limited to, legal claims and liabilities and litigation costs and any indemnification related thereto); and all other charges and costs of the Fund's operation unless otherwise explicitly provided herein.

7. For the services to be rendered, the facilities furnished, and the expenses assumed by the Investment Manager, the Fund shall pay to the Investment Manager monthly compensation determined by applying the annual rate of 0.50% to the Fund's daily net assets. Except as hereinafter set forth, compensation under this Agreement shall be calculated and accrued daily and the amounts of the daily accruals shall be paid monthly. Such calculations shall be made by applying 1/365ths of the annual rates to the Fund's net assets each day determined as of the close of business on that day or the last previous business day. If this Agreement becomes effective subsequent to the first day of a month or shall terminate before the last day of a month, compensation for that part of the month this Agreement is in effect shall be prorated in a manner consistent with the calculation of the fees as set forth above.

Subject to the provisions of paragraph 8 hereof, payment of the Investment Manager's compensation for the preceding month shall be made as promptly as possible after completion of the computations contemplated by paragraph 8 hereof.

8. In the event the operating expenses of the Fund, including amounts payable to the Investment Manager pursuant to paragraph 7 hereof, for any fiscal year ending on a date on which this Agreement is in effect, exceed the expense limitations applicable to the Fund imposed by state securities laws or regulations thereunder, as such limitations may be raised or lowered from time to time, the Investment Manager shall

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reduce its management fee to the extent of such excess and, if required, pursuant to any such laws or regulations, will reimburse the Fund for annual

operating expenses in excess of any expense limitation that may be applicable; provided, however, there shall be excluded from such expenses the amount of any interest, taxes, brokerage commissions, distribution fees and extraordinary expenses (including but not limited to legal claims and liabilities and litigation costs and any indemnification related thereto) paid or payable by the Fund. Such reduction, if any, shall be computed and accrued daily, shall be settled on a monthly basis, and shall be based upon the expense limitation applicable to the Fund as at the end of the last business day of the month. Should two or more such expense limitations be applicable as at the end of the last business day of the month, that expense limitation which results in the largest reduction in the Investment Manager's fee shall be applicable.

For purposes of this provision, should any applicable expense limitation be based upon the gross income of the Fund, such gross income shall include, but not be limited to, interest on debt securities in the Fund's portfolio accrued to and including the last day of the Fund's fiscal year, and dividends declared on equity securities in the Fund's portfolio, the record dates for which fall on or prior to the last day of such fiscal year, but shall not include gains from the sale of securities.

9. The Investment Manager will use its best efforts in the supervision and management of the investment activities of the Fund, but in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations hereunder, the Investment Manager shall not be liable to the Fund or any of its investors for any error of judgment or mistake of law or for any act or omission by the Investment Manager or for any losses sustained by the Fund or its investors.

10. Nothing contained in this Agreement shall prevent the Investment Manager or any affiliated person of the Investment Manager from acting as investment adviser or manager for any other person, firm or corporation and shall not in any way bind or restrict the Investment Manager or any such affiliated person from buying, selling or trading any securities or commodities for their own accounts or for the account of others for whom they may be acting. Nothing in this Agreement shall limit or restrict the right of any Trustee, officer or employee of the Investment Manager to engage in any other business or to devote his or her time and attention in part to the management or other aspects of any other business whether of a similar or dissimilar nature.

11. This Agreement shall remain in effect until April 30, 1994 and from year to year thereafter provided such continuance is approved at least annually by the vote of holders of a majority, as defined in the Investment Company Act of 1940, as amended (the "Act"), of the outstanding voting securities of the Fund or by the Trustees of the Fund; provided that in either event such continuance is also approved annually by the vote of a majority of the Trustees of the Fund who are not parties to this Agreement or "interested persons" (as defined in the Act) of any such party, which vote must be cast in person at a meeting called for the purpose of voting on such approval; provided, however, that (a) the Fund may, at any time and without the payment of any penalty, terminate this Agreement upon thirty days' written notice to the Investment Manager, either by majority vote of the Trustees of the Fund or by

the vote of a majority of the outstanding voting securities of the Fund; (b) this Agreement shall immediately terminate in the event of its assignment (to the extent required by the Act and the rules thereunder) unless such automatic terminations shall be prevented by an exemptive order of the Securities and Exchange Commission; and (c) the Investment Manager may terminate this Agreement without payment of penalty on thirty days' written notice to the Fund. Any notice under this Agreement shall be given in writing, addressed and delivered, or mailed post-paid, to the other party at the principal office of such party.

12. This Agreement may be amended by the parties without the vote or consent of the shareholders of the Fund to supply any omission, to cure, correct or supplement any ambiguous, defective or inconsistent provision hereof, or if they deem it necessary to conform this Agreement to the requirements of applicable federal laws or regulations, but neither the Fund nor the Investment Manager shall be liable for failing to do so.

13. This Agreement shall be construed in accordance with the laws of the State of New York and the applicable provisions of the Act. To the extent the applicable law of the State of New York, or any of the provisions herein, conflicts with the applicable provisions of the Act, the latter shall control.

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14. The Investment Manager and the Fund each agree that the name "Dean Witter", which comprises a component of the Fund's name, is a property right of Dean Witter Reynolds Inc. The Fund agrees and consents that (i) it will only use the name "Dean Witter" as a component of its name and for no other purpose, (ii) it will not purport to grant to any third party the right to use the name "Dean Witter" for any purpose, (iii) the Investment Manager or its parent, Dean Witter Reynolds Inc., or any corporate affiliate of the Investment Manager's parent, may use or grant to others the right to use the name "Dean Witter", or any combination or abbreviation thereof, as all or a portion of a corporate or business name or for any commercial purpose, including a grant of such right to any other investment company, (iv) at the request of the Investment Manager or its parent, the Fund will take such action as may be required to provide its consent to the use of the name "Dean Witter", or any combination or abbreviation thereof, by the Investment Manager or its parent or any corporate affiliate of the Investment Manager's parent, or by any person to whom the Investment Manager or its parent or any corporate affiliate of the Investment Manager's parent shall have granted the right to such use, and (v) upon the termination of any investment advisory agreement into which the Investment Manager and the Fund may enter, or upon termination of affiliation of the Investment Manager with its parent, the Fund shall, upon request by the Investment Manager or its parent, cease to use the name "Dean Witter" as a component of its name, and shall not use the name, or any combination or abbreviation thereof, as a part of its name or for any other commercial purpose, and shall cause its officers, Trustees and shareholders to take any and all actions which the Investment Manager or its parent may request to effect the foregoing and to reconvey to the Investment Manager or its parent any and all rights to such name.

15. The Declaration of Trust establishing Dean Witter Premier Income Trust, dated March 26, 1991, a copy of which, together with all amendments thereto (the "Declaration"), is on file in the office of the Secretary of the Commonwealth of Massachusetts, provides that the name Dean Witter Premier Income Trust refers to the Trustees under the Declaration collectively as Trustees, but not as individuals or personally; and no Trustee, shareholder, officer, employee or agent of Dean Witter Premier Income Trust shall be held to any personal liability, nor shall resort be had to their private property for the satisfaction of any obligation or claim or otherwise, in connection with the affairs of said Dean Witter Premier Income Trust, but the Trust Estate only shall be liable.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the day and year first above written in New York, New York.

DEAN WITTER PREMIER INCOME TRUST

By .....

Attest: .....

DEAN WITTER INTERCAPITAL INC.

By .....

Attest: .....



## SUB-ADVISORY AGREEMENT

AGREEMENT made as of the 30th day of June, 1993 by and between Dean Witter InterCapital Inc., a Delaware corporation (herein referred to as the "Investment Manager"), and BlackRock Financial Management L.P., a Delaware limited partnership (herein referred to as the "Sub-Advisor").

WHEREAS, Dean Witter Premier Income Trust (herein referred to as the "Fund") is engaged in business as an open-end management investment company and is registered as such under the Investment Company Act of 1940, as amended (the "Act"); and

WHEREAS, the Investment Manager has entered into an Investment Management Agreement with the Fund (the "Investment Management Agreement") wherein the Investment Manager has agreed to provide investment management services to the Fund; and

WHEREAS, the Sub-Advisor is registered as an investment adviser as under the Investment Advisers Act of 1940 and engages in the business of acting as an investment advisor; and

WHEREAS, the Investment Manager desires to retain the services of the Sub-Advisor to render investment advisory services for the Fund in the manner and on the terms and conditions hereinafter set forth; and

WHEREAS, the Sub-Advisor desires to be retained by the Investment Manager to perform services on said terms and conditions:

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. Subject to the supervision of the Fund, its officers and Trustees, and the Investment Manager, and in accordance with the investment objective, policies and restrictions set forth in the then-current Registration Statement relating to the Fund, and such investment objective, policies and restrictions from time to time prescribed by the Trustees of the Fund and communicated by the Investment Manager to the Sub-Advisor, the Sub-Advisor agrees to provide the Fund with investment advisory services with respect to investments in the Fund's portfolio securities, as follows: to obtain and evaluate such information and advice relating to the economy, securities markets and securities as it deems necessary or useful to discharge its duties hereunder; to continuously manage the assets of the Fund in a manner consistent with the investment objective and policies of the Fund; to determine the securities to be purchased, sold or otherwise disposed of by the Fund and the timing of such purchases, sales and dispositions; to take such further action, including the placing of purchase and sale orders on behalf of the Fund, as it shall deem necessary or appropriate; and to furnish to or place at the disposal of the Fund and the Investment Manager such of the information, evaluations, analyses and opinions formulated

or obtained by it in the discharge of its duties as the Fund and the Investment Manager may, from time to time, reasonably request. The Investment Manager and the Sub-Advisor shall each make its officers and employees available to the other from time to time at reasonable times to review investment policies of the Fund and to consult with each other.

2. The Sub-Advisor shall, at its own expense, maintain such staff and employ or retain such personnel and consult with such other persons as it shall from time to time determine to be necessary or useful to the performance of its obligations under this Agreement. Without limiting the generality of the foregoing, the staff and personnel of the Sub-Advisor shall be deemed to include persons employed or otherwise retained by the Sub-Advisor to furnish statistical and other factual data, advice regarding economic factors and trends, information with respect to technical and scientific developments, and such other information, advice and assistance as the Investment Manager may reasonably request, PROVIDED, that nothing contained herein shall require the Sub-Advisor to transfer proprietary technology to the Investment Manager. The Sub-Advisor shall maintain whatever records as may be required to be maintained by it under the Act. All such records so maintained shall be retained for the period of time required under the Act and shall remain the property of the Fund and be made available to the Fund, upon the request of the Investment Manager or the Fund.

3. The Fund will, from time to time, furnish or otherwise make available to the Sub-Advisor such financial reports, proxy statements and other information relating to the business and affairs of the Fund as

the Sub-Advisor may reasonably require in order to discharge its duties and obligations hereunder or to comply with any applicable law and regulations and the investment objectives, policies and restrictions from time to time prescribed by the Trustees of the Fund.

4. The Sub-Advisor shall bear the cost of rendering the investment advisory services to be performed by it under this Agreement, and shall, at its own expense, pay the compensation of the officers and employees, if any, of the Fund, employed by the Sub-Advisor, and such clerical help and bookkeeping services as the Sub-Advisor shall reasonably require in performing its duties hereunder.

5. The Fund assumes and shall pay or cause to be paid all other expenses of the Fund, including, without limitation: any fees paid to the Investment Manager; fees pursuant to any plan of distribution that the Fund may adopt; the charges and expenses of any registrar, any custodian, sub-custodian or depository appointed by the Fund for the safekeeping of its cash, portfolio securities and other property, and any stock transfer or dividend agent or agents appointed by the Fund; brokers' commissions chargeable to the Fund in connection with portfolio securities transactions to which the Fund is a party; all taxes, including securities issuance and transfer taxes, and fees payable by the Fund to federal, state or other governmental agencies or pursuant to any

foreign laws; the cost and expense of engraving or printing certificates representing shares of the Fund; all costs and expenses in connection with the registration and maintenance of registration of the Fund and its shares with the Securities and Exchange Commission and various states and other jurisdictions or pursuant to any foreign laws (including filing fees and legal fees and disbursements of counsel); the cost and expense of printing (including typesetting) and distributing prospectuses of the Fund and supplements thereto to the Fund's shareholders; all expenses of shareholders' and Trustees' meetings and of preparing, printing and mailing proxy statements and reports to shareholders; fees and travel expenses of Trustees or members of any advisory board or committee who are not employees of the Investment Manager or Sub-Advisor; all expenses incident to the payment of any dividend, distribution, withdrawal or redemption whether in shares or in cash; charges and expenses of any outside service used for pricing of the Fund's shares; charges and expenses of legal counsel, including counsel to the Trustees of the Fund who are not "interested persons" (as defined in the Act) of the Fund, the Investment Manager or the Sub-Advisor, and of independent accountants, in connection with any matter relating to the Fund; membership dues of industry associations; interest payable on Fund borrowings; postage; insurance premiums on property or personnel (including officers and Trustees) of the Fund which inure to its benefit; extraordinary expenses (including but not limited to legal claims and liabilities and litigation costs and any indemnification related thereto); and all other charges and costs of the Fund's operation unless otherwise explicitly provided herein.

6. For the services to be rendered, the facilities furnished, and the expenses assumed by the Sub-Advisor, the Investment Manager shall pay to the Sub-Advisor monthly compensation equal to 40% of its monthly compensation receivable pursuant to the Investment Management Agreement. Any subsequent change in the Investment Management Agreement which has the effect of raising or lowering the compensation of the Investment Manager will have the concomitant effect of raising or lowering the fee payable to the Sub-Advisor under this Agreement. In addition, if the Investment Manager has undertaken in the Fund's Registration Statement as filed under the Act or elsewhere to waive all or part of its fee under the Investment Management Agreement, the Sub-Advisor's fee payable under this Agreement will be proportionately waived in whole or in part. The calculation of the fee payable to the Sub-Advisor pursuant to this Agreement will be made, each month, at the time designated for the monthly calculation of the fee payable to the Investment Manager pursuant to the Investment Management Agreement. If this Agreement becomes effective subsequent to the first day of a month or shall terminate before the last day of a month, compensation for the part of the month this Agreement is in effect shall be prorated in a manner consistent with the calculation of the fee as set forth above. Subject to the provisions of paragraph 7 hereof, payment of the Sub-Advisor's compensation for the preceding month shall be made as promptly as possible after completion of the computations contemplated by paragraph 7 hereof.

7. In the event the operating expenses of the Fund, including amounts payable to the Investment Manager pursuant to the Investment Management Agreement, for any fiscal year ending on a date on which this Agreement is in effect, exceed the expense limitations applicable to the Fund imposed by state

securities laws or regulations thereunder, as such limitations may be raised or lowered from time to time, the Sub-

Advisor shall reduce its advisory fee (but not lower than zero) to the extent of 40% of such excess, it being understood that the Investment Manager has agreed to effect a reduction and reimbursement of 60% of such excess in accordance with the terms of the Investment Management Agreement; provided, however, there shall be excluded from such expenses the amount of any interest, taxes, brokerage commissions, distribution fees and extraordinary expenses (including but not limited to legal claims and liabilities and litigation costs and any indemnification related thereto) paid or payable by the Fund. Such reduction, if any, shall be computed and accrued daily, shall be settled on a monthly basis, and shall be based upon the expense limitation applicable to the Fund as at the end of the last business day of the month. Should two or more such expense limitations be applicable as at the end of the last business day of the month, that expense limitation which results in the largest reduction in the Investment Manager's fee or the largest expense reimbursement shall be applicable.

For purposes of this provision, should any applicable expense limitation be based upon the gross income of the Fund, such gross income shall include, but not be limited to, interest on debt securities in the Fund's portfolio accrued to and including the last day of the Fund's fiscal year, and dividends declared on equity securities, if any, in the Fund's portfolio, the record dates for which fall on or prior to the last day of such fiscal year, but shall not include gains from the sale of securities.

8. The Sub-Advisor will use its best efforts in the performance of investment activities on behalf of the Fund, but in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations hereunder, the Sub-Advisor shall not be liable to the Investment Manager or the Fund or any of its investors for any error of judgment or mistake of law or for any act or omission by the Sub-Advisor or for any losses sustained by the Fund or its investors.

9. It is understood that any of the shareholders, Trustees, officers and employees of the Fund may be a shareholder, director, officer or employee of, or be otherwise interested in, the Sub-Advisor, and in any person controlled by or under common control with the Sub-Advisor, and that the Sub-Advisor and any person controlled by or under common control with the Sub-Advisor may have an interest in the Fund. It is also understood that the Sub-Advisor and any affiliated persons thereof or any persons controlled by or under common control with the Sub-Advisor have and may have advisory, management service or other contracts with other organizations and persons, and may have other interests and businesses, and further may purchase, sell or trade any securities or commodities for their own accounts or for the account of others for whom they may be acting; PROVIDED, HOWEVER, that, unless expressly consented to in writing by the Investment Manager or the Sub-Advisor, as the case may be, for so long as the Sub-Advisor shall serve as sub-advisor to the Fund, neither (i) the Sub-Advisor nor any of its affiliates which contains the name "Blackstone" or

(ii) the Investment Manager nor any of its affiliates which contains the name "Dean Witter" shall undertake to act as investment advisor or sub-advisor for any other U.S. registered open-end investment company, sold primarily to retail investors, which utilizes the same investment techniques utilized by the Sub-Advisor in connection with its sub-advisory services to the Fund and whose investment objective and policies and general asset allocation are the same as those of the Fund and which is sponsored, distributed or managed by a U.S. registered broker-dealer or one of its affiliates.

10. (a) The Fund, to the full extent permitted by applicable law, shall indemnify the Sub-Advisor and each of the Sub-Advisor's partners, officers, employees and agents who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Fund) by reason of the fact that he is or was a Trustee, partner, officer, employee, or agent of the Fund or the Sub-Advisor acting in its capacity as Sub-Advisor (each such person hereinafter referred to as an Indemnified Person). The indemnification shall be against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him in connection with the action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Fund, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did

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not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Fund, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Fund shall indemnify any Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or on behalf of the Fund to obtain a judgment or decree in its favor by reason of the fact that he is or was a Trustee, officer, employee, or agent of the Fund or the Sub-Advisor acting in its capacity as Sub-Advisor. The indemnification shall be against expenses, including attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Fund; except that no indemnification shall be made in respect of any claim, issue, or matter as to which the person has been adjudged to be liable for negligence or misconduct in the performance of his duty to the Fund, except to the extent that the court in which the action or suit was brought, or a court of equity in the county in which the Fund has its principal office, determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnity for those expenses which the court shall deem proper, provided such Indemnified Person is

not adjudged to be liable by reason of his willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

(c) To the extent that an Indemnified Person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (a) or (b) or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

(d) (1) Unless a court orders otherwise, any indemnification under subsections (a) or (b) of this section may be made by the Fund only as authorized in the specific case after a determination that indemnification of the Indemnified Person is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) or (b).

(2) The determination shall be made:

(i) By the Trustees, by a majority vote of a quorum which consists of Trustees who were not parties to the action, suit or proceeding; or

(ii) If the required quorum is not obtainable, or if a quorum of Trustees who are not "interested persons" of the Fund (as defined in the Act) so directs, by independent legal counsel in a written opinion; or

(iii) By the Fund's shareholders.

(3) Notwithstanding any provision of this paragraph 10, no person shall be entitled to indemnification for any liability, whether or not there is an adjudication of liability, arising by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of duties as described in Section 17(h) and (i) of the Act ("disabling conduct"). A person shall be deemed not liable by reason of disabling conduct if, either:

(i) a final decision on the merits is made by a court or other body before whom the proceeding was brought that the Indemnified Person was not liable by reason of disabling conduct; or

(ii) in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the Indemnified Person was not liable by reason of disabling conduct, is made by either--

(A) a majority of a quorum of Trustees who are neither "interested persons" of the Fund, (as defined in the Act), nor parties to the action, suit or proceeding, or

(B) an independent legal counsel in a written opinion.

(e) Expenses, including attorneys' fees, incurred by an Indemnified Person in defending a civil or criminal action, suit or proceeding may be paid by the Fund in advance of the final disposition thereof if:

(1) authorized in the specific case by the Trustees; and

(2) the Fund receives an undertaking by or on behalf of the Indemnified Person to repay the advance if it is not ultimately determined that such person is entitled to be indemnified by the Fund; and

(3) either, (i) such person provides a security for his undertaking, or

(ii) the Fund is insured against losses by reason of any lawful advances, or

(iii) a determination, based on a review of readily available facts, that there is reason to believe that such person ultimately will be found entitled to indemnification, is made by either--

(A) a majority of a quorum which consists of Trustees who are neither "interested persons" of the Fund (as defined in the Act), nor parties to the action, suit or proceeding, or

(B) an independent legal counsel in a written opinion.

(f) The indemnification provided by this paragraph 10 shall not be deemed exclusive of any other rights to which an Indemnified Person may be entitled under any by-law, agreement, vote of Fund shareholders or Trustees who are not "interested persons" of the Fund or otherwise, both as to action in his official capacity and as to action in another capacity while a partner, officer, employee or agent of the Sub-Advisor, and shall continue as to a person who has ceased to be an Indemnified Person and inure to the benefit of the heirs, executors and administrators of such person; provided that no person may satisfy any right of indemnity or reimbursement granted herein or to which he may be otherwise entitled except out of the property of the Fund, and no shareholder shall be personally liable with respect to any claim for indemnity or reimbursement or otherwise.

(g) The Fund may purchase and maintain insurance on behalf of any Indemnified Person, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such. However, in no event will the Fund purchase insurance to indemnify any Indemnified Person against liability for any act for which the Fund itself is not permitted to indemnify him.

(h) Nothing contained in this Section shall be construed to protect any Indemnified Person of the Fund against any liability to the Fund or to its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

(i) The provisions of this paragraph 10 shall survive the termination of this Agreement.

11. This Agreement shall remain in effect until April 30, 1994 and from year to year thereafter provided such continuance is approved at least annually by the vote of holders of a majority, as defined in the Act, of the outstanding voting securities of the Fund or by the Trustees of the Fund; provided, that in either event such continuance is also approved annually by the vote of a majority of the Trustees of the Fund who are not parties to this Agreement or "interested persons" (as defined in the Act) of any such party, which vote must be cast in person at a meeting called for the purpose of voting on such approval; provided, however, that (a) the Fund may, at any time and without the payment of any penalty, terminate this Agreement upon thirty days' written notice to the Investment Manager and the Sub-Advisor, either by majority vote of the Trustees of the Fund or by the vote of a majority of the outstanding voting securities of the Fund; (b) this Agreement shall immediately terminate in the event of its assignment (within the meaning of the Act) unless such automatic termination shall be prevented by an exemptive order of the Securities and Exchange Commission; (c) this Agreement shall immediately terminate in the event of the termination of the Investment Management Agreement; (d) the Investment Manager may terminate this Agreement without payment of penalty on thirty days' written notice to the Fund and the Sub-Advisor and; (e) the Sub-Advisor may terminate this Agreement without the payment of penalty on thirty days' written notice to the Fund and the Investment Manager. Any notice under this Agreement shall be given in writing, addressed and delivered, or mailed post-paid, to the other party at the principal office of such party.

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12. This Agreement may be amended by the parties without the vote or consent of the shareholders of the Fund to supply any omission, to cure, correct or supplement any ambiguous, defective or inconsistent provision hereof, or if they deem it necessary to conform this Agreement to the requirements of applicable federal laws or regulations, but neither the Fund, the Investment Manager nor the Sub-Advisor shall be liable for failing to do so.

13. This Agreement shall be construed in accordance with the law of the State of New York and the applicable provisions of the Act. To the extent the applicable law of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the Act, the latter shall control.

14. The Declaration of Trust establishing Dean Witter Premier Income Trust, dated March 26, 1991, a copy of which is on file in the office of the Secretary of the Commonwealth of Massachusetts, provides that the name Dean Witter Premier Income Trust refers to the Trustees under the Declaration collectively as Trustees, but not as individuals or personally; and no Trustee, Shareholder, officer, employee or agent of Dean Witter Premier Income Trust shall be held to any personal liability, nor shall resort be had to their private property for the satisfaction of any obligation or claim or otherwise, in connection with the affairs of said Dean Witter Premier Income Trust, but the Trust Estate only shall be liable.



IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written in New York, New York.

DEAN WITTER INTERCAPITAL INC.

By \_\_\_\_\_

Attest: \_\_\_\_\_

BLACKROCK FINANCIAL  
MANAGEMENT L.P.

By \_\_\_\_\_

Attest: \_\_\_\_\_

Accepted and agreed to as of  
the day and year first above written:  
DEAN WITTER PREMIER INCOME  
TRUST

By \_\_\_\_\_

Attest: \_\_\_\_\_

DEAN WITTER PREMIER INCOME TRUST

DISTRIBUTION AGREEMENT

AGREEMENT made as of this 30th day of June, 1993 between Dean Witter Premier Income Trust, an incorporated business Fund organized under the laws of the Commonwealth of Massachusetts (the "Fund"), and Dean Witter Distributors Inc., a Delaware corporation (the "Distributor");

W I T N E S S E T H:

WHEREAS, the Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified open-end investment company and it is in the interest of the Fund to offer its shares for sale continuously; and

WHEREAS, the Fund and the Distributor wish to enter into an agreement with each other with respect to the continuous offering of the Fund's transferable shares of beneficial interest, of \$.01 par value ("Shares"), in order to promote the growth of the Fund and facilitate the distribution of its shares.

NOW, THEREFORE, the parties agree as follows:

SECTION 1. APPOINTMENT OF THE DISTRIBUTOR. (a) The fund hereby appoints the Distributor as the principal underwriter of the Fund to sell Shares to the public on the terms set forth in this Agreement and the Fund's Prospectus and the Distributor hereby accepts such appointment and agrees to act hereunder. The Fund, during the term of this Agreement, shall sell Shares to the Distributor upon the terms and conditions set forth herein.

(b) The Distributor agrees to purchase Shares, as principal for its own account, from the Fund and to sell Shares as principal to investors and securities dealers, including Dean Witter Reynolds Inc. ("DWR"), an affiliate of the Distributor, upon the terms described herein and in the Fund's prospectus (the "Prospectus") and statement of additional information included in the Fund's registration statement (the "Registration Statement") most recently filed from time to time with the Securities and Exchange Commission (the "SEC") and effective under the Securities Act of 1933, as amended (the "1933 Act") and 1940 Act or as said Prospectus may be otherwise amended or supplemented and filed with the SEC pursuant to Rule 497 under the 1933 Act.

SECTION 2. EXCLUSIVE NATURE OF DUTIES. The Distributor shall be the exclusive principal underwriter and distributor of the Fund, except that the exclusive rights granted to the Distributor to sell the Shares shall not apply to Shares issued by the Fund: (i) in connection with the merger or consolidation of any other investment company or personal holding company with the Fund or the acquisition by purchase or otherwise of all (or substantially all) the assets or

the outstanding shares of any such company by the Fund; or (ii) pursuant to reinvestment of dividends or capital gains distributions; or (iii) pursuant to the reinstatement privilege afforded redeeming shareholders.

SECTION 3. PURCHASE OF SHARES FROM THE FUND. (a) The Distributor shall have the right to buy from the Fund the Shares needed, but not more than the Shares needed (except for clerical errors in transmission), to fill unconditional orders for Shares placed with the Distributor by investors and securities dealers. The price which the Distributor shall pay for the Shares so purchased from the Fund shall be the net asset value, determined as set forth in the Prospectus, used in determining the public offering price on which such orders were based.

(b) The Shares are to be resold by the Distributor at the public offering price, as set forth in Section 3(c) hereof to investors or to securities dealers including DWR, who have entered into selected dealer agreements with the Distributor pursuant to Section 7 ("Selected Dealers").

(c) The public offering price(s) of the Shares, i.e., the price per share at which the Distributor may sell Shares to the public, shall be the public offering price as set forth in the Prospectus relating to such Shares, but not to exceed the net asset value at which the Distributor is to purchase the shares, plus a sales charge not to exceed 3.0% of the public offering price, subject to reductions for volume purchases. If the public offering price does not equal an even cent, the public offering price may be adjusted to the nearest cent. All payments to the Fund hereunder shall be made in the manner set forth in Section 3(e).

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(d) The Fund shall have the right to suspend the sale of the Shares at times when redemption is suspended pursuant to the conditions set forth in Section 4(d) hereof. The Fund shall also have the right to suspend the sale of the Shares if trading on the New York Stock Exchange shall have been suspended, if a banking moratorium shall have been declared by federal or New York authorities, or if there shall have been some other extraordinary event which, in the judgment of the Fund, makes it impracticable to sell the Shares.

(e) The Fund, or any agent of the Fund designated in writing by the Fund, shall be promptly advised of all purchase orders for Shares received by the Distributor. Any order may be rejected by the Fund; provided, however, that the Fund will not arbitrarily or without reasonable cause refuse to accept orders for the purchase of Shares. The Distributor will confirm orders upon their receipt, and the Fund (or its agent) upon receipt of payment therefor and instructions will deliver share certificates for such Shares or a statement confirming the issuance of Shares. Payment shall be made to the Fund in New York

Clearing House funds. The Distributor agrees to cause such payment and such instructions to be delivered promptly to the Fund (or its agent).

With respect to Shares sold by any Selected Dealer, the Distributor is authorized to direct the Fund's transfer agent to receive instructions directly from the Selected Dealer on behalf of the Distributor as to registration of Shares in the names of investors and to confirm issuance of the Shares to such investors. The Distributor is also authorized to instruct the transfer agent to receive payment directly from the Selected Dealer on behalf of the Distributor, for prompt transmittal to the Fund's custodian, of the purchase price of the Shares. In such event the Distributor shall obtain from the Selected Dealer and maintain a record of such registration instructions and payments.

SECTION 4. REPURCHASE OR REDEMPTION OF SHARES. (a) Any of the outstanding Shares may be tendered for redemption at any time, and the Fund agrees to redeem the Shares so tendered in accordance with the applicable provisions set forth in the Prospectus. The price to be paid to redeem the Shares shall be equal to the net asset value determined as set forth in the Prospectus. All payments by the Fund hereunder shall be made in the manner set forth below. The redemption by the Fund of any of the Shares purchased by or through the Distributor will not affect the sales charge secured by the Distributor in the course of the original sale, except that if any Shares are tendered for redemption within seven business days after the date of the confirmation of the original purchase, the right to the sales charge shall be forfeited by the Distributor.

Upon any redemption of Shares the Fund shall pay the total amount of the redemption price in accordance with applicable provisions of the Prospectus in New York Clearing House funds.

(b) The Distributor is authorized, as agent for the Fund, to repurchase Shares, represented by a share certificate which is delivered to any office of the Distributor in accordance with applicable provisions set forth in the Prospectus. The Distributor shall promptly transmit to the transfer agent of the Fund for redemption all Shares so delivered. The Distributor shall be responsible for the accuracy of instructions transmitted to the Fund's transfer agent in connection with all such repurchases.

(c) The Distributor is authorized, as agent for the Fund, to repurchase Shares held in a shareholder's account with the Fund for which no share certificate has been issued, upon the telephonic or telegraphic request of the shareholder, or at the discretion of the Distributor. The Distributor shall promptly transmit to the transfer agent of the Fund, for redemption, all such orders for repurchase of shares. Payment for shares repurchased may be made by the Fund to the Distributor for the account of the shareholder. The Distributor shall be responsible for the accuracy of instructions transmitted to the Fund's transfer agent in connection with all such repurchases.

With respect to Shares tendered for redemption or repurchase by any Selected Dealer on behalf of its customers, the Distributor is authorized to instruct the transfer agent of the Fund to accept orders for redemption or repurchase directly from the Selected Dealer on behalf of the Distributor and to

instruct the Fund to transmit payments for such redemptions and repurchases directly to the Selected Dealer on behalf of the Distributor for the account of the shareholder. The Distributor shall obtain from the Selected Dealer and maintain a record of such orders. The Distributor is further authorized to obtain from the Fund and shall maintain, a record of payments made directly to the Selected Dealer on behalf of the Distributor.

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(d) Redemption of Shares or payment by the Fund may be suspended at times when the New York Stock Exchange is closed, when trading on said Exchange is restricted, when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or during any other period when the Securities and Exchange Commission, by order, so permits.

SECTION 5. DUTIES OF THE FUND. (a) The Fund shall furnish to the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of the Shares, including one certified copy, upon request by the Distributor, of all financial statements prepared by the Fund and examined by independent accountants. The Fund shall, at the expense of the Distributor, make available to the Distributor such number of copies of the Prospectus as the Distributor shall reasonably request.

(b) The Fund shall take, from time to time, but subject to the necessary approval of its shareholders, all necessary action to fix the number of its authorized Shares and to register Shares under the 1933 Act, to the end that there will be available for sale such number of Shares as investors may reasonably be expected to purchase.

(c) The Fund shall use its best efforts to qualify and maintain the qualification of an appropriate number of the Shares for sale under the securities laws of such states as the Distributor and the Fund may approve. Any such qualification may be withheld, terminated or withdrawn by the Fund at any time in its discretion. As provided in Section 8(c) hereof, the expense of qualification and maintenance of qualification shall be borne by the Fund. The Distributor shall furnish such information and other material relating to its affairs and activities as may be required by the Fund in connection with such qualification.

(d) The Fund shall, at the expense of the Distributor, furnish, in reasonable quantities upon request by the Distributor, copies of annual and interim reports by the Fund.

SECTION 6. DUTIES OF THE DISTRIBUTOR. (a) The Distributor shall sell Shares of the Fund through DWR and may sell Shares through other securities

dealers and its own Account Executives and shall devote reasonable time and effort to promote sales of the Shares, but shall not be obligated to sell any specific number of Shares. The services of the Distributor hereunder are not exclusive and it is understood that the Distributor acts as principal underwriter for other registered investment companies and intends to do so in the future. It is also understood that Selected Dealers, including DWR, may also sell shares for other registered investment companies.

(b) The Distributor and any Selected Dealers shall not give any information or make any representations, other than those contained in the Registration Statement or related Prospectus and any sales literature specifically approved by the Fund.

(c) The Distributor agrees that it will comply with the terms and limitations of the Rules of Fair Practice of the National Association of Security Dealers, Inc. (NASD).

SECTION 7. SELECTED DEALER AGREEMENTS. (a) The Distributor shall have the right to enter into selected dealers agreements with Selected Dealers for the sale of Shares. In making agreements with Selected Dealers, the Distributor shall act only as principal and not as agent for the Fund. Shares sold to Selected Dealers shall be for resale by such dealers only at the public offering price set forth in the Prospectus.

(b) Within the United States, the Distributor shall offer and sell Shares only to Selected Dealers that are members in good standing of the NASD.

(c) The Distributor shall adopt and follow procedures, as approved by the Fund, for the confirmation of sales of Shares to investors and Selected Dealers, the collection of amounts payable by investors and Selected Dealers on such sales, and the cancellation of unsettled transactions, as may be necessary to comply with the requirements of the NASD, as such requirements may from time to time exist.

SECTION 8. PAYMENT OF EXPENSES. (a) The Fund shall bear all costs and expenses of the Fund, including fees and disbursements of legal counsel including counsel to the Trustees of the Fund who are

not interested persons (as defined in the 1940 Act) of the Fund or the Distributor, and independent accountants, in connection with the preparation and filing of any required Registration Statements and Prospectuses and Statements of Additional Information and all amendments and supplements thereto, and the expense of preparing, printing, mailing and otherwise distributing prospectuses and statements of additional information, annual or interim reports or proxy materials to shareholders.

(b) After the Prospectuses and annual and interim reports have been prepared, set in type and mailed to shareholders, the Distributor shall bear the costs and expenses of printing and distributing any copies thereof which are used in connection with the offering of Shares to investors. The Distributor shall bear the costs and expenses of preparing, printing and distributing any supplementary sales literature used by the Distributor in connection with the offering of the Shares for sale. Any expenses of advertising incurred in connection with such offering will also be the obligation of the Distributor.

(c) The Fund shall bear the cost and expenses of qualification of the Shares for sale, and, if necessary or advisable in connection therewith, of qualifying the Fund as a broker or dealer, in such states of the United States or other jurisdictions as shall be selected by the Fund and the Distributor pursuant to Section 5(c) hereof and the cost and expenses payable to each such state for continuing qualification therein until the Fund decides to discontinue such qualification pursuant to Section 5(c) hereof.

SECTION 9. INDEMNIFICATION. (a) The Fund shall indemnify and hold harmless the Distributor and each person, if any, who controls the Distributor against any loss, liability, claim, damage or expense (including the reasonable cost of investigating or defending any alleged loss, liability, claim, damage or expense and reasonable counsel fees incurred in connection therewith), arising by reason of any person acquiring any Shares, which may be based upon the 1933 Act, or on any other statute or at common law, on the ground that the Registration Statement or related Prospectus and Statements of Additional Information, as from time to time amended and supplemented, or an annual or interim reports to shareholders of the Fund, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, unless such statement or omission was made in reliance upon, and in conformity with, information furnished to the Fund in connection therewith by or on behalf of the Distributor; provided, however, that in no case (i) is the indemnity of the Fund in favor of the Distributor and any such controlling persons to be deemed to protect the Distributor or any such controlling persons thereof against any liability to the Fund or its security holders to which the Distributor or any such controlling persons would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of reckless disregard of its obligations and duties under this Agreement; or (ii) is the Fund to be liable under its indemnity agreement contained in this paragraph with respect to any claim made against the Distributor or any such controlling persons, unless the Distributor or any such controlling persons, as the case may be, shall have notified the Fund in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon the Distributor or such controlling persons (or after the Distributor or such controlling persons shall have received notice of such service on any designated agent), but failure to notify the Fund of any such claim shall not relieve it from any liability which it may have to the person against whom such action is brought otherwise than on account of its indemnity agreement contained in this paragraph. The Fund will be entitled to participate at its own expense in the defense or if it so elects, to assume the defense, of any suit brought to

enforce any such liability, but if the Fund elects to assume the defense, such defense shall be conducted by counsel chosen by it and satisfactory to the Distributor or such controlling person or persons, defendant or defendants in the suit. In the event the Fund elects to assume the defense of any such suit and retain such counsel, the Distributor or such controlling person or persons, defendant or defendants in the suit, shall bear the fees and expenses of any additional counsel retained by them, but, in case the Fund does not elect to assume the defense of any such suit, it will reimburse the Distributor or such controlling person or persons, defendant or defendants in the suit, for the reasonable fees and expenses of any counsel retained by them. The Fund shall promptly notify the Distributor of the commencement of any litigation or proceedings against it or any of its officers or trustees in connection with the issuance or sale of the Shares.

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(b) (i) The Distributor shall indemnify and hold harmless the Fund and each of its trustees and officers and each person, if any, who controls the Fund against any loss, liability, claim, damage, or expense described in the foregoing indemnity contained in subsection (a) of this Section, but only with respect to statements or omissions made in reliance upon, and in conformity with, information furnished to the Fund in writing by or on behalf of the Distributor for use in connection with the Registration Statement or related Prospectus and Statement of Additional Information, as from time to time may be amended, or the annual or interim reports to shareholders.

(ii) The Distributor shall indemnify and hold harmless the Fund and the Fund's transfer agent, individually and in its capacity as the Fund's transfer agent, from and against any claims, damages and liabilities which arise as a result of actions taken pursuant to instructions from, or on behalf of, the Distributor to: (1) redeem all or a part of shareholder accounts in the Fund pursuant to subsection 4(c) hereof and pay the proceeds to, or as directed by, the Distributor for the account of each shareholder whose Shares are so redeemed; and (2) register Shares in the names of investors, confirm the issuance thereof and receive payment therefor pursuant to subsection 3(e).

(iii) In case any action shall be brought against the Fund or any person so indemnified by this subsection 9(b) in respect of which indemnity may be sought against the Distributor, the Distributor shall have the rights and duties given to the Fund, and the Fund and each person so indemnified shall have the rights and duties given to the Distributor by the provisions of subsection (a) of this Section 9.

(c) If the indemnification provided for in this Section 9 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages, liabilities or expenses (or



actions in respect thereof) referred to herein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Fund on the one hand and the Distributor on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Fund on the one hand and the Distributor on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Fund on the one hand and the Distributor on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Fund bear to the total compensation received by the Distributor, in each case set forth in the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Fund or the Distributor and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Fund and the Distributor agree that it would not be just and equitable if contribution were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above. The amount paid or payable by an indemnified party as a result of the losses, claims, damage, liabilities or expenses (or actions in respect thereof) referred to above shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such claim. Notwithstanding the provisions of this subsection (c), the Distributor shall not be required to contribute any amount in excess of the amount by which the total price at which the Shares distributed by it to the public were offered to the public exceeds the amount of any damages which it has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

SECTION 10. DURATION AND TERMINATION OF THIS AGREEMENT. This Agreement shall become effective as of the date first above written and shall remain in force until April 30, 1994, and thereafter, but only so long as such continuance is specifically approved at least annually by (i) the Board of

Trustees of the Fund, or by the vote of a majority of the outstanding voting

securities of the Fund, cast in person or by proxy, and (ii) a majority of those Trustees who are not parties to this Agreement or interested persons of any such party and who have no direct or indirect financial interest in this Agreement or in the operation of the Fund's Rule 12b-1 Plan or in any agreement related thereto, cast in person at a meeting called for the purpose of voting upon such approval.

This Agreement may be terminated at any time, without the payment of any penalty, by the Trustees of the Fund or by vote of a majority of the outstanding voting securities of the Fund, or by the Distributor, on sixty days' written notice to the other party. This Agreement shall automatically terminate in the event of its assignment.

The terms "vote of a majority of the outstanding voting securities," "assignment" and "interested person", when used in this Agreement, shall have the respective meanings specified in the 1940 Act.

SECTION 11. AMENDMENTS OF THIS AGREEMENT. This Agreement may be amended by the parties only if such amendment is specifically approved by (i) the Trustees of the Fund, or by the vote of a majority of outstanding voting securities of the Fund, and (ii) a majority of those Trustees of the Fund who are not parties to this Agreement or interested persons of any such party and who have no direct or indirect financial interest in this Agreement, cast in person at a meeting called for the purpose of voting on such approval.

SECTION 12. GOVERNING LAW. This Agreement shall be construed in accordance with the law of the State of New York and the applicable provisions of the 1940 Act. To the extent that the applicable law of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the 1940 Act, the latter shall control.

SECTION 13. PERSONAL LIABILITY. The Declaration of Fund establishing Dean Witter Premier Income Trust, dated March 27, 1991 a copy of which, together with all amendments thereto (the "Declaration"), is on file in the office of the Secretary of the Commonwealth of Massachusetts, provides that the name Dean Witter Premier Income Trust refers to the Trustees under the Declaration collectively as Trustees, but not as individuals or personally; and no Trustee, shareholder, officer, employee or agent of Dean Witter Premier Income Trust shall be held to any personal liability, nor shall resort be had to their private property for the satisfaction of any obligation or claim or otherwise, in connection with the affairs of said Dean Witter Premier Income Trust, but the Fund Estate only shall be liable.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written in New York, New York.

DEAN WITTER PREMIER INCOME TRUST

By: \_\_\_\_\_

DEAN WITTER DISTRIBUTORS INC.

By: \_\_\_\_\_

DEAN WITTER PREMIER INCOME TRUST

SELECTED DEALERS AGREEMENT

Gentlemen:

Dean Witter Distributors Inc. (the "Distributor") has a distribution agreement (the "Distribution Agreement") with Dean Witter Premier Income Trust, a Massachusetts business trust (the "Fund"), pursuant to which it acts as the Distributor for the sale of the Fund's shares of beneficial interest, par value \$0.01 per share (the "Shares"). Under the Distribution Agreement, the Distributor has the right to distribute Shares for resale.

The Fund is an open-end management investment company registered under the Investment Company Act of 1940, as amended, and the Shares being offered to the public are registered under the Securities Act of 1933, as amended. You have received a copy of the Distribution Agreement between us and the Fund and reference is made herein to certain provisions of such Distribution Agreement. The terms used herein, including "Prospectus" and "Registration Statement" of the Fund and "Selected Dealer" shall have the same meaning in this Agreement as in the Distribution Agreement. As principal, we offer to sell shares to you, as a Selected Dealer, upon the following terms and conditions:

1. In all sales of Shares to the public you shall act as dealer for your own account, and in no transaction shall you have any authority to act as agent for the Fund, for us or for any other Selected Dealer.

2. Orders received from you will be accepted through us or on our behalf only at the net asset value applicable to each order plus any applicable sales charge (the "public offering price"), as set forth in the current Prospectus. The procedure relating to the handling of orders shall be subject to instructions which we or the Fund shall forward from time to time to you. All orders are subject to acceptance or rejection by the Distributor or the Fund in the sole discretion of either.

3. You shall not place orders for any Shares unless you have already received purchase orders for such Shares at the public offering price, and subject to the terms hereof and of the Distribution Agreement and the Prospectus. You agree that you will not offer or sell any of the Shares except under circumstances that will result in compliance with the applicable Federal and state securities laws and that in connection with sales and offers to sell Shares you will furnish to each person to whom any such sale or offer is made a copy of the Prospectus (as then amended or supplemented) and will not furnish to any person any information relating to the Shares, which is inconsistent in any respect with the information contained in the Prospectus (as then amended or supplemented) or cause any advertisement to be published by radio or television or in any newspaper or posted in any public place or use any sales promotional material without our consent and the consent of the Fund.

4. The Distributor will compensate you for sales of shares of the Fund and personal services to Fund shareholders by paying you a portion of the applicable sales charge and/or other commissions, which may be in the form of a gross sales credit and/or an annual residual commission or service fee, under the terms and in the percentage amounts as may be in effect from time to time by the Distributor.

5. You shall not withhold placing orders received from your customers so as to profit yourself as a result of such withholding; e.g., by a change in the "net asset value" from that used in determining the offering price to your customers.

6. If any Shares sold to you under the terms of this Agreement are repurchased by us for the account of the Fund or are tendered for redemption within seven business days after the date of the confirmation of the original purchase by you, it is agreed that you shall forfeit your right to, and refund to us, any sales charge or other commission received by you on such Shares.

7. No person is authorized to make any representations concerning the Shares or the Fund except those contained in the current Prospectus and in such printed information subsequently issued by us or

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the Fund as information supplemental to such Prospectus. In purchasing Shares through us you shall rely solely on the representations contained in the Prospectus and supplemental information above mentioned. Any printed information which we furnish you other than the Prospectus and the Fund's periodic reports and proxy solicitation material are our sole responsibility and not the responsibility of the Fund, and you agree that the Fund shall have no liability or responsibility to you in these respects unless expressly assumed in connection therewith.

8. You agree to deliver to each of the purchasers making purchases from you a copy of the then current Prospectus at or prior to the time of offering or sale and you agree thereafter to deliver to such purchasers copies of the annual and interim reports and proxy solicitation materials of the Fund. You further agree to endeavor to obtain proxies from such purchasers. Additional copies of the Prospectus, annual or interim reports and proxy solicitation materials of the Fund will be supplied to you in reasonable quantities upon request.

9. You are hereby authorized (i) to place orders directly with the Fund or its agent for shares of the Fund to be sold by us to you subject to the applicable terms and conditions governing the placement of orders for the purchase of Fund shares, as set forth in the Distribution Agreement, and (ii) to tender shares directly to the Fund or its agent for redemption subject to the applicable terms and conditions set forth in the Distribution Agreement.

10. We reserve the right in our discretion, without notice, to suspend sales or withdraw the offering of Shares entirely. Each party hereto has the right to cancel this agreement upon notice to the other party.

11. We shall have full authority to take such action as we may deem advisable in respect of all matters pertaining to the distribution and redemption of Fund shares. We shall be under no liability to you except for lack of good faith and for obligations expressly assumed by us herein. Nothing contained in this paragraph is intended to operate as, and the provisions of this paragraph shall not in any way whatsoever constitute, a waiver by you of compliance with any provision of the Securities Act of 1933, as amended, or of the rules and regulations of the Securities and Exchange Commission issued thereunder.

12. You represent that you are a member of the National Association of Securities Dealers, Inc. and, with respect to any sales in the United States, we both hereby agree to abide by the Rules of Fair Practice of such Association.

13. Upon application to us, we will inform you as to the states in which we believe the Shares have been qualified for sale under, or are exempt from the requirements of, the respective securities laws of such states, but we assume no responsibility or obligation as to your right to sell Shares in any jurisdiction.

14. All communications to us should be sent to the address shown below. Any notice to you shall be duly given if mailed or telegraphed to you at the address specified by you below.

15. This Agreement should become effective as of the date of your acceptance hereof, provided that you return to us promptly a signed and dated copy.

DEAN WITTER DISTRIBUTORS INC.

By \_\_\_\_\_

(Authorized Signature)

Please return one signed copy  
of this agreement to:  
Dean Witter Distributors Inc.  
Two World Trade Center  
New York, New York 10048

Accepted:

Firm Name: \_\_\_\_\_

By: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

AMENDED AND RESTATED  
TRANSFER AGENCY AND SERVICE AGREEMENT

with

DEAN WITTER TRUST COMPANY

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AMENDED AND RESTATED TRANSFER AGENCY AND SERVICE AGREEMENT

AMENDED AND RESTATED AGREEMENT made as of the 1st day of August, 1993 by and between each of the Dean Witter Funds listed on the signature pages hereof, each of such Funds acting severally on its own behalf and not jointly with any of such other Funds (each such Fund hereinafter referred to as the "Fund"), each such Fund having its principal office and place of business at Two World Trade Center, New York, New York, 10048, and DEAN WITTER TRUST COMPANY, a trust company organized under the laws of New Jersey, having its principal office and place of business at Harborside Financial Center, Plaza Two, Jersey City, New Jersey 07311 ("DWTC").

WHEREAS, the Fund desires to appoint DWTC as its transfer agent, dividend disbursing agent and shareholder servicing agent and DWTC desires to accept such appointment;

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Article 1 TERMS OF APPOINTMENT; DUTIES OF DWTC

1.1 Subject to the terms and conditions set forth in this Agreement, the Fund hereby employs and appoints DWTC to act as, and DWTC agrees to act as, the transfer agent for each series and class of shares of the Fund, whether now or hereafter authorized or issued ("Shares"), dividend disbursing agent and shareholder servicing agent in connection with any accumulation, open-account or similar plans provided to the holders of such Shares ("Shareholders") and set out in the currently effective prospectus and statement of additional

information ("prospectus") of the Fund, including without limitation any periodic investment plan or periodic withdrawal program.

1.2 DWTC agrees that it will perform the following services:

(a) In accordance with procedures established from time to time by agreement between the Fund and DWTC, DWTC shall:

(i) Receive for acceptance, orders for the purchase of Shares, and promptly deliver payment and appropriate documentation therefor to the custodian of the assets of the Fund (the "Custodian");

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(ii) Pursuant to purchase orders, issue the appropriate number of Shares and issue certificates therefor or hold such Shares in book form in the appropriate Shareholder account;

(iii) Receive for acceptance redemption requests and redemption directions and deliver the appropriate documentation therefor to the Custodian;

(iv) At the appropriate time as and when it receives monies paid to it by the Custodian with respect to any redemption, pay over or cause to be paid over in the appropriate manner such monies as instructed by the redeeming Shareholders;

(v) Effect transfers of Shares by the registered owners thereof upon receipt of appropriate instructions;

(vi) Prepare and transmit payments for dividends and distributions declared by the Fund;

(vii) Calculate any sales charges payable by a Shareholder on purchases and/or redemptions of Shares of the Fund as such charges may be reflected in the prospectus;

(viii) Maintain records of account for and advise the Fund and its Shareholders as to the foregoing; and

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(ix) Record the issuance of Shares of the Fund and maintain pursuant to Rule 17Ad-10(e) under the Securities Exchange Act of 1934 ("1934 Act") a record of the total number of Shares of the Fund which are authorized, based upon data provided to it by the Fund, and issued and outstanding. DWTC

shall also provide to the Fund on a regular basis the total number of Shares which are authorized, issued and outstanding and shall notify the Fund in case any proposed issue of Shares by the Fund would result in an overissue. In case any issue of Shares would result in an overissue, DWTC shall refuse to issue such Shares and shall not countersign and issue any certificates requested for such Shares. When recording the issuance of Shares, DWTC shall have no obligation to take cognizance of any Blue Sky laws relating to the issue of sale of such Shares, which functions shall be the sole responsibility of the Fund.

(b) In addition to and not in lieu of the services set forth in the above paragraph (a), DWTC shall: (i) perform all of the customary services of a transfer agent, dividend disbursing agent and, as relevant, shareholder servicing agent in connection with dividend reinvestment, accumulation, open-account or similar plans (including without limitation any periodic investment plan or periodic withdrawal program), including but not limited to, maintaining all Shareholder accounts, preparing Shareholder meeting lists,

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mailing proxies, receiving and tabulating proxies, mailing shareholder reports and prospectuses to current Shareholders, withholding taxes on U.S. resident and non-resident alien accounts, preparing and filing appropriate forms required with respect to dividends and distributions by federal tax authorities for all Shareholders, preparing and mailing confirmation forms and statements of account to Shareholders for all purchases and redemptions of Shares and other confirmable transactions in Shareholder accounts, preparing and mailing activity statements for Shareholders and providing Shareholder account information; (ii) open any and all bank accounts which may be necessary or appropriate in order to provide the foregoing services; and (iii) provide a system which will enable the Fund to monitor the total number of Shares sold in each State or other jurisdiction.

(c) In addition, the Fund shall (i) identify to DWTC in writing those transactions and assets to be treated as exempt from Blue Sky reporting for each State and (ii) verify the establishment of transactions for each State on the system prior to activation and thereafter monitor the daily activity for each State. The responsibility of DWTC for the Fund's registration status under the Blue Sky or securities laws of any State or other jurisdiction is solely limited to the initial establishment of transactions subject to Blue Sky compliance by the Fund and the reporting of such transactions

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to the Fund as provided above and as agreed from time to time by the Fund and DWTC.

(d) DWTC shall provide such additional services and functions not specifically described herein as may be mutually agreed between DWTC and the Fund. Procedures applicable to such services may be established from time to time by agreement between the Fund and DWTC.

## Article 2 FEES AND EXPENSES

2.1 For performance by DWTC pursuant to this Agreement, each Fund agrees to pay DWTC an annual maintenance fee for each Shareholder account and certain transactional fees, if applicable, as set out in the respective fee schedule attached hereto as Schedule A. Such fees and out-of-pocket expenses and advances identified under Section 2.2 below may be changed from time to time subject to mutual written agreement between the Fund and DWTC.

2.2 In addition to the fees paid under Section 2.1 above, the Fund agrees to reimburse DWTC in connection with the services rendered by DWTC hereunder. In addition, any other expenses incurred by DWTC at the request or with the consent of the Fund will be reimbursed by the Fund.

2.3 The Fund agrees to pay all fees and reimbursable expenses within a reasonable period of time

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following the mailing of the respective billing notice. Postage for mailing of dividends, proxies, Fund reports and other mailings to all Shareholder accounts shall be advanced to DWTC by the Fund upon request prior to the mailing date of such materials.

## Article 3 REPRESENTATIONS AND WARRANTIES OF DWTC

DWTC represents and warrants to the Fund that:

3.1 It is a trust company duly organized and existing and in good standing under the laws of New Jersey and it is duly qualified to carry on its business in New Jersey.

3.2 It is and will remain registered with the U.S. Securities and Exchange Commission ("SEC") as a Transfer Agent pursuant to the requirements of Section 17A of the 1934 Act.

3.3 It is empowered under applicable laws and by its charter and By-Laws to enter into and perform this Agreement.

3.4 All requisite corporate proceedings have been taken to authorize it to enter into and perform this Agreement.

3.5 It has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.

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Article 4 REPRESENTATIONS AND WARRANTIES OF THE FUND  
The Fund represents and warrants to DWTC that:

4.1 It is a corporation duly organized and existing and in good standing under the laws of Delaware or Maryland or a trust duly organized and existing and in good standing under the laws of Massachusetts, as the case may be.

4.2 It is empowered under applicable laws and by its Articles of Incorporation or Declaration of Trust, as the case may be, and under its By-Laws to enter into and perform this Agreement.

4.3 All corporate proceedings necessary to authorize it to enter into and perform this Agreement have been taken.

4.4 It is an investment company registered with the SEC under the Investment Company Act of 1940, as amended (the "1940 Act").

4.5 A registration statement under the Securities Act of 1933 (the "1933 Act") is currently effective and will remain effective, and appropriate state securities law filings have been made and will continue to be made, with respect to all Shares of the Fund being offered for sale.

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Article 5 DUTY OF CARE AND INDEMNIFICATION

5.1 DWTC shall not be responsible for, and the Fund shall indemnify and hold DWTC harmless from and against, any and all losses, damages, costs, charges, counsel fees, payments, expenses and liability arising out of or attributable to:

(a) All actions of DWTC or its agents or subcontractors required to be taken pursuant to this Agreement, provided that such actions are taken in good faith and without negligence or willful misconduct.

(b) The Fund's refusal or failure to comply with the terms of

this Agreement, or which arise out of the Fund's lack of good faith, negligence or willful misconduct or which arise out of breach of any representation or warranty of the Fund hereunder.

(c) The reliance on or use by DWTC or its agents or subcontractors of information, records and documents which (i) are received by DWTC or its agents or subcontractors and furnished to it by or on behalf of the Fund, and (ii) have been prepared and/or maintained by the Fund or any other person or firm on behalf of the Fund.

(d) The reliance on, or the carrying out by DWTC or its agents or subcontractors of, any instructions or requests

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of the Fund.

(e) The offer or sale of Shares in violation of any requirement under the federal securities laws or regulations or the securities or Blue Sky laws of any State or other jurisdiction that such Shares be registered in such State or other jurisdiction or in violation of any stop order or other determination or ruling by any federal agency or any State or other jurisdiction with respect to the offer or sale of such Shares in such State or other jurisdiction.

5.2 DWTC shall indemnify and hold the Fund harmless from or against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liability arising out of or attributable to any action or failure or omission to act by DWTC as a result of the lack of good faith, negligence or willful misconduct of DWTC, its officers, employees or agents.

5.3 At any time, DWTC may apply to any officer of the Fund for instructions, and may consult with legal counsel to the Fund, with respect to any matter arising in connection with the services to be performed by DWTC under this Agreement, and DWTC and its agents or subcontractors shall not be liable and shall be indemnified by the Fund for any action taken or omitted by it in reliance upon such instructions or upon the opinion of such counsel. DWTC, its agents and subcontractors shall be protected and indemnified in acting upon any paper or document furnished by or on behalf of the Fund, reasonably believed to be genuine and to have been signed by the proper person or persons, or upon any instruction, information, data, records or documents provided to DWTC or its agents or subcontractors by machine readable input, telex, CRT data entry or other similar means authorized by the Fund, and shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from the Fund. DWTC, its

agents and subcontractors shall also be protected and indemnified in recognizing stock certificates which are reasonably believed to bear the proper manual or facsimile signature of the officers of the Fund, and the proper countersignature of any former transfer agent or registrar, or of a co-transfer agent or co-registrar.

5.4 In the event either party is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, equipment or transmission failure or damage reasonably beyond its control, or other causes reasonably beyond its control, such party shall not be liable for damages to the other for any damages resulting from such failure to perform or otherwise from such causes.

5.5 Neither party to this Agreement shall be liable to the other party for consequential damages under any provision of this Agreement or for any act or failure to act hereunder.

5.6 In order that the indemnification provisions contained in this Article 5 shall apply, upon the assertion of a claim for which either party may be required to indemnify the other, the party seeking indemnification shall promptly notify the other party of such assertion, and shall keep the other party advised with respect to all developments concerning such claim. The party who may be required to indemnify shall have the option to participate with the party seeking indemnification in the defense of such claim. The party seeking indemnification shall in no case confess any claim or make any compromise in any case in which the other party may be required to indemnify it except with the other party's prior written consent.

Article 6 DOCUMENTS AND COVENANTS OF THE FUND AND DWTC

6.1 The Fund shall promptly furnish to DWTC the following:

(a) If a corporation:

(i) A certified copy of the resolution of the Board of Directors of the Fund authorizing the appointment of DWTC and the execution and delivery of this Agreement;

(ii) A certified copy of the Articles of Incorporation and By-Laws of the Fund and all amendments thereto;

(iii) Certified copies of each vote of the Board of Directors designating persons authorized to give instructions on behalf of the Fund and signature cards bearing the signature of any officer of the Fund or any other person authorized to sign written instructions on behalf of the Fund;

(iv) A specimen of the certificate for Shares of the Fund in the form approved by the Board of Directors, with a certificate of the Secretary of the Fund as to such approval;

(b) If a business trust:

(i) A certified copy of the resolution of the Board of Trustees of the Fund authorizing the appointment of DWTC and the execution and delivery of this Agreement;

(ii) A certified copy of the Declaration of Trust and By-laws of the Fund and all amendments thereto;

(iii) Certified copies of each vote of the Board of Trustees designating persons authorized to give instructions on behalf of the Fund and signature cards bearing the signature of any officer of the Fund or any other person authorized to sign written instructions on behalf of the Fund;

(iv) A specimen of the certificate for Shares of the Fund in the form approved by the Board of Trustees, with a certificate of the Secretary of the Fund as to such approval;

(c) The current registration statements and any amendments and supplements thereto filed with the SEC pursuant to the requirements of the 1933 Act or the 1940 Act;

(d) All account application forms or other documents relating to Shareholder accounts and/or relating to any plan, program or service offered or to be offered by the Fund; and

(e) Such other certificates, documents or opinions as DWTC deems to be appropriate or necessary for the proper performance of its duties.



6.2 DWTC hereby agrees to establish and maintain facilities and procedures reasonably acceptable to the Fund for safekeeping of Share certificates, check forms and facsimile signature imprinting devices, if any; and for the preparation or use, and for keeping account of, such certificates, forms and devices.

6.3 DWTC shall prepare and keep records relating to the services to be performed hereunder, in the form and manner as it may deem advisable and as required by applicable laws and regulations. To the extent required by

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Section 31 of the 1940 Act, and the rules and regulations thereunder, DWTC agrees that all such records prepared or maintained by DWTC relating to the services performed by DWTC hereunder are the property of the Fund and will be preserved, maintained and made available in accordance with such Section 31 of the 1940 Act, and the rules and regulations thereunder, and will be surrendered promptly to the Fund on and in accordance with its request.

6.4 DWTC and the Fund agree that all books, records, information and data pertaining to the business of the other party which are exchanged or received pursuant to the negotiation or the carrying out of this Agreement shall remain confidential and shall not be voluntarily disclosed to any other person except as may be required by law or with the prior consent of DWTC and the Fund.

6.5 In case of any request or demands for the inspection of the Shareholder records of the Fund, DWTC will endeavor to notify the Fund and to secure instructions from an authorized officer of the Fund as to such inspection. DWTC reserves the right, however, to exhibit the Shareholder records to any person whenever it is advised by its counsel that it may be held liable for the failure to exhibit the Shareholder records to such person.

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## Article 7 DURATION AND TERMINATION OF AGREEMENT

7.1 This Agreement shall remain in full force and effect until July 31, 1996 and from year-to-year thereafter unless terminated by either party as provided in Section 7.2 hereof.

7.2 This Agreement may be terminated by the Fund on 60 days written notice, and by DWTC on 90 days written notice, to the other party without payment of any penalty.

7.3 Should the Fund exercise its right to terminate, all out-of-pocket expenses associated with the movement of records and other materials will be borne by the Fund. Additionally, DWTC reserves the right to charge for any other reasonable fees and expenses associated with such termination.

Article 8 ASSIGNMENT

8.1 Except as provided in Section 8.3 below, neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the written consent of the other party.

8.2 This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and assigns.

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8.3 DWTC may, in its sole discretion and without further consent by the Fund, subcontract, in whole or in part, for the performance of its obligations and duties hereunder with any person or entity including but not limited to companies which are affiliated with DWTC; PROVIDED, HOWEVER, that such person or entity has and maintains the qualifications, if any, required to perform such obligations and duties, and that DWTC shall be as fully responsible to the Fund for the acts and omissions of any agent or subcontractor as it is for its own acts or omissions under this Agreement.

Article 9 AFFILIATIONS

9.1 DWTC may now or hereafter, without the consent of or notice to the Fund, function as transfer agent and/or shareholder servicing agent for any other investment company registered with the SEC under the 1940 Act and for any other issuer, including without limitation any investment company whose adviser, administrator, sponsor or principal underwriter is or may become affiliated with Dean Witter, Discover & Co. or any of its direct or indirect subsidiaries or affiliates.

9.2 It is understood and agreed that the Directors or Trustees (as the case may be), officers, employees, agents and shareholders of the Fund, and the directors, officers, employees, agents and shareholders of the

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Fund's investment adviser and/or distributor, are or may be interested in DWTC as directors, officers, employees, agents and shareholders or otherwise, and that the directors, officers, employees, agents and shareholders of DWTC may be interested in the Fund as Directors or Trustees (as the case may be), officers, employees, agents and shareholders or otherwise, or in the investment adviser and/or distributor as directors, officers, employees, agents, shareholders or otherwise.

Article 10 AMENDMENT

10.1 This Agreement may be amended or modified by a written agreement executed by both parties and authorized or approved by a resolution of the Board of Directors or the Board of Trustees (as the case may be) of the Fund.

Article 11 APPLICABLE LAW

11.1 This Agreement shall be construed and the provisions thereof interpreted under and in accordance with the laws of the State of New York.

Article 12 MISCELLANEOUS

21.1 In the event that one or more additional investment companies managed or administered by Dean Witter InterCapital Inc. or any of its affiliates ("Additional Funds") desires to retain DWTC to act as transfer agent, dividend disbursing agent and/or shareholder servicing agent,

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and DWTC desires to render such services, such services shall be provided pursuant to a letter agreement, substantially in the form of Exhibit A hereto, between DWTC and each Additional Fund.

12.2 In the event of an alleged loss or destruction of any Share certificate, no new certificate shall be issued in lieu thereof, unless there shall first be furnished to DWTC an affidavit of loss or non-receipt by the holder of Shares with respect to which a certificate has been lost or destroyed, supported by an appropriate bond satisfactory to DWTC and the Fund issued by a surety company satisfactory to DWTC, except that DWTC may accept an affidavit of loss and indemnity agreement executed by the registered holder (or legal representative) without surety in such form as DWTC deems appropriate indemnifying DWTC and the Fund for the issuance of a replacement certificate, in cases where the alleged loss is in the amount of \$1000 or less.

12.3 In the event that any check or other order for payment of money on the account of any Shareholder or new investor is returned unpaid for any reason, DWTC will (a) give prompt notification to the Fund's distributor ("Distributor") (or to the Fund if the Fund acts as its own distributor) of such non-payment; and (b) take such other action, including imposition of a reasonable processing or handling fee, as DWTC

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may, in its sole discretion, deem appropriate or as the Fund and, if applicable, the Distributor may instruct DWTC.

12.4 Any notice or other instrument authorized or required by this Agreement to be given in writing to the Fund or to DWTC shall be sufficiently given if addressed to that party and received by it at its office set forth below or at such other place as it may from time to time designate in writing.

To the Fund:

[Name of Fund]  
Two World Trade Center  
New York, New York 10048

Attention: General Counsel

To DWTC:

Dean Witter Trust Company  
Harborside Financial Center  
Plaza Two  
Jersey City, New Jersey 07311

Attention: President

Article 13 MERGER OF AGREEMENT

13.1 This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject matter hereof whether oral or written.

Article 14        PERSONAL LIABILITY

14.1 In the case of a Fund organized as a Massachusetts business trust, a copy of the Declaration of Trust of the Fund is on file with the Secretary of The Commonwealth of Massachusetts, and notice is hereby given that this instrument is executed on behalf of the Board of Trustees of the Fund as Trustees and not individually and that the obligations of this instrument are not binding upon any of the Trustees or shareholders individually but are binding only upon the assets and property of the Fund; provided, however, that the Declaration of Trust of the Fund provides that the assets of a particular Series of the Fund shall under no circumstances be charged with liabilities attributable to any other Series of the Fund and that all persons extending credit to, or contracting with or having any claim against, a particular Series of the Fund shall look only to the assets of that particular Series for payment of such credit, contract or claim.

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Agreement to be executed in their names and on their behalf by and through their duly authorized officers, as of the day and year first above written.

- (1) Dean Witter Liquid Asset Fund Inc.
- (2) Dean Witter Tax-Free Daily Income Trust
- (3) Dean Witter California Tax-Free Daily Income Trust
- (4) Dean Witter Retirement Series
- (5) Dean Witter Dividend Growth Securities Inc.
- (6) Dean Witter Natural Resource Development Securities Inc.
- (7) Dean Witter World Wide Investment Trust
- (8) Dean Witter Capital Growth Securities
- (9) Dean Witter Convertible Securities Trust
- (10) Active Assets Tax-Free Trust
- (11) Active Assets Money Trust
- (12) Active Assets California Tax-Free Trust
- (13) Active Assets Government Securities Trust
- (14) Dean Witter Equity Income Trust
- (15) Dean Witter Federal Securities Trust
- (16) Dean Witter U.S. Government Securities Trust

- (17) Dean Witter High Yield Securities Inc.
- (18) Dean Witter New York Tax-Free Income Fund
- (19) Dean Witter Tax-Exempt Securities Trust
- (20) Dean Witter California Tax-Free Income Fund
- (21) Dean Witter Managed Assets Trust
- (22) Dean Witter Limited Term Municipal Trust
- (23) Dean Witter World Wide Income Trust
- (24) Dean Witter Utilities Fund
- (25) Dean Witter Strategist Fund
- (26) Dean Witter New York Municipal Money Market Trust
- (27) Dean Witter Intermediate Income Securities
- (28) Prime Income Trust
- (29) Dean Witter European Growth Fund Inc.
- (30) Dean Witter Developing Growth Securities Trust
- (31) Dean Witter Precious Metals and Minerals Trust
- (32) Dean Witter Pacific Growth Fund Inc.
- (33) Dean Witter Multi-State Municipal Series Trust
- (34) Dean Witter Premier Income Trust
- (35) Dean Witter Short-Term U.S. Treasury Trust
- (36) Dean Witter Diversified Income Trust
- (37) Dean Witter Health Sciences Trust
- (38) Dean Witter Global Dividend Growth Securities
- (39) Dean Witter American Value Fund

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- (40) Dean Witter U.S. Government Money Market Trust
- (41) Dean Witter Global Short-Term Income Fund Inc.
- (42) Dean Witter Value-Added Market Series
- (43) Dean Witter Select Municipal Reinvestment Fund
- (44) Dean Witter Variable Investment Series

By:/s/ Sheldon Curtis

-----  
Sheldon Curtis

Vice President and General Counsel

ATTEST:

/s/ Barry Fink  
-----

Barry Fink  
Assistant Secretary

DEAN WITTER TRUST COMPANY

By: /s/ Charles A. Fiumefreddo

-----  
Charles A. Fiumefreddo  
Chairman

ATTEST:

/s/ David A. Hughey

-----  
David A. Hughey  
Executive Vice President

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EXHIBIT A

Dean Witter Trust Company  
Harborside Financial Center  
Plaza Two  
Jersey City, NJ 07311

Gentlemen:

The undersigned, (                      Name of Fund                      )                      a (Massachusetts business trust/Maryland Corporation) (the "Fund"), desires to employ and appoint Dean Witter Trust Company ("DWTC") to act as transfer agent for each series and class of shares of the Fund, whether now or hereafter authorized or issued ("Shares"), dividend disbursing agent and shareholder servicing agent, registrar and agent in connection with any accumulation, open-account or similar plan provided to the holders of Shares, including without limitation any periodic

investment plan or periodic withdrawal plan.

The Fund hereby agrees that, in consideration for the payment by the Fund to DWTC of fees as set out in the fee schedule attached hereto as Schedule A, DWTC shall provide such services to the Fund pursuant to the terms and conditions set forth in the Transfer Agency and Service Agreement annexed hereto, as if the Fund was a signatory thereto.

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Please indicate DWTC's acceptance of employment and appointment by the Fund in the capacities set forth above by so indicating in the space provided below.

Very truly yours,  
[ Fund Name ]

By: \_\_\_\_\_  
Sheldon Curtis  
Vice President and General Counsel

ACCEPTED AND AGREED TO:

DEAN WITTER TRUST COMPANY

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

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SCHEDULE A

Fund: Dean Witter Premier Income Trust



- Fees:
- (1) Annual maintenance fee of \$11.50 per shareholder account, payable monthly.
  - (2) A fee equal to 1/12 of the fee set forth in (1) above, for providing Forms 1099 for accounts closed during the year, payable following the end of the calendar year.
  - (3) Out-of-pocket expenses in accordance with Section 2.2 of the Agreement.
  - (4) Fees for additional services not set forth in this Agreement shall be as negotiated between the parties.

## SERVICES AGREEMENT

AGREEMENT made as of the 31st day of December, 1993 by and between Dean Witter InterCapital Inc., a Delaware corporation (herein referred to as "InterCapital"), and Dean Witter Services Company Inc., a New Jersey corporation (herein referred to as "DWS").

WHEREAS, InterCapital has entered into separate agreements (each such agreement being herein referred to as an "Investment Management Agreement") with certain investment companies as set forth on Schedule A (each such investment company being herein referred to as a "Fund" and, collectively, as the "Funds") pursuant to which InterCapital is to perform, or supervise the performance of, among other services, administrative services for the Funds (and, in the case of Funds with multiple portfolios, the Series or Portfolios of the Funds (such Series and Portfolio being herein individually referred to as "a Series" and, collectively, as "the Series"));

WHEREAS, InterCapital desires to retain DWS to perform the administrative services as described below; and

WHEREAS, DWS desires to be retained by InterCapital to perform such administrative services:

Now, therefore, in consideration of the mutual covenants and agreements of the parties hereto as herein set forth, the parties covenant and agree as follows:

1. DWS agrees to provide administrative services to each Fund as hereinafter set forth. Without limiting the generality of the foregoing, DWS shall (i) administer the Fund's business affairs and supervise the overall day-to-day operations of the Fund (other than rendering investment advice); (ii) provide the Fund with full administrative services, including the maintenance of certain books and records, such as journals, ledger accounts and other records required under the Investment Company Act of 1940, as amended (the "Act"), the notification to the Fund and InterCapital of available funds for investment, the reconciliation of account information and balances among the Fund's custodian, transfer agent and dividend disbursing agent and InterCapital, and the calculation of the net asset value of the Fund's shares; (iii) provide the Fund with the services of persons competent to perform such supervisory, administrative and clerical functions as are necessary to provide effective operation of the Fund; (iv) oversee the performance of administrative and professional services rendered to the Fund by others, including its custodian, transfer agent and dividend disbursing agent, as well as accounting, auditing and other services; (v) provide the Fund with adequate general office space and facilities; (vi) assist in the preparation and the printing of the periodic updating of the Fund's registration statement and prospectus (and, in the case of an open-end Fund, the statement of additional information), tax returns, proxy statements, and reports to its shareholders and the Securities and

Exchange Commission; and (vii) monitor the compliance of the Fund's investment policies and restrictions.

In the event that InterCapital enters into an Investment Management Agreement with another investment company, and wishes to retain DWS to perform administrative services hereunder, it shall notify DWS in writing. If DWS is willing to render such services, it shall notify InterCapital in writing, whereupon such other Fund shall become a Fund as defined herein.

2. DWS shall, at its own expense, maintain such staff and employ or retain such personnel and consult with such other persons as it shall from time to time determine to be necessary or useful to the performance of its obligations under this Agreement. Without limiting the generality of the foregoing, the staff and personnel of DWS shall be deemed to include officers of DWS and persons employed or otherwise retained by DWS (including officers and employees of InterCapital, with the consent of InterCapital) to furnish services, statistical and other factual data, information with respect to technical and scientific developments, and such other information, advice and assistance as DWS may desire. DWS shall maintain each Fund's records and books of account (other than those maintained by the Fund's transfer agent, registrar, custodian and other agencies). All such books and records so maintained shall be the property of the Fund and, upon request therefor, DWS shall surrender to InterCapital or to the Fund such of the books and records so requested.

3. InterCapital will, from time to time, furnish or otherwise make available to DWS such financial reports, proxy statements and other information relating to the business and affairs of the Fund as DWS may

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reasonably require in order to discharge its duties and obligations to the Fund under this Agreement or to comply with any applicable law and regulation or request of the Board of Directors/Trustees of the Fund.

4. For the services to be rendered, the facilities furnished, and the expenses assumed by DWS, InterCapital shall pay to DWS monthly compensation calculated daily (in the case of an open-end Fund) or weekly (in the case of a closed-end Fund) by applying the annual rate or rates set forth on Schedule B to the net assets of each Fund. Except as hereinafter set forth, (i) in the case of an open-end Fund, compensation under this Agreement shall be calculated by applying 1/365th of the annual rate or rates to the Fund's or the Series' daily net assets determined as of the close of business on that day or the last previous business day and (ii) in the case of a closed-end Fund, compensation under this Agreement shall be calculated by applying the annual rate or rates to the Fund's average weekly net assets determined as of the close of the last business day of each week. If this Agreement becomes effective subsequent to the first day of a month or shall terminate before the last day of a month,

compensation for that part of the month this Agreement is in effect shall be prorated in a manner consistent with the calculation of the fees as set forth on Schedule B. Subject to the provisions of paragraph 5 hereof, payment of DWS' compensation for the preceding month shall be made as promptly as possible after completion of the computations contemplated by paragraph 5 hereof.

5. In the event the operating expenses of any open-end Fund and/or any Series thereof, or of InterCapital Income Securities Inc., including amounts payable to InterCapital pursuant to the Investment Management Agreement, for any fiscal year ending on a date on which this Agreement is in effect, exceed the expense limitations applicable to the Fund and/or any Series thereof imposed by state securities laws or regulations thereunder, as such limitations may be raised or lowered from time to time, or, in the case of InterCapital Income Securities Inc. or Dean Witter Variable Investment Series or any Series thereof, the expense limitation specified in the Fund's Investment Management Agreement, the fee payable hereunder shall be reduced on a pro rata basis in the same proportion as the fee payable by the Fund under the Investment Management Agreement is reduced.

6. DWS shall bear the cost of rendering the administrative services to be performed by it under this Agreement, and shall, at its own expense, pay the compensation of the officers and employees, if any, of the Fund employed by DWS, and such clerical help and bookkeeping services as DWS shall reasonably require in performing its duties hereunder.

7. DWS will use its best efforts in the performance of administrative activities on behalf of each Fund, but in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations hereunder, DWS shall not be liable to the Fund or any of its investors for any error of judgment or mistake of law or for any act or omission by DWS or for any losses sustained by the Fund or its investors. It is understood that, subject to the terms and conditions of the Investment Management Agreement between each Fund and InterCapital, InterCapital shall retain ultimate responsibility for all services to be performed hereunder by DWS. DWS shall indemnify InterCapital and hold it harmless from any liability that InterCapital may incur arising out of any act or failure to act by DWS in carrying out its responsibilities hereunder.

8. It is understood that any of the shareholders, Directors/Trustees, officers and employees of the Fund may be a shareholder, director, officer or employee of, or be otherwise interested in, DWS, and in any person controlling, controlled by or under common control with DWS, and that DWS and any person controlling, controlled by or under common control with DWS may have an interest in the Fund. It is also understood that DWS and any affiliated persons thereof or any persons controlling, controlled by or under common control with DWS have and may have advisory, management, administration service or other contracts with other organizations and persons, and may have other interests and businesses, and further may purchase, sell or trade any securities or commodities for their own accounts or for the account of others for whom they may be acting.

9. This Agreement shall continue until April 30, 1994, and thereafter shall

continue automatically for successive periods of one year unless terminated by either party by written notice delivered to the other party within 30 days of the expiration of the then-existing period. Notwithstanding the foregoing, this Agreement may be terminated at any time, by either party on 30 days' written notice delivered to the other party. In the

event that the Investment Management Agreement between any Fund and InterCapital is terminated, this Agreement will automatically terminate with respect to such Fund.

10. This Agreement may be amended or modified by the parties in any manner by mutual written agreement executed by each of the parties hereto.

11. This Agreement shall be construed and interpreted in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written in New York, New York.

DEAN WITTER INTERCAPITAL INC.

By: \_\_\_\_\_

Attest:

\_\_\_\_\_

DEAN WITTER SERVICES COMPANY INC.

By: \_\_\_\_\_

Attest:

\_\_\_\_\_

SCHEDULE A

DEAN WITTER FUNDS  
at December 31, 1993

## Open-End Funds

1. Active Assets California Tax-Free Trust
2. Active Assets Government Securities Trust
3. Active Assets Money Trust
4. Active Assets Tax-Free Trust
5. Dean Witter American Value Fund
6. Dean Witter California Tax-Free Daily Income Trust
7. Dean Witter California Tax-Free Income Fund
8. Dean Witter Capital Growth Securities
9. Dean Witter Convertible Securities Trust
10. Dean Witter Developing Growth Securities Trust
11. Dean Witter Diversified Income Trust
12. Dean Witter Dividend Growth Securities Inc.
13. Dean Witter Equity Income Trust
14. Dean Witter European Growth Fund Inc.
15. Dean Witter Federal Securities Trust
16. Dean Witter Global Dividend Growth Securities
17. Dean Witter Global Short-Term Income Fund Inc.
18. Dean Witter Health Sciences Trust
19. Dean Witter High Yield Securities Inc.
20. Dean Witter Intermediate Income Securities
21. Dean Witter Limited Term Municipal Trust
22. Dean Witter Liquid Asset Fund Inc.
23. Dean Witter Managed Assets Trust
24. Dean Witter Multi-State Municipal Series Trust
25. Dean Witter Natural Resource Development Securities Inc.
26. Dean Witter New York Municipal Money Market Trust
27. Dean Witter New York Tax-Free Income Fund
28. Dean Witter Pacific Growth Fund Inc.
29. Dean Witter Precious Metals and Minerals Trust
30. Dean Witter Premier Income Trust
31. Dean Witter Retirement Series
32. Dean Witter Select Municipal Reinvestment Fund
33. Dean Witter Short-Term U.S. Treasury Trust
34. Dean Witter Strategist Fund
35. Dean Witter Tax-Exempt Securities Trust
36. Dean Witter Tax-Free Daily Income Trust
37. Dean Witter U.S. Government Money Market Trust
38. Dean Witter U.S. Government Securities Trust
39. Dean Witter Utilities Fund
40. Dean Witter Value-Added Market Series
41. Dean Witter Variable Investment Series
42. Dean Witter World Wide Income Trust
43. Dean Witter World Wide Investment Trust

## Closed-End Funds

44. High Income Advantage Trust
45. High Income Advantage Trust II
46. High Income Advantage Trust III
47. InterCapital Income Securities Inc.

48. Dean Witter Government Income Trust
49. InterCapital Insured Municipal Bond Trust
50. InterCapital Insured Municipal Trust
51. InterCapital Insured Municipal Income Trust
52. InterCapital California Insured Municipal Income Trust
53. InterCapital Quality Municipal Investment Trust
54. InterCapital Quality Municipal Income Trust
55. InterCapital Quality Municipal Securities
56. InterCapital California Quality Municipal Securities
57. InterCapital New York Quality Municipal Securities

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Schedule B

DEAN WITTER SERVICES COMPANY  
SCHEDULE OF ADMINISTRATIVE FEES - JANUARY 1, 1994

Monthly compensation calculated daily by applying the following annual rates to a fund's net assets:

Dean Witter Premier Income Trust                      0.050% to the net assets.

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## CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Statement of Additional Information constituting part of this Post-Effective Amendment No. 3 to the registration statement on Form N-1A (the "Registration Statement") of our report dated December 27, 1993, relating to the financial statements and financial highlights of Dean Witter Premier Income Trust, which appears in such Statement of Additional Information, and to the incorporation by reference of our report into the Prospectus which constitutes part of this Registration Statement. We also consent to the references to us under the headings "Independent Accountants" and "Experts" in such Statement of Additional Information and to the reference to us under the heading "Financial Highlights" in such Prospectus.

PRICE WATERHOUSE

1177 Avenue of the Americas  
New York, New York  
January 3, 1994



SCHEDULE FOR COMPUTATIONS OF PERFORMANCE QUOTATIONS  
DEAN WITTER PREMIER INCOME TRUST

(A) AVERAGE ANNUAL TOTAL RETURNS (I.E. STANDARDIZED COMPUTATIONS)

FORMULA:

$$T = \left[ \frac{ERV}{P} \right]^{\frac{1}{n}} - 1$$

T = AVERAGE ANNUAL COMPOUND RETURN  
n = NUMBER OF YEARS  
ERV = ENDING REDEEMABLE VALUE  
P = INITIAL INVESTMENT

<TABLE>  
<CAPTION>

\$1,000 INVESTED - P	ERV AS OF 31-Oct-93	AGGREGATE TOTAL RETURN	NUMBER OF YEARS - n	(A) AVERAGE ANNUAL COMPOUND RETURN - T
<S>	<C>	<C>	<C>	<C>
31-Oct-92	\$997.90	-0.21%	1.00	-0.21%
01-Jul-91	\$1,116.90	11.69%	2.34	4.85%

</TABLE>

(B) AVERAGE ANNUAL TOTAL RETURNS (STANDARDIZED COMPUTATIONS) WITHOUT WAIVER OF FEES AND ASSUMPTION OF EXPENSES.

FORMULA:

$$tb = \left[ \frac{EVb}{P} \right]^{\frac{1}{n}} - 1$$

tb = AVERAGE ANNUAL COMPOUND RETURN  
(DEDUCTION FOR EXPENSES ASSUMED BY FUND MANAGER)  
n = NUMBER OF YEARS  
EVb = ENDING VALUE (DEDUCTION FOR EXPENSES  
ASSUMED BY FUND MANAGER)  
P = INITIAL INVESTMENT

<TABLE>  
<CAPTION>

\$1,000 INVESTED - P	EVb AS OF 31-Oct-93	NUMBER OF YEARS - n	(B) AVERAGE ANNUAL COMPOUND RETURN - tb
<S>	<C>	<C>	<C>
01-Jul-91	\$1,116.20	2.34	4.82%

</TABLE>

(C) AVERAGE ANNUAL TOTAL RETURNS WITHOUT DEDUCTION FOR APPLICABLE SALES CHARGE (NON STANDARD COMPUTATIONS)

(D) TOTAL RETURN WITHOUT DEDUCTION FOR APPLICABLE SALES CHARGE (NON STANDARD COMPUTATIONS)

FORMULA:

$$t = \left[ \frac{\ln \left( \frac{EV}{P} \right)}{\ln(1 + \text{TR})} \right] - 1$$

$$\text{TR} = \left( \frac{EV}{P} \right)^{\frac{1}{n}} - 1$$

t = AVERAGE ANNUAL COMPOUND RETURN  
 (NO DEDUCTION FOR APPLICABLE SALES CHARGE)  
 n = NUMBER OF YEARS  
 EV = ENDING VALUE (NO DEDUCTION FOR APPLICABLE SALES CHARGE)  
 P = INITIAL INVESTMENT  
 TR = TOTAL RETURN (NO DEDUCTION FOR APPLICABLE SALES CHARGE)

<TABLE>  
 <CAPTION>

\$1,000 INVESTED - P	EV AS OF 31-Oct-93	(D) TOTAL RETURN - TR	(C) NUMBER OF YEARS - n	AVERAGE ANNUAL COMPOUND RETURN - t
<S>	<C>	<C>	<C>	<C>
31-Oct-92	\$1,028.70	2.87%	1.00	2.87%
01-Jul-91	\$1,151.40	15.14%	2.34	6.22%

</TABLE>

(E) GROWTH OF \$10,000\*  
 (F) GROWTH OF \$50,000\*  
 (G) GROWTH OF \$100,000\*

FORMULA:  $G = (TR+1) * P$   
 G= GROWTH OF INITIAL INVESTMENT  
 P= INITIAL INVESTMENT  
 TR= TOTAL RETURN SINCE INCEPTION

\*ORIGINAL VALUE \$9,700,\$48,500 & \$97,000 RESPECTIVELY ADJUSTED FOR 3.0 % SALES CHARGE

<TABLE>  
 <CAPTION>

\$10,000* INVESTED - P	TOTAL RETURN - TR	(E) GROWTH OF \$10,000 INVESTMENT - G	(F) GROWTH OF \$50,000 INVESTMENT - G	(G) GROWTH OF \$100,000 INVESTMENT - G
<S>	<C>	<C>	<C>	<C>
01-Jul-91	0.1514	\$11,169	\$55,843	\$111,686

</TABLE>

DEAN WITTER PREMIER INCOME TRUST

SCHEDULE OF COMPUTATION OF YIELD QUOTATION  
 10/31/93

$$\text{YIELD} = 2 \left\{ \left[ \frac{a-b}{cd} + 1 \right]^{-1} \right\}^{\frac{1}{6}}$$

WHERE: a=Dividends and interest earned during the period  
 b=Expenses accrued for the period  
 c=The average daily number of shares outstanding during the period that were entitled to receive dividends  
 d=The maximum offering price per share on the last day of the period

$$\text{YIELD} = 2 \left\{ \left[ \left( \frac{664,276.19 - 151,922.16}{10,513,161.514} \times 9.06 \right) + 1 \right]^{-1} \right\}$$

=6.542334%